



**Armstrong Watson<sup>®</sup>**  
Accountants & Financial Advisers  
A track record of providing solutions to the legal profession

# Legal Sector Breakfast Briefing

Tuesday 11 February 2014

Lean for law firms





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Welcome

**Andy Poole**  
Legal Sector Director  
Armstrong Watson






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# Legal Sector Breakfast Briefing

Tuesday 11 February 2014

8.30am	- Arrival and breakfast
9.00am	- Welcome
9.05am	- Briefing - Lean for law firms
10.00am	- Q & A
10.30am	- Close

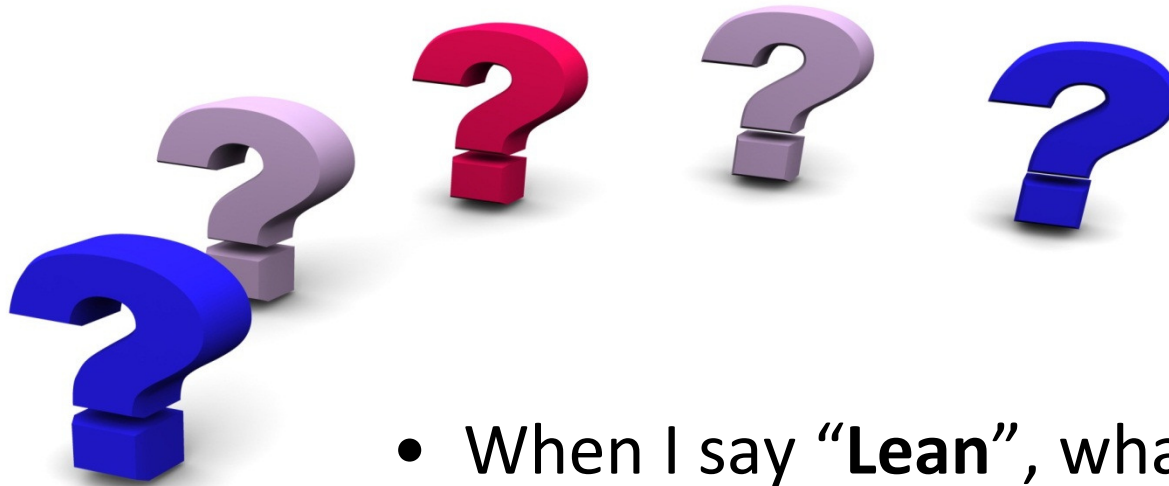




*“There is definitely an art to what we do... It is a humbling thing to say that you can break down what I do into processes and steps and you can maybe move some of that away from me, because I need to stay busy myself”*

