

Legal Project Management is overdue

By Richard G. Stock, M.A., FCG, CMC, Partner with Catalyst Consulting

This is the thirty-fifth in a series of articles about how corporate and government law departments can improve their performance and add measurable value to their organizations.



Legal project management and budgeting by law departments and their firms will only come into its own, once a number of basic conditions are met. The impetus will not be that it saves money for the department. Rank and file members of the law department will take one step forward and two steps back if that is all there is to a legal project management program. And law firms have little incentive to convince them otherwise.

There are three basic benefits to legal project management. First, it streamlines the business aspects of legal work because it focuses on time, money and value delivered. Second, it modifies the techniques for work already being done by lawyers. And, third, it better organizes and oversees the work of external counsel. In a nutshell, legal project management adds value to the business.



But the General Counsel must be able to extend this concept beyond a mere catch phrase to measurable specifics on six dimensions: controlling the time spent, controlling costs, better preparing the client for unplanned developments, being more explicit about the planning assumptions and their probabilities, allowing project managers to allocate the most appropriate resources, and having clear communications with clients regarding scope of work, service levels, costs and outcomes.

Companies often refer complex legal matters to external counsel. One would expect that the project manager, usually the law firm, would be a “business partner” in all such cases. He or she handles tasks and monitors processes. Inside counsel should assume the role of project leader. This entails communications with the

business unit and the law firm, negotiating expectations, and keeping everyone focused on the results and use of resources.

One survey found that 60 per cent of law departments used project budgets - more often than not. However, only 26 % of them did so consistently. The same companies also said that they were always on or below budget only 1% of the time for the total of matters referred to external counsel.

Most law firms rely on a collection of improvised spreadsheets to prepare a matter budget by phase and task. Inside counsel need to become much more proficient in their estimating and approving skills if they are to converse with external counsel on legal project management. Executing legal project management

effectively depends on certain fundamentals being in place within the law department.

These include a number of components: broad terms that should be signed off by the firm, work intake protocols and a single point of contact, the scope of individual matters that should be signed off by the law department, and firms that agree to use the company's planning and budgeting templates rather than their own.

Templates must include phases and tasks as the case for any project plan. One rule of thumb is to ensure that there are at least eight hours per task to limit the detail and no more than 40 hours per task to ensure enough detail.

Inside counsel should then review budgets for adequate task delegation.

At this stage, the matter budget is an imperfect estimate. I conducted a review of matter budgets with seven law firms and found that only two provided planning assumptions at the task level, but none provided a probability factor for each assumption. Law firms will not volunteer this information unless the client requests it. And most law departments do not.

Invariably, the resulting estimates are a worst-case scenario making matter budgets a paper exercise. Stephen Levy, author of *Legal Project Management: Control Costs, Meet Schedules, Manage Risks, and Manage Sanity*, calls for six competencies in legal project management: outcome expressed as a brief definition of success, expectations for the matter from the client's point of view, costs and

budgeting, resource allocation dependencies, contingencies, and risk.

Effective legal project management and budgeting can be part of the normal course of business, provided companies can rely on terms of engagement and billing guidelines that make legal project management mandatory, robust matter management systems that require phase and task budgets before bills can be submitted, thresholds for matter budgets that capture all matters of moderate complexity beginning at 50 hours per matter, and inside counsel who are trained to be comfortable and efficient in managing external counsel.

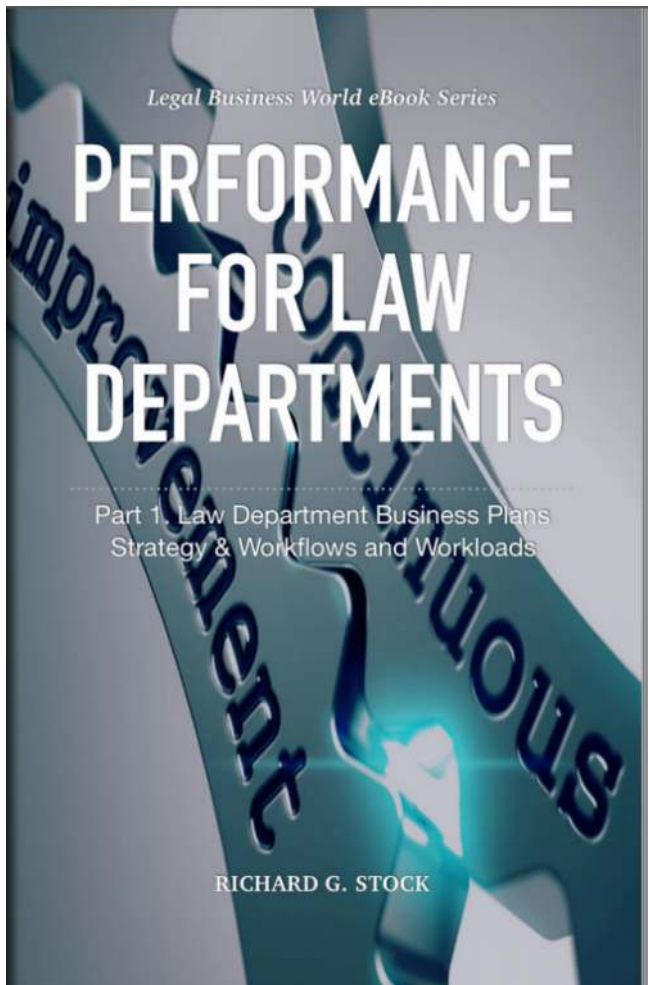
Finally, law departments will drive legal project management and budgets with their clients when they have a financial incentive to do so. Fixed-fee arrangements as well as hybrid-fee arrangements with a cost-budgeting feature are a leading business practice. General Counsel must attend to the business of law.

About the Author

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