

Overview

Every law firm faces a diverse set of challenges as it grows from a small firm to a midsize or large law firm. Understanding those challenges will better position a law firm to scale and overcome obstacles that hinder growth. In fact, just 3.5 percent of law firms grow to more than 20 employees¹, making it essential to prepare and plan for growth.

While even setting up the firm entails substantial hurdles, the complexities do not end there. Firms need to think about finding and qualifying clients, establishing credibility, managing resources and finances, expanding into new practice areas, and adding more attorneys and staff.

The role of technology, particularly legal software, has become critical in addressing these challenges and fostering growth.

The Challenges of Growing a Law Firm

The nature and intensity of these growth challenges tend to amplify as the firm expands.

Growing a Solo Practice

Growing a solo law practice to a small law firm with five employees presents unique challenges. These may include:



Limited resources and financial constraints

The firm expansion brings additional financial responsibilities like hiring employees, investing in infrastructure, and managing operational expenses.



Time management

As a solo practitioner accustomed to handling all aspects of the practice, the art of effective delegation while maintaining work quality becomes crucial.



Building reputation and credibility

Establishing a name in a competitive environment requires strategic marketing, business development efforts, and maintaining exceptional client service to garner referrals and retain clients.



Establishing technology infrastructure

With growth comes the need for a robust technological backbone and standardized procedures and systems.



Risk management practices

Establishing robust risk management practices and securing appropriate insurance coverage is paramount for protecting a growing practice against increased risk and liability.

¹Source: Number of firms: Ibisworld Industry Report 2019. Breakdown by size: 2019 US Census for NAICS 54111.
<https://www.ibisworld.com/industry-statistics/market-size/law-firms-united-states/>

Growing a Small Law Firm (5-20 employees)

Small firms face a different set of hurdles as they look to grow. Key challenges include:



Financial management during growth

Small firms often have limited resources to invest in growth initiatives, making it challenging to handle costs associated with hiring new employees, upgrading infrastructure, or expanding marketing efforts.



Attracting and retaining talent with limited resources

Attracting experienced attorneys and support staff can be tough for smaller firms due to their limited resources for competitive compensation packages and fewer opportunities for career advancement.



Diversifying legal services and practice areas

Diversifying legal services as part of the expansion can be challenging due to the requirement for additional expertise and resources.



Transitioning from hands-on management to delegation and leadership

Small law firm owners or partners often have a direct role in all aspects of the firm's operations. As the firm expands, it will need to transition toward delegation and leadership to ensure efficient management.



Establishing standardized processes and systems for efficient operation

Smaller firms may lack formal processes and systems, crucial for efficient operation and growth. As they expand, it becomes imperative to invest in technology and implement standardized procedures to streamline operations.

Growing a Medium-sized Law Firm (20-50 employees)

Growing a plaintiffs' law firm from 20 to 50 employees presents several challenges.

Key challenges include:



Scaling infrastructure and technology to support growth

This might necessitate significant investment and regular maintenance.



Developing strong leadership and management structures

Medium-sized firms need to build a robust leadership structure and effective management strategies as they grow.



Maintaining quality and reputation during expansion

As firms expand, preserving their reputation for quality legal services is paramount. Thus, it's crucial to ensure that all employees consistently meet high professionalism and expertise standards.



Preserving firm culture and cohesion

As the firm grows, it becomes challenging to maintain a positive and inclusive company culture.



Managing increased workload while maintaining high-quality client service

This balance helps avoid employee burnout and ensures resourceful use of resources while maintaining high-quality client service.

Scaling a Large Law Firm (50-100 employees)

Large law firms face their own unique set of growth challenges. The complexities amplify as the firm scales and the number of stakeholders increases.



Talent acquisition and retention in a competitive market

For large firms, attracting and retaining high-quality, skilled attorneys and support staff becomes increasingly crucial and challenging.



Streamlining communication and ensuring accountability within the organization

With the increase in size, large law firms also need to ensure effective communication among all stakeholders.



Financial planning and management during expansion

As large law firms expand, financial management becomes a more complex task.



Investing in ongoing marketing and business development efforts

The need for client acquisition doesn't cease as the firm grows; instead, it increases.



Managing risk and liability associated with a larger firm

As the firm grows larger, it may face increased exposure to risk and liability.

The challenges faced by law firms when growing tend to shift as the firm increases in size. However, while it's apparent that every stage has its unique challenges, there are commonalities as well (see Table 1).

