

# Legal Services Management 3.0

## Core Curriculum

### Knowledge Management



*Presented by: Sally Gonzalez, Senior Director, Hildebrandt Baker Robbins  
sgonzalez@hbrconsulting.com*

# Agenda

## Premise

KM Overview

KM in Pricing and Process Improvement

Collaboration, Communication, and Knowledge Sharing

Partnering with Law Firms

# Premise

- In order for law firms to support value based billing demanded by clients, firms must have a number of fundamental Knowledge Management capabilities
- To act on the ACC value challenge, clients must understand the state of the art in KM at law firms and what they can reasonably expect law firms to have in place to support value-based billing and provide value-add services

# Agenda

Premise

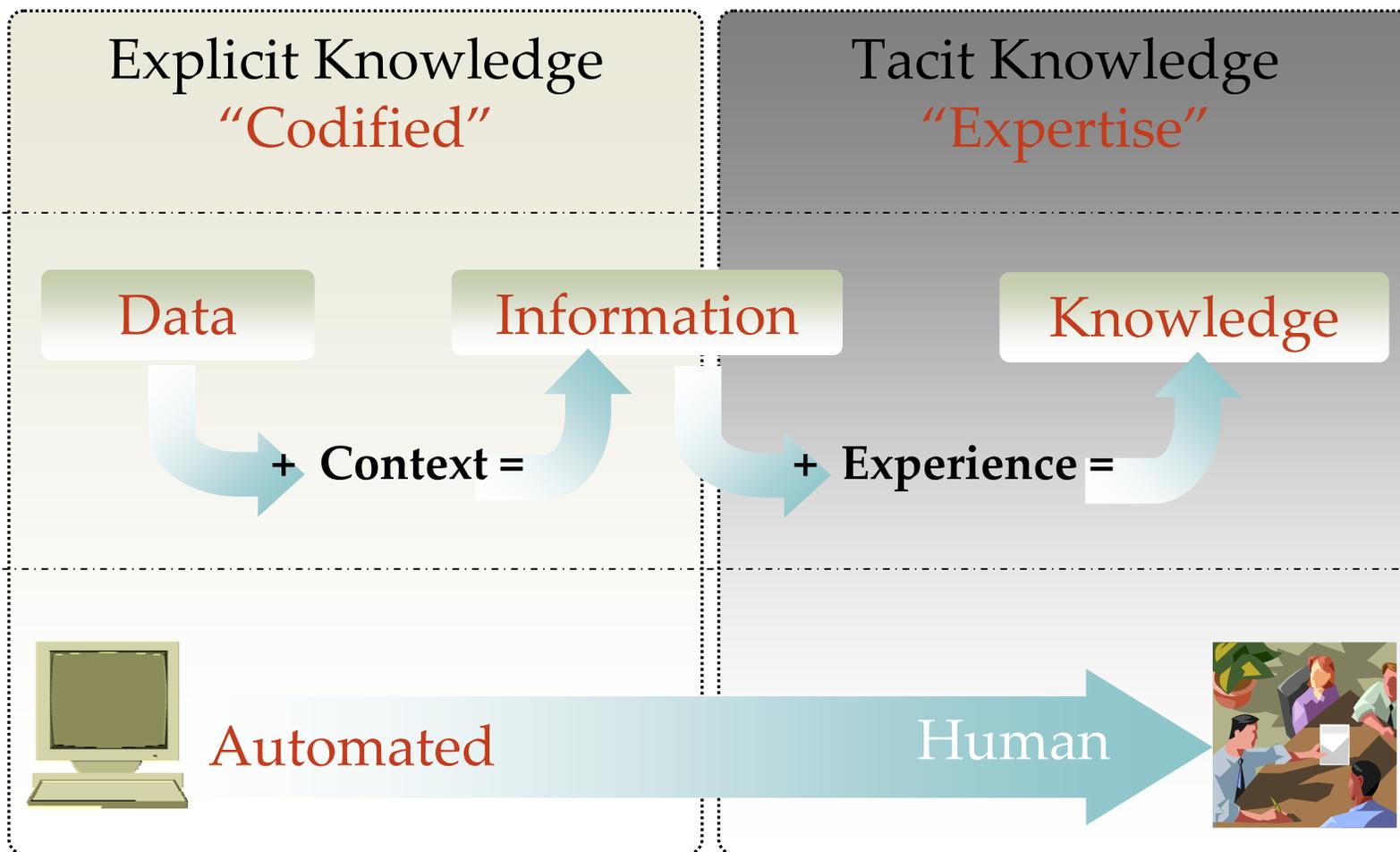
**KM Overview**

KM in Pricing and Process Improvement

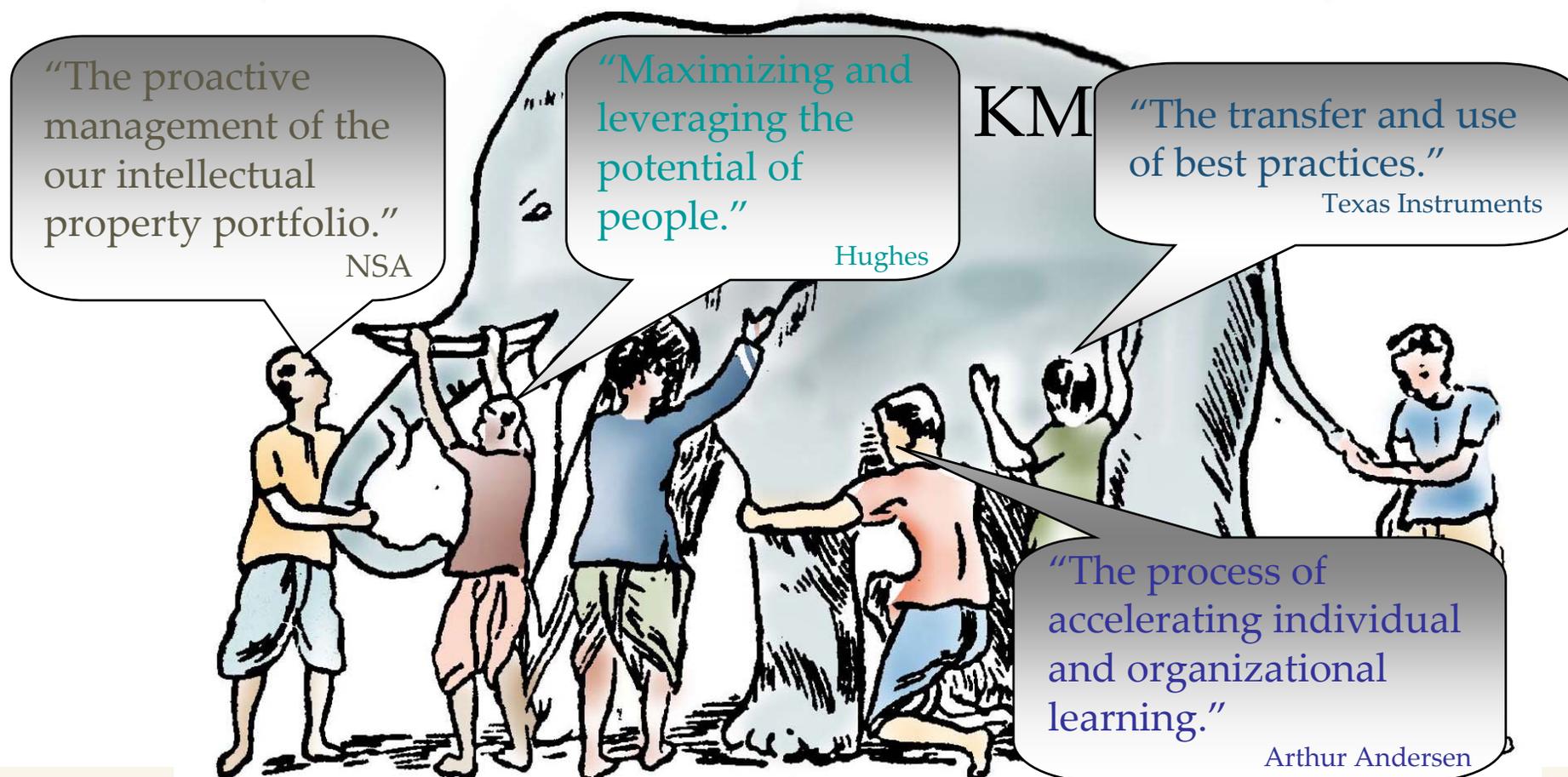
Collaboration, Communication, and Knowledge Sharing

Partnering with Law Firms

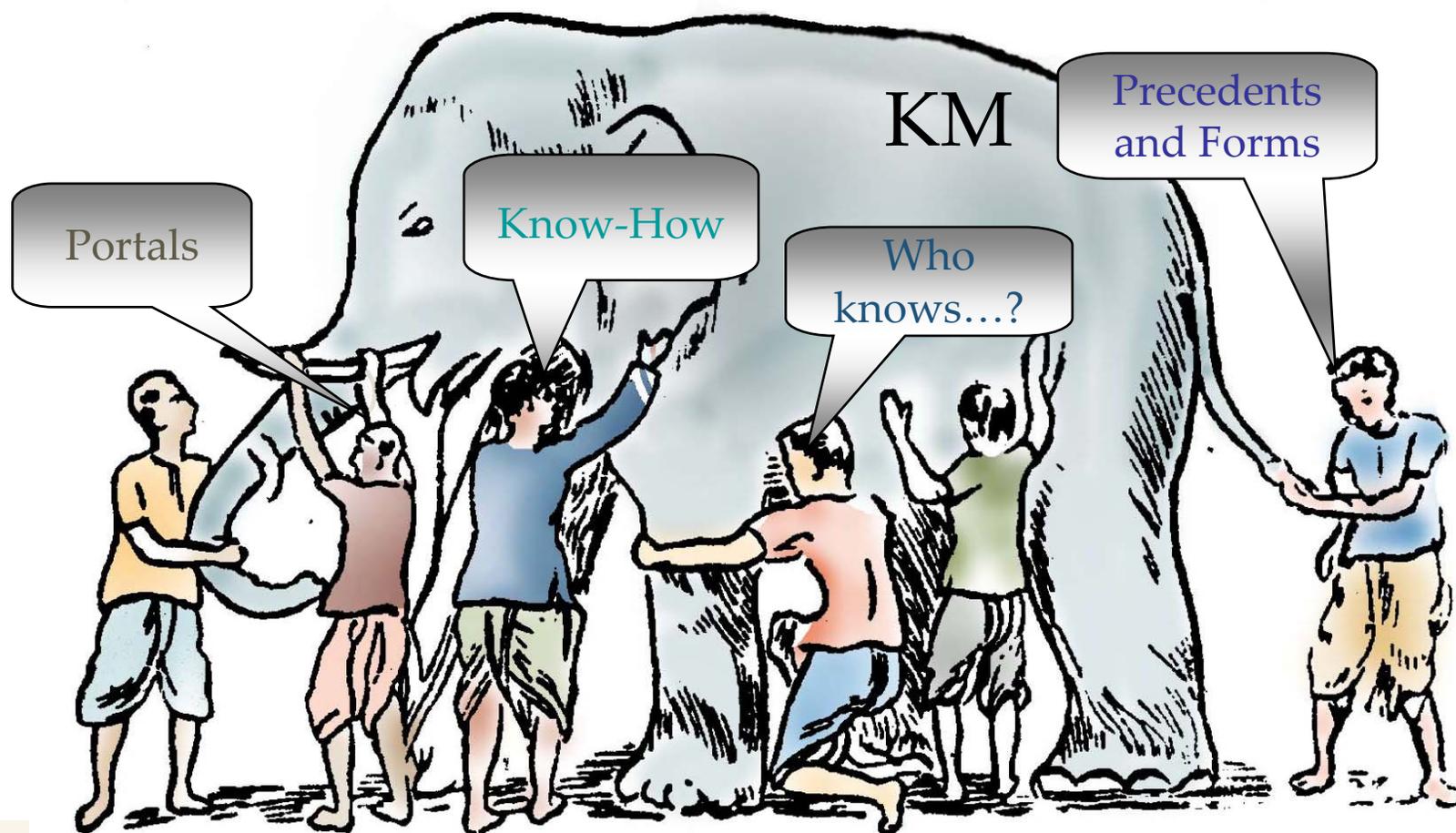
# What is KM...from an Academic Perspective?