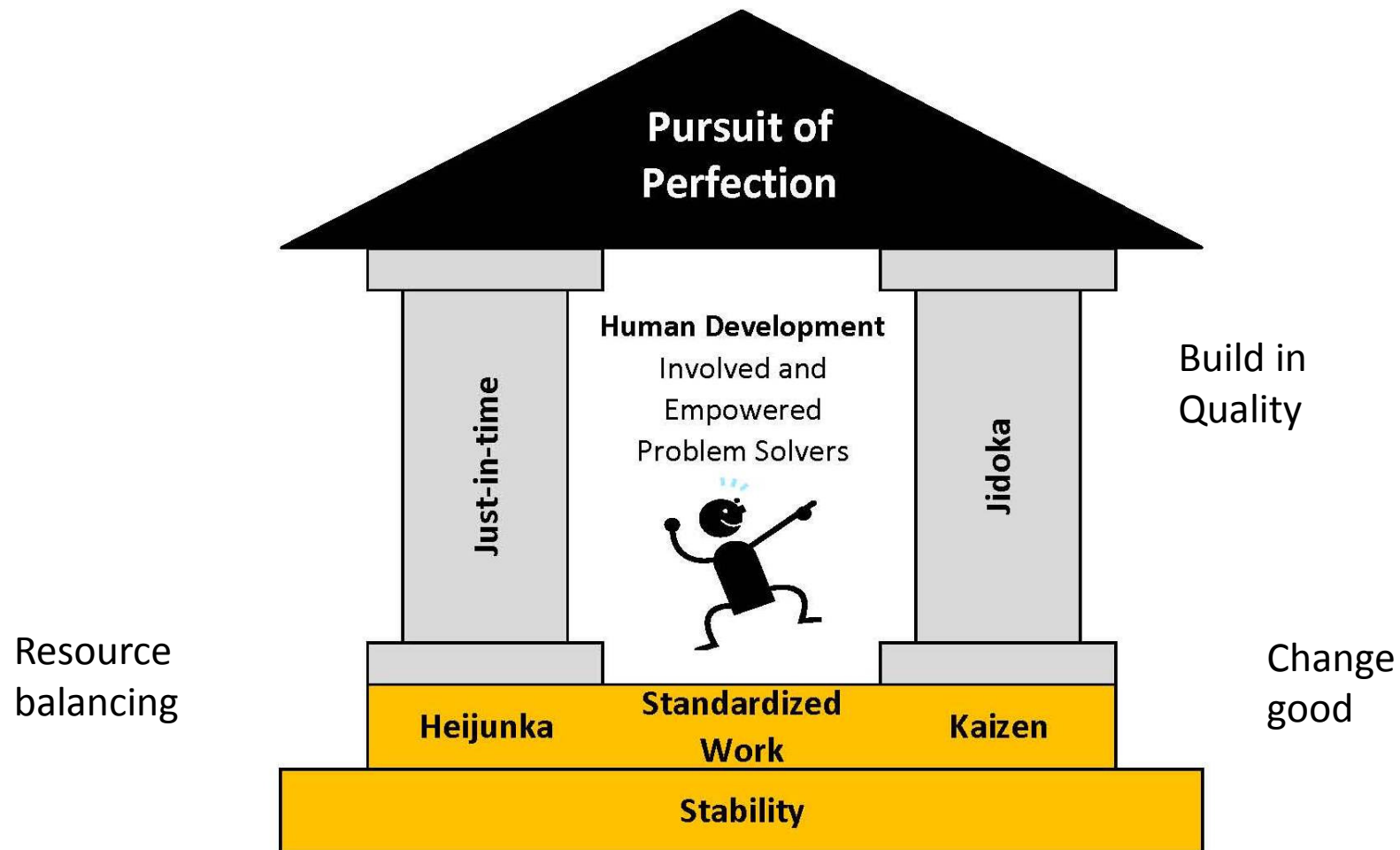
**- Paul Mattingley Managing Partner (Atlanta)**

# Why are you here?



- When I say “**Lean**”, what do you think of?
- Write the words that come to you on post it notes.

# Lean is....

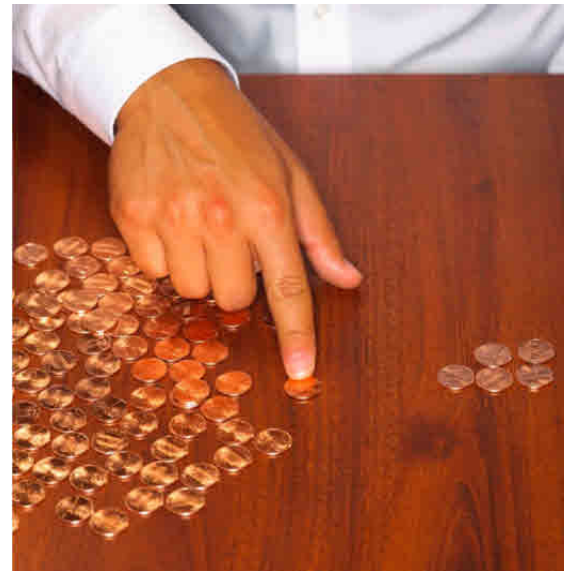


# Lessons from history

- We make as many cars now as we did in the 1970s. Limited imports/export.
- The car industry employs half as many people as it did back then.
- There is a successful and expanding British motor industry.
- Car Production now exists in Derbyshire, Tyneside, Swindon.
- There is no longer a large scale British owned car marque.
- Lessons - same “products”, different companies, different areas. Employees can adopt new “leaner” customer focussed methods – can management?