Table 1—Law Firm Growth Challenges, by Size

	Solo	Small	Medium	Large
Growth Challenges				
Financial and Resource Management	✓	✓	✓	✓
Marketing, Business Development, and Reputation Building	✓	✓	✓	✓
Client Service and Communication	✓	✓	✓	✓
Legal Expertise, Compliance, and Risk Management	✓	✓	✓	✓
Talent Acquisition, Retention, and Leadership Development		✓	✓	✓
Technology Infrastructure and Process Standardization	✓	✓	✓	✓
Organizational Culture and Internal Communication			✓	✓

Regardless of size, law firms must continuously adapt to the changing legal landscape, protect their reputation, ensure exceptional client service, and maintain quality of service during growth.

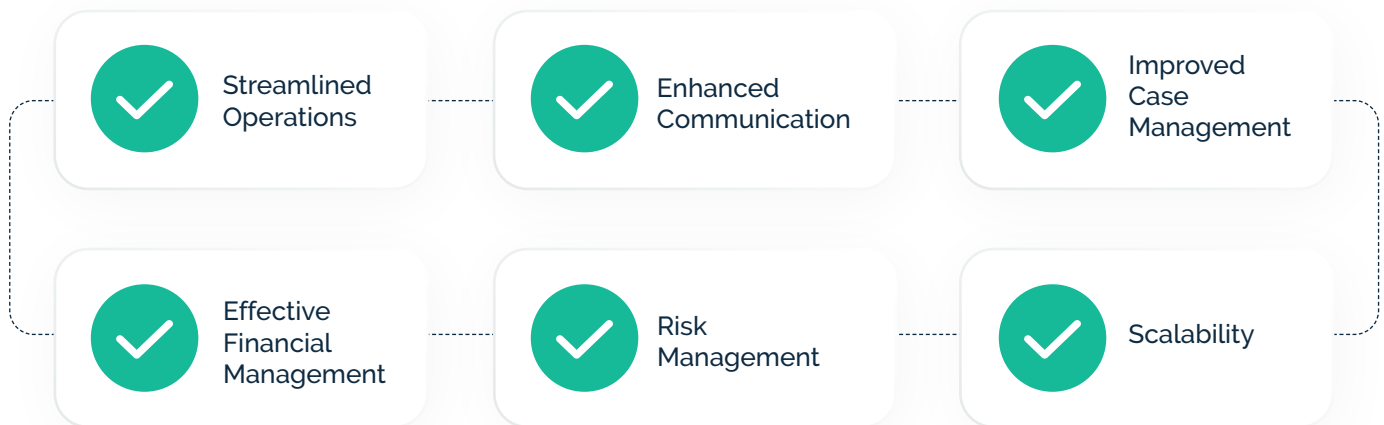
The question then arises: How can these myriad challenges be effectively addressed? This brings us to the role of technology, specifically case and practice management software.

The Role of Legal Tech in Addressing Law Firm Growth Challenges

Legal tech, the application of technology software and solutions for legal services, is fast becoming the most essential factor for law firms aiming for sustained growth.

In fact, the legal tech startup market is projected to undergo considerable expansion in the coming years. According to [Statista](#), the legal tech startup market will reach USD 6.7 billion in 2027, (at a CAGR of 3.7 from 2021).²

The implication is clear: Legal technology is pivotal in the rapidly evolving legal landscape. When incorporated into law firm operations, it can effectively manage growth and offer competitive advantages, including:



Identifying the Ideal Legal Software

“Legal departments must prioritize capabilities that match their process maturity as opposed to a “big bang” approach”

— [Gartner](#)

Incorporating strategic software solutions into your law firm growth strategies is crucial. It's not just about meeting your present needs; it's also about choosing a platform that can efficiently scale alongside your firm in the future.

²Legal tech market revenue worldwide from 2021 to 2027, by business type. Statista.

<https://www.statista.com/statistics/1168096/legal-tech-market-revenue-by-business-type-worldwide/>

When it comes to evaluating legal software, it's essential to consider the following:



Simplicity

A simple-to-use software helps ensure that your team can quickly adapt and reap its benefits without needing extensive training.



Scalability

A scalable solution ensures that you won't need to change your software as your firm expands.



Comprehensiveness

A software solution that can assist in all aspects of your firm's operations, from inception to growth, can significantly streamline processes and improve efficiency.

Investing in a legal tech solution that aligns with the firm's process maturity is recommended by Gartner, ensuring the best return on your investments.³

This strategic move gains importance when considering a survey by Thomson Reuters Institute, which shows that law firm leaders share the same challenges: Spending too much time on administrative tasks; Lack of internal efficiency; and Learning how to expand into a new practice area.⁴

This concern underscores the growing necessity for automated document and contract management.

