

# Business of Law

## How Legal Project Management Is Changing the Way Services Are Marketed

By *Jim Hassett and Jonathan Groner*

Ten years ago, legal marketing was all about relationships and who you went to law school with. These days legal marketing is increasingly about value: what have you done for me lately, and exactly how are you going to work more efficiently on my next matter?

According to a recent survey by Altman Weil, “more efficient project management” is now one of the top demands of in-house chief legal officers. Another survey by Acritas of over 800 general counsel at large companies reported that 60% of clients said that high quality project management is “essential” when they select law firms.

In one sense, any lawyer who has ever planned a budget or managed a team has served as a legal project manager. But clients are now choosing law firms based on their ability to apply a more systematic and disciplined approach to management that delivers more value, more quickly.

Seyfarth Shaw, a global firm with about 800 lawyers in 11 offices, is one of the best known names in legal project management (LPM) as a result of its work with Six Sigma and SeyfarthLean. Their efforts began around 2006, long before most firms were thinking about increasing efficiency. Seyfarth has trained every lawyer and staff member on their process, and has also hired 18 project managers who work on client teams with the attorneys. This has paid off with a significant amount of new work.

Wendy Tucker, director of marketing and business development at Seyfarth Shaw, says she has seen “a dramatic change, and a

very recent change, in the questions that we are asked by clients.” Previously, Tucker says, clients would ask the firm about costs and efficiency, but “now the dialogue is focused more on direct value to the client.

“Three years ago, in the RFPs that we received, we rarely saw any questions about project management,” Tucker reports. “Then, the question was whether we had project managers at all. Now the question is ‘How will you apply LPM in practice to our work?’

“We have always focused on how project managers can actually change the way in which we work,” she says. “For large opportunities, the project manager is part of our team from the front end. We show the client how we can apply project management and technology to the client’s problem or goal and create the most compelling value proposition.”

For example, Tucker says Seyfarth Shaw pitched a potential litigation client who made it clear that while quality of legal work and outcomes of legal matters were significant, process management was even more important. “We provided a solution that employed Gantt charts [which graphically set forth a time line for a project] and Microsoft Project plans as key to our approach,” Tucker recalls.

While Seyfarth was one of the first to apply LPM, many other firms have now built on its hard earned lessons and developed a number of new approaches to change lawyers’ behavior quickly and cost-effectively.

For example, Loeb & Loeb, a 300-lawyer firm, has launched several major LPM initiatives over the last year, including licensing and using Thomson Reuters’ ENGAGE, a legal project management and budgeting software suite. The firm also provided one-to-one coaching to key practice leaders to demonstrate how LPM could help them quickly address day-to-day challenges, including developing templates for common types of matters and improving client communication.

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According to Practice Support and Business Development Manager Andréa Danziger, these days the firm often receives very specific client inquiries about how it uses LPM. One recent potential client asked how many dedicated project managers the firm has, how many would be devoted to the specific client's work, and how the firm uses LPM to drive efficiency improvements and to track budgets.

The firm not only discusses how LPM is applied in RFP responses, but has also begun re-focusing marketing communications to highlight its commitment to LPM. In some cases, Danziger says, Loeb & Loeb has become very specific in explaining the task codes and templates they use as part of the LPM process.

"All of these investments raise our clients' confidence in our ability to price and manage projects, and with that confidence comes the increased likelihood that clients will continue to work with us," Danziger points out.

These days, so many clients are demanding LPM that people sometimes lose sight of how new it is, and how much remains to be learned. Most law firms are better known for their love of familiar precedent than for their innovation. In April 2010, when Dechert announced that it had trained all of its partners in LPM, the first reaction of many firms was "We'd better consider LPM training." Their second reaction was, "What is LPM anyway?"

Now, several years later, experts are still arguing over the best ways to implement LPM, and even its very definition. Some prefer a traditional narrow definition built around timelines and budgets, the type of planning that is familiar to anyone who has ever used Microsoft Project. Many in the narrow definition group want to draw lines in the sand to clearly distinguish LPM from related efforts such as knowledge management and process improvement.

We favor a broader definition that avoids hair splitting: LPM adapts proven management techniques to help lawyers achieve their goals, including increased value and profitability. It is an umbrella term that includes budgeting, communication, process improvement, knowledge management, time management, and much more.

