

Future projections

Legal project management can help firms to improve efficiency, risk management processes, and client service. And all these benefits are just as achievable for small firms as for the biggest players. **Antony Smith** explains

Anyone who attended the Law Management Section's annual conference on 10 May will know that legal project management (LPM) is a hot topic right now. Two of the speakers – Professor Richard Susskind and Validatum's Richard Burcher – referred to the importance of being able to manage matters effectively by applying LPM techniques.

In this article, I will set out some of the principles of LPM, explain the benefits of applying LPM to you and your clients, show them in practice, and give some tips on how to implement LPM successfully.

WHAT IS IT?

As the name suggests, LPM refers to the application of project management techniques to assist with the delivery of legal services. This can help achieve things like:

- improved realisation rates;
- better management of fixed fees;
- helping transition to other forms of alternative fee arrangements (AFAs), particularly value-based pricing;
- improved management of internal costs and overheads;
- better risk management processes; and
- improved client communications and overall client satisfaction – probably the most important single benefit.

Arguably, many solicitors already use some form of project management in their daily work. Successful lawyers have to manage their files and individual matters, and this requires project management skills, even though the administration work may not be recognised as such. So what is LPM? One answer is to say that it is a slightly more formal encapsulation of practices that are the hallmark of every good lawyer. Because these good practices are captured and formalised, they can then become part of standard

practice by every lawyer in the firm, thus driving up overall quality of service.

WHAT ARE THE BENEFITS?

● Client satisfaction

LPM puts clients at the heart of the process. Successful projects (that is, legal matters) require good management of scope, schedule and resources. Scope does not just mean the technical work required to complete matters – which is sometimes where a solicitor's scoping and estimation effort ends – but also what clients really want to achieve, or their 'success factors'.

LPM provides a method or protocol for scoping new matter engagements, which refers to client objectives and what success looks like from the client's point of view. These should be recorded quickly and simply, using a template, and then referred to throughout the matter. It's not rocket science, but having an explicit process ensures that the task gets done, and recording matter aims is essential for reviewing the effectiveness of outcomes. The notion of matter review is another fundamental concept of LPM – project feedback is essential for future performance improvement.

● Improved realisation rates

Once a matter has been scoped, focus then switches to execution and delivery. This is where increases in productivity and improved realisation rates can become significant. It is still relatively common for all grades of fee-earning staff to do large amounts of work which really should have been done by more junior, and therefore less expensive, staff. There is also a tendency to over-research some work. Both of these phenomena can frequently result in time being written off. If matters are run as well-defined projects, with tasks broken down and work allocated to the

most appropriate staff, with all eyes focused on the 'critical path' of service delivery, then less time should need to be written off when billing.

● Improved cost and resource estimation

The Costs Management Pilot Scheme (in fact, there have been several), where solicitors have to estimate, at the outset and in some detail, the likely costs accrued at each significant stage of the case, appears to be going well. It is therefore expected that this system will be implemented as part of the Jackson reforms in April 2013. This means that all litigation solicitors engaged in multi-track matters will have to scope and provide cost estimates to court as part of standard procedure after that date. Estimating projects of any kind will always remain more of an art than science, but the discipline of project management is replete with techniques and heuristics to aid project estimation – although an important lesson from project management is that confident estimates soon become worthless if the project itself is subsequently managed poorly.

● Supporting alternative fee arrangements

Fundamentally, good project management is all about coping successfully with uncertainty. We hear much today about the need to offer fixed prices and value-based pricing but, from a solicitor's point of view, these pricing techniques are surrounded by uncertainty. Although increasingly popular, many solicitors are still wary of offering fixed fees and other forms of AFAs, fearing that they will be left to bear the cost should the project (legal matter) overrun, or be subject to some unforeseen event. LPM can help with two aspects here. First, it can help to ensure that work identified as part of the initial scope is managed

Continued on page 25

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Continued from page 23

effectively, thereby reducing the likelihood of cost overruns. Second, by implementing a change control procedure, solicitors can protect themselves from the financial consequences of the 'unforeseen event'. 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 AFA. A change request formally captures the change and triggers a re-negotiation of the fee, either for that particular stage, or the matter as a whole.

WHO HAS USED IT?

In the UK, LPM has until now been seen as the preserve of larger law firms, while in the US, a wider range of firms have implemented it.