# “All Change Simulation”

- 10\* 1p, 1 watch, 3 people as a min
- 2 things to measure
  - 1<sup>st</sup> Coin through
  - All Coins through





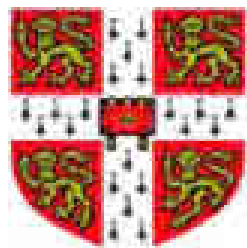


- Minimum 5\* faster



**Capacity is at least twice that of before**

- Cambridge University Press
  - Training material for global “Business Advantage” book+ DVD. HSBC, Dell, BBC, Aviva



**CAMBRIDGE**  
**UNIVERSITY PRESS**

# Real Life Examples

- Target <5 days ✓
- Measured <5 days ✓
- Reality 39 days ✗
- 34 Days waiting



# Lean for Legal Staff – the 7 Hidden Wastes

Read the next few pages.

If you find the examples of Waste familiar – you will benefit from applying Lean in your Legal department.

Use these as questions to get others on board.



# *The 7 Wastes*

## Waiting

Waiting for clients & other parties to send information in, reply to phone calls, e-mails etc.

Waiting for internal information requests to be processed.

Waiting for Royal Mail post to arrive & be read in the department each day.

Waiting for work to be checked by other “interested” parties – senior partners (Quality Checks).

Waiting for bills and invoices to be issued.

Waiting for KYC checks to be completed



# *The 7 Wastes*

## Defects and Rejects

Incorrect or missing information from clients or other parties – meaning you have to go out for information for again.

Calculation errors on billing and invoices.

Paperwork Filing errors.

Incorrect application of up to date legal knowledge.

Delays in process due to rejects produced.

Time allocated to matters incorrectly recorded.



**LATEST**  
LOFTUS ROAD

**PREMIER LEAGUE**

**QPR** 1  
ZAMORA 16  
CISSE

**WOLVES** 1  
JARVIS 46

skysports.com/skygo

**SOCCER SATURDAY**  
4:10 PM FEB 4

**LEAGUE TWO**

ALDER P P BRIS R  
BRADF P P CRAWL  
CRAWL P P REC W

**PREMIER LEAGUE**

STOKE 0  
HUTH

S'LAND 0

EST BROM 0 - 0 SWANSEA WIGAN 0 - 0 EVERTON CHAMPIONSHIP: BRIGHTON 0 - 0

HT IP LINFIELD 2 CRUSADERS 0  
HT IP LISBURN DISTILLERY 0 PORTADOWN 1  
GOAL E STIRLING 2 STRANRAER 1 LEWIS HORNER (46)  
GOAL QPR 1 WOLVES 1 MATTHEW JARVIS (46)

19 scores, 37 teams, 1 person talking



# Focus reduces chaos

1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17

Round 1: write F,1,O,2,C,3,4,U,5...etc alternating between letters and numbers - Multitasking  
Time =

Round 2: write the sentence followed by the list of numbers. Focus on one task.  
Time=

Result:

# Two Examples

- Conveyancing
- Medical Claims
  
- Waiting for everything before consideration, report generation - WAITING
- Errors, information missing – QUALITY
- External suppliers & clients – knowledge required
  
- Who is using it? Firms & GC

# Why is Lean Management important?

- **WIP**

- **SIMPLE 3** little letters **WIP** or **Work In Progress**; **WIP** requires cash.
- Client Engages, file opened, employees decide what is required to provide the output.
  - decide on what information, knowledge, reports are required from which parties.
- Employees convert the information, reports , knowledge into outputs.
- Employees, software, electricity, stationery, insurance, taxes – often paid before the client pays !!
- Cash Flow – balancing incoming cash with outgoings
- Rising WIP/Lead Time v Reducing WIP/Lead Time – the implications

