

LEGAL PROJECT MANAGEMENT QUICK REFERENCE GUIDE, SECOND EDITION

SAMPLE CHAPTERS

Chapter 1

How to use this book

Please do not read this book.

This *Reference Guide* was written for lawyers who don't have time to read books but do need to find ways to quickly apply proven project management principles in order to:

- Deliver greater value to clients
- Increase profitability
- Reduce risk
- Increase the predictability of fees and costs
- Reduce or eliminate surprises
- Reduce write-offs and write-downs
- Improve process control
- Improve communication with clients
- Focus on clients' true needs
- Increase new business

This book was not designed to be read cover to cover. It was designed to help lawyers identify personal action items during LegalBizDev project management workshops, training, and coaching programs. These programs quickly change behavior by helping each lawyer focus on the action items that are most likely to produce immediate and practical results. This book enables lawyers to find exactly the information they need, just when they need it. Clients have told us that they continue to refer to the book long after the training is done, whenever a new challenge arises.

When we published the first edition in July 2010, we made it available not just to lawyers who had already signed up for our programs, but also to those who were considering them. Because it summarizes our proprietary approach, we limited distribution to potential clients, and turned down many orders from others. We sold it only through our web page (www.legalbizdev.com), rather than through Amazon, Barnes & Noble, or bookstores. Despite these limits on distribution, the first edition was purchased by firms with a total of over 65,000 lawyers. Many bought between 3 and 100 copies for key partners and decision makers.

This second edition adds a significant amount of new material, and updates developments in this rapidly changing field, including new and expanded sections on:

- Sample checklists
- Value questions to ask top clients
- Engagement letters
- Work breakdown structures
- How to improve the management of legal teams
- Personal time management
- Process improvement
- Knowledge management
- Trends in alternative fees
- Overcoming resistance to change
- And much more

The eleven chapters in this book include the tools and templates promised in the sub-title. They will enable you to identify tactics that can make an immediate difference to client satisfaction and to the bottom line. If you want to get started immediately, just review the list of eight key issues in Chapter 2, go directly to a topic that is relevant to your immediate needs, identify your first action item, and do it.

The five appendices provide additional information and context. Appendix A provides detailed examples of several checklists that lawyers are currently using to increase efficiency. The first two may be of immediate use to transactional lawyers, and the third to litigators. All three will give you ideas about how to create checklists of your own.

Appendix B describes trends in legal project management, Appendix C gives general background on alternative fees, and Appendix D provides an

introduction to overcoming lawyers' resistance to change, a topic which merits a book of its own. Appendix E includes blank copies of the five most commonly used templates in the book, which you can copy when you want to use these forms. Finally, at the end of the book there is a brief description of the authors' background and of the programs that LegalBizDev offers to help lawyers implement the concepts in this book.

My interest in legal project management grew out of an alternative fees survey I conducted with AmLaw 100 chairmen, senior partners, and executives, as described in Appendix C. Many of these senior decision makers emphasized the need to adopt project management techniques from other professions. As the CFO of a firm with more than 1,000 lawyers succinctly put it, "If we teach our people to manage, we can make more money."

Several survey participants said that project management could be especially helpful to lawyers who must suddenly learn how to deliver quality solutions within limited budgets. For example, the chairman of a firm with more than 800 lawyers noted that:

In the world of construction, architects, engineers and contractors have been working on a fixed price basis for a long time. There is a body of learning about how to estimate, contract, define scope, manage changes, allocate risk, and how to manage fee disputes, delays, [and] changes in scope [that could] be adapted to the legal profession.

Some firms have already started adapting this knowledge. According to Joe Morford, managing partner at Tucker Ellis & West (which derives 60% of its revenue from non-hourly fees):

Project management is the key to success, and it is very hard to roll out to attorneys. People think if they get a computer program they will be doing project management, but in fact it is much harder than that...We discuss project management at every partner meeting. But aligning interests and working smarter have benefits both to our clients, and to us. It is simply a better way to practice law.¹

So **exactly** what should you do to adapt this deep and rich body of knowledge? The answer depends on your practice and your personality.

¹ http://adverselling.typepad.com/how_law_firms_sell/2011/01/why-alternative-fee-revenues-will-keep-going-up.html

If you had enough time to get a master's degree in project management, you could consider all the possibilities at length. But the truth is that most lawyers can barely find time to read this chapter.