# What is KM...from a business perspective?



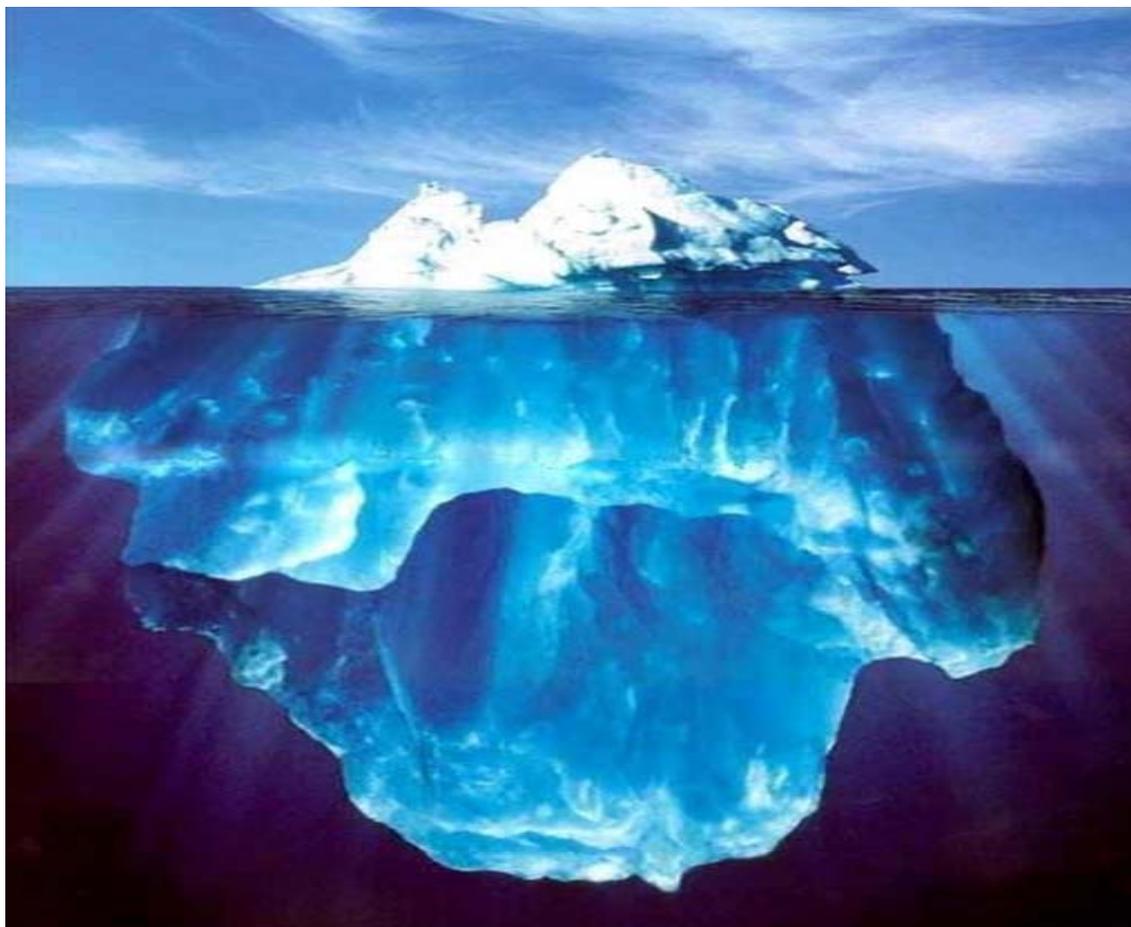
# What is KM...from a lawyer's perspective?



## **KM is...from our perspective (with a nod to Carla O'Dell)**

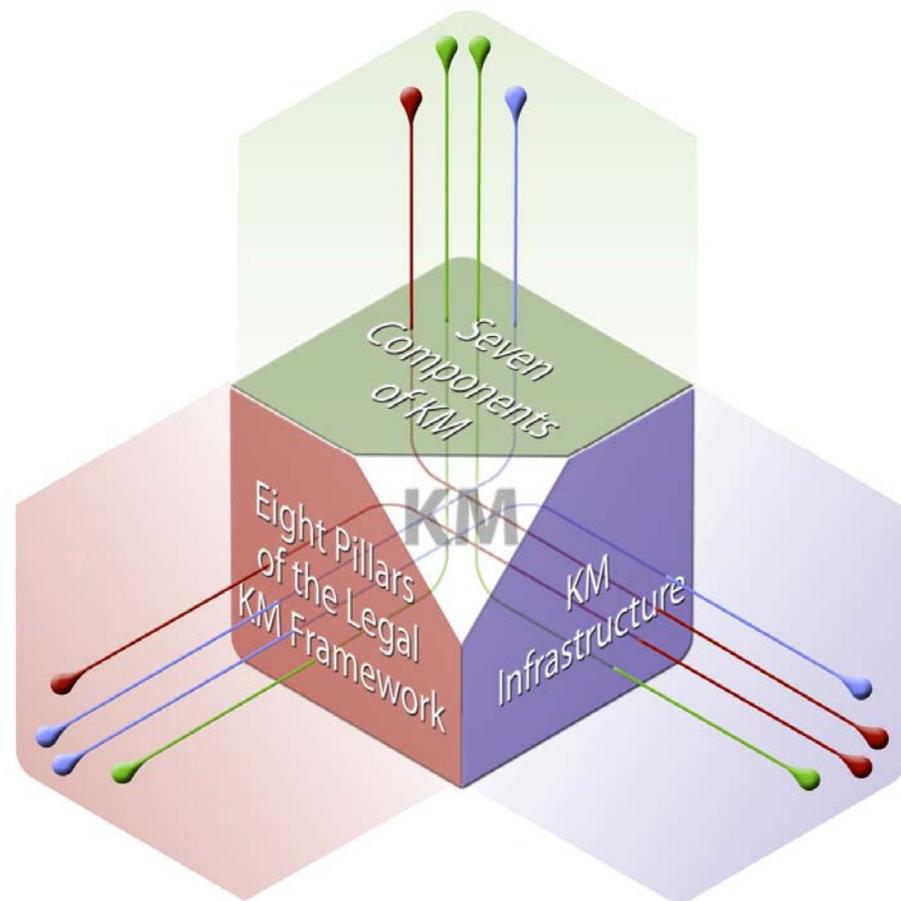
**...An organized, institutional approach to  
getting the right information to the right  
people at the right time so they can work  
more effectively**

