

Assimilating Lawyers

How to Make Training and Lawyer Assimilation Work

Abstract: Law firms are growing again through laterals and associate hires but many of the laterals are creating “pods” which bring unique processes for delivering legal services to the detriment of using the best experience in the firm and superior client service. While this is happening, there are major changes coming to the profession which will challenge the ability of the lawyers to train and transform young lawyers into strong contributors to the clients and the firm. At the same time client loyalty is decreasing. When Ralph Nader wrote his book Unsafe at Any Speed, GM responded with denial. Now lawyers are in denial as we focus on the changes required in the profession to simultaneously increase profits, lower legal costs to clients, and improve the quality of service. This article is provided to help lawyers overcome the old culture hurdle and get to higher profits and stronger client loyalty.

How would you like to reduce turnover by increasing the quality of work your people get to perform? How would you like to eliminate the lost revenues and the frustrations of talented people that has come with others fogging zero-value time into files; partners hoarding work and doing work that other, lower level people could do (rate transfer); or supervising lawyers who churn too many people through a file? How would you like to increase your firm’s reputation as a responsive team of lawyers able to meet client needs for schedule, predictability in results and fees, and reduction of risks?

All these things can be done with a resulting increase in profitability. But some basics in the culture of the firm must change. Pods of practice must be eliminated. Teamwork and efficiency must be rewarded. Hours and portfolio size must become secondary in compensation to efficiency and the return on rate or what we will call realization. A lawyer can have a high volume of collections but still be losing the firm money if realization is not high enough.

Realization is the percentage return on the standard rates of a law firm through collections. If a lawyer gives a client a 10 percent discount on fees, then writes down fees at billing by 10 percent, and then only collects 10 percent of receivables the realization is only 72 percent (90% times 90% times 90%).

Law firms cannot avoid the coming changes. For example, a recent Fortune article covered the changes in the consulting profession. The consultants, in order to get paid must take a stake in the changes in the company. They only share in the cost saving realized or the increase in revenues produced. Many law firms are already seeing this and many more will soon see the demand for predictability in their results and fees. This change was predicted at the Seize the Future Conferences I chaired in 1997 and in 1999 but many in the profession refuse to see it coming and continue to stick with their hourly billing, inefficiencies, and the compensation of lawyers based upon the leverage they employ, the hours they work and the size of their portfolio.

The results of the change will depend the ability of a lawyer team to work within a budget, know the

investment in the matter instantaneously, and share the risk with the client. No longer can the lawyer tell the client to “trust me”. There is a way to make the change. Realizing the benefits will require a change in culture and an investment of time but change produces concrete, measurable results. What can I be talking about that will answer all the questions above?

Map the process for delivering legal services. What is a map? A process map is a shared view of what must be done throughout the process of delivering a particular bundle of legal and legal related services. A few examples will help here.

A bankruptcy section mapped a creditors rights process for their bank client. The group first created a map for the client to explain the process and the four phases of the matter. The second map created was for the team to understand what must happen, in what sequence, and by what level of expertise (billing rate). From the shared knowledge of the most experienced lawyers in the section every task in the process was identified in a flow chart. Once done, the most effective and efficient substantive and expert systems were identified. What was the result? The volume of transactions increased without any additional time commitment. Turnover in the section lower than other sections in the firm. More importantly, the return on standard billing rates went up to over 100 percent. They have now broadened the types of cases to debtor’s rights cases and beyond.

The second example is one of a transaction section that was struggling with the number of transactions forced into the section by clients during the IPO boom. They were working too many hours to keep associates (and partners) from burning out. They took the time to create a map based upon one of my Canadian clients. With the map they learned what they could organize to out-source and what they could do to improve the efficiency of their work. The result was a drop in worked hours, an increase in the number of transactions coming through the section, and of course a fixed fee that produced a realization on rates of over 100 percent. Why did all this happen? The lawyers were driven toward efficiency instead of recreating the wheel every time.

Where does the firm start? First, it starts with a lawyer who understands the emerging demands of a client and wants to insure a long-term relationship with that client is sustained. The lawyer will be going “counter-culture” so he or she must have a strong and credible position in the firm. Second, he or she and their key people should select a matter type that is causing the biggest problem in getting a high realization rate or causing inefficiencies and then get the paralegals to go through past matters and identify what happens and when. Third, the paralegals will go into a work room and with cards or Post-its and lay out the process most common to the work and identify the range of fees invested in each task. Fourth, the key people will then go into the work room and walk through the process to identify: (1) how the process should work, (2) divide the process into phases of effort and key check points, (3) what level of person should perform each task or whether it should be outsourced, (4) what substantive or expert systems should be used or created. Fifth, identify a best-guessed budget for each of the tasks. Once done, identify what must be done to execute the map i.e. make it work. What should be the budget for each task and phase? Is training needed? Should software be employed that

will make the process work more efficiently? For example, one firm used a software package called Client Connect from ClientCentric Solutions at the web-site www.clientcentricsolutions.com to set up and track the tasks, events, critical measures, and the budget. Finally, the teams working on that matter should run with the mapped process and then debrief from each matter to revise the map.

When a new matter comes into the firm, bring in the team, including paralegals and administrative assistants and look at the process map. Assign tasks to the team based upon the requirement of each task. As time progresses, the firm will be able to be more and more confident in predicting the budget or a fixed fee for the process. As more tasks are set up as fixed fees for the client, the firm can begin to gain in realization and get over 100 percent realization.

Summary

To achieve the target of simultaneous firm profit - reduced client cost - service quality (schedule, predictability, risk reduction, and client loyalty) there must be an investment of time. The firm must build models of processes used in delivering services. The results will be benefits in lowering turnover, increasing responsiveness, and improving the quality of work in the firm and the service to clients.

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Note: We may want to include a reference to a book based upon the 1999 Seize the Future Conference. The site is: [Seize the Future; Conference Insights](#). By Gary A. Munneke, published by the Law Practice Management Section of the American Bar Association, 2000. Obtain from the ABA at 800-285-2221 or www.abanet.org/lpm.