

Process & Project Management

Legal Service Management The ACC VALUE Challenge ACC Association of Corporate Counsel

Introduction and context

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Evolving Definition of Success

Consistent Delivery

Efficiency & Predictability

Business Acumen

Substantive Legal Knowledge

Drives Need for Project & Process Management

- Maturing expectations of internal clients
- + Cost reduction pressures
- + Internalizing work
- + Unbundling legal services
- + Multiple players involved
- + Outside Counsel no longer the General Contractor

= **Law Departments taking a leading role to provide direction, continuity and coordination**

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In this session

- **Help you drive business outcomes**
- **How to apply project management concepts and hands-on tools**
 - Root cause analysis
 - Scoping the problem
 - People involved
 - Timeline
 - Communications
 - Cost and developing project plan based-budgets
- **Apply techniques to a real-life situation in real time**
 - Plenty of interaction and thinking on your feet

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Lean and the legal industry

- Work began more than six years ago in response to growing concerns from clients about time-based fee models
- Goals were to:
 - Institutionalize a value conversation with our clients and then work collaboratively to deliver that value efficiently
 - Improve predictability of fees, lower client costs, increase transparency and allow law departments, if they wished to collaborate, to have real-time access to fees and management of matter
 - Facilitate continuous, sustained improvement in quality of service

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The Lean Six Sigma Model

- Process started with serious consideration of various efficiency models including traditional Lean Models and pure Six Sigma
- Developed an adaptation of Lean Six Sigma tailored for legal services, building in strategy, project management and change management
- The result is a disciplined way to think through and deliver high value legal services – a fundamental change in the way we work

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Process improvement

- **Define**
 - Clients want high quality, lower cost legal services, delivered with predictable results
- **Measure**
 - Collect data on firm/client experience: total cost, cost by task code, "voice of client"
- **Analyze**
 - Gather experts in "Kaizen"; review current state and process map future
- **Improve**
 - Make changes in process; train attorneys/staff; support with technology and best practices
- **Control**
 - Supervise and measure to prevent return to the prior process

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Tools, tools, tools

$y = f(x)$

This is law?

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Tools

<ul style="list-style-type: none">• Voice of the Client• Project management• Root cause analysis• Y= (f)X• Process mapping• Pareto Chart• Kaizen	<ul style="list-style-type: none">• WIN' s• Lessons Learned• Control Plan• Online collaboration platforms• Matter Management• Service Standards
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Y = f(x)

Y = Problem Statement

X = Possible Cause 1
X = Possible Cause 2
X = Possible Cause 3
X = ...

Y = Late to Work



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Y = f(x)

Steps

1. For your problem statement "Y", identify possible causes "X"
2. Eliminate causes "X" that you can't control
3. Select the most likely cause "X" as your next problem statement "Y"
4. Repeat process for new "Y"



<u>Y</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Late to Work	Traffic	Kids	Overslept	Weather

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Y = f(x)

<u>Y</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Overslept	Alarm clock didn't wake me up	Hungover	Sick	Didn't sleep well
<u>Y</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Alarm clock didn't wake me up	Alarm clock broken	Hit snooze too many times	Radio too low	Set the wrong time

Solution: Buy a new alarm clock

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Using Y = f(x)

Y = Why are legal fees too high?

Steps

1. For your problem statement "Y", identify possible causes "X"
2. Eliminate causes "X" that you can't control
3. Select the most likely cause "X" as your next problem statement "Y"

REPORT OUT: Possible causes "X" and selected "Y"

4. Repeat process for new "Y"

REPORT OUT

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Disaggregation

Disaggregate (verb \(\.)dis- a-gri- gāt\)

- transitive verb: to separate into component parts <disaggregate sandstone> <disaggregate demographic data>
- intransitive verb: to break up or apart <the molecules of a gel disaggregate to form a sol>
- First known use of 'disaggregate': circa 1828

Legal Project Disaggregation

- Breaking up complex (and even simple) legal processes and projects into subsidiary pieces, and then staffing each piece so that:
 - (1) an optimal outcome for the project can be achieved
 - (2) an appropriate value can be assigned to each piece so as to determine what staffing and fee structure to use for each piece.