The billable hour has created an enormous amount of inefficiency and “low hanging fruit” - areas where lawyers can instantly reduce cost simply by focusing on proven best practices. This book will show you how. It provides easy access to hundreds of ideas that other lawyers have found useful, so you can decide for yourself what will best fit your practice, and where to begin.

If you obtained this book in one of our workshops, training or coaching programs, we hope that you will continue to use it long after the program ends. And if you have not yet signed up for one of our programs, we hope that this book will encourage you to do so, or at least to review what we offer at www.legalbizdev.com.

In either case, the innovative tools in this guide can help you gain an advantage in today's highly competitive marketplace. All you have to do is use them.

Chapter 2

Eight key issues in legal project management

This book is organized around eight key issues in legal project management, listed below. Just pick an issue that could have an immediate impact on your practice, turn to that section, and start identifying action items.

The big picture

Key Issue	Page	Description
1. Set objectives and define scope	9	In order to complete a legal matter efficiently, you must know exactly what is included, and what is not. This section starts with a checklist of best practices project managers use to define scope, then has instructions on how to write a statement of work, and two examples.
2. Identify and schedule activities	17	Once you have defined scope, it is time to break the matter down into smaller tasks and to schedule them. This is the longest section of the book. It begins with a checklist of best practices, then introduces a simple form - the <i>Matter planning template</i> - for outlining tasks, and gives an example of how it might be filled out for a typical matter. This is followed by descriptions of some concepts that can be useful in planning: Gantt charts, work breakdown structures, process improvement, Six Sigma, and Lean. Next we talk about one of the most widely misunderstood issues in this area: when you should use project management software, and when you should not. Finally, we close with discussions of how knowledge management can increase efficiency, the value of checklists, and a sample.

Key Issue	Page	Description
3. Assign tasks and manage the team	37	Many legal teams could be managed more efficiently. This section begins with a checklist of best practices, and an example of assigned tasks on the <i>Matter planning template</i> . It also includes some tips for personal time management, an area in which many lawyers could improve.
4. Plan and manage the budget	49	These days, many clients are concerned about predicting legal costs, and about controlling them. Budgets are a challenge in every profession, and, in our experience, this is the area that most lawyers choose to focus on first. This section includes a checklist of best practices, examples of budget templates, a description of six steps to better budgets, a list of UTBMS codes to improve budgeting, and a discussion of how to reduce costs by improving delegation.
5. Assess risks to the budget and schedule	65	What should you do at the beginning of a matter to increase the chances that work will be completed on time, within budget? This section includes a checklist, a <i>Project risk analysis template</i> to help you plan efficiently, and an example of a completed copy of the template for a typical transaction.
6. Manage quality	69	This is the shortest section of the book, because traditionally lawyers have been very successful in delivering high quality legal work. However, when schedules change and budgets get squeezed, delivering quality requires more attention. This section includes a checklist of best practices from project managers, and an example of how this applies to lawyers.
7. Manage client communication and expectations	71	After budgeting, communication is the area that matters most to clients. This section includes a checklist of best practices, a <i>RACI matrix</i> , which you can use to clarify who should be Responsible, Accountable, Consulted or Informed regarding key decisions, some questions to ask clients and team members, a sample of a one-page monthly report, and a brief discussion of end of matter reviews.
8. Negotiate change orders	85	The eighth and last issue takes us full circle back to scope. No matter how well you manage legal matters, sometimes things change, and you will need to go back to the client to negotiate a change of scope. This section includes a checklist and an example to help you do this.

Chapter 11 includes a form to track action items for your own practice. In case you are not sure where to begin, it also lists the top ten best practices our clients have focused on.

Start today. Select an issue, review your options, define your action item, implement it, and see the results for yourself.

Warning signs that you need project management

Are you uncertain whether you should care about legal project management?

In an hourly billing environment, few incentives exist to be alert for warning signs of threats to the planned schedules or costs of a matter. More than a generation of lawyers has practiced without the pressures of creating and tracking budgets, but with the recent client pressures on value, outright costs and timeliness, this is changing.