In light of these, there's one crucial aspect that every law firm, regardless of its size, should prioritize when selecting a software solution: **matter or case management**.

What matters most

The manner in which law firms handle cases or matters is of great importance. This is the heart of a law firm's operations and the key to its success.

From intake and research to communication and timekeeping, every step in a case's lifecycle requires meticulous attention and management.

That's why, even if a solution is all-encompassing, if it isn't designed to streamline what matters most—case management—it will fail to deliver the desired results. It might end up being a cumbersome tool that complicates rather than simplifies the growth process.

A law firm needs a technology solution that is engineered and designed to make matter management seamless, efficient, and effective.

This is where Clarra comes in.

³5 Legal Technology Trends Changing In-House Legal Departments.Gartner.

<https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:ef4eccf8-f841-3d6a-a5ca-e860032a9449>

⁴2022 State of Small Law Firms Thomson Reuters Institute.

<https://acrobat.adobe.com/link/review?uri=urn%3Aaaid%3Aacds%3AUS%3Aef4eccf8-f841-3d6a-a5ca-e860032a9449>

Growing Your Firm with Clarra

Clarra case management software is more than just a software solution; it is a growth partner that understands and aids in managing the complexities of law firms' operations.

From managing high-volume or complex matters to tracking all relevant documents, events, and contacts, Clarra is built to streamline the heart of your firm: matter management.



Streamlined matter management

Clarra simplifies the handling of large or complex caseloads by tracking all associated documents, events, contacts, time, and costs. This facilitates efficient and effective case handling, regardless of the matter's size or complexity.



Synchronized event tracking

With Clarra, tracking appointments, tasks, and deadlines becomes easier. Clarra integrates with CalendarRules, Outlook, and other calendars to facilitate effortless docket calculation, enhancing your ability to manage crucial timelines.



Efficient timekeeping

Clarra allows you to record the time, billing rates, and resources associated with each matter, contributing to improved billing practices and ultimately the firm's financial health.



In-depth reporting

Clarra provides the means to keep track of important trends and details across matters. You can create custom reports with the SQL report builder for in-depth analysis, enabling informed decision-making.



Integrated mail log

By logging incoming and outgoing documents and correspondence, Clarra ensures quick access to the most current versions of your documents, reducing the likelihood of errors and improving overall case management efficiency.



Comprehensive contact management

Clarra enables tracking of all contacts and associating them with matters, events, deadlines, documents, mail, and more, providing a holistic view of all the entities associated with each case.



Pricing that aligns with firm growth

Clarra's simple and transparent pricing model aligns with your firm's growth. You can start with Clarra's Five Matters for Free Forever™ program without a credit card, and no features will be masked.



User control/account management

Users can easily customize settings, properties, roles, and permissions for each of Clarra's features. The ability to tailor Clarra exactly to the needs of attorneys, staff, and teams makes it stand out in the market for case and practice management tools.



Enterprise-class security

Security is paramount with Clarra. It allows for multi-factor authentication, Microsoft and Google login options, role-based access controls, and encryption to ensure your data remains secure.



Inclusive design

Clarra is designed for all roles in the law firm, bringing everyone from the managing partner to the attorneys, administrators, paralegals, and professional staff onto a single platform to drive transparency, collaboration, and efficiency.



Seamless integration

Clarra integrates with the tools you already have in place, preventing rip-and-replace and complex integrations.



Reducing manual tasks

Clarra embraces the idea of automating tasks that were formerly manual and time-consuming, as evidenced by our integration with a leading docketing management leader to provide court rules and calendaring throughout the country. In addition, Clarra's standard and custom reports help users gain legal and business intelligence at a moment's notice, providing a look at the health of the caseload and the firm as a whole.

By bringing all essential elements under one roof, Clarra drives efficiency and profitability, proving to be an invaluable tool for any law firm, regardless of its size or growth stage.

Conclusion

Growing a law firm necessitates a well-structured strategy focused not only on attracting new clients but also on streamlining internal processes, fostering collaboration, and ensuring efficient matter management.

With increasing complexities as the firm grows, adopting a legal software solution that is simple to use, highly scalable, and matter-centric becomes an indispensable part of this growth journey.

About Clarra

Clarra empowers law firms to do more good by improving the efficiency and visibility of practice and case management. We help law firms that handle high-volume, docket-driven litigation to optimize resources and reduce time spent tracking deadlines and processing documents. As the single source of truth, Clarra helps every employee eliminate errors and improve the firm's productivity. Unlike other solutions, migrating to Clarra does not require a complete overhaul of a firm's technology infrastructure. Free to get started, Clarra is easy to implement and will scale with your firm.