

Culture club

Antony Smith explains how cultivating a project-based mindset throughout a firm can boost productivity and profitability



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Legal Project Management refers to the application of project management techniques to the delivery of legal services. Applied effectively, project management can help solicitors improve business performance including things such as:

- improved fee-earner realisation rates.
- ensuring that Alternative Fee Arrangements (AFAs), including fixed fees, work properly.
- more effective management of internal costs and overheads.

Space does not allow for a detailed explanation of legal project management here, so I will outline a few key concepts, illustrating how legal project management can improve productivity, cost management, profitability and client satisfaction.

Legal project management puts clients at the heart of the process. Successful projects require good management of scope, schedule and resources. Scope does not refer to just an assessment of the technical work required to complete matters. There is another, more important, aspect of scoping: understanding what clients really want to achieve and agreeing this with them.

You may say that solicitors already do this as part of their routine. But do they? Arguably, because it is easier to assess the technical aspects of legal service delivery this is where scoping and estimation effort goes. To focus better on client needs, it helps having a method or protocol for scoping new matter engagements which refers to client objectives and requires recording



outcomes. It is not rocket science, but having an explicit process ensures the task gets done and having to record outcomes improves the quality of information gathered.

Next step

Once a matter has been scoped properly, attention then switches to execution and delivery. It has been estimated that, for some senior fee-earners in professional service firms, up to 50 per cent of their chargeable work could be done by someone more junior. That figure sounds rather high, but few doubt that a misallocation of resources during a matter, affecting all grades of fee-earners, is not an uncommon occurrence.

This inevitably leads to time being written-off, rather than billed. If matters are run as tightly defined projects, decomposed into tasks with work allocated to the most appropriate staff from inception, there is less justification for writing-off time.

Increasingly solicitors are being asked to quote for work on some kind of AFA basis, most commonly fixed fees. Running matters as projects can help with this by scoping properly at the outset (see above), breaking matters down into stages (with delivery and payment for each completed stage) and utilising a change request process. If something unforeseen arises, or the client asks for an additional service, these events are out of scope of the work covered by the original fixed fee quote. A change request

formally captures the change and triggers a renegotiation of the fee, either for that particular stage or the matter as a whole.

Running matters as well-defined projects keeps things under control and reduces the prospect of uncertainty and unwelcome surprises, especially in connection with billing.

Effective risk management

Project management is most often thought of as primarily a means of containing costs which is, of course, vital to the success of any business. According to The Law Society's Financial Benchmark Survey (April 2011), Professional Indemnity Insurance (PII) premiums can cost between two and six per cent of a firm's total fee income. Generally over the past few years PII premiums have increased, but it is well known that some firms have bucked this trend.

Many factors need to be aligned to secure PII premium reduction, and the most important factor will always be a firm's claim history. Nevertheless there is widespread agreement that an effective risk-management strategy is one of the more significant factors to be taken into account when assessing premiums. Creating a project with the specific objective of reducing premiums can result in considerable savings if executed properly.

Successful solicitors must already do some project management (even though it may not be referred to as such) as part of their daily practice management activity. Adopting a slightly more formal legal project management approach makes these activities more explicit and can improve individual solicitor productivity.

Cultivating a project-based mindset throughout a firm can result in exponential increases in productivity. Clients recognise and value services which are delivered effectively, enabling them to achieve their objectives. Ultimately it is this that allows solicitors to increase profitability. ■