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Disaggregation examples

- Using a vendor for discovery document review
- Bundling litigation to be handled as a portfolio
- Defining criteria for attorney review of contracts
- Using external resources for IP maintenance
- Defining internal and external roles throughout due diligence

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Considerations

- Consensus on definition of value (risk and strategic alignment)
- Need for consistent methodologies
- Value of overnight turnaround with offshoring
- Ability to redirect internal resources to higher value work
- Need for process and resource management
- Definition of success and performance metrics
- Willingness to change

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Think about ...

- Outside counsel paralegals
- Outside counsel associates
- Outside counsel partners
- Outside counsel staff (non-billable)
- Contract attorneys
- Graduate business school students
- Law school students
- Paralegal program students
- Retired lawyers (in-house, law firm)
- Retired businesspersons
- In-house teams from other departments (e.g. HR, IS, business areas)
- Multiple law firms (e.g., small firms for certain pieces, primary deal counsel for other pieces)
- Outsourcing to non-law firm vendors
- Offshoring
- Accounting firms
- Consulting firms
- Temporary staffing agencies
- Investment bankers
- Freelancers knowledgeable about your industry
- Public relations/investor relations consultants

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It's going to be one of those days

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Well, good afternoon!

- Competitor Nifty Tech filing for bankruptcy
- 120 days to close, \$68 mil price tag
- 500 U.S. and foreign utility patents; 100 trademarks, 100 domain names, and trade secret technology
- 600 U.S. employees, 100 in India, 50 in Ireland
- Privately held, but bank controls more than shareowners
- Competitor In Your Face likely to sue
 - Defense costs on your dime
- CFO: Manage costs, minimize impact on earnings
- It's 1:00p now. Have a plan for the CEO by close of business.

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Staffing resources

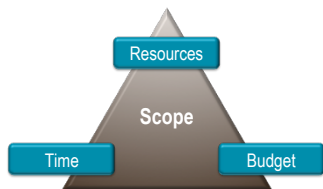
- Friendly & Wise, outside counsel
- 4 in-house attorneys (including you), plus 4 paralegals
- Associate GC a seasoned litigator
- "Creative staffing" includes any and all resources outside the firm and your company

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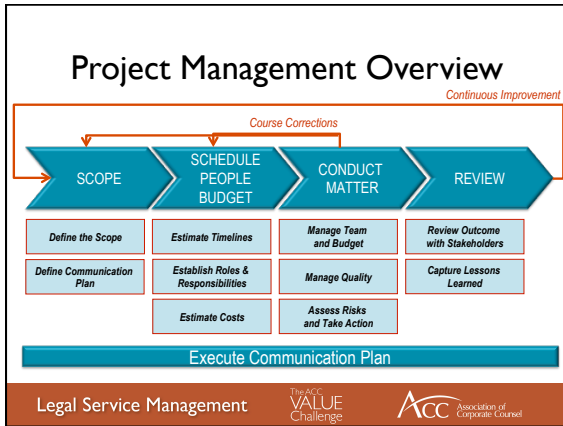
Project Management Overview

- A change in any one of the key constraints likely affects at least one of the others



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Project Management Exercises

- Create a Project Charter
- Identify Budget (macro-level)

- REPORT OUT:** Initial budget estimate

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Exercise: Project Charter

Components	Description
Project Description	The "elevator speech"
Goals	What is the desired end result?
Benefits	What will the project/matter enable?
Scope	What are the major activities that will be undertaken?
Out of Scope	What are the major activities that will NOT be undertaken?
Key Assumption	What will impact Scope if changes are made?
Risks	What may be a threat to achieving the Goals and should have a mitigation plan?
Key Deliverables	What will be produced or documented, to what detail?
Key Dates	End date and milestones (non-negotiable and estimated)
Key Players	Executive Sponsor – ultimate supporter Team Lead – managing activities Team Members – active participants

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Exercise: Budget

Three Types of Budgets:

1. Experienced-based (macro-level/big buckets)
2. Project Plan-based
3. Duration/Resource-based

Best Practice Tip:

- Use all three to triangulate into the most-likely scenario

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Exercise: Budget (Experienced-based)

	Low Estimate	High Estimate
Outside Counsel	\$750,000	\$1,250,000
Discovery Costs	300,000	550,000
Experts	125,000	150,000
Filing Fees	25,000	30,000
Expenses	75,000	125,000
Other	25,000	50,000
Total	\$1,300,000	\$2,155,000

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Project Management Exercises

- Create a Project Charter
- Identify Budget (experienced based/macro-level)
- Report out

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Process mapping

What is a process?