At LegalBizDev, we recently began conducting confidential in-depth interviews with AmLaw 100 leaders for a study that will be published next year on "Client Value and Law Firm Profitability." BigLaw is using LPM to balance unrelenting client demands for greater value against the need to remain profitable enough to sustain business over the long term.

We are still collecting this data, so we cannot yet report clear trends. However, we have already been struck by the number of law firm leaders who, under the cloak of anonymity, were willing to admit how difficult it is to change lawyers' behavior. Several have even said that while their firms invested in substantial training programs and publicized this LPM "success" on their web pages, much of this education has had little impact on behavior. Most of their lawyers are still practicing the same inefficient way they did five years ago, as if the more hours they put in, the more money they will make.

One set of questions in our standard interview asks managing partners and senior executives to rate the relative importance of eight key issues in LPM: defining scope, scheduling activities, managing teams, planning budgets, avoiding risks, managing quality, managing communications, and negotiating changes of scope. While the rankings vary from firm to firm, most of the answers so far indicate that the most critical factors require fundamental changes in lawyers' behavior rather than tasks that can be delegated to a professional project manager or automated with new technology.

Communication is the key. For example, one senior partner in our research noted that lawyers must say to their clients: "Here's what this should cost. Here's how you can help us keep it within this cost. Here are the things that could really knock it off the rails. Let's be sure we are in accord on some of the assumptions that are built into this budget or fix the arrangement. And then we're going to talk to you along the way and tell you if we're getting off track."

This emphasis on changing lawyers' behavior is consistent with the results of a recent survey by American Lawyer Media Legal Intelligence, which found that the top three benefits reported by firms that had implemented LPM were more productive client relationships, increased efficiency, and improved communication.

At Baker & McKenzie, a firm with over 4,100 lawyers in 46 countries, Stuart Dodds, director of global pricing and legal project management, described how client communication can be tied to the new budgeting and tracking tactics that are also part of LPM. "We are capable of going to the client with better, more granular reporting, so that there are no surprises," Dodds says. "That gives the client a great deal of comfort. For example, we have one large UK-based client whom we were able to tell precisely what percentage of our recent matters came in within budget. To be able to say that is a very powerful marketing tool."

Dodds says LPM is now "sewn into the fabric" of the firm. He believes that the legal market has reached the point where a firm's LPM expertise is "no longer just a differentiator, but actually an essential" for clients and prospective clients to know about.

Many firms are debating whether LPM requires training and coaching lawyers or hiring outside professionals. Baker & McKenzie does both. For lawyers, they offer training and coaching at three different levels: some are taught just the basics of LPM, while others receive more advanced training. In addition, the firm has a dozen project managers on its staff, and is considering hiring more.

"Clients sometimes ask how many dedicated project managers we plan to commit to their work," Dodds says. "There are many drivers for this new emphasis, including, quite notably, the fact that the clients are accustomed to doing project management themselves in their own businesses."

For example, Baker & McKenzie recently worked with a client on a complex merger and acquisition matter, with filings necessary in nearly 50 jurisdictions around the world. Both the client and the law firm got project managers involved from the start.

“The very fact that we could go in with an equally qualified project manager was very important to the client,” Dodds says. “Both our project manager and their project manager were key members of the team. It was almost as if you took the matter out of the legal world and placed it in the consulting world.”

At Jackson Kelly, a 225-attorney firm with a major presence in regions with significant energy assets, Marketing Director Mary Hendrix organized the firm’s first LPM training and coaching program early this year, and she says the effects became obvious almost immediately.

Many of the firm’s clients are energy companies whose business is extracting oil and gas in a highly competitive industry where cost efficiencies are crucial and where an important measurement is cost per acre. “It has been a great thing for us to be able to tell our clients that we have lowered development and other costs from X per acre to Y per acre,” Hendrix says. “From a marketing perspective, this has been terrific.”

Hendrix says the most important issues for her and the firm have been identifying which services can be precisely measured and managed, and which law firm best practices are most adaptable to the clients’ needs. For example, Hendrix says, title opinions on the ownership of mineral rights are crucial - yet each state has unique property laws upon which the key question of ownership will depend.

“By applying LPM techniques, we have been able to create databases, organized by state, that summarize the state of the law without each lawyer having to individually research that information on his or her own,” Hendrix says.