# KM is...more than it appears



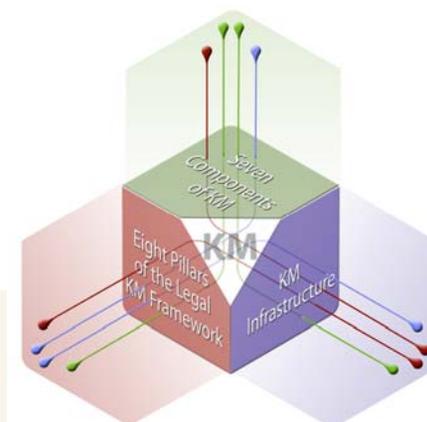
# Hildebrandt Baker Robbin's Three Dimensional Model for Legal KM

Hildebrandt Baker Robbins has codified a successful approach to KM for law firms and law departments based on the construction of programs that incorporate three dimensions as illustrated in the graphic at the right.



# Defining the Three Dimensions of Legal KM

Seven Components of KM		Eight Pillars of the Legal Framework		KM infrastructure	
<b>Strategy</b>	An articulated statement of a firm's KM goals and objectives and its plans to accomplish them	<b>Know-how</b>	Captures the firm's intellectual experience and makes it available to the firm to produce highest quality work product	<b>Organization</b>	The formal KM organization (including KM leadership and KM professionals and staff) and the ad hoc KM organization (including involvement of firm lawyers and related personnel from other firm departments such as Marketing Data stewards managing relationship data)
<b>Culture</b>	The degree to which a firm's culture supports or hinders the positive knowledge sharing behaviors that enable KM	<b>Current awareness</b>	Provides knowledge and intelligence about changes in the law, industry, markets and business	<b>Information, knowledge and intelligence architecture</b>	The firm's technology organization, architecture and the taxonomy that bridges content and intelligence architecture, search and intuitive access
<b>Scope</b>	The specific kinds of initiatives that a firm considers part of its KM services and offerings	<b>Professional development</b>	Enables early stage lawyers to deliver billable value early and enables senior lawyers to reinvent themselves as the demand for their expertise changes or diminishes	<b>Intelligent Search</b>	Defines the firm's ability to intuitively locate and deliver data, information, knowledge and intelligence
<b>Process</b>	The processes that are integral to sustaining and improving knowledge management	<b>Know-who</b>	(a.k.a. Expertise Location) Identifies, tracks and locates specialists and experts in the firm as well as experts outside the firm such as accountants, investment bankers and jury consultants	<b>Rich Communication</b>	Connect people, facilitate discussion, build trust between people, enhance relationships thereby enabling access to tacit knowledge
<b>People</b>	The people in the firm who lead, manage, and direct KM; perform KM work; and/or deliver KM services	<b>Know-our-relationships</b>	Identifies firm's professionals with external relationships	<b>Change Management</b>	Delivering KM integrates with the firm's culture, requires leadership, communication, sensitivity to fear of change, the capture of lessons learned, and, training
<b>Technology</b>	The technologies that a firm considers as platforms for KM systems and services	<b>Know-ourselves</b>	Identifies and makes known the firm's capabilities and experience (for example provides knowledge of work done for a particular client)		
<b>Measures</b>	The metrics a firm applies to KM, the nature of the measures that constitute those metrics, and the methods by which metrics are captured	<b>Know-the-client</b>	Enables lawyers to remain current with their clients' and key prospects' real world: news, industry, legal events, markets and business actions		
		<b>Sharing knowledge with clients</b>	Provides specified clients with focused knowledge resources about themselves and their industries		



## KM in Law Firms -- Highlights

- Seven Components
  - Successful KM programs in law firms require some degree of investment in each of the Seven Components
  - Failure to provide for any component is a predictor of at best compromised success and at worst total failure
- KM Infrastructure
  - Provides essential underpinnings for a successful program
  - UK is ahead of the US by far in terms of organization and change management and is rapidly closing the gap on the technology front
  - US firms have historically made the mistake of buying KM technology thinking it will get them a KM program without investing in the organizational and change management infrastructure

# KM in Law Firms -- Highlights

- Nine Pillars
  - Law firms historically have focused their first KM efforts on legal know-how and professional development for internal purposes
  - UK firms also focused extensively on current awareness due to a lack of commercially available resources, although this is changing recently with the emergence of PLA

## KM in Law Firms -- Highlights

- Nine Pillars (Cont)
  - Given that knowledge ultimately resides in people, the third tranche for KM has been in **Know-who** (expertise location) – finding internal and external experts
    - This has proven a significant challenge for large firms with multiple locations and especially for global firms where culture and language present additional barriers
    - Numerous technology solutions have been attempted, most with mixed success as it is essential to maintain the “trust factor” when seeking experts
    - Best success remains with systems that observe the “one phone call rule”—present seeker with sufficient information to locate an expert with one phone call to a known and trusted colleague

## KM in Law Firms -- Highlights

- Nine Pillars (Cont)
  - Client-facing KM has become a major focus for law firms
    - **Know the Client** is critical to maintaining a client relationship and understanding the business issues a client is facing
    - **Sharing Knowledge with Clients** is viewed as a value-add service opportunity
- Law firms that have successful and comprehensive KM programs in place are best positioned to leverage KM for Value Billing, Legal Process Optimization, Matter Management, and Sharing Knowledge with Clients
- Law departments may wish to assess the maturity of a law firm's KM program as it establishes expectations for value based billing

