



C L I F F O R D
C H A N C E

Applying Continuous Improvement
to high-end legal services

Continuous Improvement is a structured and logical approach to analysing and improving how people work. It is not new: in fact, it can trace its history back over 100 years to the manufacturing innovations that heralded mass production, but adoption in the legal industry is still rare.

Clifford Chance is at the forefront of the deployment of Continuous Improvement techniques in the legal sector. This paper sets out our experiences over the past five years of applying this methodology within an elite law firm; the benefits experienced by our clients and by the firm; and our views on how Continuous Improvement will be used by lawyers in the future.

“ If you can't describe what you are doing as a process, you don't know what you are doing.”

W. Edwards Deming

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Applying Continuous Improvement to high-end legal services

Continuous Improvement is a combination of the well-established process improvement methodologies of 'lean' (which is about doing the right things) and 'six sigma' (which is about doing those things right).

Continuous Improvement is more than just process mapping; it is a collaborative approach where an expert in the tools and techniques of Continuous Improvement helps a group of people familiar with the relevant task to analyse what they are doing and to find ways of doing it better. Put simply, it involves applying scientific rigour to determine the best approach to carrying out a piece of work.

The starting point for any Continuous Improvement project is the 'voice of the client': establishing what the client wants, what they value and making sure that is precisely what is delivered every time.

Continuous Improvement in the legal sector

Despite the fact that process improvement principles are now used in many different walks of life, it is rare to hear lawyers discussing a 'value stream

map' or seeking out the input of a 'black belt', the experts in this craft.

However, the legal sector is now undergoing a number of important developments that are likely to change this.

The increased emphasis on value is most certainly a driver. Many organisations are seeking to control carefully their legal spend. They are looking to their law firms for discounts or other fee arrangements to help reduce costs. Efficiency improvements can often have the same effect.

Case study

Making document review flow

During the course of litigation, or in response to regulatory enquiries, our clients are required to collect large quantities of data that can amount to many hundreds of thousands of emails and documents. The documents must then be reviewed to identify those documents that are responsive to the particular litigation or regulatory request.

We worked with a team of partners, lawyers and case managers in London to analyse this process and found that, by making a few changes, we were able to improve its efficiency significantly.

For example, by instituting formal communication points within the process, we were able to increase the flow of documents through the review team – which comprised both paralegals and junior lawyers – by giving them more efficient access to the experienced lawyers working on the matter. Queries from the review team were dealt with on a daily basis, therefore reducing the number of documents tagged incorrectly. Feedback is immediate, giving the reviewers a clearer understanding of the documents and related issues. The introduction of a statistical 'sample size calculator' also enabled the team to decide, on a mathematical basis, the optimum number of documents to be checked for quality assurance purposes.

Using these techniques on suitable document reviews can potentially lead to significant time savings on the previous process overall by decreasing the number of documents that are tagged incorrectly and reducing the amount of senior lawyer time spent reviewing irrelevant documents.

We have also introduced a standard template briefing document and review protocol. This has ensured that teams are better prepared before the review and the lawyers are engaged from the outset with the review team and the issues.

Case study

Making bound volumes easier, cheaper and faster

Making a bound volume, the indexed compilation of transaction documents prepared for reference at the end of a matter, used to be a time-consuming and paper-heavy process that caused a lot of frustration. Given that over 1,500 bound volumes are produced each year in Clifford Chance's London office alone, this was fertile territory for one of the firm's first Continuous Improvement projects.

A team of people involved in the process – from partner to print room – was brought together to identify inefficiencies and areas for improvement. The original process tended to be initiated late in the timetable of the transaction and involved a great deal of duplication and unnecessary printing. The revised process now begins at a much earlier stage and draws more heavily on technology to avoid wasted effort and paper.

The new process has reduced the cost of producing a bound volume by approximately 60% and has reduced the time taken to dispatch a bound volume following the end of a transaction by up to 80%.

Equally important to clients is finding a better, more sustainable way of doing things. Simpler, more manageable, transparent, predictable and, indeed, faster delivery of projects and transactions brings huge benefits to in-house legal teams pressurised by their own constrained resource and ever-broadening responsibilities.

Another critical shift is that legal advice is now seen as a more integral element of the commercial picture. The scope of the legal advice required is adjusted to match the risk of the matter, meaning that it is no longer a fixed or absolute concept; the legal dimension has become another consideration in the matrix that will decide whether a transaction, or particular course of action, is attractive or feasible. As a result, lawyers have become part of the process and legal fees part of the financial model – creating greater expectations of flexibility on behalf of external advisors to ensure their input and effort are commensurate with the client's need.

As a result of these factors it is becoming increasingly important for external lawyers

to have both an in-depth understanding of their clients' business as well as a good grasp of their processes. It is only in this way that the client and its legal advisers will be able to work effectively as an integrated team. While excellence of legal advice remains critical, *how* a firm works can, in fact, be a significant differentiator.

