





Process & Project Management

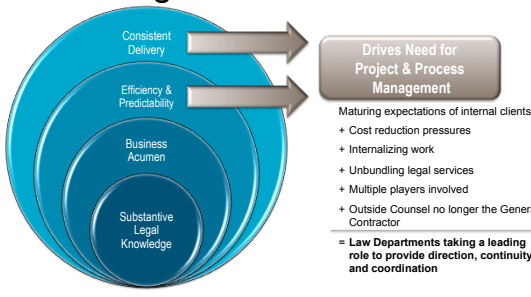
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In this session

- **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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Evolving Definition of Success



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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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	<u>Overslept</u>	Weather

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Y = f(x)

<u>Y</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
<u>Overslept</u>	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

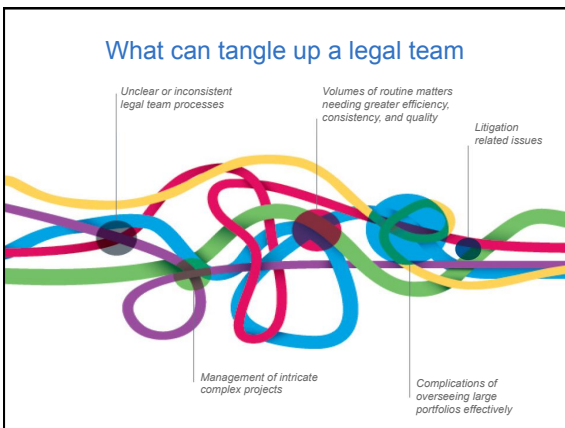
1. For your problem statement "Y", identify possible causes "X"
2. Eliminate causes "X" that you can't control
3. Select the most likely cause "X" as your next problem statement "Y"

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

4. Repeat process for new "Y"

REPORT OUT

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Using process improvement to achieve results

- Created a **new trial process** for United Technologies to **drive efficiency, consistency** across 120+ cases, and **appropriate resource allocation for high-risk matters**.
- Wolverine World Wide applied Lean Six Sigma to legal resulting in increased **efficiency of more than 25%** in managing a **global trademark portfolio** of 6,000+ marks.
- Nike combined technology tools and 'shared services' model to oversee a portfolio of 300+ contracts with varying levels of risk. Delivered **savings in time, money**; allowed **more strategic focus** by in-house counsel.
- Rockwell Collins re-engineered how they selected, managed and evaluated outside counsel, achieving **30% savings, stronger client-counsel relationships**.


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A better way to work with outside counsel

Rockwell Collins – ACCValue Champion



► **TANGLED – Client Goals**

- Realign how the organization selected, engaged, managed and evaluated outside counsel
- Provide a more consistent, cost-effective level of service
- Better utilize AFAs
- Deliver desired outcomes




► **UNTANGLED – Solution**

- Extensive process improvement
- Organizational change
- Involved internal and external stakeholders and competing law firms
- Consistent criteria for selecting counsel and online evaluation process
- Streamlined protocols for using AFAs



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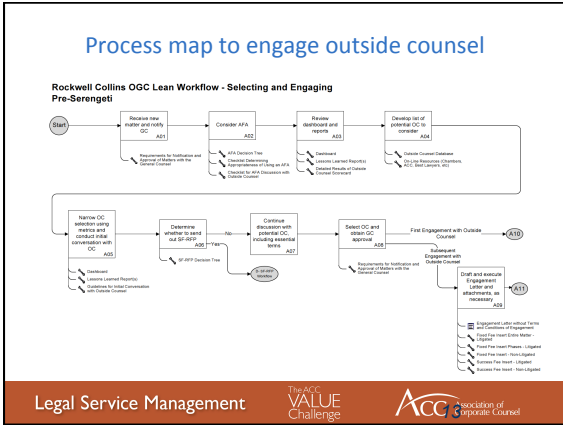
Improving results and relationships



Results

- 19% cost saving in first 10 months**
- Enhanced communications and partnership with outside counsel**
- Nearly 60% of all outside counsel work was moved to AFA**

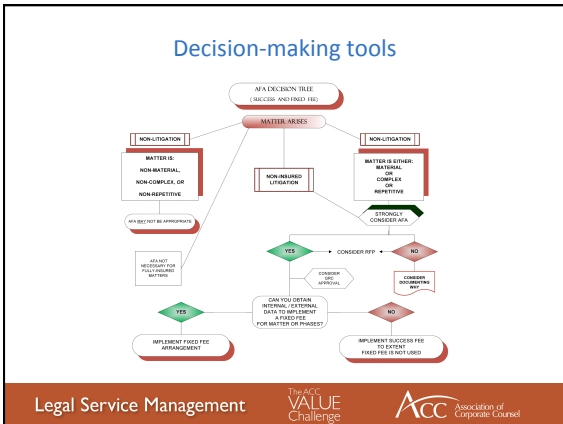
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Templates, checklists & decision trees

- Decision tree: Short-form request for proposal
- Template document: Short-form request for proposal
- Checklist for discussion with outside counsel
- Decision tree: Fee arrangements

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Metrics that matter

Year 1 metrics (10 months data)

- Total Dollars Saved Using AFAs (\$598,000 Saved On \$3.4 Million – 17.4%)
- Percentage Of Total Spend Using AFAs (49%)
- Number Of New Matters Using AFAs vs. Standard Hourly Rates (By Quarter)
- By Attorney, Number Of Matters Using The Different Type Of Fee Arrangements

Success Fee Matters by Subject Matter

Fixed/Flat Fee Matter by Subject Matter

Capped Fee Matters by Subject Matter

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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 Overview

Continuous Improvement

Define the Scope	Estimate Timelines	Manage Team and Budget	Review Outcome with Stakeholders
Define Communication Plan	Establish Roles & Responsibilities	Manage Quality	Capture Lessons Learned
Estimate Costs		Assess Risks and Take Action	

Execute Communication Plan

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Another Day, Another Challenge!

