

## Driving Client Service and Improved Profitability through LPM

By [Susan Raridon Lambreth](#) on July 6, 2020

Despite social distancing, working remotely, and the reeling economic environment, law firms must continue to provide exceptional service to their clients. Even as the pandemic rages on, the pressure that clients feel continues unabated. Now more than ever, clients require a legal team that is working efficiently and communicating clearly, allowing them to manage their work, stay on budget, and deliver real value to their organizations.

How does this happen now? LPM continues to be a critical tool to achieve these objectives while maintaining positive relationships in the process. Lawyers must proactively help their clients navigate the internal expectations of their stakeholders, while navigating the risks and avoiding nasty surprises.

### Legal Survey Says...

There's been a lot of conversation lately about the economic benefits of LPM and how critical it is for improving firm profitability.

- According to The Citi Law Firm Leaders Survey:<sup>[1]</sup>

“Law firms’ project management and pricing efforts appear to be paying off: the vast majority of law firms surveyed reported that both initiatives have had a positive impact on both realization and margins.”

- The BigHand Global Cash Flow and Profitability Report published earlier this year indicates that:

One of the causes of profit leakage is “poor scoping and engagement at the outset” of a matter.

How much profit leakage? In large law firms, there is at least \$100 million left on the table each year. These were the losses prior to the pandemic. The economic downturn will squeeze profits even more. In fact, from bid to close, this is a persistent issue in the matter life cycle. A significant part of this profit loss can be reduced or avoided by implementing LPM principles.

### What Does LPM Provide?

LPM is one of the best client relationship management tools a lawyer, team or firm can use. At its core, LPM is about enhancing communication with the client and the law firm. Implemented properly, LPM supports:

1. Comprehensive upfront discussions of the client's expectations and objectives for the matter.
  - This includes the factors that define how success is measured in their organization.
2. Detailed scope of work document to ensure alignment of the client's expectations and assumptions with those of the law firm.
3. Regular and prompt communications with the client about the status of the matter, including:
  - Progress against key deliverables,

- Budget to actual,
  - Changes that may affect scope, spending, objectives, and more.
4. Debriefing at the end of a matter to capture:
- Lessons learned
  - Mitigation strategies to reduce future risks
  - Replicable efficiencies for the future

### Client Expectations Are Unwavering

LPM is more critical to clients than ever. Prior to the pandemic, large law firms saw evidence of this in almost every Request for Proposal they received. Given the current environment, these expectations are not likely to diminish. Here are some examples of the typical language used:

- Does your firm have **dedicated legal project management (LPM) professionals**?
- If "yes," please provide their names and titles.
- Please explain how these individuals work with your lawyers.
  - g., scope development, matter analytics, budget development, case or task tracking, process improvement initiatives, process development, etc.)
- If your firm does not have dedicated LPM professionals, please describe how this function is supported within your firm.
- Explain how your firm would add value to this transaction in terms of **project management**.
- What role do you see **project management** playing in your engagement?
- What will you do for us in terms of using **legal project management** and providing LPM training to our lawyers?

The continued importance of LPM is a testament to the fact that it prevents many of the things clients do not like about outside counsel. What's included in this list of complaints? According to research:

- Poor project management (according to 90% of respondents)
- Inaccurate budgeting
- Lack of innovation
- Poor client service

### A Disciplined Approach to Client Relationship Management

Ouch. It doesn't have to be this way. The four elements of LPM listed above could help your firm avoid these kinds of client complaints and the ensuing damage to your most important client relationships. This is why, according to the 2020 Report on the State of the Legal Market,<sup>[2]</sup> "63 percent of large firms and 27 percent of midsize firms provide ongoing project management training and support."

Granted, many lawyers are doing some parts of project management on their own. However, a more deliberate and

scalable approach will create a firmwide advantage that consistently delivers value, both to the firm and to its clients, year-end and year-out. Such an approach typically requires some training or support from LPM professionals. The vast majority of the AmLaw 100 and many of the AmLaw 200 law firms have LPM professionals helping to drive their firm's LPM programs. They either provide coaching or training or they select outside consultants to do so.

Regardless of how you do it, once you develop LPM firmwide, you'll see a tremendous return on your investment. When the client's expectations have been managed, the matter has been efficiently run and the team has communicated effectively, leakage stops. Write-downs or write-offs are not a given. Capturing a significant part of that \$100 million leakage could be critical to the firm's profitability this year and perhaps to job security of law firm professionals as well.

<sup>[1]</sup> Published as part of the Citi Hildebrandt 2019 Client Advisory

<sup>[2]</sup> Co-produced by Georgetown Law Center on Ethics and the Legal Profession and Thomson Reuters Legal Executive Institute and Peer Monitor