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## How law departments use LPM to improve the corporate bottom line

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The follow article by Aileen Leventon, principal of Edge International, is taken from Ark Group's Innovations in Legal Project Management.

The discipline of project management provides a solid foundation for every activity conducted by a business. Legal project management (LPM) provides the discipline that enables law departments to define, demonstrate and deliver greater value to their organizations by balancing the scope of work, time, and resources allocated to legal work more efficiently. At its core, effective project management is about sound communication at critical points with the right stakeholders.<sup>2</sup> This ranges from colleagues to clients, external law firms to regulators.

Client needs and expectations for the delivery of valuable legal services have created pricing pressure on law firms. Law firms have seen LPM as a means of protecting margins and in responding to clients' inquiries about the firm's use of LPM in requests for proposals and ongoing outside counsel reviews. Many law firms have limited their use of LPM to the mechanics of budgeting, monitoring, and the broader goal of improving the economic results of a law firm. In-house counsel need to contribute to the corporate bottom line through their role as corporate employees while limiting the ever-expanding scope of client expectations about the role of in-house lawyers. In-house counsel can use LPM practices to assure the appropriate use of corporate resources to provide quality legal work through the use of scoping tools, checklists on legal issues, and other practice aids. Through this vantage point, it becomes evident that law firms use LPM too narrowly. By considering how lawyers serve a client in-house – either as a member of a legal department or a smaller internal organization of a company or government agency – it becomes evident that LPM is a robust framework for all lawyers.

### **The threshold: defining the role of the legal department**

While each legal department and/or in-house lawyer may formulate its role differently, the fundamental challenge of a lawyer in a business setting is to help clients achieve business goals, take advantage of opportunities, and protect against legal risk. Compliance with laws, regulations, and corporate policy are about both risk and reputation, which are integral to a company's business and culture.

Highly regarded and effective in-house lawyers are known for certain behaviors, in addition to their substantive legal expertise. They demonstrate skills that reflect the role of a lawyer as a trusted advisor, insofar as they:

- Understand all aspects of a client's business so legal services are calibrated to achieve the business definition of a successful result;
- Recognize that legal issues are one of many components in a client's business project or goal;
- Seek to add the most value by finding the lawyers with the appropriate level of experience who can support the business endeavor at the right time;
- Ensure that legal services and expenses and resources are aligned with business goals and strategies; and
- Participate in communication channels to ensure that the right level of communication occurs at the right time with the right stakeholders and professionals.

The general counsel and members of the legal department – lawyers, paralegals and operations professionals – are well-positioned to address these issues. They are able to integrate their understanding of the business context into everything they do, regardless of whether external counsel or other service providers are involved. In-house counsel manages the delivery of legal services to the client, while tactically managing a cost-effective action plan that achieves the client's business goals. LPM provides the tools and the methodology for meeting this challenge, while guarding against the impulse to work on the interesting legal issues at the expense of adding value to the company.

In-house counsel also faces the challenge of being called upon by clients to do work that is not within the remit of the legal department, and must diplomatically address this demand for allocation of resources. How many times has in-house counsel been asked to review a letter to a supplier so that the business person can claim he “ran it through legal” when the business deal is unsuccessful? And how can the lawyer push back by saying the request is out of scope of the role of the legal department since all that is involved is editing the grammar of a letter?

Representatives of the legal department also must translate the client perspective when retaining a law firm or other third party to participate in handling the matter. It is incumbent on the client to clearly articulate their view in order to guide the handling of the matter. How many discussions about the reasonableness of fees relate to the gap between outstanding legal work and the business needs of the client? And if the business needs are not well understood, to what extent is the inside counsel responsible for the lack of alignment? The law department must ensure that

the entire legal team, including law firms, understand the importance of how the work is done, consistent with the corporate culture and needs.

## **Five questions to maintain focus**

An LPM framework calls for legal team members to be able to answer five key questions at the launch of a matter and throughout its course in a manner appropriate to their roles. The questions should be reconsidered at critical junctures, particularly because of the likelihood of changes in circumstances. As new information emerges, assumptions made at the outset may not hold. Stakeholders within the company may be problematic because of disparate definitions of a successful outcome. Even in the absence of change, as time goes on and as the composition of the team evolves, it is important to confirm that all are headed toward the same goal in a consistent manner.

The five questions relate to both process (how the work is done) and substantive legal strategy and tactics.

1. **WHY** we are handling this matter for the business – why is it important to the company's strategy and operations?
2. **WHAT** legal strategy will accomplish the business goal and what legal work is out of scope?
3. **WHEN** and in what sequence must work be done, and what are the uncertainties and dependencies regarding timing?
4. **HOW** do we manage the work, given constraints and requirements such as budget, strategic importance, regulatory and reporting obligations, timing, and risk management protocols?
5. **WHO** is involved in the work and what is each person's role and responsibility?

