

# How To Move Your Files Away From Paper And Into The 21st Century

---



## Joshua Stein

has written extensively about the use of computers in legal practice, including his experiences starting in 2010 in establishing his New York City-based commercial real estate law practice, Joshua Stein PLLC. For copies of many of his articles, including dozens on commercial real estate law and practice, visit [www.joshuastein.com](http://www.joshuastein.com). The author acknowledges with thanks the substantial contributions to this article made by Donald H. Oppenheim, a Berkeley-based law firm profitability consultant who once co-authored an article with the author on how not to use computers, the author's office manager, Peter S. Labuza, for whom this article is in part the story of his working day, Alfredo R. Lagamon, Jr., of Ernst & Young LLP, and Robert J. Gorrie, Pace Law School Class of 2012. Copyright © 2012 Joshua Stein.

## Joshua Stein

---

**It's not as hard as you may think to switch to paperless filing.**

---

**LAWYERS PREPARE** almost all of their documents on computers. They receive via email almost everything transaction-specific that they ever need to see. All too often, though, many lawyers still print these things out on paper and then save them in bulky, unreliable paper files, file cabinets, and boxes. To take the next step toward a paperless office, lawyers need to move their files — their permanent records of their work — to a paperless filing system that is sensible, reliable, and accessible.

I don't recommend paperless filing to save money. I'm not convinced it will save much. At the end of the day, paperless filing may cost more than a paper-based filing system. Instead, one should switch to paperless filing for reliability (particularly over the long term), security, and access; and to make it easier to share files in and out of the firm. Paperless filing probably saves some paper, but I've found my laser printer still gets plenty of use.

This article offers a blueprint for any solo practitioner or small law firm to switch to a paperless filing system. It's only "a" blueprint, not "the" blueprint. Anything that someone can do well one way, someone else can usually also do well in any number of other ways.

Each lawyer and his or her staff should figure out what works best for them, taking into account their skills, technology, practice, and client base. The system I offer here works well for my practice, which consists of transactions and expert witness work limited to commercial real estate. Some other type of practice would use different categories but could apply similar principles. And any expert on filing, which I am not, could probably offer many more suggestions.

Much of my paperless filing system may seem “obvious,” at least after reading how it works. But sometimes it takes a lot of thought and a lot of trial and error to reach a simple and straightforward outcome. Anyone willing to read and think about this article can avoid all the wrong turns I took to get to an “obvious” place.

### Folder And Subfolder

My paperless filing system begins with three broad categories, each in effect a separate electronic file cabinet. Each of those file cabinets consists of a folder in the root directory on my main network drive, although it could just as well reside on a cloud server or, for small practices, in a “Dropbox” folder. My file cabinets consist of these:

- **Billable.** The first cabinet relates to billable work;
- **Nonbillable/management.** The second cabinet relates to nonbillable office management activities, information that staff or attorneys may need later;
- **Personal file cabinet.** The third consists of my own personal file cabinet — all kinds of information that I may need later but my staff or fellow attorneys almost certainly will never need or be able to figure out — articles from the web, copies of cases, my daughters’ college papers, copies of licenses for my articles and books, software licenses, press releases, and announcements about my friends, and so on.

Any user who wants access to one of these folders can obtain it through Windows Explorer or any other file management utility (a “file manager”).

The structure of each file cabinet depends on the information that it will contain. The most important cabinet is the first one, for billable work. That file cabinet contains a subfolder for each client, named after the client number or code and also the full name of the client — for example, the folder for a hypothetical client named Joshua Stein might be called “JS — Joshua Stein.” A firm that uses client numbers would replace the letters “JS” with the client number for that particular client.

Thus far, the folder and subfolder structure seems entirely obvious, but there’s much more to my filing system. It gets better.

### Structuring The Client Folder

The structure of each client’s folder will vary with the type and scope of work done for that client. I keep a “standard” template for reference when creating new folders, though circumstances may lead to revisions in the subfolders for that client. If the client will probably have multiple matters or projects, I include a “general” subfolder, followed by subfolders for each new matter, created as they arise. This also helps to remind us to clear conflicts for each new matter, treating the engagement as if it and the client were entirely new to us.

In the case of the hypothetical client Joshua Stein, the general subfolder will be labeled “JSAA,” or “0000” if you use a numbering scheme. In either case, you want to assure that in your file manager, the “general” subfolder will always appear first among the multiple subfolders. The “general” subfolder might hold the signed engagement letter and background information about the client. In contrast, if a client will likely have a single matter, then you don’t need separate subfolders for each matter.