Understanding law as a process

Almost any task that has a beginning, a middle and an end can be construed as a process, including the practice of law.

However, the threshold challenge for applying Continuous Improvement in this industry is that lawyers historically have not been trained to look at the work they do as a process.

This can be traced back to law's heritage as a professional apprenticeship. Trainee lawyers learn by observing how more senior lawyers operate; the focus is on the acquisition of knowledge and expertise, rather than understanding the 'how' or 'why' of service delivery.

The result is not a lack of process, but fewer fully standardised processes.

When applying Continuous Improvement in the legal sector, then, the first step must involve bringing everyone together to map out an agreed and standard process for delivering the given task, creating a foundation for improvement. This often challenges those involved to think about what they do on a daily basis, and have often done over many years, in a completely new way.

The output of this highly interactive session is a process map which acts both as a visual instruction manual and a framework for organising knowledge resources related to the relevant task.

We have observed that a valuable additional benefit is that the process mapping sessions often become teaching sessions, as more senior lawyers share their deal experience and wisdom with their junior colleagues.

Starting with recognisable processes

Some processes are easily identified and understood; some are repeated many hundreds of times.

Even in a firm such as Clifford Chance, which focuses on complex legal services, frequently tailored to individual clients, processes of this sort exist. An example is our Bound Volumes project (see case study), which is where we started our Continuous Improvement programme.

In these cases, it is possible to collect robust data and then to draw on the entire process improvement toolkit, using the detail of concepts such as 'flow' and 'pull' to identify bottlenecks and smooth the way in



which work moves between the different individuals involved.

These types of projects are also often relatively easy to measure, with clearly demonstrable benefits.

Identifying broader opportunities for improvement

The challenge in a less commoditised service environment, such as at Clifford Chance, is that legal processes are rarely repetitive or consistent. For example, there is no such thing as an ‘average’ M&A transaction – the amount of time taken, or the cost, can vary considerably from one matter to the next depending on a vast range of factors.

What is more, although law firms collect a lot of information – including extensive time recording for each matter – the data points are often insufficiently granular to support detailed analysis of transactions.

Although data analysis can identify areas for improvement, we find that the

majority of projects surface through one of three routes:

- Senior lawyers with extensive experience and a strong grasp of the firm’s operational dynamics highlight areas for improvement, sometimes based on client feedback
- Market expectations undergo a significant shift, causing the client and its advisers to revisit how quickly, or at what cost, a transaction can be completed

- Individual lawyers – sometimes at a more junior level but who are very close to a particular type of process – experience a level of frustration that causes them to seek help in creating a change.

In all cases, there needs to be agreement that there is a ‘problem’ and support for effecting change. This is particularly important in the matrixed law firm partnership structure that makes it hard to identify centrally those processes in need of improvement.

Making change happen

All our projects follow the standard Continuous Improvement methodology: define, measure, analyse, improve and control.

The first stage involves scoping a possible project to verify that there is an opportunity for improvement. This includes securing buy-in from all the stakeholders involved: projects have little chance of success unless everyone agrees to participate and is willing to find a solution.

We then ‘baseline’ the current performance of the process. If the project is about cost, this will involve

Case study

Changing the way the client operates

It is easy for private practice lawyers to believe that inefficiencies are inherent to a transaction, because the process is believed to reflect client needs. This was the case when we started a project reviewing a particular type of asset disposal we work on regularly for one of our clients.

During the analysis, we identified a number of opportunities for improvement, including some changes that the client needed to make. We took our analysis and recommendations to the client and they were amenable to the proposed changes, including a suggestion that a different team at their end should be involved in some aspects of the transaction.

Having implemented changes on both sides, these asset disposals are much smoother – and cheaper – for everyone involved.

understanding how much these matters typically cost whereas, if the project is about speed, it will involve measuring how long these engagements last.

Given the relative lack of comparable 'hard data' about different matters, the project team needs to be quite flexible and creative in finding the right inputs for this measurement, and in the approach it takes to the subsequent analysis. While this may mean that the project is often tackled at a relatively high level, we have generally found that this is where the greatest inefficiencies exist.

We then convene all the relevant parties to analyse the process in depth, and to identify the 'root causes' of the problem. This involves bringing together a group of individuals from different offices, practice groups and levels of seniority – from the lead partner to the most junior trainee.

This requires a significant investment – both from the firm and from the individuals involved – as the analysis workshops usually run over a few days. These sessions are facilitated by Continuous Improvement experts (at Clifford Chance we employ a team of four full-time specialists supported by a number of part-time specialists that we have trained internally) and conclude with a list of improvements and an agreed set of actions required to support those improvements.

The final stage of the project involves making sure that the improvements are sustained, and sharing them with other teams that might benefit.