# What do you do with improved times?

- Share file reviews/reports
- Take on more work – no additional costs
- Training – in role, cross development, or project and improvement management
- Innovate
- Listen, Watch, Talk to customers (& their customers)
- Natural attrition
- Provide more opportunity for mentoring
  
- **WATCH OUT – who are you hurting? The legal sector is unique, at the moment.**

# Respect for People - Leadership

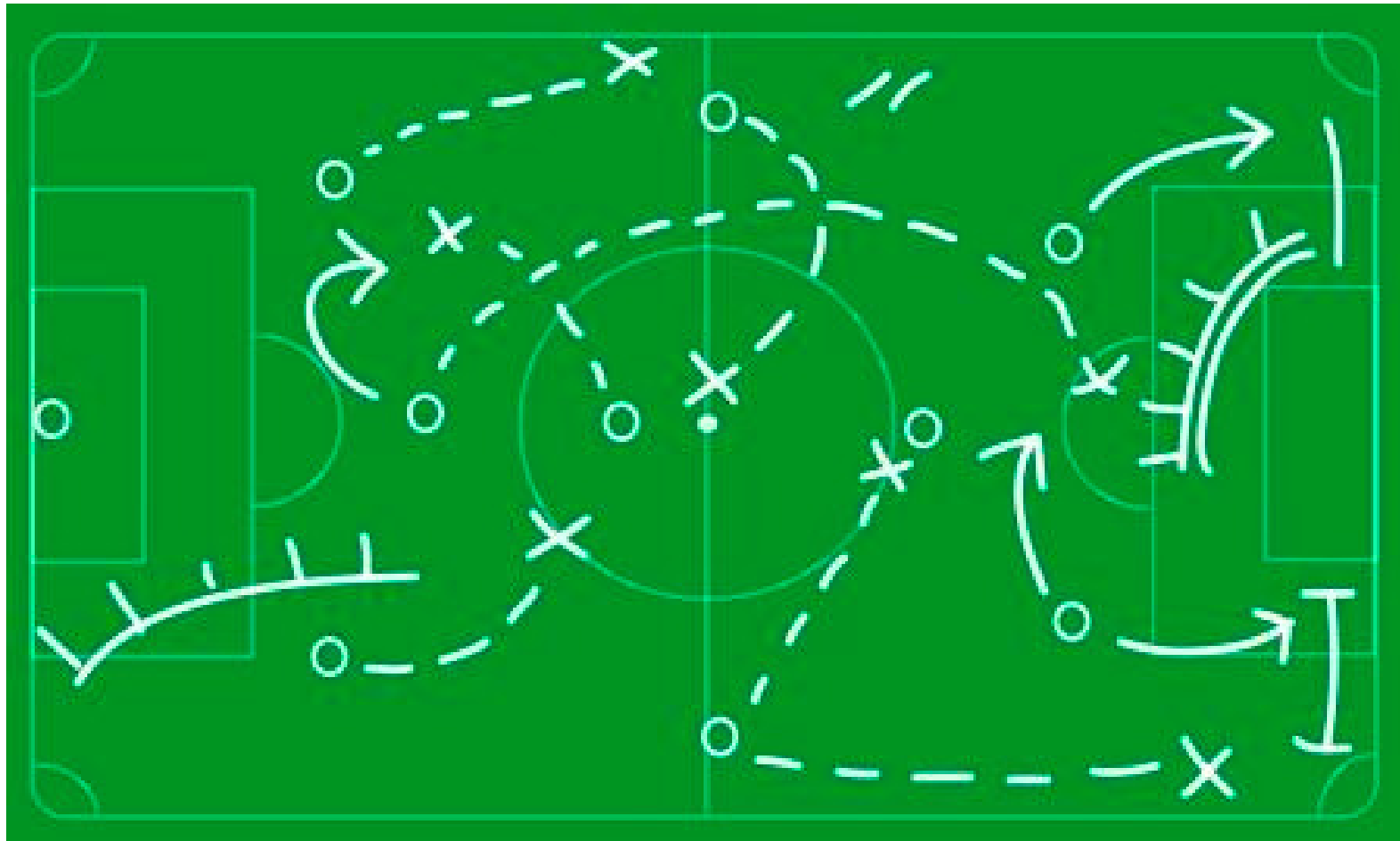
- ▶ Lean leadership is about
  - enabling and empowering people - autonomy
  - helping people grow, allowing them to take pride in their work – becoming masters
  - helping employees to see how the business can adopt and adapt continuous improvement techniques.
  