- 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 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

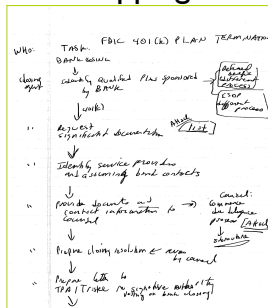
So what is a process map?

- 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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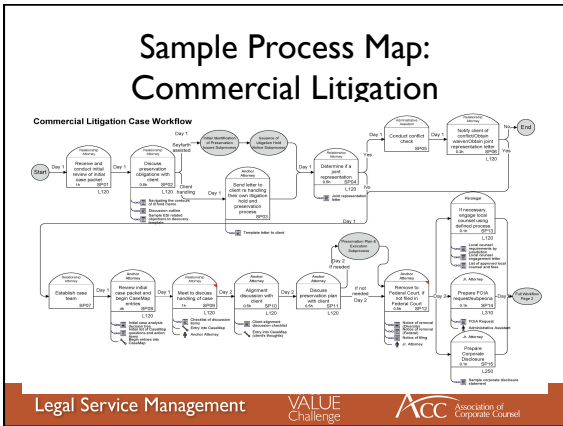


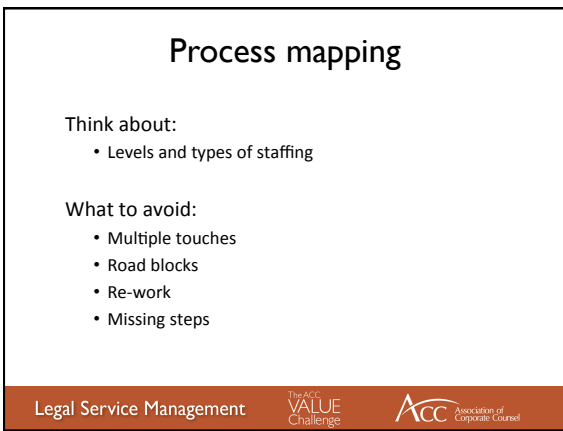
Process mapping – Start Simply

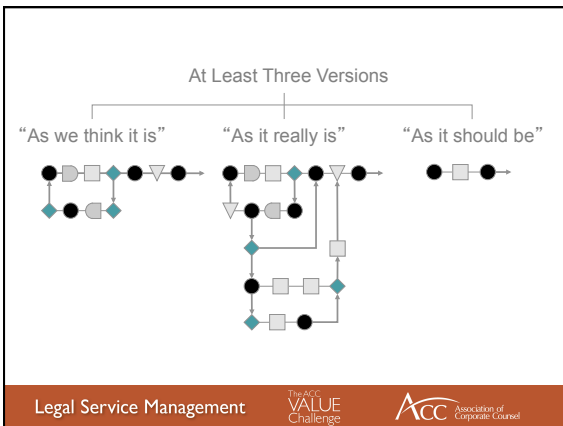


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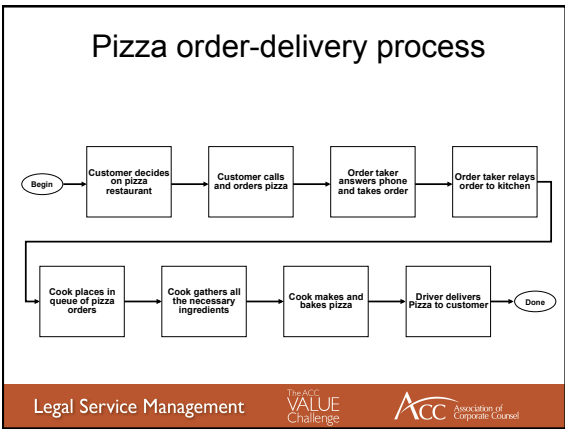




Thinking in Pictures: Let's Map

- 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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Exercise: Communication Plan (Explanation only)

Components	Definitions/Examples
Communication Event / Type	Project kick-off, Status, Working Sessions, Stakeholder Input, Key Decisions,
Due Date / Frequency	Daily, Weekly, Monthly ... ad hoc
Purpose of Communication	Inform,
Message Content	Objective of communication event
Communication Vehicle	Meeting, e-mail, conference call, all-hands meeting
Author	Responsible and Accountable Parties
Reviewer(s)	Responsible and Accountable Parties
Sender	Responsible and Accountable Parties
Target Audience	Consulted and Informed Parties
Status	Completion

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Exercise: Develop a Project Plan

- Begin with the major phases & milestones
- Don't forget to include planning and administration as a specific phase
- Include identifiable milestones – specific events demonstrating progress or completion of a phase.
- Then drill down to itemize specific tasks and activities within phases, and the sequence in which those tasks must be done.

Component	Description
Phase/Task Name	Tasks and activities required to achieve the specified outcome
Start Date	Target/Actual
End Date	Target/Actual
Resources	Refer to RACI Assignments to include all resources
Estimated Effort	Hours estimate by task/by resource
% Complete	Based upon Remaining Effort (maintain over time)

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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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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)
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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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