This has proved the most challenging aspect of our Continuous Improvement implementation as the organisation of the firm around clients and matters does not easily fit with the concept of having a

'process owner' that is responsible for the ongoing implementation and monitoring of the improvements. Although there is still room for improvement, our greatest successes in this area have involved allocating responsibility for owning best practice methodologies to one or more senior associates.

Working with clients

As the most effective Continuous Improvement projects are the result of collaboration across all of the actors in a process, working directly with clients is an obvious step. This ensures that the clients' needs are reflected in the new process.

At Clifford Chance, we actively seek client participation when examining the end-to-end process on regular legal mandates. It is these joint projects that have identified the greatest improvements to the value chain.

Many of our client organisations have their own Continuous Improvement teams, with whom we are happy to engage. However, the in-house legal function has not always been a priority for this type of work. Moreover, because in-house lawyers, as much as their private practice counterparts, may not always recognise the possibilities for process improvement, the opportunities and benefits need to be set out in a way that is meaningful to their particular operating context.

While we often ask clients to provide their perspective on processes we revise, we are increasingly seeing an appetite for a more holistic approach where the client's involvement is fully integrated into the Continuous Improvement project, where a group of our lawyers and several representatives of the client come together to map out the process and look for the potential efficiencies.

Case study

Working with a client to speed up regular transactions

Through our discussions with a key banking client, we became aware that a regular transaction we perform for them was taking longer than was ideal.

We agreed with the client that improvements could be made and kicked off a joint Continuous Improvement project. An intensive two day workshop, attended by Clifford Chance partners and associates and three representatives from the client, analysed every step in the existing process, with the help of two of our Continuous Improvement specialists. The workshop identified the causes of delays and agreed changes to be made on both sides.

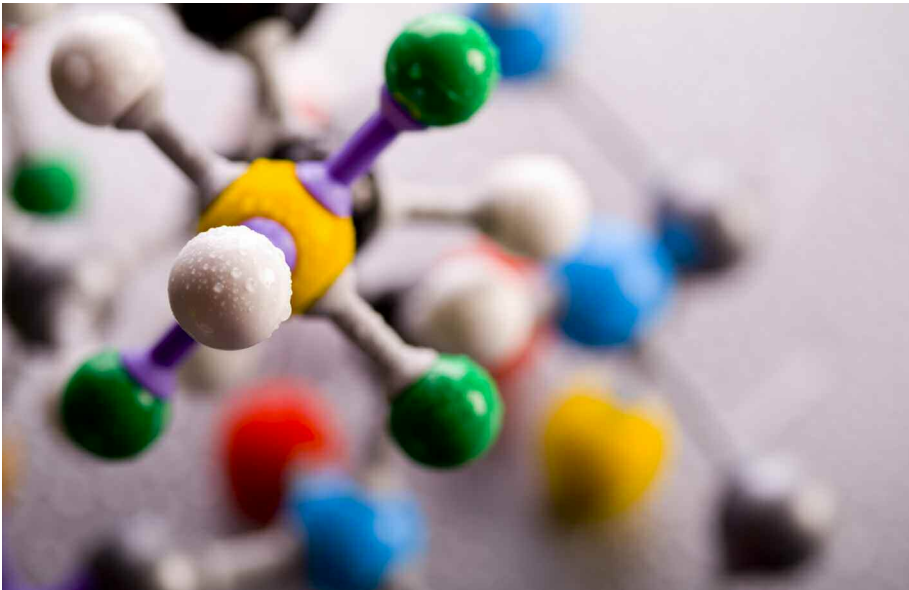
Since implementing the changes, many of these transactions are completing up to 40% faster than before. Moreover, our two teams now understand each other better and are working together in a more joined up way.

The outcomes from this collaborative approach are generally significant, benefiting all parties and helping to forge a stronger client/adviser relationship.

Evaluating results

The benefit secured from each Continuous Improvement project will depend on its specific focus.

Some projects are concentrated around financial metrics, considering how improved efficiency and better management of a process can reduce the amount charged to a client, or minimise write-offs on a particular type of transaction. These projects often lead to an improvement of 15% or more, sometimes significantly more.



Other projects primarily focus on speed. Improving the speed of a process – sometimes by up to 50% – can bring valuable advantages to all parties involved, not just reducing cost and delay but improving service, sometimes to the benefit of our client's own customers.

An additional advantage of Continuous Improvement projects is often something more difficult to evaluate but valuable nonetheless: a certain 'smoothness' in the process, with more clarity and certainty about roles and responsibilities, minimal duplication of effort and, overall, creating a more coherent and manageable experience.

Over the past five years, we have proved that this approach works across a wide spectrum of deal types including high value and more customised transactions, such as M&A, real estate acquisitions and disposals, large-scale asset finance and cross-border loans and restructurings. We have also seen that many teams have been able to apply the improvements, and benefits, from one project to other similar types of work.