The response should be tempered by the need to create a positive experience for the client in receiving advice and counsel from the legal team. Too often, lawyers – like other technical professionals – treat their expertise as the end in itself. Instead, it is the means to an end – namely, helping a client address a business issue or opportunity. The service delivery model should reflect empathy for the client and an understanding of his or her perspective.

The answers to these questions have consequences – positive, negative and neutral – for resource allocation, work plans, scope of work, stakeholders, roles and responsibilities, teamwork, training, communications throughout the project, status reporting, and client satisfaction. The systematic analysis of these issues addresses the operational challenges of the legal department by reducing non-value added (or wasted) time, minimizing surprising outcomes and costs, managing overall costs and spending, and controlling time to completion more precisely.

## Four stages of a matter

LPM applies the business discipline of project management across four stages through which all matters flow:

1. Intake;
2. Planning;
3. Execution; and
4. Review.

This framework, developed by a 2017 Corporate Legal Operations Consortium (CLOC) group of experts,<sup>4</sup> is illustrated in Figure 1. It updates work done by the Association of Corporate Counsel in 2012, in its legal project management primer.<sup>5</sup>

### **Each stage of LPM involves the client, the internal team, and when appropriate, external teams**



Figure 1: The legal project management framework. Source: <https://cloc.org/industry-guidelines> – CLOC Legal Project Management (LPM) for Legal Teams; The Business Case and Action Plan for Legal Departments.

### **Intake**

Intake occurs when the legal department becomes involved – after confirming the validity of the request as appropriate. Many in-house counsel are faced with client requests for support that are inappropriate, since legal risks do not meet a threshold or there are no real legal issues involved. As much as the lawyer wants to be a valued partner to the business team, the intake phase is the point at which the lawyer may have to diplomatically push back and manage the demand for services. Scarce corporate resources sometime find business people asking lawyers undertake work that they really should not do (such as review and edit a routine letter to a supplier). Once the lawyers are involved, business people have been known to say that they “ran it by legal” and use that to mitigate the responsibility for an unsuccessful business arrangement. A quick test is if the in-house lawyer asks the “why” question: how does the client request for services implicate a business strategy or goal with legal risk implications?

Assuming the matter is within the role of the legal department, the primary lawyer is assigned along with others in the department. At this stage, the legal team – in collaboration with the client and other stakeholders – should reach agreement on the goals, objectives and scope of the matter. Time constraints should be specified (e.g. close the deal by the end of the fiscal year; settle the case before there is a change in business unit management). The business and legal risks should be assessed along with the complexity of the matter.

At this point, in-house counsel determines appropriate resources with a “make vs buy” decision: should work be completed exclusively in-house, or should outside counsel be engaged? If outside counsel is appropriate, it is essential to identify their role and the nature of the legal department relationship: is it collaboration, management, or outsourcing? Is there a go-to firm, or is there a panel of options available if the matter is put out to bid? What fee structures are appropriate if financial agreements are not already in place? Consideration of these issues will lead to well-informed decision-making.

## **Planning**

Planning does not just happen on its own. Effective lawyers start the planning process to ensure that the scope of the work is well defined. This is the baseline for managing client expectations and guiding the work of the legal team. Clients express dissatisfaction when there is a gap between their needs and the lawyer’s perception of her role. Team members are frustrated when work is inefficient, duplicative or incomplete. A Statement of Work should be developed, with sign-off by the business client. The frequency of status checks, communication and metrics for monitoring the matter should be determined early on. If outside counsel is to be involved, the retention and pricing arrangements need to be established in the initial planning stage. Development of a baseline plan and honest discussion at this stage is key to avoiding misunderstandings and tension as the matter unfolds.

While there are often too many meetings, the kick-off meeting is indispensable. As the forum for collaborative planning, it sets the tone for sound stewardship of resources, accountability of team members, and goals of sound economics and delivery of value. Rapid action and deliberative planning can co-exist even though lawyers typically seek to act and adjust, rather than plan and execute.

Several LPM tools are useful at this stage to guide the discussion and confirm the scope of work. They include the project charter, the stakeholder analysis and the work plan. Now is the time to discuss allocation of roles and responsibilities. A useful tool is a LACI/RACI chart. All of these tools are discussed in more detail below. If outside counsel is involved, a budget should be formulated as the work plan is developed.