Within the subfolder for each matter (or the general client folder for any client with just one matter), the filing system should include separate subfolders

for the filing categories that typically arise. My subfolders usually consist of:

- **Closing Binders.** This subfolder contains another subfolder for each closing binder we prepare or receive for this particular matter, available for future reference, copying, or sharing. Each closing binder contains an index with internal links, so no matter where or how the binder is copied (file sharing system, email, CD-ROM), those links will continue to work for whoever opens it. We can prepare future copies of the closing binder from the “master” closing binder stored on the network;
- **Correspondence.** Even in a world where almost all communications occur by email, any law practice will send an occasional memorandum or letter to the client, or receive a letter, memorandum, or notice from the outside world. Scanned copies of these communications go into this file. In contrast, email messages never go into this filing system. They stay only in email archives;
- **Drafts.** This folder holds PDF copies of redlines for possible future reference;
- **Due diligence.** If a transaction will involve significant due diligence deliveries, they go here, perhaps in suitable subfolders. General due diligence doesn’t include title work, which I keep separate;
- **Legal reference.** Copies of any statutes, articles, cases, and other legal authorities that I find for the particular matter go into this folder;
- **Notes.** I have my handwritten notes from meetings or conference calls scanned (more on that below) and stored here for possible future reference;
- **Our documents.** When a client signs a final document that we prepared, reviewed, or negotiated, a scanned copy goes into this folder, unless and until it finds its way into an online

closing binder. Any filing system should ideally maintain any document once and only once — properly named and stored so anyone can find it when needed;

- **Outside documents** or “previous documents.” This folder receives copies of documents, pleadings, and formal notices that were already in place before the client came to us, or later signed without our involvement. Any new matter often begins with an avalanche of emails and attachments with copies of items in this category, which can be directly filed here. Eventually, some of those documents may move into closing binders;
- **Precedents.** If any previous documents from other matters or other clients may help for this matter, copies go here;
- **Title work.** For any real estate transaction, this folder will hold title reports, copies of recorded documents, surveys, and any updates of all of the foregoing received during the transaction. These may eventually go into a closing binder.

None of these various (sub)folders is particularly earthshaking. Collectively, they represent the typical subfolders that any law firm might establish for any client/matter in a paper-based filing system for transactional work.

### Work In Progress

If a larger matter requires significant work in multiple categories, one could establish a subfolder for each — for example, U.C.C. filings and searches; other security documents; and opinions of counsel for a loan closing. Each of those subfolders within a matter could contain its own subfolders as suggested in the bullet points above. So far, one filing category has remained conspicuously absent in the present discussion: pending work or documents in progress. That’s because my paperless filing system replaces only a paper-based file room; it does not

provide a structure to accommodate collaborative editing of documents under negotiation or revision. For that, I use an online document management system called NetDocuments ([www.netdocuments.com](http://www.netdocuments.com)). Other vendors offer solid systems as well.

The four crucial and nonobvious functions for any document management system are:

- Full text searching;
- Maintenance and useful labeling of multiple versions of a document;
- Easy redlining;
- Tight integration with Microsoft Outlook and Word.

Not all alleged “document management systems” actually have all these functions. NetDocuments does.

Given how useful I find my online document management system all day every day, I cannot imagine how any law practice could function without one — particularly one that is larger than mine, which consists of only one principal, an office manager, a part-time offsite assistant, and up to three hourly contract attorneys.

In my office, all editable documents stay in my NetDocuments system. In contrast, my online filing system contains only the document types described earlier in this article, the vast majority only in PDF format. This approach helps prevent chaotic editing and inconsistent versions of the same edited document.

### **Names, Dates, And Descriptions**

With any paperless filing system, the fundamentally important bottleneck in the process will consist of correctly naming each file and making sure it ends up in the correct folder. If a file has a bad name or goes in the wrong place, it’s just like misfiling a paper document. You might as well throw it in the garbage.

To prevent these problems, anyone setting up a paperless filing system must establish naming pro-

cedures and rules. Then whoever operates the filing system must follow those naming procedures and rules without exception. As much as one may want to maintain flexibility and nimbleness in a small law firm, the area of filenaming requires strict rules, consistently followed. Minimal or simply “adequate” filenames can lead to large headaches later.

The process of naming files requires a brain. It also requires applying that brain to become familiar with the work done in the firm. Before we scan any piece of paper, I often handwrite specific filenaming information on that piece of paper, just to make sure it ends up in the right place.