Even lawyers who are good matter planners and budget estimators sometimes fail to watch for early warning signs. But business analysts see such signs as critical, and sometimes use the popular phrase “canary in a coal mine”:

Early coal mines did not feature ventilation systems, so miners would routinely bring a caged canary into new coal seams. Canaries are especially sensitive to methane and carbon monoxide, which made them ideal for detecting any dangerous gas build-ups. As long as the canary in a coal mine kept singing, the miners knew their air supply was safe. A dead canary in a coal mine signaled an immediate evacuation...Many business and political analysts use the term canary in a coal mine to describe a harbinger of the future. A melting glacier in Alaska, for example, may be described as a canary in a coal mine for global warming. One small event in an isolated area may not seem especially noteworthy, but it may offer the first tangible warning of a larger problem developing.²

Just as miners needed to look for signs of silent, odorless, and lethal gases, lawyers in the “new normal”³ must be especially alert to precursors of trouble that can upset the best plans and budgets, including:

- Missed internal deadlines

² <http://www.wisegeek.com/what-does-it-mean-to-be-a-canary-in-a-coal-mine.htm>

³ <http://amlawdaily.typepad.com/amlawdaily/2010/03/0319future.html>

- Over-researched tasks or issues
- Hours spent well in excess of pre-set quotas, without warning
- Miscommunication
- Delays in people being released from prior or competing assignments
- Increased numbers – whether number of deponents, witnesses, experts, parties to receive copies, regulatory questions/clarifications, etc.
- Typos
- Missing time entries
- Last-minute personnel substitutions
- Poor attendance at scheduled meetings or calls
- Unexplained absences
- Long silences
- Work delivered that doesn't reflect the project or matter goals

Many of these symptoms can be addressed or rectified in real time. Improved communications are **vital**. Too many problems are detected after it's too late to cure or correct them. The eleven chapters in this book offer many solutions. Here are a few easy places to start:

- Improved time/dollar data updates – such as “pre-bills” that are provided daily or weekly, not monthly – at least for the lawyer managing each matter, and maybe for the whole team
- Daily time entry integrity. Without it, projects can stumble and write-offs can result
- Group communications discipline
- To Do list tracking/status tools
- Scheduled monitoring
- Better internal communications
- More efficient brief meetings
- Better client communications, starting with small communications, rendered steadily

Ultimately, these vital skills must become automatic.

Chapter 3

Set objectives and define scope

Tools and templates in this section include:

- A checklist of best practices
- Engagement letters vs. statements of work
- How to write a statement of work
- Examples

Checklist

- Write a short simple summary of the project objective, including what is within the reasonably expected scope for each matter, and what is not:
 - Share the written project objective with the client and verify that they agree
 - Share the written project objective with team members
- Align client expectations with firm expectations
- Consider how the client defines success:
 - What are the legal and **business** problems?
 - What outcomes are possible?
 - What outcomes are acceptable?
 - Are there budget constraints?
 - Is there a desired end date?

- Who are the client decision makers for legal and business matters?
- ❑ Talk to clients about the differences between wants and needs
- ❑ Communicate to the client how much each “want” will cost
- ❑ Ensure that every member of your team is familiar with the written project objective:
 - Post the project objective prominently on a bulletin board or online
 - Regularly remind team members of the project objective in memos and meetings
- ❑ Manage team members to work within the project objective and to consult with the key partner before performing work that may not be within scope
- ❑ Be sure to define the assumptions of your budget and “carve-outs” – the work that won’t be included within a set price
- ❑ In large complex projects, in addition to the high-level objective, consider listing separate objectives for different team members
- ❑ After scope is defined, and as the project proceeds, hold periodic check-in meetings with the client. Busy lawyers may avoid checking in because other things seem more important, and they assume that if the client is not complaining everything must be fine. However, it is extremely valuable to communicate with clients regularly to give them an opportunity to re-commit to the scope of a matter or to reconsider it. These discussions may also identify new opportunities for efficiency based on past performance.

Engagement letters vs. statements of work

At the beginning of a new matter, lawyers often specify its scope and fees in an engagement letter. The engagement letter is designed to clarify exactly what is included, and excluded, from a particular matter.

Some states have specific requirements for what must be included in an engagement letter, and some firms have their own requirements as well. For example, in New York State, Part 1215 of the Joint Rules of the Appellate Division requires a letter of engagement in most matters, except for certain exceptions listed in the rule (i.e., an engagement letter is not required if the fee is expected to be \$3,000 or less).

