

Efficiency savings

Business efficiency leads to a healthy bottom line, says **Nigel Williams**



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The Jackson Reforms have created a reverberation in the legal PI sector. Without being able to recover legal costs from the losing side, profitability in personal injury cases is falling, prompting many claimant firms to diversify their practice in order to look for new revenue streams.

PI firms need to develop a strategy that addresses how they will deal with the inevitable change that the Jackson Reforms have unleashed. Cost budgeting and optimised business efficiency will be key to profitability. Exploiting the right technology will go a long way in facilitating this.

Cost budgeting

According to the new way of working, litigating parties are required to exchange detailed budgets in writing, extending to at least five A4 pages for matters that exceed £25,000. This 'Precedent H' encompasses costs for various activities including pre-action, issue of proceedings and pleadings, disclosures, witness statements, expert reports, pre-trial review, trial and settlement discussions through to contingency provision.

Accurately estimating the anticipated costs across the litigation process at the outset of a case is a difficult exercise given the expanse of the different types of PI cases and individual situations. While some processes and the corresponding costs will be common and repetitive, others can vary significantly based on the complexity of the case. Given the volume of PI cases a firm handles, undertaking manual cost budgeting is almost impossible without fee earners and lawyers spending substantial amounts of time.

The ability to accurately estimate budgets is dependent on many factors: An in-depth understanding of the variety of costs involved; time that could theoretically be spent on each versus the time that is actually spent; cost of outsourcing partners; cost of evidence gathering for different types of case activities; the preparation time required, and so on. Then there's also modelling the time estimates to arrive at a budget that will also deliver a profit to the firm.

Technology in the form of a flexible case management system can help firms establish processes that automate measurement and budgeting, and support continuous quality improvement.

Business efficiency

Optimising resource allocation is fundamental to increasing profitability. While business process automation and

workflow are not new to PI firms, the current market dynamics demand a renewed emphasis on these areas in order to navigate one of the biggest market shake-ups in the sector.

West Midlands-based law firm Higgs & Sons is a good example of an organisation that is proactively devising a strategy to achieve business efficiency. The firm identified nine core business processes that were proving to be bottlenecks and substantially re-engineered those processes in the firm's case and matter management system.

Previously it could take the firm up to two hours to complete the letter of claim process – re-engineering the process has reduced the time down to just 15 – 20 minutes, increasing overall through put by 63 per cent. All this is positively impacting the firm's profitability – increasing volumes and lowering costs.

Technology and efficiency go together

A streamlined approach to PI business, underpinned by technology, is indispensable today. One of the key objectives of the Jackson Reforms is to strip out bureaucracy and costs, so it is essential that firms adopt a joined-up approach, integrating as many elements of the business to improve end-to-end visibility of how professionals work and to help reduce costly bottlenecks that impact profitability.

Adopting legal process management is an obvious option. The concept is not new, but its relevance and suitability for high volume PI cases is again in focus, thanks to Jackson. Essentially, it is the application of project management skills to legal matters and tasks, which will provide a best practice framework to ensure a structured approach to scoping, planning, pricing, executing, communicating, monitoring, tracking and completing legal matters.

A firm's choice of system in any volume business will play a major role in helping them achieve efficiency. They must understand, define and optimise their processes, but at the same time develop the ability to introduce new ones and tailor them to their individual business requirements. In the past, PI firms may have 'made do' with disparate legacy and often 'out-of-the-box' solutions, but in this era of Jackson Reforms, a technology platform that seamlessly encompasses legal and business processes, and can evolve as rapidly as the market and legislation changes, is a must. ●