## KM in Law Departments - Highlights

- As law departments take more work in-house, the need to provide knowledge management tools and services increase
- Law departments are typically resource constrained and widely dispersed, making it challenging for law departments to build KM resources equivalent to law firms
- Still, law departments are:
  - Increasingly funding small in-house KM teams
  - Applying technology to enable KM initiatives
  - Trying to leverage law firm capabilities as value-add services

# Agenda

Premise

KM Overview

**KM in Pricing and Process Improvement**

Collaboration, Communication, and Knowledge Sharing

Partnering with Law Firms

# Pricing Pressures are Driving Change

## Pricing

- Value-based billing
- Project budgets

## Process Improvement

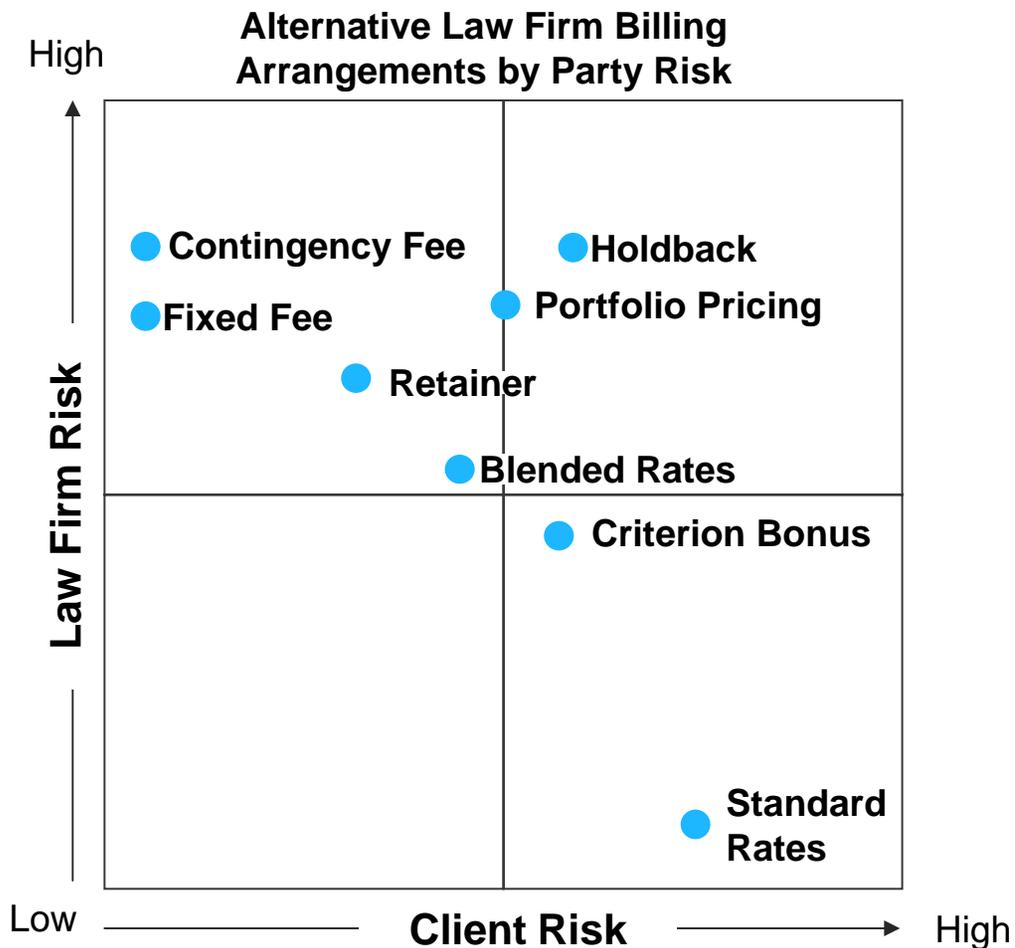
- Increasing efficiency
- Increasing consistency

## Project Management

- Delivering the process
- Delivering the price

# Risk Scenario For Fee Arrangements

**Value-based billing shifts the risk from the client to the firm.**



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## Value-Based Billing is a boon to KM

- Legal Know-How includes the creation and maintenance of reusable work product in the form of precedents, models, and form documents
- US law firms have historically felt that the billable-hour fee structure dis-incented them from legal know-how activities
  - Time spent is not viewed as “billable” work (unless a firm declares a special billable hour credit for such work)
  - Work performed using legal know how may reduce the billable hour, unless lawyers spend more billable time on higher level drafting activities—at no net saving to the client

## Value-Based Billing is a boon to KM

- UK, Canadian, and Australian firms have overcome the billable hour barrier to a degree, although most acknowledge that it remains a factor
  - Tough competition in Australian and Canadian markets for limited client base tended to drive competitive pricing; firms maintained margins in some practice areas through the use of forms
  - Firms focused on the business risk associated with failing to enforce uniform quality through use of forms and models
  - Firms recognized the value of lawyers spending more time on higher value work in terms of improving lawyer satisfaction and talent retention as well as an opportunity to demonstrate value-add in the eyes of the client (without reducing fees)

## Value-Based Billing Incentives Law Firm KM

- Use of forms, precedents and models to accelerate early drafting and enable pushing of work down to lower cost resource without jeopardizing quality
- Support legal process improvement with knowledge-based tools and resources
- Identify similar past work and quantify activities and labor typically associated with work efforts; identify decision points or fact patterns that drive different levels of work and fees

# Pricing Pressures are Driving Change

## Pricing

- Value-based billing
- Project budgets

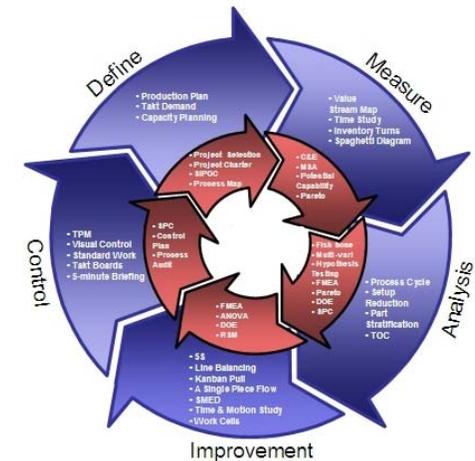
## Process Improvement

- Increasing efficiency
- Increasing consistency

## Project Management

- Delivering the process
- Delivering the price

# Process Improvement Leverages KM



- KM professionals are typically experienced fee-earners who no longer perform billable work
  - Have deep practical understanding of legal processes within their specialization
  - Have experience facilitating consensus agreement amongst lawyers on best practices and other matters
  - Regularly conduct after action reviews for designated matters
- KM professionals are well positioned to:
  - Know who the experts are within their specialized practice area
  - Analyze a substantive legal process, question the status quo, and drive agreement to add, eliminate, or streamline steps
  - Identify and build specialized knowledge resources that enable consistent execution of repetitive tasks within the agreed process flow
  - Lead continuous process improvement efforts