Hendrix says that the LPM message has become an increasingly important part of her pitches. “Our ability to be efficient and reduce costs is a key competitive advantage in today’s legal industry,” Hendrix says.

At Nixon Peabody, a 600-lawyer national firm, Litigation Partner Samuel Goldblatt says, “We have seen for several years that inside counsel are referring to a firm’s LPM capability in their RFPs. But lately, the difference is that companies are probing very specifically into what systems are in place. They are going beneath the surface and asking questions that not a lot of law firms can answer satisfactorily.”

Says Goldblatt: “We can deliver what the client wants because we have integrated LPM into our service delivery model. Clients continue to be under significant pressure to cut costs, so they are asking the real question: has a law firm actually done the hard work to integrate LPM into the way in which they provide legal services?”

Philip Austin, the chief client relationship officer at Nixon Peabody, says his department has been “counseling our relationship leaders throughout the firm to proactively reach out and ask their clients what their level of interest in LPM is. You don’t want to be the last firm to bring up the topic,” says Austin. “Be first.”

This fall, the firm is kicking off a training program to teach the basics to its associates and paralegals. “We are integrating this into our culture,” says Goldblatt. “We know that this is a significant differentiator in the marketplace.”

“There is a Fortune 100 company for whom we did a project in this way, applying LPM principles,” Goldblatt specifies. “We are now on the sixth or seventh corporate transaction for this client. It makes a difference to this client. This client itself is full of people who have organizational skills, top to bottom. Why wouldn’t they want a law firm that practices project management?”

Of all the firms that have made a commitment to LPM, Bilzin Sumerberg, a Miami law firm with about 100 lawyers, has taken one of the most ambitious approaches and seen the greatest results. To date, more than half of their partners have completed an intensive three-month one-to-one coaching program aimed to change the way their lawyers manage every matter. Once the number of people who had completed coaching reached a critical mass, the partners demanded improved tools to track progress and spending, and ultimately selected Thomson Reuters’ ENGAGE software. The firm also established a committee to monitor the use of LPM and assure that its initial momentum continues to grow.

One of the first to complete the coaching was Al Dotson, the practice group leader of its Government Relations and Land Development Practice Group. Dotson represents real estate developers and contractors in highly complex matters that involve a series of government regulatory agency approvals. His clients loved the LPM approach because they use project management to run their own businesses. Within a few weeks of starting the coaching, one of his clients was so impressed by a legal project plan Dotson had produced that he asked Bilzin to take on a significant amount of new work.

“That’s when we recognized that our focus on efficiency translated very well from a way of working with clients to a way of getting new business,” says Dotson. “We’ve since found that that our ability to demonstrate our skills in planning and budgeting matters continues to lead to new work. It’s one thing for us to tell a client that we know how to help them acquire land. It’s something else entirely for us to be able to say, here is the process that we will use to do that. You are really allowing all the business people to play it all out in advance.”

It is interesting to note that the LPM movement at Bilzin, and at most of the other firms described here, did not originate in the marketing department as a way to develop new business. It started in the executive committee as a way to provide more value and improve client service and satisfaction. But in the current competitive environment, there is no better way to protect longstanding relationships and to develop new ones.

There is still considerable debate about exactly how LPM should be implemented to maximize its return on investment. What’s the best way for a firm to get started? How can they sustain momentum? What role should lawyers play versus professional

project managers? How much new technology do firms need, and when? The answers will vary from firm to firm depending on their clients, their culture.

But there can be little doubt that the role of LPM in marketing will continue to grow for as long as clients care about value. As David Schaefer, deputy chair of Loeb & Loeb, summed it up, “LPM is a critical strategic initiative at our firm because being efficient, transparent, and accountable builds a reputation for delivering the value that is essential to building and expanding long-term relationships.”

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Jim Hassett is the founder of LegalBizDev ([www.legalbizdev.com](http://www.legalbizdev.com)), which helps law firms increase profitability by improving project management and business development. Jim is the author of 11 books, including *The Legal Project Management Quick Reference Guide* and *The Legal Business Development Quick Reference Guide*. He is a frequent speaker at law firms and at bar associations, including the New York City Bar, the New York State Bar, and the Massachusetts Bar.

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