



Legal project management – improving outcomes & reducing costs

The current buzz about legal project management is that it provides a way for in-house counsel to achieve project objectives with reduced cost. The question is how do you ensure that legal project management will result in pricing certainty and increased efficiency while also achieving your objectives?

Law firms or in-house?

There are two situations where in-house counsel may consider using legal project management:

- When selecting a law firm where significant legal spend is involved, you may consider whether you can achieve a better result more cost-effectively by retaining a law firm that uses legal project management. Further, if a firm claims to use legal project management, you will need to assess whether the model they use and the skills and experience of their personnel are more likely to achieve your objectives with increased price certainty and predictability.
- When you are considering internal resourcing for legal projects, you may consider whether it is time to implement legal project management within your own organisation, so as to run matters not only more efficiently but also more cost-effectively. You may also want to consider retaining the services of an in-house legal project manager to improve efficiency and reduce costs.

The rise of legal project management

While the concept of 'legal project management' had been around for some time, it became popular in the US and Europe following the GFC. Many organisations began to focus on cost cutting measures, including requiring in-house legal teams to reduce legal spend and keep within budgets. More recently, the principles behind legal project management have attracted attention in Australia.

Pricing predictability and management of budgets is now a central focus for in-house lawyers managing legal spend. It is now reasonably common for a client to insist a law firm use legal project management before agreeing to retain that law firm. Consequently, law firms are responding by adopting more efficient methods of running their matters and transactions.

What is legal project management?

Legal project management involves applying the principles of project management to control and manage legal matters. Historically, various types of project management models have been used across many sectors, such as construction and technology projects (to ensure the delivery of projects in time and within budget), and manufacturing (to reduce waste and improve efficiency in the manufacturing process).



The purpose of legal project management for large high-value single matters (such as, a large litigation case or a large transaction) is to ensure the project is delivered in time and within budget, while also achieving the specified objectives and/or outcomes.

The purpose of legal project management for high volume matters (such as, high volume litigation claims or high volume transaction work) is to reduce inefficiencies and waste by streamlining the process and thereby reducing overall costs while still achieving specified objectives and/or outcomes.

Project stages

Although there are different models, legal project management involves the following stages:

- scoping
- planning
- executing the plan
- monitoring the work and costs
- completing and reviewing

Whether or not the project will be a success depends upon how well each stage is managed and executed.

Scoping and setting objectives

This involves defining both the objectives and scope of the work. Detailed scoping and a realistic assessment of the desired outcomes are critical to ensure that your objectives are likely to be achieved. If the scoping step is not carried out properly, it could lead to significant budget and scheduling failures. In addition, you may not achieve your objectives.

- ***Who needs to be involved?*** - the initial scoping and setting of objectives requires the involvement of senior personnel from both the client organisation as well as the person ultimately responsible for the project (for example, the relevant senior executives and general counsel representing the client organisation, and the responsible partner(s) from the law firm). This step requires that everyone have a clear understanding of the issues, the work involved, and the potential risks. This will ensure that the objectives set are realistic and, therefore, more likely to be achieved.
- ***Early case assessment*** - in large litigation matters, early case assessment is an important tool to assist in the setting of realistic objectives. This involves an assessment of all relevant facts and issues, including understanding the likely volume of documents to be discovered, reviewing critical documents and speaking to critical witnesses in order to make an early assessment of likely outcomes. A realistic estimate of the costs should also be prepared. This will ensure more informed decisions are made about both managing and resolving the litigation.

- **Resourcing/technology options** - at this early stage, you need to consider the resourcing, outsourcing and technology options available. Specifically, you should ask:
 - To what extent can technology be utilised to improve efficiencies and reduce costs?
 - Is it more cost effective to build internal capability and retain control over parts of the work that are usually outsourced to a law firm or a legal process outsourcing provider (LPO)? If so, what are the risks, and how can those risks be managed?