On this side of the Atlantic, Eversheds and Baker & McKenzie are particularly well known for their LPM work. Eversheds has trained all of its fee-earners on core LPM techniques, and LPM processes are applied by the fee-earners as part of the firm's standard client engagement process. The firm has also invested in the development of LPM tools to assist fee-earners and clients.

According to James Lewindon, management consultant at Eversheds, client need has been the driving force behind the early adoption and roll-out of LPM techniques at the firm. Some of the firm's larger clients had begun requesting structured and transparent delivery processes, which were soon seen as adding value – and are now used throughout the firm, on all client and matter types. The value of LPM is appreciated particularly as offering a means of working more closely with clients.

Baker & McKenzie takes a similar view, and has established a direct link between pricing strategy and LPM. Stuart Dodds is director of global pricing at the firm, and works closely with LPM colleagues such as Sarah Prime, a project manager who works alongside Baker & McKenzie's lawyers on legal matters. Baker & McKenzie has a broad four-stage client and matter engagement process, as follows:

1. identify value points to the client;
2. agree pricing with the client;
3. plan and organise the internal delivery team; and
4. work through the actual delivery process.

Fee-earners are being trained on core aspects of LPM, and they can call on central

Project management is now identified as one of the 'missing skills' from a typical lawyer's armoury

LPM expertise as and when required. This may sound complicated and resource-intensive but, in essence, according to Dodds, LPM is "simply good client service skills" which the firm is able to capture and standardise.

Everyone to whom I have spoken at Eversheds and Baker & McKenzie says LPM techniques are scalable, and that they can be applied equally successfully by smaller firms.

Jonathan Winston, founder of Winston Solicitors, a firm of 24 fee-earners located a few miles from Leeds city centre, comes from a retail background. As a result, his firm places particular emphasis on identifying what really matters to clients, and then delivering legal advice appropriately and effectively. "We are now of a size where we have to introduce greater formality into our processes," he says, "but whatever we do, we will remain very client-focused." He anticipates his main competitor will soon be the likes of the Co-Op, and envisages a structured, client-centred delivery process to be a means of meeting such competition.

In the US, where the concept of LPM is much better known and widely practised, forms of LPM (there is no 'one size fits all') are in operation in a wide range of firms. Particularly interesting is that smaller US firms, sometimes of just a few fee-earners devoted to one practice area (such as family law), use LPM techniques to ensure their value pricing schemes work and return a profit. The focus is not on LPM as such, as the LPM practices are simply absorbed as part of standard procedure; rather, the focus is on providing value and completing the cases within the price quoted.

HOW CAN I IMPLEMENT IT?

Space here does not permit a detailed analysis of how to implement LPM. However, the most important point is that, ideally, LPM should be implemented as part of your firm's overall strategy. This means you should start by identifying

suitable markets, and services to be delivered; then consider how best to deliver those services, then identify a specific objective(s) which can then be measured and reviewed; and then create LPM processes which best support the objectives. Core LPM processes could include things such as:

- the creation of a project initiation document (PID) for matters, which clearly records client needs and what success looks like from the client's perspective;
- a cost estimation and communications protocol about cost information to the client, with regular cost updates provided to the client; and
- periodic matter reviews where fee-earners check progress against the PID and the cost communications protocol.

Design and run a pilot project to assess whether the objective has been achieved, and the extent to which LPM techniques have helped to achieve it. If you are happy with the results, then plan to roll out LPM delivery techniques to other parts of the firm.

Training about LPM, for all grades of staff, is well advised. In an ideal world, all lawyers would receive some formal training in LPM processes. The Legal Education and Training Review (LETR) has already noted the general absence of such training for lawyers, with the result that it is now identified as one of the 'missing skills' from a typical lawyer's armoury.

You may well already have staff with some project management training and expertise. Most IT departments should be well versed in core project management methodology, and the Practice Management course run by the Institute of Legal and Finance Management (ILFM) has a section devoted to project management. So check the skill-set of your staff and, if they have some project management experience or expertise, seek to involve them in any LPM initiative you may undertake.

Clearly, you will need to blend project management techniques with legal service delivery, so legal and business input remains paramount. But ultimately, it is client and market need that should be the driving – and guiding – force when putting LPM into practice. ■

Antony Smith is a non-practising solicitor and director of Legal Project Management Ltd (www.legalprojectmanagement.co.uk).