# Case Study: Bryan Cave's Spectrum Management Re-Defining the Economics of Due Diligence

- Corporate client issued challenge to Bryan Cave:
  - Due diligence in the merger and acquisition of spectrum (cell tower) assets is taking so long that critical deals become unworkable
  - Can you accelerate the due diligence to acceptable time frames while also achieving necessary quality levels based on our business risk criteria?
  - If you can, we will expand our volume of business to you.
- Bryan Cave's response
  - Analyze and re-engineer the spectrum due diligence process
  - Set up a “due diligence factory floor” with technology, knowledge resources, contract attorneys, and quality control processes to speed the process and create a repeatable unit cost
  - Create alternative fee arrangements allowing the firm to maintain a profit and client to manage fees

# Case Study: Bryan Cave's Spectrum Management Use Technology to Manage the Workflow & Quality

Home | Help | Admin | New Form | Unassigned | Assigned | Counsel | Client Review | Search | Project | Sign Out | Config BRYAN CAVE

1 UNASSIGNED REVIEW **2 ASSIGNED REVIEW** 3 COUNSEL REVIEW 4 CLIENT REVIEW

Entity Information					
Entity Name:	Community Colleges				
Entity City:					
Entity County:					
Entity / Jurisdiction State:	California				
Entity Type	Community College				
Related Entities	<input type="checkbox"/> Hide Related Entities <table border="1"> <thead> <tr> <th>Related Entities</th> <th>Add Related Entity</th> </tr> </thead> <tbody> <tr> <td>Related Entity Name</td> <td>Edit</td> </tr> </tbody> </table>	Related Entities	Add Related Entity	Related Entity Name	Edit
Related Entities	Add Related Entity				
Related Entity Name	Edit				
Associate:					
Counsel:	Admin User				
Due Date to Counsel:	20 Dec 2006				
Due Date to Client:	22 Dec 2006				
Closing Date:					
Status:					
Document #:					
Business Contact:					
Email:					
Phone:					
Fax:					
In-House Attorney:					
Email:					

# Case Study: Bryan Cave's Spectrum Management Use Technology to Capture the Information

Home | Help | Admin | New Form | Work in Progress | Completed Forms | Search | Reports | Sign Out



Monday, August 24, 2009  
Administrative User  
Attorney Work Product  
Attorney-Client Privilege

## Spectrum Management

Return to Summary

### DATA ENTRY FORM

[If the Market, Channels and/or Call Sign is not apparent from the Lease, leave the line blank, flag the lease, and bring it to the attention of the Project Coordinator.]

PLEASE ANALYZE THE QUESTIONS BELOW AND DETERMINE THE LEGAL CONCLUSION TO THE QUESTION ASKED BASED ON AN ANALYSIS OF THE APPLICABLE LANGUAGE IN THE LEASE.

Agreement Number	<input type="text"/>
Same As	<input type="text"/>
Agreement Notes	<input type="text"/>
Status	<input type="radio"/> Active <input type="radio"/> Active Income Sublease - Non-Atkins <input type="radio"/> Inactive <input type="radio"/> ROFR Only <input type="radio"/> MTM-ROFR Only <input type="radio"/> Option 1 <input type="radio"/> Other <input type="radio"/>

# Case Study: Bryan Cave's Spectrum Management Use Technology to Capture the Information

TimeAndDate.com)

4. RENEWAL TERM	
4. Section	<input type="text"/>
4. Renewal Type	<input type="radio"/> A. Opt In [This means that the Operator or Licensee must give notice to renew Lease term] <input type="radio"/> B. Opt Out [This means the Operator or Licensee must give notice to prevent the Lease term from automatically renewing.] <input type="radio"/> No Renewal Terms
4.A.1 Term Rights [Mark which parties have the right to opt in.]	<input type="checkbox"/> Licensee <input type="checkbox"/> Operator
4.A.2 Notice period to opt in [Describe in the following format with the applicable language: e.g., at least 30 days before the end of the current term.]	<input type="text"/>
4.A.3 Is there a Non-Renewal Fee?	<input type="radio"/> Yes <input type="radio"/> No
4.A.3.1 Non-Renewal Fee	\$ <input type="text"/>
4.B.1 Term Rights [mark which parties have the right to opt out]	<input type="checkbox"/> Licensee <input type="checkbox"/> Operator
4.B.2 Notice period to opt out [describe in the following format with the applicable language: e.g., at least 30 days before the end of the current term]	<input type="text"/>
4.B.3 Is there a Non-Renewal Fee?	<input type="radio"/> Yes <input type="radio"/> No
4.B.3.1 Non-Renewal Fee	<input type="text"/>
4.C Obligation to Negotiate? [Lease specifies that parties will negotiate for the terms of a new agreement at the end of the term.]	<input type="radio"/> Yes <input type="radio"/> No
4.C Obligation to Negotiate. [Specify particulars (i.e. when, which party is obligated to initiate.)]	<input type="text"/>

# Case Study: Bryan Cave's Spectrum Management Use Technology to Capture the Output

## BRS/EBS Lease Abstract

The information below was determined by drawing a legal conclusion based on an analysis of applicable language in the lease.

