

# **A Practical Approach to Legal Project Management**

Pamela H. Woldow and Douglas B. Richardson

New York Law Journal, October 19, 2010

The difference between a trend and a fad, as one futurist put it, is that a *trend matters*. The entire legal profession is now trying to figure out whether legal project management is a trend or a fad.

LPM is the hot topic right now, sweeping through the collective consciousness of both law firm lawyers and in-house counsel like wildfire. This viral vogue is the result of dramatic changes in legal service delivery that place an unprecedented premium on improving the efficiency, predictability, and cost management of legal services.

The increased use of alternative fee arrangements, valued-based billing, convergence programs, and the broader use of RFPs and other competitive outside counsel selection processes signals that the times really are changing. In their quest to keep a tight rein on their legal spend, GCs are using fewer firms, farming out work to smaller firms, and turning their backs on the billable hour. To remain competitive, front-running firms are proposing innovative and often elaborate fixed-fee, flat-fee, and contingency-fee arrangements.

An important corollary of these accelerating trends is that law firms are no longer free to: (a) charge whatever they want, and (b) pass their inefficiencies through to the client. Suddenly, in order to remain profitable, firms must become efficient.

How are they to do that? Enter LPM.

## **IT'S NOT WHAT YOU THINK**

While acknowledging LPM's potential impact, it also is important to demystify it.

We hear from lawyers who either think LPM is just more consultant-speak for the ways lawyers have always done business, or fear that it's some sort of complicated, technology-driven, magical mystery machine.

In fact, legal project management is a unique animal. Unlike quantitative, metrics-driven industrial project management/process improvement methods (such as Six Sigma or Lean), LPM is not intended to produce zero variation in the production of identical widgets. Basically, it's a pledge by all stakeholders to try to handle legal matters consistently and cost-effectively, without forgetting that law

is really about using legal judgment to address the unique characteristics of the matters they're working on.

LPM is a logical sequence of activities in which law firm and client agree on goals and the value of service and then create clear and consistent process pathways to get stuff done on time and on budget. In all LPM models, we see a common series of steps:

1. scoping the engagement (with the client, please);
2. identifying resources and constraints;
3. building an action plan that guides all team members;
4. implementing the plan;
5. monitoring and fine tuning; and
6. after-project review, to see how everybody did and what could be done better next time.

In other words, amid all the bells and whistles, LPM is structured common sense. LPM aims to rebut lawyers' natural tendency to dive in and get rolling whenever a new engagement arises. LPM says, in effect, "Whoa, slow down. Let's front-end-load the planning process, so that we stay in better control of downstream implementation."

True, LPM can get complicated when the legal activity it's managing gets complicated, but it is not an inherently technical process. Yes, it dovetails with IT, finance, and budgeting systems, but it is not a black box into which lawyers chuck a bunch of data, push a silver button, and get a follow-the-dots road map.

LPM does have an extended learning curve, not because it's a tough subject to master, but because mastering LPM involves practicing it in a variety of situations over time.

### **AN APPEALING IDEA ...**

LPM already has ardent supporters.

Legal leaders, both in-house and in law firms, are fascinated with LPM's promises: better control; more efficiency and predictability for the legal client; a

rigorous approach to measuring and improving productivity at the law firm; and a more intensely collaborative working relationship between the two. GCs see it as a powerful lever for limiting their legal spend.

A few prescient law firms already recognize the enormous business development benefit conferred by a serious firm commitment to LPM, both as a road to getting more work from clients and as a differentiator from slow-to-adapt competitors.

LPM tends to align the interests, actions, and power of parties whose relationships historically were, to some degree, adversarial. Properly implemented and managed, LPM promotes -- no, it demands -- different and more collaborative forms of communication between client and law firm. LPM is not something that is done just within the law firm: it shapes all interactions between law firm and client.

### **WITH A PERCEIVED DARK SIDE**

Ah, but all is not sweetness and light in the brave new world of LPM.

Some law firm leaders back into LPM only because clients are increasing the pressure for value-based billing, realistic budgets, clear metrics, and transparent communication, or because they see other firms hopping on the LPM bandwagon and don't want to be left behind.