- A process is a series of steps by which a particular function is performed

So what is a process map?

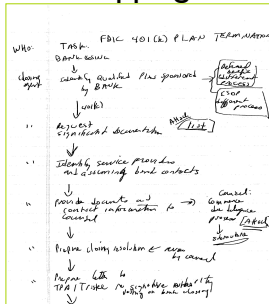
- A graphical picture of the steps used to complete a task or think through a process
- Shows how activities are sequenced, step by step, to produce an output

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Process mapping – Start Simply

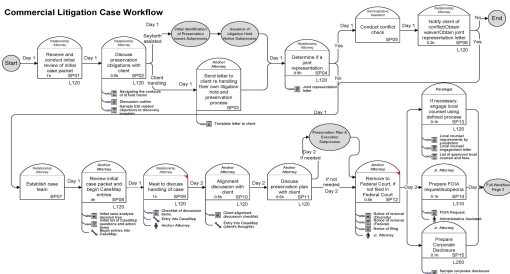


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Sample Process Map: Commercial Litigation



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Process mapping

Think about:

- Levels and types of staffing

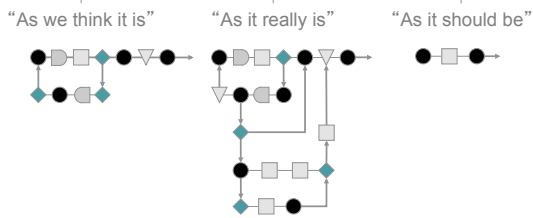
What to avoid:

- Multiple touches
- Road blocks
- Re-work
- Missing steps

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At Least Three Versions



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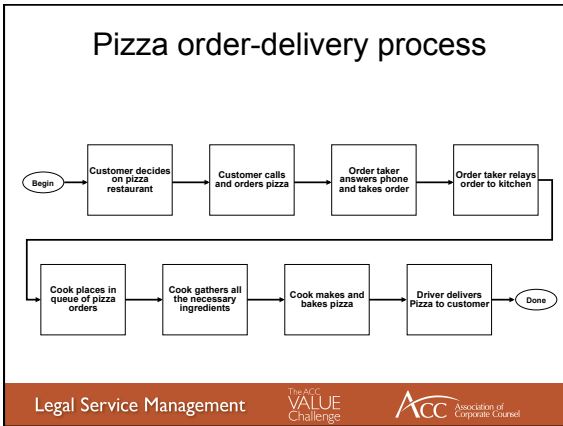


Thinking in Pictures: Let's Map

- Create by hand (napkin, notepaper, flipchart, whiteboard)
- Start by building a "high level" process map
 - Use $y=f(x)$
 - Outline the major steps
 - What are the starting and ending points of the process
 - Keep detail limited at first then build in more detail as required
- Exercise: Pizza delivery

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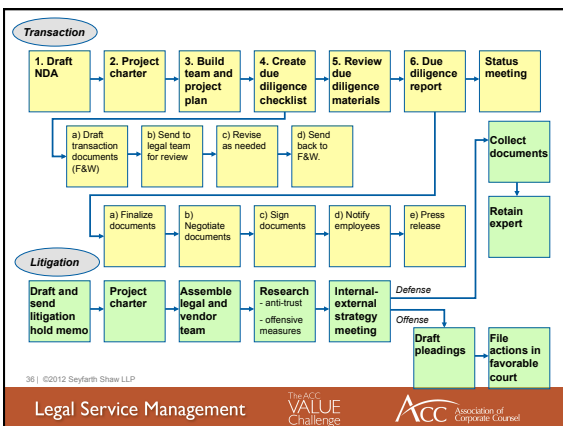




Team work: Developing the Nifty Tech process

- Exercise: Outline key steps and sequence for the deal
 - Use process mapping
- Report out

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Resource planning – RACI

RACI Diagram (Explanation only)

R Responsible	A Accountable	C Consulted	I Informed
Those who do work to achieve the task.	The resource ultimately answerable for the correct and thorough completion of the task.	Those whose opinions are sought. Consulting implies a two-way communication.	Those who are kept up-to-date on progress of the progress. These are recipients of one-way communication.
<i>There can be multiple responsible persons or groups.</i>	<i>There should be only one "A" for each task. Can be both R & A</i>		