Agreement Number: AL044104  
 Agreement Number 2 AL044104  
 Status Active  
 Market City: Birmingham  
 Market State: Alabama  
 Lessor/Licensee: The Board of Trustees for the University of Alabama-Birmingham's University of Alabama School of Medicine  
 Operator/Sprint Entity (Transfer Entity): NSAC, LLC  
 Sprint Nextel Subsidiary per Lease Harbor: NSAC, LLC  
 Lease Terminated (mutual termination, channels purchased, or assigned by Sprint to third party): No  
 Lease Type: EBS Lease  
 Long-Term Defacto Lease: No  
 Lease was entered into between January 1, 2004 and January 10, 2005 and states that the lease will automatically become a de facto lease upon the effectiveness of the rules adopted by the FCC in the proceedings under WT Docket No. 00-230 and WT Docket No. 03-66: No  
 Lease was entered into between January 1, 2004 and January 10, 2005 and contains a provision that says the Operator can require an amendment to the Lease to make it a De Facto Lease: No  
 Assignment: CW  
 Call Sign: WND235  
 Channels: C1, C2, C3, C4  
 Associated MHz POPs 19214257.5

## 2. DOCUMENTS PROVIDED

Date of Lease: 09/06/1994  
 Lease Start Date: 8/24/2001  
 Amendments, Consents, Assignments and Start Date Letters: Yes  
 Assignment and Amendment of ITFS Excess Capacity Airtime Lease Agreement dated 08/24/200X (a date of 08/24/2001 was taken from Lease Harbor).

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KM Overview

KM in Pricing and Process Improvement

**Collaboration, Communication, and Knowledge Sharing**

Partnering with Law Firms

## Collaboration Depends on Technology

- KM is fundamentally about people sharing knowledge once it has been captured
- Technology provides the platform for much of that sharing
- Web-based tools are king
- Tools can be shared within an organization (intranets) or across organizations (extranets)
- Range of product choices is enormous
  - Most commonly used today in corporations are MS SharePoint and IBM Lotus Notes
  - Wiki and blog technologies growing popular quickly

# Collaboration Tool Functionality

- Basic functionality typically includes
  - Electronic file posting and sharing (documents, budgets, invoices)
  - Idea posting and sharing (discussion forums, wiki's, blogs)
  - Event tracking and sharing (calendar, docket, task lists)
  - Alerts for changed content
  - Search
  - Secured access
- Advanced functionality can include
  - Personalization (content tailored to needs of role or person)
  - Document collaboration (support for shared editing)
  - Structured, shared work flow presenting content needed for each step and capturing output of each step

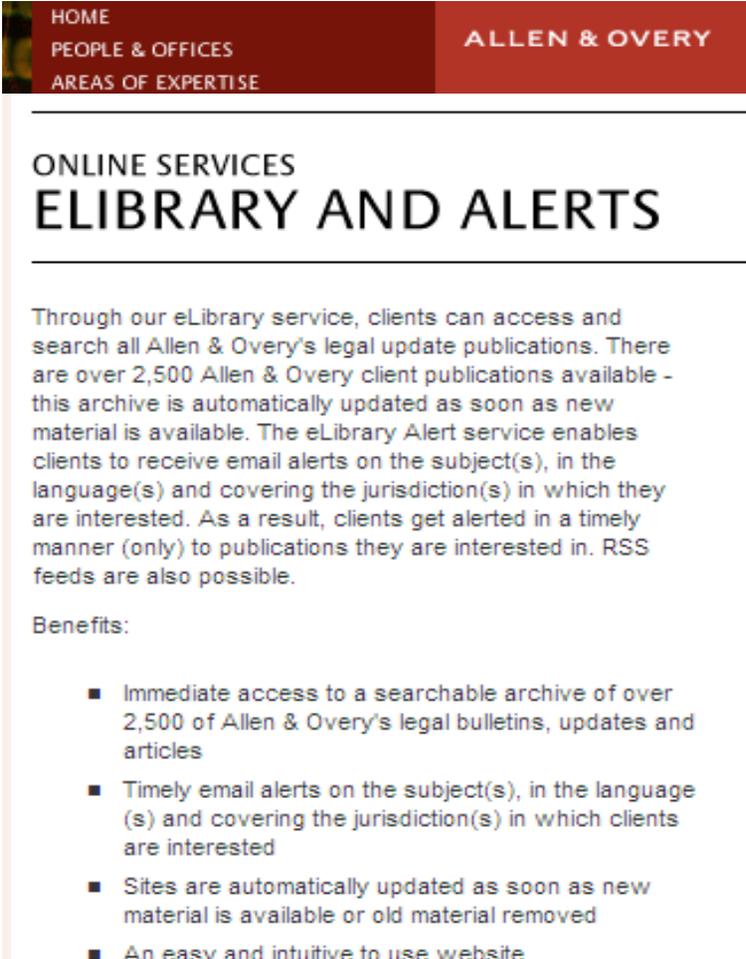
## Hosting Options Carry Pros and Cons

Host	Advantages to LD	Disadvantages to LD
Law Firm	<ul style="list-style-type: none"> <li>• Usually free or very low cost to law department</li> <li>• Firm bears cost of development and operation</li> </ul>	<ul style="list-style-type: none"> <li>• Law firm controls content and services</li> <li>• Separate login required to each site</li> <li>• Consolidated view across multiple sites not available</li> <li>• May tighten ties to a law firm more than desired</li> </ul>
Law Department	<ul style="list-style-type: none"> <li>• Law Department controls services and rules of engagement for firms</li> <li>• Content captured in corporate domain reducing dependence on law firm</li> </ul>	<ul style="list-style-type: none"> <li>• Corporation bears cost of development and operation</li> </ul>
Commercial Third Party	<ul style="list-style-type: none"> <li>• Control of functionality and services only through vendor selection</li> <li>• Provider bears cost of development and operation</li> <li>• Pay as you go</li> </ul>	<ul style="list-style-type: none"> <li>• Can get expensive with heavy usage</li> <li>• Can incur costs to change provider</li> </ul>

# Example: Allen & Overy

## Sharing Current Awareness

- **What it Does**
  - Makes client publications available in searchable on-line library
  - Issues personalized email alerts based on specified areas of interest
- **Value to Law Department**
  - Helps lawyers keep up to date with changes in the law in relevant jurisdictions and topic areas
- **Value to Law Firm**
  - Value-add service distinguishing firm from competitors
  - Re-use of existing content and processes



HOME  
PEOPLE & OFFICES  
AREAS OF EXPERTISE

ALLEN & OVERY

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### ONLINE SERVICES ELIBRARY AND ALERTS

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Through our eLibrary service, clients can access and search all Allen & Overy's legal update publications. There are over 2,500 Allen & Overy client publications available - this archive is automatically updated as soon as new material is available. The eLibrary Alert service enables clients to receive email alerts on the subject(s), in the language(s) and covering the jurisdiction(s) in which they are interested. As a result, clients get alerted in a timely manner (only) to publications they are interested in. RSS feeds are also possible.

