

THE EUREKA MOMENT

How six Big Law firms stopped dithering and learned to love legal project management.

BY ALAN COHEN

FOR A LAW FIRM, NOTHING TRIGGERS a Eureka moment faster than when an established client threatens to seek other counsel. So when clients began asking firms — with a figurative nod towards the door — to find a more efficient way to do their legal work, firms started innovating. What they’ve come up with is legal project management — where effectively using technology, people, and processes promises to lower costs, while boosting (or at least maintaining) firm profitability.

Of course, as firms get serious about legal project management they’re finding that there is no magic bullet. Indeed, implementing LPM wisely is a project in itself. There are a host of questions to be addressed, from what technologies to embrace and how best to use those tools, to how to make LPM palatable to lawyers who are used to doing things their own way, thank you very much.

Not that firms have much choice. These days, prospective clients routinely ask about LPM capabilities in their requests for proposals. “They’ll ask firms to address what they are doing to drive efficiency and increase [cost] predictability, they want to know what specific things you’ve put in place [to accomplish those goals],” says Boston-based Philip Austin, chief sales officer at Nixon Peabody, which launched its LPM program two years ago.

Factor in, too, the rise in alternative fee arrangements, which typically do away with, or cap, billable hours, making a 40-hour task that takes 60 hours the firm’s problem, not the client’s. LPM doesn’t just help firms land these engagements, but helps them execute the projects effectively, from initial strategy sessions through discovery and trial. “We can still make the same profits we did in the old days,” says Philadelphia’s Anthony Licata, chief financial officer at Dechert, which now counts on AFAs for a quarter of its business. “But you have to have the commitment and discipline in place to make project management work. You can roll out all the systems you want, but if you don’t have [that kind of] support, it’s meaningless.”

LPM can be a differentiator for law firms competing for work. It can be a profit driver; it can even be a training tool, helping associates stay on track on assignments and learn the most efficient way to perform tasks. If, that is, project management is done right.

Law Technology News spoke with six law firms that have led the charge in this area. Each has spent the past couple of years, and sometimes longer, building and refining systems they say are helping them not only survive in a vastly changed legal services environment, but thrive. All have learned lessons along the way.

Here are the best practices these firms have identified and adopted.
TIE IT TO THE DATA. Breaking engagements into tasks and then



Seyfarth Shaw’s
Andrew Baker, Kim Craig

PHOTOGRAPH BY SAVERIO TRUGLIA

tracking how those jobs are coming along is an important component to LPM — and perhaps the part that most people know best. But the real lifeblood of project management is data. How many hours does a task normally take? How many is it taking now? How were similar matters staffed in the past? Who is working on a current task and are they breaking the budget? The best project management systems look at, and answer, all of these questions, helping firms build models of how an engagement should proceed, how long it should take, and what it should cost — and raising flags when matters may be heading off course.

Data makes this happen, and the good news is, it’s data that firms already have, thanks in large part to their time-and-billing and finan-

cial systems. “Whether you’re working with an AFA or a client who is asking for a budget, you have to have a plan for how the matter will go . . . not just from a work perspective but from a billing perspective,” says Colleen Nihill, firmwide director of project management at Dechert, also based in Philadelphia.

At Dechert, technology — Tikit’s Carpe Diem (recording and tracking time spent on matters), Thomson Reuters’ Elite (accounting and billing package), and Redwood Analytics from LexisNexis (used for generating aggregate baseline data from Elite) — is a core component of its project management system. “Leveraging historic data — cases where you had similar objectives and assumptions — means it’s not a guessing game,” says Nihill, a non-practicing attorney. “You can lay out for the client what you will be doing, what resources will be attached to a task, how many hours will be allocated,” she continues.

Linking legal project management to financial systems doesn’t just help the firm develop a plan at the outset of an engagement — it also monitors progress. “Your project management software will have the plan [broken down] by phases and tasks, with individuals assigned to each task,” says Robert Lipstein, a Washington, D.C.-based partner at Crowell & Moring and chair of the firm’s finance and contingent fee review committees.

Crowell integrates Elite and Redwood Analytics into its project management system, along with Microsoft Outlook for calendars.

By pulling in data from the time-and-billing system, the firm can see if a timekeeper is going over budget for a task, both in terms of money and progress. If someone has been allotted 20 hours to prepare a document and they have worked 18 hours and are 25 percent done, “I clearly have a problem,” says Lipstein.

Crowell has embraced AFAs in recent years, and has set up its LPM system so that “off-plan” variances of more than 10 percent will trigger a color-coded warning on a dashboard — built within Microsoft SharePoint — on the project manager’s screen. SharePoint is a favored tool for project management, as it can be configured to pull data from various systems throughout a firm and then display that information on web-based dashboards.

Accessing data as matters progress is crucial to project management because it helps firms identify problems and tweak plans, to make sure potential trouble spots don’t become confirmed problems — like work that has veered far off budget, or off schedule.

“What we have seen is the need not for a monthly retrospective look back, but real-time data so attorneys can make decisions and amendments,” says Nihill. “You don’t want to be 70 percent through budget with nowhere near 30 percent of the work left to go.”

