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At Law Firms, a New, Old Thing: Legal Project Management

By Erica E. Phillips
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George G. Gordon, chairman of the antitrust practice at Dechert LLP, was three years into a multidefendant class-action case when he and his client, Medela Inc. President Carr Lane Quackenbush, got into another awkward conversation about rates.

“Year over year, we take a rate increase,” Gordon said. “We got to the point where we were trying to manage the issue by simply just discounting off our rates, which wasn’t particularly satisfying on either side.”

Somehow - Gordon can’t remember whether he or Quackenbush suggested it first - the conversation turned to legal project management, and the team decided to put it to the test.

“It was a quantum change in the relationship after that,” Gordon said.

Dechert’s legal project management program made headlines last spring when firm management hired consultant Pamela Woldow of Altman Weil Inc. to train every attorney, from all offices and at all levels.

According to Woldow, who now runs consultancy Edge International Inc. and recently led firmwide seminars at McGuire Woods LLP and Nixon Peabody LLP, “the legal industry is probably the last to go through this process.”

Most other industries adopted project management programs years ago, she said. “It is what the client wants.”

Project management begins with a process Woldow called “scoping,” she explained. Lead attorneys, together with their clients, set out timeframes and estimate costs. Over the course of the project, the parties meet regularly to check on billings.

It was a novel approach for Gordon, a career litigator, but Quackenbush had agreed to pay a bonus premium - 150 percent of the money they saved over each phase of the project - if the partner’s team could stay under budget.

“Project management is really about the law firm figuring out how to make those estimates for the individual segments of the case,” Quackenbush said. “This is not about trying to get a lower billing rate.

“I want these guys to make money,” he added. “If they don’t make money, I can’t be sure exactly what their incentive is.”

But with an excess of lawyers in the market and the same volume of legal work to go around, “clients are in the driver’s seat, said Susan R. Lambreth, managing director of legal consultancy Hildebrandt Baker Robbins.

“Lawyers generally don’t like the idea of someone telling them what to do,” Lambreth said. “For a decade or more, litigators were expected to do budgets for phases. It wasn’t until after the recession started that those budgets became essentially caps.”

Conversations about alternative billing have increased since the recession. Legal project management takes these concepts a step further, and the buzz about it is spreading rapidly among general counsels, industry analysts and law firm management.

Though several lawyers who asked not to be identified expressed resistance to the idea, Lambreth led a legal project management seminar with the Practising Law Institute in New York last month that welcomed nearly 400 attendees. Law firm lawyers outnumbered in-house counsel four-to-one.

“I bet you, if we’d run this program a year before, there would have been 50 [attendees],” Lambreth said.

Of the lawyers present, 50 percent said their companies were considering initiatives in project management for the first time, Lambreth said, and only 15 percent had had programs in place for more than two years.

Seyfarth Shaw LLP was among that 15 percent. The firm has been developing its branded project management program for six years. Dubbed Seyfarth Lean, the program is an adapted version of Lean Six Sigma, a widely adopted set of efficiency principles, processes and formulas designed for the manufacturing industry.

Dayna Hinderstein, who started at Seyfarth in 1994 as an IT manager, is one of five full-time, nonattorney project managers employed by the firm. Based in Los Angeles, Hinderstein focuses on five to seven large cases at a time, leading weekly conference calls with each attorney-client team.

“Prior to the meeting, I provide a two-week look ahead” by e-mail, she said. “If they’ve started work, need clarification or have an issue with meeting the timeline, we collect all that information during those meetings.”

Pressed about whether there is pushback from lawyers or whether she perceives her role as a sort of “budget cop,” Hinderstein said it’s not like that at all.

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“Obviously, the bottom line is important, but it’s really communicating,” she said, “talking to the clients to see what it means to them and what things they’re wanting to see different.”

At Dechert, Gordon received guidance from an internal consultant, the nonpracticing attorney manager of his practice group and a finance team that provided regular cost reports. Though none of Dechert’s project management staff worked directly with Gordon’s client in the way Seyfarth’s project managers do, he echoed Hinderstein’s overarching sentiment.

“To me, the heart of it really is constant communication with the client,” Gordon said. “These systems provide context within which to have those discussions ... They are techniques to make sure you are having the right conversations about the right issues.”

Said Woldow, “Corporate counsel need to be able to ask how much will it cost and get a real answer.” Not demanding this level of specificity from the outset, “is like getting in a taxi and not knowing where you’re going.”