Benefits:

- Immediate access to a searchable archive of over 2,500 of Allen & Overy's legal bulletins, updates and articles
- Timely email alerts on the subject(s), in the language(s) and covering the jurisdiction(s) in which clients are interested
- Sites are automatically updated as soon as new material is available or old material removed
- An easy and intuitive to use website.

# Example: Linklaters

## Client Extranet for Know-How Sharing

- **What it Does**
  - Firm and client can post and share documents of specific interest and NOT relevant to a matter (seminars, know-how materials, discussion topics)
  - Issues email alerts at selected frequency
  - Offers search and navigation by age or content
- **Value to Law Department**
  - Provides searchable repository for law department's content if needed
  - Provides access to know-how materials in Linklaters' repository
- **Value to Law Firm**
  - Value-add service distinguishing firm from competitors
  - Re-use of existing content and processes

Sort Documents by:  . Check to sort in descending order:

 LINK INC.

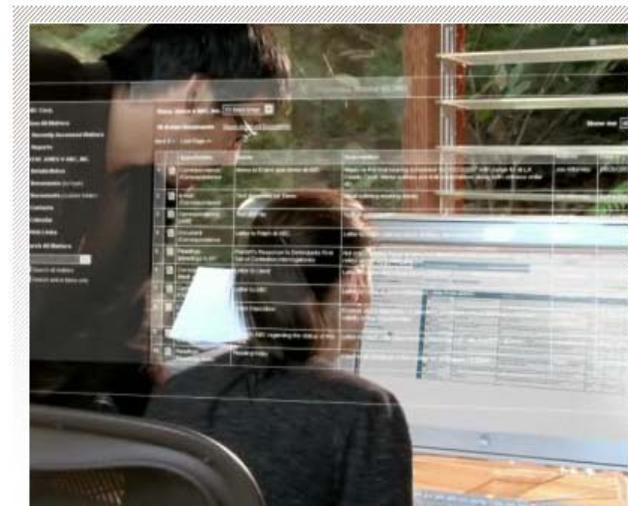
Title	Document Comment	Date Filed
 Current Work Overview		
 Precedent Library	+	
 Weekly Knowhow	+	

**OFF** You have switched client level email notification off.

Extranet. **Linklaters**

# Example: Foley ClientSuite Comprehensive Matter Management Site

- **What it Does**
  - Home page aggregates new information and links to any matter specifically; also provides access to useful resources independent of matter
  - Tracks documents, matter news, contacts, and tasks for specific matters
  - Budget management tool tracks spend against budget, displays burn and run rates, allows drill down to project phase and/or task
  - Provides access to recent bills and invoices
  - Supports standard and custom reports
  - Enables search within and across matters
- **Value to Law Department**
  - One-stop shop for information about all Foley matters
  - Easy to find information within and across matters
  - No cost to law department
- **Value to Law Firm**
  - Value-add service distinguishing firm from competitors
  - Tighten linkages between firm and clients, increasing cost to change



## Next Generation: The “Extranet-less Extranet”

- Next generation functionality should break down silos imposed by extranets
- How it might work:
  - Law firm used advanced security to designate sharable content within its own systems OR continues to publish it on an extranet site within its own network
  - Law department lawyer performs a Google-like search (using an enterprise search tool such as MS Fast, Autonomy IDOL, or Recommind’s MindServer)
  - Search operates on all allowable content within the law department and all shared content within outside counsel systems
  - Lawyer sees consolidated search results including relevant email and documents, people with relevant expertise, and relevant past matters, irrespective of organizational affiliation

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# Case Study: Global Pharma Company

## The Hypothetical

- Many law departments are choosing to perform more work in-house
- Law departments need KM resources as much as law firms do
- Law departments have even more limited resources available for KM work than law firms do
- As law departments mature their KM initiatives, they can partner with law firms to fill the KM resource gap
- Law firms that provide such services demonstrate value-add consistent with the “softer” aspects of the value challenge
- Law firms that do not have solid KM programs in place are ill-prepared to seize this opportunity

# Case Study: Global Pharma Company

## The Vision

- Build the law department as an in-house law firm
- Develop world class in-house KM capabilities
- Integrate law department and law firm systems seamlessly through personalized portal (“extranet-less extranet”)
- Implement “Google-like search” returning unified internal and external results for documents & people
- Create comprehensive training portfolio
- Improve precedents and current awareness
- Implement e-Billing & Matter Management systems

# Case Study: Global Pharma Company Value Proposition

- Make in-house lawyers more effective and efficient
- Manage spend
- Improve internal lawyer skill levels
- Expand knowledge repositories
- Leverage company's technology platform (no special apps)

# Case Study: Global Pharma Company Solutions

- Magic Circle Firm
  - Linking to standard client service offerings
- AmLaw 10 firms
  - Connecting through common enterprise search platform
  - Leveraging CLE and substantive training resources and opportunities
  - Harvesting legal know-how and precedents
- ...Each delivering value in its own way

# Case Study: Global Pharma Company Shared Value Proposition

- Client has a specific need
- Firm gets visibility into that need
- Firm crafts and delivers solutions
  - Lawyers, IT, KM, BD, and PD working in partnership
- Unique solutions evolve into generic ones by firm (sometimes)
- Client perceives value add

## Conclusion

- Law firms with existing, mature KM programs are well positioned to:
  - Support value based billing arrangements while maintaining profitability and reducing risk
  - Deliver value add services in response to the ACC Value Challenge
- Law departments should assess the maturity of law firm KM programs against Hildebrandt Baker Robbins' Legal KM Model as one of several predictors of success for value-based billing initiatives

**For further information, please contact:**

**Sally Gonzalez**  
**Hildebrandt Baker Robbins**  
**SGonzalez@hbrconsulting.com**