Planning

Planning requires a realistic assessment of both the work involved and the length of time needed for each stage of the process. In order to have an effective plan, the assistance of a person with relevant previous project management experience is likely to give you the best chance of ensuring the plan will be successfully implemented and completed within time and budget. The planning stage includes:

- **Identifying the work activities** - this involves breaking down the project into individual tasks and scheduling each task over a particular period of time, so that the project can be appropriately planned, staffed and budgeted. Tools such as Gantt charts assist in visually displaying each of the separate work activities against project timeframes and illustrating the interrelationship between tasks.
- **Resourcing** - this involves not only ensuring that tasks are appropriately resourced, but also that the right tasks are allocated to the right people on the team. It is important to consider any peaks and troughs likely to occur throughout the project and how resourcing will be managed during these times. Other considerations include the appointment of an appropriate project manager for effective management of the overall team, as well as the appointment of other team leaders to supervise and monitor large work activities/tasks (e.g discovery or due diligence review).
- **Setting the budget** - this involves not only setting the budget, but also tracking and reporting on costs throughout the project. It may include agreeing to specific reporting processes. These may include: fortnightly WIP reports, regular updates on both work progress, tracking reports to budget; specified billing processes (including dealing with billing issues or budget variations according to an agreed-upon process, which should enable the prompt resolution of any issues that arise).

Execution & role of project manager

The overall project manager is responsible for monitoring that work is done in accordance with timelines, supervising team(s), managing completion of work tasks, ensuring the overall quality of work and that work is done within the budget.

It is important that the project manager have the appropriate skills for the type of legal project being undertaken to ensure that the objectives are achieved. Relevant abilities to consider in appointing an effective project manager include:

- **Ability to manage team** – including the ability to co-ordinate and manage the team across different work activities, to manage team members with different skill levels undertaking various work tasks (from complex to repetitive low level work tasks) and to deal with resourcing issues.
- **Skills in budgeting** – including the ability of the project manager to manage and adhere to budgets, as well as the appropriate experience and skills to deal with variations to budget in a timely and proactive way.
- **Skills to ensure work quality** - the project manager needs to ensure that the quality of work is of a sufficiently high standard to avoid work quality issues being detected at a later stage, which may lead to an increase in costs and the budget not being met.
- **Level of expertise** – for example, whether the complexity of a major transaction or major litigation requires a high level of expertise and previous experience in running major litigation or transaction. Qualities such as the ability to communicate effectively with senior stakeholders in a complex high stakes project may be an important factor in whether or not the ultimate objectives are achieved.
- **Ability to innovate** – this is particularly important where there is a focus on reducing costs. For example:
 - Where project management of a large number of matters is being considered, the ability of a project manager to continue to find ways to improve efficiency over the long term is highly important, including being open to new ways and new solutions (particularly through the use of technology or outsourcing solutions) to reduce costs.
 - Where document collation and review will be a substantial cost, an innovative project manager may consider whether it would be more cost effective and efficient to retain a specialist LPO provider directly. The in-house legal project manager would then be responsible for managing the specialist LPO provider directly in the case of a due diligence review or discovery process.
- **Ability to adapt** - a project manager needs to ensure that the plan is responsive to any new developments or changing circumstances. If there are any significant developments, the project manager will need to modify the plan in consultation with the relevant stakeholders. This may also include changes being made to resourcing and use of technology, which will require a project manager with a flexible and adaptable approach to successfully implement changes within a project to achieve objectives.

Completion & identifying ‘lessons learned’

Once the project has been completed or in the case of an ongoing project at relevant milestones, there should be a review and evaluation so that processes can be refined and improved to gain further efficiencies. Specifically, you need to review and consider:



- Did the project achieve its objectives?
- Did the project management deliver pricing predictability?
- Did the process reduce costs compared to similar previous projects, and if so by how much?
- Did the quality of the work improve and were the targets achieved?
- What areas can be improved upon in future?
- What lessons can be applied to future projects?

When legal project management is properly approached from the outset and well executed, it will lead to pricing predictability, certainty and improved outcomes. In order for this to occur, there needs to be a clear understanding and accurate assessment of the issues and objectives at the outset of the project. Following this assessment, there needs to be appropriate planning, which is then executed by a skilled project manager overseeing the team and the work involved, to ensure that the overall objectives are achieved.

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