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Sample RACI

Transaction Process Tasks	CEO	Bus Dev	GC	Head of Lit	Law Firm	Others
1 Draft NDA	I	I	A, R	C		
2 Draft Charter	C	C	A, R	C	C	
3 Build Project Team & Project Plan			A			
4 Create due diligence checklist	I	C	A, R	C	C	
a. Draft transaction documents		C	A, C		R	
5 Review due diligence materials	I	I	A, R	C		
6 Due diligence report						
a. Finalize documents	C	C	A, R		R	
b. Negotiate documents		C	A		R	
c. Sign documents	A, R					
d. Notify employees	A, R					R ¹
e. Press release	C	I	C	I	I	A ² , R ²
7 Project status meetings	I	I	A, R	R	R	

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Project Management Exercises

With the change in Time, what is the impact on:

- Scope?
- Resources?
- Budget?

- Develop a Communication Plan (explanation only)
- Develop a Project Plan to reflect the deadline change
- Refine the preliminary Project Budget

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Refine the Budget

- A budget is, by definition, a living document and likely “wrong” at the outset of any project due to assumptions and predictions.
- Need to define budget: Best-case v. Worst-case v. Most-likely scenarios
- Refine as more information becomes available; Changes in scope, time and resources may necessitate adjustments to the budget.
- Tie the budget to the project plan phases; avoid too much granularity
- Law Department and Outside Counsel need to work jointly on budget with transparency
 - Time is the “currency” of in-house resources
- Leverage systems to automate monitoring and metrics
- Discuss budget variances to determine underlying reasons, likelihood of continuing, alternatives or need for a budget adjustment.
- Analyze budget variances project plan progress, as they may be symptomatic of an incomplete or overly optimistic plan

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Sample Project Plan-based Budget

Transaction Process Tasks	Start Date	End Date	ID GC	ID AGC	LF Hours Total	LF Partner	LF Assoc.	LF Para	...	
1. Draft and finalize NDA	6/3	6/4	0	4	0	0	0	0		
2. Draft and confirm Charter	6/3	6/10	2	8	2	2	0	0		
3. Build Project Team & Project Plan	6/5	6/10	1	2	18	2	16	0		
4. Create due diligence checklist	6/5	6/10	1	2	14	2	8	4		
a. Draft transaction documents	...		0	2	18	2	12	4		
5. Review due diligence materials				2	60	4	40	16		
6. Due diligence report						...				
a. Finalize documents										
b. Negotiate documents										
c. ...										
			Total Hours	96	240	3,300	680	1860	760	
			Rates			\$332	\$450	\$375	\$125	
			Total Fees			\$1,098,500	\$306,000	\$697,500	\$95,000	

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Exercise: Refine the Budget

Three Types of Budgets:

1. Experienced-based (macro-level/big buckets)
2. Project Plan-based
3. Duration/Resource-based

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Resources	Total Hours ¹	# of Days ²	Average Hours Per Day (Hrs/8 Days)	Expected Daily Working Hours	FTEs Needed (Avg Hrs/Expt)
1 Law Dept GC	96	40	2.4	8	
2 Law Dept AGC	240	40	6.0	8	
3 Law Firm Partner	680	40	17.0	10	2.2
4 Law Firm Associate	1860	60	31.0	10	6.2
5 Law Firm Paralegal	760	60	12.7	8	3.1

Notes:
 1. Total Hours pulled from Project Plan-based Budget
 2. Determine to include working or calendar days. Increases FTE requirements
 3. Consider availability of in-house resources. How will day-to-day work be reallocated?

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Project Management Exercises

- Develop a Project Plan
- Refine the Project Budget
 1. Experienced-based (macro-level/big buckets)
 2. Project Plan-based
 3. Duration/Resource-based
- Report out to CEO ...

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“After Action” Reviews Template

(aka Lessons Learned, Hot Wash and more)

What Went Well		Special Recognition	
What We Could Have Done More of/Less of		What Should Have Been Done Differently	
Next Steps / Action Item	Suggested Timeframe	Responsible Person / Team	Action Taken
1			
2			
3			
4			

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