When a document arrives from the outside world in electronic form, the file will usually have a useless, stupid, non-distinctive, random, confusing, or incomprehensible name. Before that document finds its way into the paperless filing system, someone must rename it in compliance with our filenaming rules.

In my own filing system, I always start with the date. I want files in any folder to appear chronologically in the file manager, as this will help anyone who wants to understand the history of a matter and where it stands. Toward that end, I devised a somewhat unusual system to communicate dates in filenames. I have started to see other people recommend similar systems, which seem to have gained some traction.

Under my system, the date at the beginning of any filename starts with two digits for the year, followed by two digits for the month, and then two digits for the day of the month. For example, January 3, 2007 would appear as “070103.” I explain this to my colleagues and assistants as a “YYM-MDD” scheme. One could also use YYYYM-MDD, i.e., include the full year first rather than just the last two digits of the year, which could work better for a practice that often refers to copies of many pre-2000 documents. After the YYMMDD date, the rest of the filename should include other

information about the contents of the file, which I discuss below.

This naming system produces the important benefit suggested above: If someone looks at a folder or subfolder in the file manager and sorts by filename, then all the files in that folder will automatically sort into chronological order. Documents with earlier dates will appear first, followed by newer documents or in the opposite order if desired. I've found this order offers more clarity and structure, as well as better access for future users, than alphabetical order. In contrast, if one wants to find any particular document, the "search" function, applied to the right subfolder, will do the job. You don't need the documents to be in alphabetical order by name in order to find something. For example, if you want to find a loan agreement, you can simply search for "loan agreement."

Filenames should include a terse description of what the file contains. But whoever names the file must think ahead to the inevitable moment when someone will want to find that particular file. Make it easy to find. Toward that end, I have found these guidelines helpful:

- **Abbreviations.** I try to avoid abbreviations, because if someone searches for "mortgage," they won't find "mtge" or "mrtge," or whatever creative new abbreviation someone naming a particular file might decide to use. I find it best to simply spell out every word, with only two exceptions. First, one can use any acronyms that are used more widely than the underlying term itself, such as "FBI" or "ALI-ABA." Second, one can abbreviate words that are so common that no one will ever search for them, such as "New York" for a law practice located in New York, or "letter," or "Joshua Stein" in the case of my own files. In that case, perhaps, don't include the word in the filename at all;
- **Bigger Is Better.** A Windows filename can include about 250 characters. That character count includes the names of all folders and subfolders in which the particular document resides. But that 250-character quota still allows any filename to include plenty of useful information. I try not to "cut corners" by smashing words together. Unnecessary brevity can help make a file impossible to find when someone else wants to find it. For closing binders, however, technical limitations may force use of shorter filenames;
- **Garbage words.** Leave out words that don't add useful information specific to this document. Some examples: "real estate"; your own name; "the"; "copy";
- **No guessing.** If you don't know how to describe the file in a way that will make it findable later, don't guess. Put it aside, go get the right information, and then name the file correctly. Once a file has been named in a way that will not allow a user to find it, that file may as well have been not saved at all, or deleted. And if you scan it and plan to "name it later," you never will;
- **Proper nouns.** Use proper nouns whenever possible given the contents of the file, because when someone looks for this document, they will most likely do so based on those proper nouns;
- **Typographical errors.** Filenames simply cannot contain typographical errors — not even a few here or there. If someone needs to find the "management agreement," but the file is called "managment agreement," then the user won't find what they need. Again, you may as well have just thrown the file into the garbage or the electronic void;
- **Word choices; search terms.** Words in filenames should help distinguish this file from any others in the system. Try to think of the words someone will use later when they want to find this file by searching for it.

If followed consistently, these naming conventions should help other users find what they need when they go searching in the paperless files. These filenaming rules apply not only to my “billable” file cabinet, but also for both my “nonbillable” file cabinet and my “personal” file cabinet.

The “nonbillable” file cabinet includes subfolders for the various administrative activities that arise in any law practice: accounting, banking, computers, insurance, intellectual property licenses, software, and so on. Further subfolders within those categories will cover particular issues or projects. Each category, issue, or project typically becomes its own little world with its own unique subfolder structure. Anything goes.

My personal file cabinet takes a somewhat different approach. I use fewer folders and subfolders and instead rely on strong, searchable filenames. The vast majority of files stored in my personal file cabinet simply reside in the main folder. Each has a filename containing every possible word that might help a future searcher (me) find the file in question. My personal file cabinet contains subfolders only when I think I will want to find future files as a group. For example, if I collect articles about fraud in real estate transactions, I might put them into a folder called “Fraud in Real Estate Transactions.” But I might not even need that folder, because I could instead name each of the files to include the words “Fraud,” to facilitate future searches in the file manager.

