

Welcome to the Summer 2005 edition of Mattern Matters. My name is Rob Mattern and I am the President of Mattern & Associates, LLC.

Welcome Aboard:

Recently we have expanded our national sales presence by hiring Amy Sweeney as our dedicated sales resource in the Washington, DC/Baltimore marketplace. Amy comes with a strong outsourcing and equipment background and will also be covering the southeastern United States.

I also would like to offer a belated welcome to Rick Barr who joined our organization as a market analyst in the 1st quarter of this year. Rick brings a multitude of marketing and sales experience to the organization. Rick's main focus is to assure we are staying in touch with the marketplace.

Mattern Method™ Education Series

This past spring we hosted seminars on Cost Recovery in New York City and Off-site Records Storage in Philadelphia. Attendance was solid at both events and the feedback we received on the presentation from both the attendees and vendors was excellent. Plans for the Fall include Cost Recovery and Off-Site Records Storage seminars in Washington, DC and records in New York City. Stay tuned for further details.

Re-designed www.matternassoc.com website

The Mattern website has recently been updated and redesigned. Case studies and individual pages are available for each of the services we offer. Stop by and take a look and let us know what you think.

Have a support services question?

We have the answer!

More and more people are asking their support services questions at www.supportquestions.com. This quarter's Supportquestion.com tip focuses on a recently asked question – *How can I avoid getting burned on expiration dates?* Stop by and ask us the hard questions to answer.

How can we be of service?

If there are any additional services you would like to see Mattern offer, let me know. I can be reached at 302-475-7004 or email me at: rmattern@matternassoc.com.

That's it for this edition of Mattern Matters. I hope each of you have a great summer and a safe vacation.

Rob Mattern 



2207 Concord Pike #396
Wilmington, DE 19803



**Records Management Help
for Law Firms**

**Savings to be realized from implementing a
Records Policy and Retention Schedule**

Second in a series of articles to help you manage your records

Once a firm has completed and implemented a Records Retention Policy, there are several cost savings that become available to the firm:

1. Reduced off-site storage costs
2. Better control of file space, especially central file areas, resulting in less administrative cost for space
3. Reduce the time spent locating reference information

Off-site storage costs are a major overhead expense for law firms. These costs grow continually as files and boxes are added and never destroyed. Many firms have never

destroyed a box of inactive records. By implementing a records retention policy and destroying records on a regular basis, firms can experience substantial cost reductions.

For example, we will use a hypothetical firm that has existed for 25 years and currently stores 30,000 cubic feet of records with a growth rate of 800 cubic feet per year. The Firm has a Records Retention Policy. In addition, we will agree that 12,000 cubic feet of storage will be more than 12 years old and subject to destruction under the policy, with an average of 500 cubic feet becoming eligible for destruction annually. Annual off-site costs are averaged at \$3.00 per cubic foot and destruction costs are \$1.50 per cubic foot.

	Year 1	Year 2	Year 3
Current annual volume (Cu.ft.)	30,000	18,300	18,600
Current annual storage costs	\$90,000	\$54,900	\$55,800
Cost to destroy records (12,000 in yr. 1, 500 each succeeding year @ \$1.50/cu.ft.)	\$18,000	\$750	\$750
New storage added (800 cu. ft @ \$3.00/cu.ft.)	\$2,400	\$2,400	\$2,400
Reduction in storage costs due to destructions	(\$36,000)	(\$1,500)	(\$1,500)
Total cost per year	\$74,400	\$56,550	\$57,450

(continual inside)

Cost Recovery - What's in a name?

Copy, print, duplicate, impression...what do you call output? Although it may seem trivial, what output is called can have a serious impact on your bottom line.

Traditionally, a law firm will utilize a cost recovery system to capture various charges, including copies made on behalf of a client, and then charge clients for those copies. This charge is to recover the cost of the equipment, labor, etc.

However, a large percent of firms do not capture and charge clients for "print" output. This is due to a number of reasons, in particular documents that are "printed" are considered drafts and/or originals, and therefore not chargeable to a client. In some firms, the mere mention of charging a client for print is taboo.

As firms migrate to digital multifunction devices with print capabilities, the difference between a "copy" and a "print" has become a gray area in a traditional black and white world. The multifunctional devices of today do not copy in the traditional manner of the past. These devices actually "scan" a document one time and "print" the document the desired number of times in the order specified. Duplicating volume is migrating to print. Mattern & Associates, LLC has determined that, on average, 30% of a firm's "copy" volume will migrate to "print" with the implementation of print capable equipment. And, although a firm may differentiate between a "copy" and a "print," the output is still coming from the same piece of hardware.

For example, a firm with an average monthly "copy" volume of 50,000 that captures and charges for "copies" would look like this:

Average Monthly "Copy"	50,000
Mattern Method™ Benchmark Billable Percent	70%
Billable "Copy" Volume	35,000
Mattern Method™ Benchmark Client Rate per "Copy"	\$0.20
Total Billable "Copy" Value (Revenue)	\$7,000

If a firm does not have a "print" recovery system, as "copy" volume migrates to "print" the firm will lose billable revenue:

Average Monthly "Copy"	50,000
Mattern Method™ Benchmark Migration to "Print"	30%
Total "Copy" volume now "Print"	15,000
Adjusted Monthly "Copy"	35,000
Mattern Method™ Benchmark Billable Percent	70%
Billable "Copy" Volume	24,500
Mattern Method™ Benchmark Client Rate per "Copy"	\$0.20
Total Billable "Copy" Value (Revenue)	\$4,900
Total Billable "Copy" Value Lost to "Print"	\$2,100

One additional consideration is that multifunctional devices cost less to output than high speed printers. On average the per copy cost for a multifunctional device is near \$0.02 while the cost of output from a high speed printer ranges upward from \$0.04 per copy, paper included.