Fear abounds. Senior partners fear any challenge to the established power structure, relationship partners fear that LPM will force them to do more client hand-holding, service partners fear LPM will increase their workload, younger lawyers fear being held accountable for mastering some strange new "core competency," and professional development staff fear their already stretched resources will be overtaxed.

Clearly, the champions of LPM have their work cut out for them.

### **THERE IS NO SINGLE ROUTE TO LPM**

If LPM is a lasting trend, clearly we are at its early stages, feeling our way toward the best way to introduce it, roll it out, and work to develop buy-in and proficiency. Until best practices evolve for large-scale LPM implementation, and until the jury comes in with a verdict on its long-term benefits, many firms and legal departments will remain uncertain how to test the LPM waters and measure LPM's ROI.

In a pre-emptive shock-and-awe move, one global firm dove in at the deep end, mandating and conducting introductory LPM training for every one of its partners in a series of workshops around the world, each with no more than 20 participants. That firm now is rolling out a second wave of training targeted specifically to associates. This total commitment approach has won the firm a lot of attention and placed it among a group of large-firm LPM trendsetters, forcing their competitors to scramble to catch up with introductory LPM efforts.

Other firms, legal departments and government agencies are choosing to wade before they dive, experimenting with various types of entry-level LPM training. Some firms are engaging consultants to deliver "flyover" briefings for their executive management, sort of an LPM sniff test. Others have moved to the tasting menu, requesting short, but more substantive "awareness training" sessions for firm practice group leaders and opinion leaders.

Still others are conducting pilot programs that expose participants to basic LPM tools and techniques, using custom-tailored firm-specific case studies that allow some hands-on practice. Some firms focus only on partner-level pilots, while others are developing "horizontal" LPM 101 courses tailored to large groups at different lawyer levels.

Still others want to see how LPM training works with "vertical" groups, that is, with specific practice groups or client task teams.

Different LPM training approaches are not mutually exclusive. One enlightened AmLaw 100 firm has planned an intensive hybrid Phase 1 program that includes awareness briefings, pilot programs, LPM 101 workshops, client team workshops, train-the-trainer sessions, and post-training coaching. At the end of Phase 1, the firm will know what works best for it, and Phase 2 will draw on those lessons.

## **REALISTIC EXPECTATIONS ADVISED**

The wisest heads carefully manage expectations about how quickly LPM can be fully implemented and how rapidly it will produce substantial improvement in overall performance metrics.

One large firm's recent LPM RFP, for example, made it clear that it did not expect introductory training programs to turn attorneys into "outstanding" legal project managers. For its LPM rollout training, the stated success criterion was simply that lawyers manage their projects better than they did before training.

## **WE'VE ONLY JUST BEGUN**

Right now, the best way to describe LPM is as a giant change-management challenge that demands the engagement of all stakeholders. Over time, it will have to progress through three distinct stages.

**1. Initiation.** Law firm and in-house leaders will have to aggressively drive their organizations to commit significant resources to grafting LPM onto their existing service models. If we had to identify the most crucial LPM success variable, it would be strong and lasting sponsorship by senior management at the initiation stage.

**2. Implementation.** Responsible parties will have to collaborate to design, roll out and fine tune all the human and procedural components of their first-generation LPM efforts. Yes, each firm's LPM initiative will require time to develop and take root, but this is particularly ripe territory for knowledge management. Iterative learning will accelerate as everyone gains and shares experience. Buy-in will increase as more lawyers see that those around them have bought in.

**3. Institutionalization.** LPM will have to evolve from crude beginnings to increasingly sophisticated versions capable of continuing growth, flexibility, and utility. LPM will move from being exceptional to being assimilated, both in-house and in firms, as "the way we practice law around here."

Rome will not be built in a day: one cannot create mature LPM simply by willing it into existence or handing out "I ♥ LPM" T-shirts. It will be a while before the profession moves from LPM 1.1 to LPM 3.1.

However, the great legal economic squeeze will continue to fuel LPM, driving the present initiation stage toward widespread implementation. Initial training can provide conceptual understanding and build buy-in, but long-term mastery will develop incrementally as both lawyers and their organizations learn the ropes and fine-tune their efforts. At that point, there will be no doubt that LPM is a fully realized trend.

*Pamela H. Woldow is a partner and general counsel, and Douglas B. Richardson is a partner, with Edge International Inc.*