I doubt that this approach would work as well for the “billable” file cabinet, where organization by client and the other measures I described seems to make the most sense. My rather relaxed approach to the structuring of my personal file cabinet seems to have worked well so far.

### Structuring Your System

Any paperless filing system should fit into the larger picture of how a particular firm uses computers, which raises some organizational and plan-

ning questions. Anyone who sets up a paperless filing system should consider these points:

- **Access control.** Some users of the firm’s network should have access to everything stored on the firm’s hard drives or cloud-based storage. Other users should not. A paperless filing system raises the same issues. I don’t like to use password-protected documents to preserve confidentiality, because I find that even the most diligent and disciplined among us will lose track of passwords. Instead, an outside consultant should set up network access rights for particular folders for particular users. This way, each person only needs to remember his or her network password;
- **Backups.** Any backup procedures must religiously preserve copies of a firm’s paperless files, and should include offsite copies of any backup performed. The firm should regularly inspect backups, to make sure the firm’s procedures actually back up everything they are supposed to back up. It may make sense to maintain two types of backup: first, a snapshot of only all files that exist at a particular moment; and, second, for extra protection, a cumulative backup that disregards file deletions that occur over time. Keeping monthly and quarterly “archive” backups, offsite, also makes sense;
- **Documentation.** Once a firm has set up a paperless filing system, some of the directions for using that system should be memorialized on paper or in an online document. That information will help users achieve consistency, and also help the firm think through how it wants the system to work. The structure and names of actual subfolders should not itself be separately memorialized, as any user who looks at the subfolder structure should instantly understand it, and any separate attempt to document that structure will inevitably become outdated, incorrect, and a waste of everyone’s time;

- **Historical archives.** In setting up a paperless filing system, should a firm go back and scan its old files? I don't think so. Whenever a particular old file becomes actively and directly relevant to a current matter, the firm should consider scanning it and storing the result in the paperless filing system. At that point, the firm should probably shred the old paper files or return them to the client, so that each piece of information exists in only one place. This approach also makes it easy for a firm to institute a paperless filing system only prospectively, without the burden of doing anything systematic about "legacy" paper files;
  - **Optical character recognition ("OCR").** One could convert graphic images of "old" documents into text as part of scanning those documents into a paperless filing system. In my own experience, even the best OCR systems still make quite a few mistakes, not justifying the time and trouble. As with everything, though, there are exceptions, such as when an old document will become the starting point for a new one. Thus, I have rarely used OCR, and have had no issues as a result;
  - **Original documents.** One can't scan and shred original documents. Though I do hold on to some when necessary, I almost always try to send them out to the client, with a receipt for delivery. Then I have the receipt scanned and shredded;
  - **Remote access.** One huge benefit of a paperless filing system is that it can make a firm's files available to any user with remote access to the firm's file servers. This will allow access for users from any place at any time. Remote access will, of course, heighten the usual concerns about security and configuration;
  - **Scanning.** High-powered scanners provide the crucial gateway between paper and paperless files. Although very cheap scanners exist, one should usually pay somewhat more for somewhat faster and better scanning. Ideally, scanners should be configured so that the scanner operator loads the paper document into an automatic document feeder, presses one button, and then doesn't need to do anything else except wait for a PDF file to appear on the screen ready to be named and filed in the right subfolder. Instead, most scanning software insists on offering options, menus, confirmations, extra steps, and so on. I've had good experience with various Fujitsu scanners, although they rarely offer the simple user interface I want;
  - **Working with paperless files.** When an attorney refers to something in the paperless filing system, he or she should resist the urge to print it out on paper. The attorney should try to get comfortable with viewing it on a computer monitor. Prevention of eyestrain and other health issues may require ergonomic and other measures beyond the scope of this article. As an exception to viewing everything on the monitor, I typically print out anything that will require very careful scrutiny and analysis, annotation, or highlighting. Adobe Acrobat does allow annotation and highlighting, but any annotated or highlighted version should remain separate from the one in the paperless filing system. I find the best way to review a paperless document without printing it is to use multiple monitors. I have eight on my own desk, although it has been suggested more than once that this may be excessive.
- CONCLUSION** • Today's technology allows even the smallest law practice to successfully operate an entirely paperless filing system with very little trouble. The suggestions in this article offer a logical structure for that move. Each firm will need to decide what works best for its own business.