

Legal Project Management – It’s Not Just for Outside Counsel

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Understanding legal project management and implementing a well-designed legal project management (LPM) program is quickly becoming recognized as a critical competency for in-house legal teams, particularly those law departments striving to proactively manage legal spend and improve operational efficiency. Historically, matter management, electronic billing and document management systems—sometimes collectively referred to as enterprise legal management, or “ELM”—have been used to aid decision-making around vendor selection and to gauge service performance. Indeed, software developers are increasingly offering products designed to serve up summary financial information through a data dashboard view, placing even further reliance on technology. While access to this information is helpful, many law departments use ELM software sporadically, if at all (a Feb, 2016 Gartner study indicates corporate ELM technology adoption to be around 20%).

At the same time, there appears a growing disconnect and disagreement between in-house attorneys, their outside counsel/partners, and internal support teams with respect to how current systems and the data contained within them should be used to manage legal spend and promote process improvement. Once technology has been implemented, many attorneys expect their return on investment to bring about immediate and substantive change, only to find marginal and/or unsustainable improvement in spend and efficiency measurements. It appears that performance metrics, financial analytics and periodic reporting are only a part of and not the complete solution.

What is missing is the realization that matter management systems and other practice support technologies do not go far enough to affect the *behavioral change* necessary to control legal spend. While these audit-driven systems may aid decision-making, they provide only after-the-fact analysis with minimal impact in terms of creating a culture of proactive partnering and collaboration—the essential elements in legal spend control.

What is the missing link? LPM tools and techniques can fill the gap and integrate behavioral controls with good audit protocols managed through ELM software. However, a good LPM program contains more – including the following components:

- Needs clarification—to understand stakeholder objectives and set up-front expectations
- Conversion of expectations to a plan —to avoid ambiguity and misunderstanding of work to be performed, assumptions and constraints
- Constant communication—to build trust through transparency
- Management by exception—to focus only on significant deviations from norm and build confidence
- Measurement of satisfaction—to account for lessons learned to be used in future work efforts

Good LPM practices are not the sole responsibility of outside counsel. From the perspective of in-house counsel, LPM involves obtaining a definitive commitment from outside counsel before work begins, provides in-house counsel with insurance that outside counsel is committed to controlling legal spend and avoids the need for day to day oversight of outside counsel. When combined with ELM technology, in-house counsel can further ensure that all billings are consistent with corporate guidelines. The distinction is a relationship built on trust and proactive management versus the perpetuation of an

administratively burdensome audit process and outside counsel bad habits. LPM changes the underlying dynamics of the in-house/outside counsel relationship from an audit-driven reactive response to one of proactive partnering based on clarity, transparency, confidence and trust.

That's not to say the prerequisite of LPM obviates the need for ELM software. As it is often said, you can't manage what you can't measure. Having tools in place to store data, measure performance and communicate status are important and a compliment to good LPM process. LPM is as much—even more—about people and process as it is about technology. To singularly focus on the implementation of ELM (technology) without LPM (people/process) will not provide desired behavioral change. It is up to in-house counsel to demand that their outside counsel implement an LPM protocol to improve the business management of their cases.

An LPM/ELM combined approach should yield greater cost savings, promote consistency and quality in legal services across all outside counsel. LPM/ELM empowers in-house counsel to focus on their responsibilities as lawyers to the organization. This later point is one that is often missed in discussions of LPM. By placing great controls on outside counsel at the outset of all engagements, the in-house team has more time to focus on their internal responsibilities such as risk analysis, identification of and implementation of remedial measures and assisting business units with strategic decisions.

In summary, there needs to be a renewed and improved focus by law departments on people and process; specifically, development of a LPM program that can make a greater impact on the behaviors that require change in order to be proactive in controlling spend and improving efficiency. Combining a strong approach to LPM with improved data capture and financial analytics (through ELM technology) is essential to helping in-house lawyers achieve the operational excellence they seek. Recognizing and acting on this need should be a top priority for general counsel seeking to create a high-performing legal function.

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