Briefing Industry Interview

Stepping up

A culture of continuous improvement can't flourish without data drawn from every area of the business, says Andy Sparkes at LexisNexis Enterprise Solutions

How do your partners grow? As the first UK law firm sets out its rationale for a flotation on the London Stock Exchange, others must face up to the reality of much more varied competition for work in future.

Some are responding by diversifying into new non-legal business areas for the first time. Others are investing time and money in new techniques for forward planning and continuous improvement to make what they have already more efficient. Either way, they need the infrastructure to inform and measure their

strategy's success – fast and frequently.

"In the past, process measurement at law firms hasn't needed to be as formalised. Margins were robust, so firms could afford to be relatively inefficient and still make a healthy profit despite writing off more work than they ought to in order to keep clients happy," says Andy Sparkes, general manager of LexisNexis Enterprise Solutions. "But with more financial pressure on the buyer's side, there's now less tolerance for error."

The result is a trend for more consistent structure

around how firms can transform themselves by changing internal processes, he says – whether that's in matter budgeting, work allocation, matter management or even recruitment. The focus on billable hours drives even more focus on minimising the distractions from non-revenue generating tasks and activities. Some firms have even set days aside for continuous improvement workshops – in some cases sitting right alongside clients – to take a fresh, honest and in-depth look at how they might achieve more effective results, more efficiently and with more transparency.

"Future success is grounded in measuring performance, and then working out what could change," says Sparkes. "You estimate the impact, develop a process to get you there, and then measure whether you've really delivered a difference. And repeat!"

Repetition and feedback loops are vital – and this process isn't limited to activities directly experienced by clients, he says. "A focus could be making it easier for people to work remotely or collaboratively, simplifying people management tasks, formalising procurement processes, monitoring proofreading quality more closely, or even faster production of personal expenses." Any area of management could make a difference to productivity – and one of the first steps is to prioritise where the most achievable impact can be delivered.

Human interest

But this won't happen without good management information, pulled from all internal and even external sources and made easily accessible for turning into action, says Sparkes. And this includes one area which, despite being people businesses, many firms don't integrate enough: HR information.

"Often a firm won't even have true clarity on something fairly fundamental like the total number of employees in each department. If one system says one thing, and another something different, it's impossible to know which set is most reliable as the basis for a change. Insights that draw on joined-up data from across the business help drive more impactful decisions linked to real delivery outcomes."

And it's not just a question of connecting existing data. Some firms are also beginning to enhance the information they hold on their workforce to help make better resourcing and hiring decisions.

"Firms need a reliable record, not just of official skills, development and capabilities as they change, but also key experiences," says Sparkes. "That could be a lawyer's legal experience, but equally relevant is geographic experience or key non-legal capability. An accurate understanding could lead to a more realistic view of the hiring needed to build the ideal skills matrix to deliver the anticipated future work mix."

Whether firms turn their attention to other business ventures – notably consultancy – or not, for example, there's a growing consensus that future work will be less rooted in a practice and more on defined projects.

Firms may also need to work together more – and with third parties jointly appointed by clients. The need for collaboration, accurate scoping, delegation and delivery to different deadlines may call for substantial change to the typical legal matter workforce as it stands.

And, once recruited, a more consistent set of HR data helps firms assemble the best team for tackling such multi-party projects, from pitch to conclusion.

"Project management is fundamentally better planning and discipline – bedding in more rigour and structure," says Sparkes. "Even before a proposal is sent out, firms ought to have thought about what needs to happen, how long it'll take and who'll be involved to reach an appropriate estimate of price and profit." By turning that proposal into a matter budget, and time recording against each step, firms can track that proposal more accurately against what's happening on the ground.

Enterprise resource planning toos like LexisOne, says Sparkes, can give firms a real time view of progress against budget to share with their client – as well as giving a reference point for improving costing templates and making better pricing decisions for future work.

This sort of insight and capability necessitates a radical shift in the traditionally narrow discipline of practice management. More comprehensive ERP solutions can serve as the foundation for continuous improvement to keep the competition from the door.