

# ENTERPRISE RESOURCE

## PLANNING FOR LAW FIRMS



Key considerations when implementing an ERP-style business management system

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The ever-increasing competitive and market pressures that law firms face today have become the new normal. With a tenacious focus on delivering operational efficiencies and demand for value-based pricing by clients, coupled with a variety of new legal services providers entering the fray, law firms must change the way they operate and, indeed, deal with the world in general.

Continuous improvement must become an inherent part of their business operation; and to do this, firms require an in-depth understanding of their business – what they do well, areas they fall short, where incremental efficiencies can be gained, where new ways of working can be developed, and so on. ERP-style business management systems offer the capability to do all this while leveraging industry-recognised best practices; hence the growing interest in these platforms in the legal sector.

### Taking the long view

Today, as law firms consider ERP-style business management systems, they must take a long term view of the solution – a journey plan that is aligned with the strategic business objectives and focused on the key drivers of the business. When defining the system's requirements, it's best to steer clear of the traditional features- and functionality-only approach

– in favour of a focus on business process improvement. This is critical as it will allow firms to connect both the legal and business-related processes at key points, which will provide valuable insights to help drive business performance.

Based on many years of helping organisations implement enterprise application projects, in my view, any firm looking to adopt an ERP-based business management system should concentrate on three fundamental areas:

### Best practice

A business management system offers a significant set of capabilities based on widely recognised and adopted industry processes – all of which can be manipulated to enable an organisation to deliver against the changing requirements of its customers and the marketplace. The technology enables continuous business process improvement and fine-tuning; and at the same time facilitates the development of new and innovative ways of working, should the need arise.

However, to fully take advantage of the solution's capabilities, clearly determine what specific benefits you want to realise from the technology. The benefits will only be meaningful if they can be linked back to your firm's strategic goals and strategy, which could be anything from growing revenue, effectively servicing different

markets and geographies through to business efficiency, cost reduction and even automation.

### Matter matters

Given the competitive state of the legal market and the alternative fee arrangements that clients are increasingly demanding, a good area for firms to consider is matter management and matter budgeting.

A business management system facilitates the application of project management skills to legal work types to enable firms to ensure that they derive the best value from their pricing while delivering the best service to clients.

Using historical and current data residing in the business management system, for every work type, a firm will be able to estimate the cost of matter, the skills and resources required and the typical timescale within which the activity should be completed. Cumulatively, at a more strategic level, a firm will also have a single view of every client including number of matters open, billing, profitability of each matter, potential for cross-selling legal services and so on.

### Focus on business processes

Take a business process-led approach to deploying a business management project. Rather than simply replicating



## See RoI early

existing/requested functionality (systems are commonly described by their features and functions), assess the process behind it – what are the desired outcomes, how do you provide services to customers, how you can enhance it for efficiency or devise innovative ways of doing things – to drive improved customer satisfaction or better operational performance.

Look to your system provider, who will have a plethora of business process best practice guidance to offer. The solution vendor will also be able to provide insights from other industry verticals where specific process types have been successfully aligned and efficiencies gained through adopting best practice.

In fact, you may even find that many best practice processes are already pre-configured in the business management system, thereby significantly reducing the total cost of getting the project off the ground. While this can have a material impact on the total cost of ownership of the delivered solution, it does not prevent you from altering the processes in the future based on the changing requirements of the market, the customers or the users.

### Iterative approach

Secondly, understand what the system does and what business benefits it can offer to your firm in ‘time boxed’ increments. An ERP approach to business ensures that law firms have the right skills and capacity at the right time to deliver the right service to customers. Collecting key data during these service delivery projects and using the information to help drive operational efficiencies and effectiveness for future service delivery will drive improved business performance.

### Start in the right place

Identify a key project with clear deliverables and objectives that directly link back to the over-arching goals of your organisation; and use this project as a foundation upon which to build new capability. Pick and roll out the key business process areas, which then serve as the backbone upon which new business processes can be added, or new capabilities explored.

Be careful though. If, for example, you pick core financial business processes right at the start, you will be challenged to show the benefits of the new way of working to the wider user community and how it is helping your customers. This may lead to change management issues and it will be much more difficult to demonstrate the value of the project to the stakeholders of the business.

So pick business process areas that can deliver visible benefit to your customers or your primary service delivery user

community - these may include financial, human resource or projects capabilities. However, be mindful that it is the collaboration across these capabilities that will deliver the business processes that meet the needs of your customers and illustrate the real value of your business management system.

This kind of incremental, best practice-based delivery and roll-out of the business management system – that maps back to business objectives – will drive momentum for business change across the firm in tune with the current business requirements and continuous improvements will follow as part of your daily operations.

You will create a journey plan that helps the business embrace new opportunities by continuously expanding the capability of the business management system where incremental gains can be achieved. Furthermore, an iterative approach to delivering incremental business gains will ensure that the business management system implementation doesn’t become too complex to handle and that the business can see incremental return in investment early.

### User adoption

It is imperative that the organisation has completely bought into the project and understands the quantifiable benefits of adopting the system. The best way to do this is to take the users with you on the journey. As you change the status quo, give them enough to be excited about by demonstrating how the new way of working will benefit them and in turn help them achieve their individual goals, but stage manage the amount of change at each stage. A little and often approach to adopting the full capabilities of a business management system will help ensure user adoption.

### Question everything

Ensure that the firm is well-equipped with the necessary resources, skills and mind-set to drive the project. Furthermore, question everything! Use continuous improvement tools (such as Six Sigma) to query why the business does things in a certain way, how it impacts the firm’s users and clients and if there is a better, more efficient way, of executing the task – perhaps even automating it or

learning from best practices adopted by other industries. This is the best time to undertake such an exercise.

Investing significant time and effort building what you already have today in a newer technology will not always provide the value that is expected; it will not show the step change in how you operate or the business case realisation.

The key contention here in law firms is that those that know and can question existing processes - i.e. fee earners – are also those that are driving revenue and profit. When implementing continuous improvement programmes, it’s important that these resources are planned into the project and any impact on revenue managed so that fee earners have time to review and challenge the status quo and devise new ways of working. The payback – i.e. future benefits – should be clear at the outset and included in the business case for the programme.

Also, when setting objectives for your projects, don’t try and re-build existing processes in your new business management system. An ERP-style business management system offers a great opportunity to embrace cross-industry capabilities. So choose your solution based on ‘enterprise’, rather than purely ‘legal’, requirements.

### Take your time

Finally, don’t bite off more than you can chew at the start. From experience, a year to 18 months ‘time boxed’ approach is a

realistic timeframe for the first delivery iteration to be completed. Yet the journey plan in building capability and driving business performance will be ongoing, it will continually change. However, with a business management system in place, your ability to change to meet market pressures and drive improved performance will now be much easier. You will have the flexibility, the data and the technical capability to continuously review and modify the way you operate to maximise business performance in an ever-evolving market.

### About the author

Matthew Gegg is responsible for the Professional Services operation of LexisNexis’ Enterprise Solutions across all regions, barring the US market. He has a strong background in business-related legal software including case, practice, business intelligence, business process automation, CRM and ERP.

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