CREATE “SPRINGBOARD” MAPS. Developing a project plan — detailing the steps and the staffing for a task (whether to use a senior level associate or a more junior lawyer, for example) can be a complex, time-consuming task. Unfortunately, the start of an engagement or the response period for a request for proposal is typically hectic, rarely offering bountiful free time to develop and perfect detailed case plans.

One approach is to develop template “springboard” plans (in other words, process maps) for general matters or transactions that can be modified for specific clients and cases. Essentially, these became a collection of pre-existing starting points that firms can draw on when a new matter comes about.

The champion of process mapping is Seyfarth Shaw, which has developed more than 160 maps in the past five years. “The firm identifies an area, a scope of work we do — any kind of transaction — and gets participants together in a room to share processes and best practices, with a project manager facilitating,” says Chicago-based Kim Craig, director of Seyfarth’s project management office.

It can take weeks to create a map, but the result is a template that spells out the various phases of a matter — and an efficient way to do them, she says. This gives the firm a huge head start, notes Andrew Baker, Seyfarth’s director of legal technology innovations. “When we sit down with the client we already have the tasks — how much time they should take and what resources they need — and [we] can come up with some pretty solid

pricing,” says Baker, also based in Chicago.

Then, the firm and its potential client discuss any needed modifications, he says. At this point, documents can be linked to tasks — checklists, templates, prior work product, case-specific files, anything that might be helpful. Seyfarth uses TaskMap, from Harvard Computing Group, to create its process maps, and Microsoft Project to create case-specific project plans, complete with timelines.

Craig and the firm’s LPM team won the 2011 “Professional Services Champion Award” from the International Legal Technology Association, for their LPM work.

BE FLEXIBLE. It’s also crucial to not lock yourself into rigid processes or frameworks. Individual lawyers will want different metrics on their dashboards; some clients may want weekly reports while others are satisfied with monthly updates or just a detailed project plan up front.

Whatever system a firm buys, or builds, it must be able to slice, dice, and display data in a wide variety of ways. “You need to have software that will work for different people on a project,” says Crowell’s Lipstein. “A matter-responsible partner may just want to see the dashboard screen that says everything is fine or one thing is out of whack, while a senior associate may want to be able to drill down on a task and see where everyone is on it.”

Even the way reports are presented needs to be flexible. Some attorneys want to see project data “laid out like a thermometer of activity, some want it in a bar chart, others want straight data,” says Nihill. “We consider it almost like a shopping cart. We can suggest report types A, B, or C. They may come back and want D.”

AFAs also require flexible systems. “If you’re working with a success bonus, or a capped fee, or a blended hourly rate — that will drive the type of report,” says Nihill. “For example, if everyone is being billed at \$600 an hour, there will be a stronger reporting focus on staffing.” You’ll probably be asked to monitor the percentage of people who normally bill more than \$600 per hour, or under \$600, she notes. The key is to say “yes” to whatever the user wants. “What we say is, we’ll

TOOL BOX

Here are the key technologies used by Dechert for its project management system:

Carpe Diem (tikit.com): Data entry system for recording and tracking time spent on matters by attorneys.

Thomson Reuters’ Elite (elite.com): Accounting and billing system to track matter/client billing, accounts payable, receivable, costs, and general ledger.

Redwood Analytics (lexisnexis.com): This data warehouse software is used to generate aggregate baseline data from the Elite system.

Microsoft SQL Server (microsoft.com/sqlserver): is a data engine that allows reading, storage, and modification of data for business and application systems.

» **SQL Server Integration Services** is used to extract, transform, and load data into the central data warehouse database from Elite and ADP systems.

» **SQL Reporting Services** is a development tool for the management, formatting, and presentation of data residing in the data warehouse.

» **SQL Analysis Services** is the development and storage tool for reading, management, and modification of dimensions, hierarchical, and aggregated data from cubes.

» **Microsoft SharePoint Services (technet.microsoft.com)** is a business collaboration tool used to power Dechert’s dashboard and private intranet sites.

— Source: Dechert.

give you any type of info so you can understand where [you] are.”

Flexibility also means constantly examining how LPM tools are being used, and tweaking them accordingly. When Seyfarth realized that formal status reports went unread because lawyers weren't opening attachments on their mobile devices, project managers began embedding bullet points directly in email. “You have to serve up [data] in the form in which it will be digested,” says Craig. “You really have to understand your audience and how they work.”

LOOK TO TOOLS YOU HAVE. It would be nice, of course, if there was a single plug-and-play, all-in-one LPM tool. But we're not quite there yet. By all accounts, the package that comes closest is Thomson Reuters' Engage, which provides process maps, helps craft budgets, tracks progress and flags potential trouble spots, and provides user dashboards. But even Engage needs to be tied, at least for now, with a firm's time-and-billing and financial systems.

“The perfect tool is not there yet,” says Samuel Goldblatt, the partner in charge of Nixon Peabody's LPM program, who splits his time between Buffalo and Boston. “Right now, there really is no off-the-shelf [software] that fully integrates legal project management with time and billing. I think you'll see it in a couple of years.”

