



Law Firms: Cultivating Independent Contractor Relationships for Success

A Legal Process Outsourcing White Paper

Cultivating Successful Independent Contractor Relationships

In 2021, the global legal process outsourcing (LPO) market was valued at \$10.77 billion. The market is expected to grow at a compound annual growth rate (CAGR) of [30.9% from 2022 to 2030](#).

For most cases of legal process outsourcing, the LPO providers are classified as independent contractors, and not employees. What's more, law firms may hire other independent contractors for specific tasks and processes within the firm.

How does LPO and independent contracting work at law firms?

Typically, outsourcing providers first get acquainted with the law firm's business procedures. Once they are in-tune with the firm's needs and standard operating procedures, the professionals can provide law firm support in areas such as contract drafting and management, e-discovery, review & management, compliance assistance, litigation support, and patent support.

They also offer back office services including:



Reception &
Client Intake



Law Firm Marketing
& SEO



Billing & Collections,
Bookkeeping, CPA Services



Trust Accounting



Virtual Document
Clerks & Paralegals

Some also offer IT consulting, law firm coaching with a firm administrator, attorney recruiting and other human resources services.

LPOs have broad legal expertise backed by modern technologies that assist in the objective coding of documents, gathering and synthesizing facts, managing negotiations, and completing objective legal research.

Common Concerns When Hiring Independent Contractors or Outsourcing

The benefits of outsourcing or hiring independent contractors instead of employees are many; firms don't have to pay overtime or provide benefits, they don't withhold or pay employment taxes, and the relationship and pay is based on a contract versus laws governing compensation. In short, firms can enjoy a more flexible and cost-effective relationship than hiring employees for these roles and tasks.

So why don't all law firms use independent contractors and outsourced providers instead of paying more and dealing with more complex labor requirements by hiring employees?



1. The IRS has strict definitions to determine whether a worker is an employee or an independent contractor. If your firm misclassifies a worker, you could be subject to large penalties and fines.
2. Because the contractor is responsible for payroll and employment taxes, they often charge a premium for their services.
3. Contractors may not have enough knowledge about the firm's specific needs, and if they do develop the expertise needed, there's a risk that the contractor could move on to a new firm when the contract expires.

However, by outsourcing to a firm or agency that provides legal process and back office services, law firms can enjoy all of the benefits and avoid most – if not all – of the challenges noted above.

Benefits of Legal Process Outsourcing

When you outsource your legal processes – such as trust accounting, billing and collections, and document preparation and organization – to an agency instead of hiring in-house employees or independent contractors, there are many advantages for your firm.

For example, by partnering with and outsourcing legal processes to Back Office Legal, our clients benefit in the following ways:



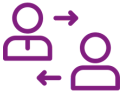
Save Time & Optimize Efficiency – Document clerking, case research, and client billing and collections are all time-consuming tasks, but necessary for the smooth running of your law firm. Outsourcing these tasks to Back Office Legal's team of experienced law firm professionals allows you to delegate these tasks to skilled workers who know how to optimize productivity to ensure peak efficiency.



Get Director-Level Oversight for Entry-Level Cost – Our team has combined experience of over 30 years serving attorneys and law firms with their back office processes. When you outsource to us, your firm gains the experience and insight of our expert team members at the cost of an entry-level staff position or even less.



Receive Client Payments On Time or Early – By outsourcing your billing and evergreen collections to Back Office Legal’s experienced client account management professionals, your firm reaps the benefits of automated processes, efficient accounts receivable management, and more. We can even [collect more than 90% of your revenue](#) before your clients’ terms are due with our advance fee deposit system.



Improve Client Relationships – Our practice is old fashioned customer service when it comes to reception and client intake services for our law firm clients. We are friendly, professional, and don’t just do the bare minimum when it comes to communicating with your clients on your firm’s behalf. In short, we make your firm look good and make your clients feel heard and valued throughout their case.

Expand your team with all the benefits and none of the risk!

When you partner with Back Office Legal, our team becomes part of yours! We truly want to feel like an extension of your team. On paper, Back Office Legal is just an independent contractor, but we want your firm and your attorneys to experience the full breadth of our expertise. We work best when we have an up close and personal relationship with your firm, so that we can support you in all areas of your back office business.

How Law Firms Can Approach Contractor Relations for Success

Whether your firm is outsourcing legal processes to Back Office Legal or other independent contractors, there are some ways that you and attorneys at your firm can promote mutual success by how you approach your outsourcing relationship.



Active & Thorough Management – The first key for a successful contractor relationship is to be active and thorough in your management of these workers or vendors. The very nature of the relationship will require less oversight than an in-house employee would, but contractors and outsourced vendors still need you to be clear about your needs so that they can fulfill them. Set clear expectations for not only what you need, but also share your goals as they relate to the contractor or vendor, so that you can work toward achieving them together. Be sure to provide feedback (positive or negative) along the way, so they feel confident in their wins and know how they can improve.



Relationship Building – Even though independent contractors are not technically employees of your law firm, they are still people, and people tend to work better together when their working relationship is more than transactional. Get to know your contractors and vendors, and feel free to include them in team building events and activities. Take the relationship a step further professionally as well; vendors and contractors alike appreciate knowing how important their work is to you, your firm and your clients. Be specific about and emphasize the aspects of the relationship that are most important to each individual.



Communicate, Communicate, Communicate – Consistent, clear and honest communication is one of the most important facets of any professional relationship, and this is especially true when you're working with contract workers or vendors. A good rule of thumb is to be clear about future work and workload, so that your independent contractors or vendors know what to expect so they can better prepare to support your firm. This also provides more longevity; if they know they will have your business for future projects, they may feel more secure in your partnership. For one-time projects or closing up a project, it's equally important to communicate with your contractors to ensure a smooth transition or close.



Pay Fairly & On Time – One of the most common complaints from independent contractors is that their clients don't always pay on time (or sometimes at all). An easy way to keep your firm's independent contractors and vendors happy is to pay on time and as agreed in your contract. These workers appreciate a consistent payment schedule, too, so they can budget their own business and expenses with confidence.

Worried about paying your contractors when your client hasn't paid you yet? Back Office Legal can help! We have one of the best records for accounts receivable and can even help you collect money you're owed before the terms are due.

Call (206) 596-3000 or email us at info@backofficelegal.com to learn more!