From a project management point of view, there is considerable room for improvement in many engagement letters. Consider, for example, this language from the sample letter of engagement published by New York State:

Scope of representation

A claim, dispute or dealings with relating to _____.

All of our services in this matter will end, unless otherwise agreed upon in a writing signed by us, when there is a final agreement, settlement, decision or judgment by the court. Not included within the scope of our representation are appeals from any judgments or orders of the court. Appeals are subject to separate discussion and negotiation between our firm and you. Also not included in the scope of this agreement are services you may request of us in connection with any other matter, action, or proceeding.⁴

The rest of New York's two-page sample focuses on fees and client rights. Fee options for the sample include a flat fee, a contingency, or hourly rates.

If a law firm copied the New York State sample exactly and negotiated a fixed fee, they might end up being very sorry when the matter spiraled out of control. They would be better protected if the engagement letter specified timelines and deliverables, such as the maximum number of interviews, pleadings, interrogatories, opinions, and reports, the anticipated scope of travel and research, the use of outside consultants, and so on.

Could a lawyer possibly know in advance how many depositions would be required to settle or plead a particular case? Of course not. But he or she could specify the maximum number of depositions they expected, and exactly what would be included within the fixed price.

This failure to provide sufficient detail is quite common. As the Executive Director of one AmLaw firm recently put it:

The scope of work often contained in our engagement letters is generally no more than one or two lines. Lawyers are missing an opportunity to clearly specify the scope of what is included in each matter, and what is not.⁵

⁴<http://www.nysba.org/Content/NavigationMenu/ForAttorneys/ProfessionalStandardsforAttorneys/SampleLetterofEngagement.pdf>

⁵ Personal communication, February 2, 2011. This Executive Director preferred to remain anonymous.

From the client perspective, better specifying the work up front could lead to more predictable costs and a more sophisticated understanding of what they are paying for. From the law firm's point of view, it could reduce fee disputes, write-downs and write-offs.

Entire textbooks have been written on how to develop what project managers call a statement of work (SOW), which specifies what a particular project includes and excludes.⁶ Lawyers may wish to adapt some of these ideas and write a SOW which could either be included in the engagement letter or be a separate document, depending on the nature of the matter, the lawyer-client relationship, and joint expectations.

How to write a statement of work

Legal cases and transactions can have unpredictable aspects, sometimes beyond the control of the best managers and planners. Therefore, flexibility is key. Legal project management is all about tradeoffs, and efficient project managers must be ready to adjust scope, time and budget as the case or matter evolves. This factor underscores the importance of the **primary** task at the start of any project: setting your objectives and carefully defining the project scope with the client. Doing so will align mutual expectations and prepare the stage for developing an activity schedule and budget.

A statement of work (SOW) must fix the boundaries of what is within the reasonably expected scope for the matter and what is not.⁷ This is particularly critical if the work is to be performed for a fixed price. The details of contents and format will vary depending on the circumstances, but could include:

- The purpose of the engagement
- Specific measurable objectives
- The client's desired outcome
- Detailed deliverables such as the number of depositions
- Deadlines or expected timelines
- Assumptions and exclusions
- Risks
- Budget or fee

⁶ For example, see Martin, Michael G., *Delivering Project Excellence with the Statement of Work* (USA: Management Concepts, 2010).

⁷ As Eric Verzuh noted in his book *The Fast Forward MBA in Project Management*, "Some firms use the term *charter* instead of *statement of work*. This can be confusing because...this term has another common use in the project management vocabulary" (p. 60, third edition). We recommend that lawyers avoid the term *project charter* and instead use the more common phrase *statement of work*.

The first draft of the SOW should be shared with both the client and the anticipated team members for their review and input. You need to understand the client's goals and expectations and align them with the team's approach, focusing on the business problem or dispute from which the matter arises and on acceptable outcomes and deadlines for the client. An optional summary could include a mutually agreed success statement, which will define the desired outcome of the matter.

As the team comes to an understanding of your client's wants and needs, team members should keep in mind how much each want or need will cost, and whether there is any waste or excess in these expectations. These budgetary considerations may eventually affect the steps and actions taken to complete the matter. Of course the budget is extremely important, so you must be sure to carefully define **in writing** the anticipated assumptions of your budget and any "carve-outs," that is, work that will **not** be included within the fixed price for the agreed scope. And, obviously, the SOW is simply a draft until the client approves it.