It is critical to document the assumptions associated with the phases of work since they will be revisited as the matter evolves. It is also helpful to create a timeline or Gantt chart to reflect time constraints and the expected duration of phases of the matter. They too will be changed as the matter evolves, but having the estimate helps frame everyone's expectations about when they will need to be available. The work plan, Gantt chart and the LACI chart are tools that communicate the sequencing of events that affect clients and members of the legal team. When used effectively, bottlenecks and fire drills are significantly reduced – even eliminated. The discipline of planning by using relevant tools helps overcome the chaos of “ready, aim, fire!”, which so many lawyers and clients have experienced.

## Execution

Execution is the meat of handling the matter. In addition to the substantive legal work and engagement of the business client, there is also the need to continuously check that the work on the matter is meeting expectations.

1. **Scope.** Is the work being handled so that the scope that was established at the outset is on track? What needs to be managed to resist changes that do not meet the client's definition of success? Should anything else be monitored?
2. **Scope creep.** Is the work expanding for the legal team? Scope creep occurs when lawyers are asked to play a role that the client or a third party was expected to perform, circumstances change (facts, people or the law), assumptions made at the outset are unfounded, or unanticipated events occur. Does outside counsel have more work to do than reflected in the statement of work or work plan? Are their legal fee expectations still appropriate?
3. **Resource management.** Is the legal team contributing an unexpected level of effort? Although one reason may be scope creep, there also may be turnover in members of the

legal team or stake- holders who require education and transition time.

4. **Costs.** If third parties, such as outside counsel, e-discovery vendors or contract lawyers are involved, how do fees and expenses compare to the budget? Variances need to be understood in detail, rather than characterized as overruns or poor budgeting. The timetable may have shifted with costs occurring earlier or later than expected. Assumptions and the occurrence of “unknown unknowns” should be evaluated in reviewing a budget, forecast, and invoice.
5. **Outcomes.** Are the results meeting business and legal objectives for the matter as it evolves? The definition of success may change, so it is important to determine if the plan still meets current goals. For example, an M&A deal that was strategic when launched because the company was entering a new market may be a bolt-on acquisition because another deal closed earlier; a litigation that is critical to a core business may be less significant because the business has been sold. The law governing the matter may have changed. The level of risk and effort varies based on the business and legal context, which needs to be confirmed with the client throughout the matter.

A well-managed matter is not a series of ad-hoc reviews and scrambles to submit reports to management. It is an ongoing process that is embedded in regular and appropriate communication.

## **Review**

Review is a stage that is often scuttled. It is all too easy to move on to the next matter and avoid any perception of failure. Nevertheless, the review stage is an excellent opportunity for legal teams to demonstrate the value of the legal department and their commitment to continuous improvement. In this stage, the client, in-house lead and outside counsel should evaluate the results, particularly how the matter was planned, managed and executed. Insights gathered during this stage ultimately lead to more successful outcomes and more efficient handling of similar work in the future.

During this stage, it is important to look for what worked well and should be replicated as a best practice. “Good work” should enhance future work – by engendering improved action plans, training opportunities and templates. Watch the tendency to be hypercritical; find the positive. Remember that common practice is not the same as “best practice”. Strive to raise the bar.

Identify the source of any tension that emerged among team members or with the internal client. Fertile areas for review are moments when things seemed to go off track, when progress was marred by misunderstandings, duplicative work, and surprises. Focus on the root cause of variances from plan and the steps taken to recover. Shifting stakeholders may have materially

changed the scope of work and strategy. Concerns about business reputation or relationships with suppliers and customers may have caused a dramatic change in plans. Matters that at one point were mission-critical may have diminished in importance.

The review stage is the opportunity to determine what factors fostered or detracted from efficiency and the client's view of value. Soliciting the client's feedback demonstrates the legal team's commitment to achieving client satisfaction and following best practices. At this stage, it is important to identify the root cause of problems which led to legal department involvement. This not only prevents legal problems from arising in the future; it also opens the door for the legal team to be proactive with its client. Lawyers also can take away a deeper understanding of the business; they increase their sophistication in identifying opportunities for clients derived from legal expertise. Finally, the learnings from the review stage reinforces the law department's understanding of how to most diplomatically manage the inappropriate demand of clients for law department participation.