While the variety of outcomes can make the overall financial business case for Continuous Improvement hard to track, it is very apparent that these projects bring real benefits to clients, and therefore also to our own business.

Building an efficiency culture

The more widely deployed Continuous Improvement techniques are, the greater the number, size and value of benefits that can be secured.

As a result, embedding this way of thinking into organisational culture will unlock the greatest opportunities. To do this effectively, training is required across a broad range of relevant individuals working on key processes – it cannot be allowed to exist in a silo. In a law firm, this means it is critical to bring all of our lawyers on board.

While about 450 of our associates and partners have already been involved in Continuous Improvement projects, we are now rolling out an ambitious training programme that will help all our lawyers to apply the techniques to their work.

The programme teaches participants how to apply simple Continuous Improvement tools to diagnose the inefficiencies they routinely face and to make plans – as individuals, as matter teams and as practice groups – to start tackling them from the very next day. The course is broadly equivalent to a 'yellow belt' in Continuous Improvement in other industries.

During the course, the lawyers apply what they have learnt to a case study that is directly relevant to their work, meaning participants immediately understand the relevance of the tools. We often find that teams start developing more efficient ways of working before the course even ends.

By the end of April 2014, we plan for about 20% of our lawyers to have been trained, with the ambition that all of our lawyers will be trained over the coming years.

Similar training programmes, including 'yellow belt' and 'green belt' courses in Continuous Improvement, are also run for members of our Business Services teams.

There are a number of signs that our pioneering investment is helping us to build an 'efficiency culture':

- Individual lawyers subscribe to the overall philosophy ('I should be more efficient')
- Lawyers apply the techniques of Continuous Improvement to their day-to-day tasks
- Teams collaborate to ensure individual client matters are managed efficiently
- Groups come together to address process improvements around types of matters, seeking immediate and sustainable improvements across a whole category of work

- People suggest more large-scale project ideas that are facilitated by the central Continuous Improvement team.

Embedding this type of culture results in improvements in procedures, templates and client planning, with the outcome that lawyers focus on consistent and outstanding client service, as well as the best legal advice.

The future

Based on our positive experiences to date, we expect the journey towards increased efficiency, supported by Continuous Improvement methodologies, to continue to gather pace.

Continuous Improvement will, at some point, change from being something that we do 'to' the way we work and will simply become the way we work. This will involve an even greater focus on

understanding the client's particular requirements for each piece of work. We expect to see our legal teams increasingly incorporated into the client's team, not as a supplier or external adviser, but as an integral element of the transaction.

This type of thinking will bring our lawyers closer to their clients and their way of thinking. Our best lawyers already have strong commercial sense – a focus on efficiency reinforces that understanding, and helps them to develop greater business awareness across their entire teams and from earlier on in a lawyer's career.

Even at the high end, where legal work is characterised by complexity, it will become more project managed and process-driven with procedures in place to measure and control the performance

of each step in the process. As a result of this increased transparency of process, we are likely to see greater involvement of a range of talent from within the law firm with professionals, other than lawyers, bringing their particular area of expertise and Continuous Improvement skills to bear in the effective delivery of legal services.

A deeper understanding of the legal process, and greater transparency about the steps involved, may also be a driver for a fundamental shift in the way in which law firms and their clients value and price legal services.

Continuous Improvement may have been a long time coming to legal services but we fully believe it will become integral to how many private practice and in-house teams work over the next few years.

About Clifford Chance

Clifford Chance is one of the world's pre-eminent law firms with significant depth and range of resources across five continents. As a single, fully integrated, global partnership, we pride ourselves on our approachable, collegiate and team based way of working. We always strive to exceed the expectations of our clients, which include corporates from all the commercial and industrial sectors, governments, regulators, trade bodies and not for profit organisations. We provide them with the highest quality advice and legal insight, which combines

the firm's global standards with in-depth local expertise.

Different ways of working at Clifford Chance

Clifford Chance has a well-established track record of introducing new ways of working to keep the firm at the leading edge of the high-end legal sector. The firm was one of the first in its industry to offshore business support functions, setting up a service centre in India in 2007. This centre now employs 18% of

the firm's non-secretarial business services staff, covering areas such as research, administration, HR and finance.

The firm also has a dedicated group of 60 consultants at its Knowledge Centre for Transaction and Case Support in India which provides support to our legal teams globally on a wide range of matters. The Knowledge Centre enables us to ensure that routine tasks are managed to Clifford Chance's high standards, but efficiently and at minimal cost.

Author



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Oliver runs our Continuous Improvement programme and has responsibility for developing and implementing strategic change initiatives at Clifford Chance, to increase value to the firm's clients and to make the firm's internal processes and systems more efficient.

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