Legal Project Management: The Greatest Thing Since Sliced Bread?
by Sandra J. Wunderlich

We have all heard the expression the "greatest thing since sliced bread." It is believed that this phrase was first used by Wonder Bread® in 1930 to hype its new product of pre-wrapped, pre-sliced bread. We use it now in reference to a useful innovation. In the legal world, the latest "sliced bread" is Legal Project Management or LPM. But, what is it really? And, why should you consider trying it?

In essence, it is a disciplined process with five predefined steps for managing litigation or transactional matters that is designed to deliver legal services better, faster and cheaper. Its magic, to the extent there is magic to it, is in the process itself, which creates a partnership between the client and outside counsel, and aligns their interests at the outset. It is adaptable because it can be tailored to meet the different needs of each client, but follows a similar process for excellent client service in every case every time.

The five step process of LPM is more easily remembered through the acronym S-P-I-E-L:

S=Scope the Project

P=Plan the Project

I=Implement the Agreed Upon Statement of Work

E=Evaluate the Project

L=Learn from the Project

**SCOPE** the Project: This step requires an upfront analysis of the project to identify the phases of the project, the necessary tasks in each phase, and the deadlines for those tasks. At this stage, it is important to identify both the necessary tasks as well as the tasks that are excluded from the scope. This is done in consultation with the client to determine their goals for the litigation and then outside counsel outlines the steps to get there, culminating in a draft Statement of the Scope of Work.

**PLAN** the Project: The PLAN flows directly from the SCOPE by adding the staff and pricing to each task identified in the SCOPE. But, rather than outside counsel unilaterally making these decisions, LPM requires the parties to discuss the draft Statement of the Scope of Work including the budget with the goal of reaching an Agreed Upon Statement of Work. This sets forth the parties' joint understanding of the tasks to be performed, who will perform those tasks, and the cost of the deliverables resulting from those tasks.

One aspect of the PLAN unique to LPM is the budget. LPM uses data from prior cases, and pricing strategists, to create a realistic estimate of the hours needed to accomplish the tasks rather than just spitballing the numbers. The analysis underlying the budget is critical because in LPM the parties commit to it. This can be through a capped fee arrangement, a flat fee arrangement or any variety of arrangements that meet the client's needs. In LPM, each task is identified and priced by task or phase.

In a capped fee arrangement, outside counsel bills by the hour, but agrees to accept no more than the budgeted amount for completion of that task, or phase, even if the actual fees exceed the budget. On the other hand, if the task or phase is completed for less, the client only pays for the hours worked. This encourages efficiency, and shifts the
risk away from the client. Similarly, if the parties choose a flat fee arrangement, the client pays no more than the agreed upon amount for the work, but LPM provides the framework to properly price the work at the outset so that both parties benefit from the efficiencies gained in the process. This requires more homework on the front end by outside counsel, but ultimately it provides the transparency and predictability desired by in-house counsel and, more importantly, it encourages the efficient management of the matter by outside counsel.

One of the risks of LPM for outside counsel is inaccurate budgeting. If the matter is properly scoped at the outset, a discrepancy between budgeted and actual costs requires more efficient management of the matter. If, however, the issue is caused by a material change in the scope of the matter that will significantly increase the overall cost—such as the addition of claims—LPM follows the construction industry practice of using a “change order” to adjust the Agreement Statement of Work. This is why it is critical to spend time defining the Scope accurately. And, it highlights the need for a partnership between the client and the outside lawyer.

**IMPLEMENT the Agreement Statement of Work:** This is where the work begins. All aspects of the work are monitored including the completion of tasks, communications with the client, and actual fees compared to budgeted fees to identify any variances and allow for corrective action as soon as possible if necessary. LPM is a fluid process that keeps the parties on the same page, and allows for agile revisions throughout the case as needed for litigation. While keeping your client informed is certainly not a new concept, and should be done in every case, building the monitoring and reporting into the process ensures that it is done timely and effectively.

**EVALUATE the Project:** This step requires an honest and critical examination of all aspects of the Project. It includes the identification of significant work product developed during the Project that can be captured and used in the future. It may include comprehensive research, draft pleadings, or templates for documents that can be reused by the client to save money in subsequent matters. It also includes a comparison of actual costs to budgeted costs to improve accuracy of the budget in future cases.

**LEARN from the Project:** In the last step, the parties identify the lessons learned, and those lessons are translated into improved processes, efficiencies, or changes that may avoid litigation or reduce the number of claims in the future. The parties relive the thrill of victories and the agony of defeats in order to do better next time. This step might identify additional training needs at the company, a change in policy or approach, or a more appropriate document retention policy that preserves the necessary documents but avoids an expensive and unnecessary production going forward.

Much like sliced bread—neither the bread nor the idea of slicing it was new—LPM relies upon familiar concepts but applies them in a new way to deliver a better product. Traditional ways of managing litigation—based upon the unlimited billable hour, estimates that are no more than educated guesses with neither party willing to commit to them, and having no upfront discussion about how the matter will be managed or who will do the work—frequently fail to meet the needs of in-house counsel who are being pressured to do more with less, and with greater predictability.

In a 2014 Altman Weil, Inc. survey titled “What Clients Want—A Law Firm Cheat Sheet” (2014), general counsels identified the top three service improvements they most wanted to see from their outside lawyers:

- Cost Effective Pricing;
- Efficient Management of Projects; and
- Predictability

In response to pressure to reduce costs, outside counsel have offered various solutions such as discounted rates, blended rates, and holdback fees. These proposals have primarily focused on reducing costs rather than addressing the other service improvements needed by in-house counsel. Although discounted, blended rates and holdback or success fees provide short-term savings, they do not promote more efficient management of projects or provide predictability in billing. (See Table 1, below)

<table>
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<tr>
<th>Fee Arrangement</th>
<th>Greater Cost Reduction</th>
<th>Promote Project Efficiency</th>
<th>Improved Budget Forecasting</th>
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<tr>
<td>Blended Fees</td>
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<tr>
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<tr>
<td>Flat Fees</td>
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While flat fee arrangements may offer these service improvements, they can have two significant drawbacks. First, it is estimated that only 15-20% of the litigation faced by a company is accepted on a flat fee. The remaining 80-85% includes more variables than outside counsel is willing to price at a flat rate. Thus, in-house counsel needs a workable solution for the majority of its litigation. Second, a flat fee arrangement is designed to provide predictability and encourage the efficient management of a matter. But, the efficiencies gained in that process largely inure to the
benefit of outside counsel because the company pays the same price each time. Capped fees following the LPM process, on the other hand, allow the company to capitalize on those efficiencies because the matter is billed by the hour up to the capped fee amount. Thus, the more efficient outside counsel becomes with the tasks, the less fees the client pays for the completion of those tasks.

LPM meets the top three service improvements demanded by clients: cost reduction, more efficient project management, and billing predictability. It has the added bonus of allowing clients to capitalize on gained efficiencies in all types of cases. LPM has been shown to improve outcomes by reducing the amount of verdicts and settlements, and reducing the number of claims asserted against a company. Ultimately, it raises the bar on client service by aligning the interests of the client and the lawyer at all stages. In the legal field, LPM might just be the greatest thing since sliced bread.

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