## Metrics

No discussion on LPM is complete without a discussion on how to measure its impact. In the business case and action plan<sup>8</sup> for LPM developed by a CLOC working group in 2017, the following chart in Figure 2 shows where relevant metrics can be developed:

### Where does LPM fit in providing legal services?

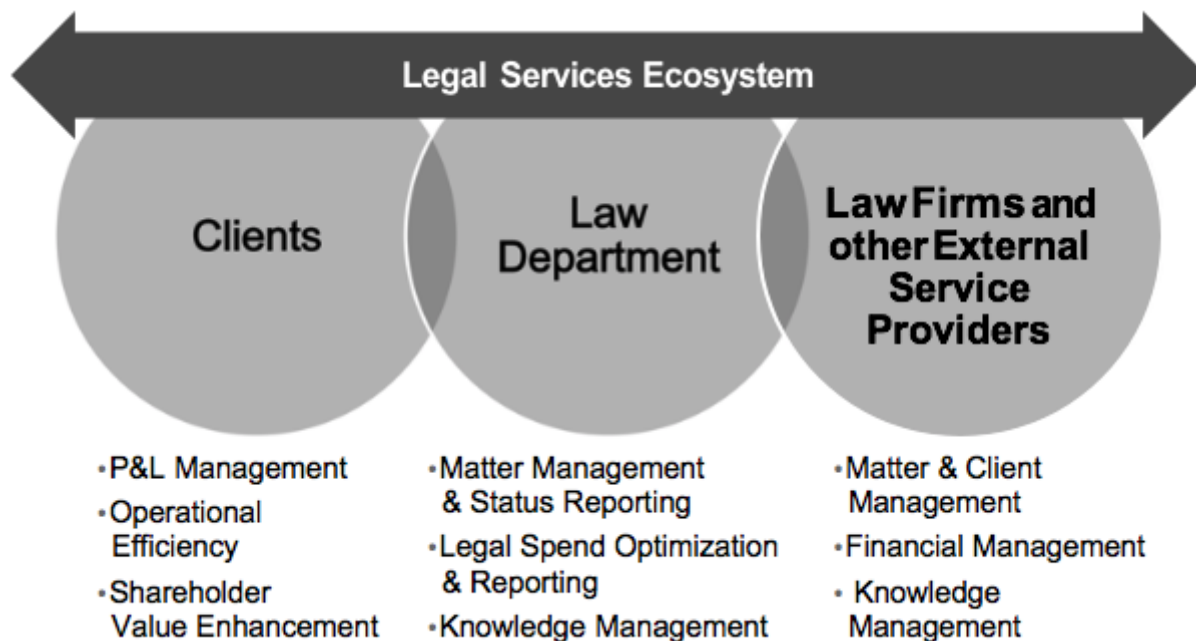


Figure 2: LPM business case and action plan. Source: <https://cloc.org/industry-guidelines> – CLOC Legal Project Management (LPM) for Legal Teams; The Business Case and Action Plan for Legal Departments



Clients and the general counsel focus on managing the bottom line and enhancing shareholder value. The corporate profit and loss statement is affected by the cost of legal services, measured by aggregating the compensation and benefits of members of the legal department, allocated corporate overhead, spending on outside counsel and other third parties, and out of pocket expenses. Shareholder value is enhanced by transactions and resolution of litigation that affect the corporate balance sheet. Matter management, legal spend optimization and knowledge management are derivatives of these corporate goals.

The well-managed legal department keeps its eyes on metrics that indicate the extent to which these practices are achieved. The law firm, when involved, addresses its own economic goals.

A legal department seeking to develop metrics should consider the results of LPM and which aspects are worth measuring, as highlighted in Figure 3.