To be sure, some firms, such as Fulbright & Jaworski, have embraced an Engage-like, “much-in-one” (if not all-in-one) approach. Building a system from scratch — linking financial systems; task and project mapping packages like AtTask; document management systems, spreadsheet and reporting tools (e.g., Microsoft Excel); and dashboard tools (like Sharepoint) — is a time-intensive job, especially considering that most IT departments are already stretched thin.

“We realized that our IT people would have to do this in their spare time,” says Monte Malone, Fulbright's chief of practice management. So Fulbright started using Engage two years ago, relying on a single vendor for the tools and integration with the firm's financial systems, to “get it done better, faster,” says Malone, who says the system is “working out great.”

But other firms think the do-it-yourself route makes more sense. For one thing, most of the component tools are already in place within the firm, so there is already a great deal of experience and knowledge about working with them. These firms are weary of training lawyers on an all-new software that may prove too ambitious in its goals and too complex in its usability. Better, they say, to keep things simple.

“We don't want to ask attorneys to climb Mt. Everest, just to go up a hill,” says Monica Ulzheimer, business manager at Sutherland, Asbill & Brennan. “We can do it faster, [and] easier, with existing tools people are familiar with.”

Sutherland's LPM program won first place in the “Practice Development” category and overall “Best in Show” at the 2012 Legal Marketing Association awards.

Keep in mind, however, that the do-it-yourself approach may have significant upfront costs. Sutherland, for example, spent approximately \$200,000 on consultants for software integration and training, and to bring in a project manager to oversee the implementation. Taking an Engage-style approach can help avoid these costs, though ongoing software costs mean expenses are not so much saved as time-shifted.

Regarding costs, Fulbright says it pays a monthly per-seat subscription. But neither Thomson Reuters nor Fulbright would reveal any information about pricing.

FIND YOUR POINT PERSON. There is a reason they call it legal project management: Someone has to manage the matter, using the tools the firm has put in place. But as to who should do the managing, firms have taken different approaches. Law firms that are just getting started in project management — or still feeling their way around — need to determine which method will work best for them.

One approach — adopted by Dechert and Seyfarth — is to employ dedicated analysts who, working out of a central LPM office, are assigned to specific matters. Dechert has a half dozen such analysts,

some with backgrounds in finance and business, others who had trained as attorneys.

They create reports, interpret data, and sit down regularly with the lawyers on the matter to go over where things stand and where trouble spots may be lurking. “Even though attorneys have access to information on their dashboards, one of the things analysts can do is drill down and write reports specific to [a partner's or client's] needs,” says Nihill. The idea is that someone dedicated to the project management task will go deeper into the data than a partner who may be racing to get a job done.

Firms that have gone the analyst route say they've learned another important lesson: Give those analysts visibility, even taking them along on pitches. “When a client sees a member of the project management office, talking about how we are going to do the work, they see that the firm is invested in this,” says Seyfarth's Craig. “Many of them have their own project management offices, and they have a real appreciation for this.” So much so, perhaps, that even after Seyfarth's project managers became a billable resource in 2008 — transforming the office from a cost center to a revenue generator — “we haven't had any pushback from clients,” says Craig, whose team includes 13 project managers. “They see us as business partners.”

Not every firm is convinced a dedicated project manager is the answer, however. Some prefer to leave the task to a lawyer on the case. Their thinking: Project management has to fit not just within the technical infrastructure of the firm, but its culture. “We are a very individual-driven firm, so we don't have anyone standing over the partner looking for red flags,” says Ulzheimer.

Crowell & Moring also leaves project management to its lawyers, but prefers to give the task to a counsel-level attorney on a matter.

“We think they are the best managers,” says Lipstein. “Counsel are steeped in the subject matter of the work, they are experienced in communicating with the team and the client, they know what is supposed to happen on a case,” he says. “A project manager should be able to solve 80 percent of what could go wrong, and keep things moving. Counsel has that ability.”

DEBRIEF & DEBUG. A legal project management system, firms have discovered, is a work in progress — it needs to be refined and tweaked to deliver better results. To home in on focal points, post-engagement debriefings are key.

“You want to circle back with your internal team and your client to see how you did and how it can be improved,” says Nixon Peabody's Goldblatt.

To this end, questionnaires and surveys have proven useful — particularly when they are used as a starting point for a conversation with the client. “A questionnaire that asks good questions about how you did may not seem a sophisticated tool, but it's an important one,” says Austin, the firm's chief sales officer. “It lets you plan for future engagements.”

That, in turn, helps firms assure their future. “The challenge in the legal space these days is that most work can be done by thousands of lawyers,” says Dechert's Licata. “Our legal credentials get cleared in the first 20 seconds [of a pitch]. But what you find more and more is that the people on the other side of the table want you to show them what they'll get for their dollar. They don't want your promise you'll manage your hours. They want you to prove you can do it.”

Alan Cohen is a freelance writer based in New York. Email: alanc31@yahoo.com.

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