Some other helpful steps at this stage are common sense items such as ensuring that every member of your team is familiar with the final project objective. It can be posted prominently on a bulletin board or online. Also, it does not hurt to remind team members of the project objective in regular memos and meetings.

The better your initial SOW, the more likely you are to meet the client's objectives. And if things change, the approved SOW will provide a solid basis for negotiating with key client decision-makers before performing work that may require additional funding.

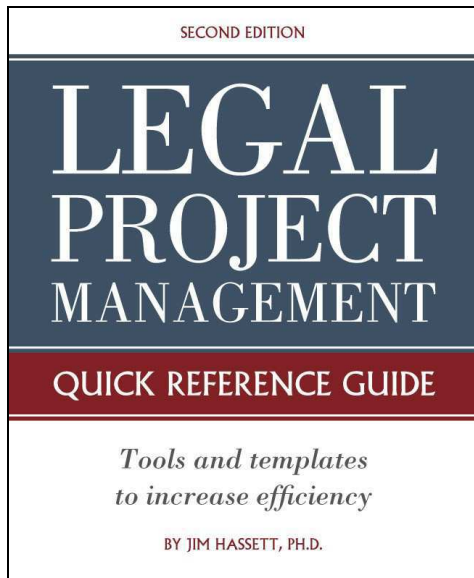
However, remember that the SOW should be as short and simple as possible for managing the process. According to Michael Roster, Chairman of the ACC Value Challenge Steering Committee:

When I was general counsel at Stanford, our multi-million dollar arrangements with law firms were covered by a two-page business letter combined with a one-page exhibit describing the carve-outs.⁸

The SOW is not a deposition or an adverse negotiation, so make sure you don't over-lawyer it.

⁸ Personal communication, March 21, 2011.

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WHAT THE EXPERTS ARE SAYING ABOUT THIS BOOK

“This is an exceptional piece of work...*The Legal Project Management Quick Reference Guide* answers the ‘how to’ questions that everyone has. It provides best practices, templates, guidance and...wisdom on how to accomplish this massive change by focusing on low hanging fruit and seizing early wins to demonstrate the value of this skill set.” - *Patrick Lamb, Founding Member, Valorem Law Group*

“A very accessible project-management reference for lawyers, with an impressive number of tips, tools, and templates.” - *Paul Easton, Managing Director, Global Colleague*

“This book approaches legal project management in the right way, by focusing on the business of law. I love the way this book has evolved.” - *Toby Brown, Business Development and Alternative Fee Arrangements, Fulbright & Jaworski*

“The layout of this reference book makes it easy to dive into one part and come back later. You don’t need to read it from start to finish.” - *Michael D. Barnes, Senior Director of Business and Program Services, DLA Piper LLP (US)*

“The nice thing about this book is that it includes lots of very useful samples and checklists and addresses what lawyers actually do.” - *Michael Roster, former Managing Partner, Morrison & Foerster’s LA office*

“The Quick Reference Guide is a great resource, particularly in the way it is organized not as a one-time read, but as a useful reference tool. I can easily find the information I need, when I need it.” - *Steven Schroeder, Chief Business Development Officer, Hinshaw & Culbertson*

“A well done, user-friendly guide.” - *Michael K. Renetzky, Partner, Locke Lord*

“A very useful guide in helping demystify legal project management. It brings actionable steps to the forefront rather than concentrating on rhetoric.” - *Melanie Green, Director of Business Development and Marketing, Baker & Daniels*

“As a certified project management professional working closely with attorneys on the delivery of legal services, the book warms my heart. It stays true to the core principles of project management but presents them in a way that is practical, simple to apply and provides a strong business case for the adoption and execution of project management tools and methodologies. Every attorney could benefit from reading this book, even if they employ only one or two practices.” - *Kim Craig, Director of Project Management Office, Seyfarth Shaw LLP*

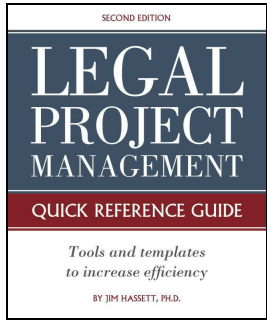
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