### **LPM helps address the challenges of the Legal Department**

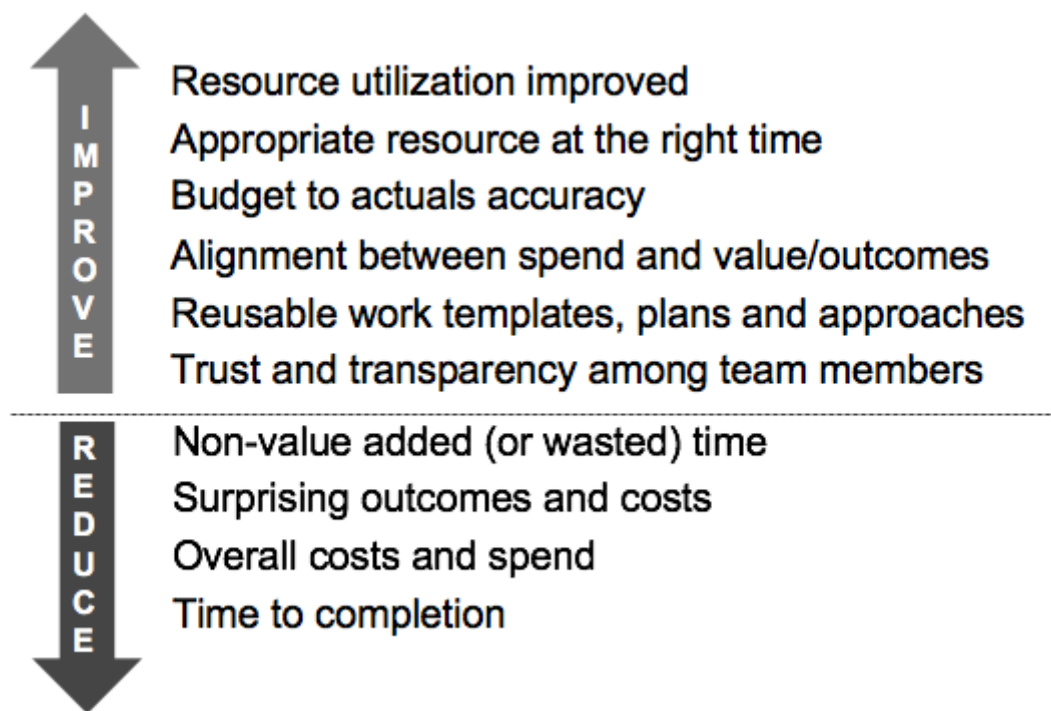


Figure 3: The results of LPM. Source: <https://cloc.org/industry-guidelines> - CLOC Legal Project Management (LPM) for Legal Teams; The Business Case and Action Plan for Legal Departments.

## **Conclusion**

The role of lawyers in the corporate setting is to respond to a client's need for legal support in maximizing shareholder value and supporting corporate stewardship. Often the lawyer must guide the client to articulate the full range of business objectives and stakeholders in a situation.

She evolves from the role of technical specialist and risk manager to a key participant in addressing business challenges and opportunities.

In-house counsel is uniquely situated to meld legal strategy and tactics with operational constraints that the business imposes. For most companies, this necessitates disciplined management of costs as well as the protection of its assets. Concurrently, counsel must model the behaviors that the client expects of other members of the business team: stewarding the client's resources and demonstrating accountability not only for what is done, but also for how it is done. In-house counsel manages the delivery of legal services to the client by focusing on a cost-effective action plan that achieves the client's business goals using the tools of legal project management.

The timely delivery of information is the life-blood of a legal matter; a formal communication plan is its circulatory system. At its core, LPM is about effective communication, which enables the legal team to demonstrate its value – and serve as a steward of corporate resources.

## References

1. This chapter reflects many years of collaboration with the author's former colleagues at QLex Consulting Inc., James Buckley and Nancy Lasersohn. Jim is the pioneer of legal project management through his work as Associate General Counsel, Environmental Health and Safety at LockheedMartin Corporation as described in this three-part series 'Welcome to Lawyerland' in the ACC Docket (January–March 2005). After leaving Lockheed, he joined Nancy and me at QLex, where we introduced LPM to the DuPont Legal Department in 2011 under Thomas Sager's leadership as General Counsel and implementation support of Lynn Simpson, now at Chemours as a business process owner, Legal Operations. Tom has continued as an LPM proponent as a partner at Ballard Spahr LLP.
2. The chapter heavily references a working group that has developed a LPM business case and resource for Corporate Legal Operations Consortium (CLOC) under the leadership of Connie Brenton, Patrick Ellis and Pratik Patel. Special thanks go to Janelle Belling (Perkins Coie LLP), Kevin Bielawski (Husch Blackwell LLP), Danny Kotlowitz (Telstra), Patrick Ellis (GM), Dan Safran (Legal Shift) and David Rueff, Jr. (Baker Donelson) for their particular insights. <https://www.law360.com/articles/537101>, Law Practice is Evolving Via 'Legal Project Management' (May 15, 2014); [www.aileenleventon.com/publications](http://www.aileenleventon.com/publications).
3. There are many frameworks, and they all support the same goal of managing the scope of work, planning and monitoring, and communication. Two examples that were developed for law firms are highlighted in S. Lambreth, A. Leventon and Chapter 9: How law

departments use LPM to improve the corporate bottom line. D. Rueff, *Implementing Legal Project Management* (Createspace 2016). This book contains a detailed description of all the tools discussed in this chapter.

4. See <https://cloc.org/industry-guidelines> and to CLOC Legal Project Management (LPM) for Legal Teams. See also [aileenleventon.com/services](http://aileenleventon.com/services).
5. <https://www.acc.com/legalresources/quickcounsel/lpm.cfm>.
6. See <http://www.edge.ai/2017/04/one-meeting-you-must-have/>.
7. See Kleinman and Leventon, *Better-Faster-Cheaper Through Legal Project Management: The LACI Chart*, BNA Bloomberg, 2016.
8. See Note 4, above.

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