Cost to Print 15,000 @ \$0.04 on high speed printer	\$600
Cost to Print 15,000 @ \$0.02 on multifunction device	\$300
Savings	\$300

Therefore, the total combination of Billable copy lost to print and output savings would total \$2,400.

What can you do?

1. Naming options and how to charge

- ◆ Call all output impressions
- ◆ Differentiate the first set of multiple sets as a "print" and is non chargeable, while all remaining sets are "copies" that are chargeable
- ◆ Call all output from a multifunctional device "copies" while all output from a high speed printer as "prints"
- ◆ Based upon how the firm desires to capture and name the chargeable out

put, determine what the unit cost for each "impression", "copy" or "print" will be

2. How to capture

- ◆ Determine if your cost recovery system captures print images
- ◆ If yes, utilize that module
- ◆ If no, determine if the system can be upgraded to capture print, or
- ◆ Consider adding a print capture module to your system M

Records Management Help

Continued from page 1

While the off-site storage costs will grow into the future, they are still 37% less than the \$90,000 per year before the implementation of the Records Retention Policy.

Better control of file space can be achieved as part of the Records Retention Policy by specifying when files are to go off-site. While off-site storage is costly, it is usually about 10% or less of the cost of on-site storage. Should the firm decide to send closed files off-site after one year (or even 6 months) instead of two or three years as is the current practice at many firms, significant space can be saved.

By saving and utilizing existing space, the firm can reduce costs associated with expansion of filing spaces. In addition, depending on the Records Retention Policy, current centralized filing space may be reduced and utilized for other purposes.

As part of the destruction process, files should be reviewed for various reasons as

specified by the policy. One of the reasons for this review is to identify information that can be used for reference in the future, whether it is a successful pleading, response, or reference. These files can then be identified as reference materials under the policy and kept either long term or permanently, making reference easier and more exact.

The savings in this instance is time spent searching for information. If it is a paralegal or attorney's time, the savings would be considerable. If the information is well indexed and identified, that time can be eliminated by having a records clerk procure the information. A firm should also consider scanning the referencing material into its document control system for easier and quicker access from multiple locations. M

Next part – The Records Retention Policy process!

MATTERN MATTERS is a quarterly publication offering business and support services information. Should you have any questions about your support services, or if you have any comments on this newsletter, please do not hesitate to call us at (302) 475-7004. You can e-mail us at lschneider@matternassoc.com or contact us through our websites at: www.matternassoc.com or www.supportquestions.com

© July 2005

SUPPORTQUESTIONS.COM

SupportQuestions.com is the only internet web site that offers custom office support consulting on a question-by-question basis. SupportQuestions.com gives even the smallest businesses affordable access to the same knowledgeable experts who help major law firms and larger scale businesses to evaluate options and manage solutions.

Supportquestions.com Tip. Did you MACER today?

Question -

I recently found out my copier leases automatically renewed for another year. When I questioned the leasing company they referred me to a clause on the back of the leasing agreement that said that if I did not give notice to the them ninety days prior to the end of the lease, the leases automatically renewed for another year. When I told the leasing company the machine was a piece of crap and wasn't working properly they referred me to the service company. Boy do I feel burned. Is there anything I can do?

Answer:

If you feel burned now, you will feel really scorched after you read this answer. Many leases and outsourcing agreements have automatic renewal clauses in their terms that put the burden on you to notify them if you do not intend to renew the lease or return the equipment. The kick is that by the end of your agreed upon lease term you will either owe \$1.00 (the buyout) or the Fair Market Value (FMV) of the cost of the equipment, which is usually 10-15% of the purchase price of the machine. Your "extended" lease payments will usually amount to much more than either of these buyout payments plus you will still owe a buyout payment at the end of the extended lease. Needless to say it is a very expensive way to procure equipment.

In regards to outsourcing agreements, they to have similar cancellation provisions. Usually you must provide 60 days notice or the contract will renew for another year. Again if you try to cancel after this 60 day window you will usually be subject to the cancellation provisions of the agreement which may included equipment assumptions, early termination charges, etc.

Mattern Method™ Agreement/Lease Expiration Rules:

1. Insert language in your leases and outsourcing contracts that put the burden on the vendor or leasing organization to notify you.
2. Keep track on where you are at in the payment stream.
3. If the vendor insists on a renewal clause get it shortened to one month with a thirty-day notice.

Another option to consider – MACER - Mattern & Associates Contract Expiration Reminder. Mattern & Associates is now offering a lease/contract reminder system Let us know when your equipment or outsourcing contracts are scheduled to terminate and we will send you reminders at 18, 12, 9, 6 and 3 months for no monthly charge.

SupportQuestions.com is powered by the professionals at Mattern & Associates, LLC.