- ▶ Lean leaders
  - recognise how a business/market (customer) operates.
  - **set targets for people, then spend time coaching staff to meet these.**
  - **spend time to see what is actually happening;**
  - spend time understanding how to complete process improvement with their staff.



# Time out for Management

- Change does not happen without management and repetition
  - Some existing staff will try and retain all work
  - Training is not just technical (microsoft, legal software) but process.
- “Tell me I’ll forget, Show me, I may remember, involve me I’ll understand.”
  - Management by observation, show me; allows for process improvement and challenge.
- Daily Management allows for no surprises & corrective action
- Management should include reviewing activity levels, success levels, write-off rates, cost levels, insight sharing.

Tactics – how will we achieve our goal this week?





# Resource Balancing (Respect for People)

- ▶ In other sectors high proportion of Lean work is resource balancing – daily activity.
- ▶ Gives responsibility to employees, information to management – *long, very responsive lead, aids delegation*
- ▶ “I’m here right now, I’ll be here at the end of the week, I need Assistance with xxx”
- ▶ Right People doing the Right Thing at the Right Time
- ▶ SINGLE BIGGEST CHALLENGE FOR LAW FIRMS!!

# Daily Management activities

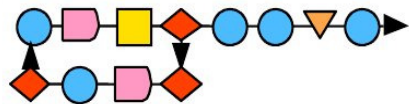
- ▶ Daily & Visual management
- ▶ *What are you going to achieve today?*
- ▶ *What can I do to help you?*
  - Deploying more resources
  - Coaching, training
  - Analysing data - statistical norms, out of the ordinary
- ▶ Daily feedback from staff, shows respect and feeds continuous improvement programmes.
- ▶ Visual management allows for performance feedback – hourly, working period (shift), week to date etc

# VALUE STREAM MAP

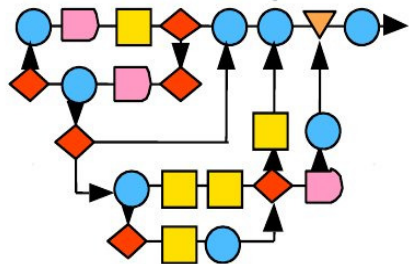
**HOW TO BUILD ONE**

**GEMBA, SIPOC, VSM**

# Process Maps – 3 Types



What **YOU** think it is – the individual



What it **REALLY** is

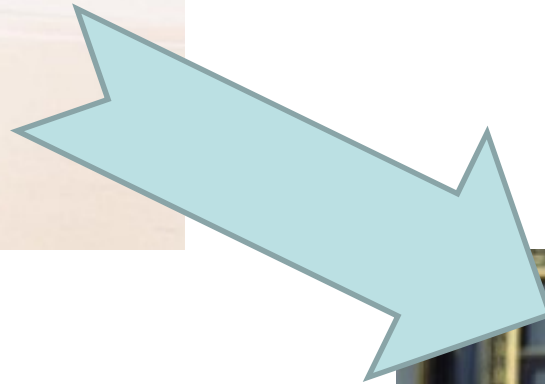


What it **COULD** be

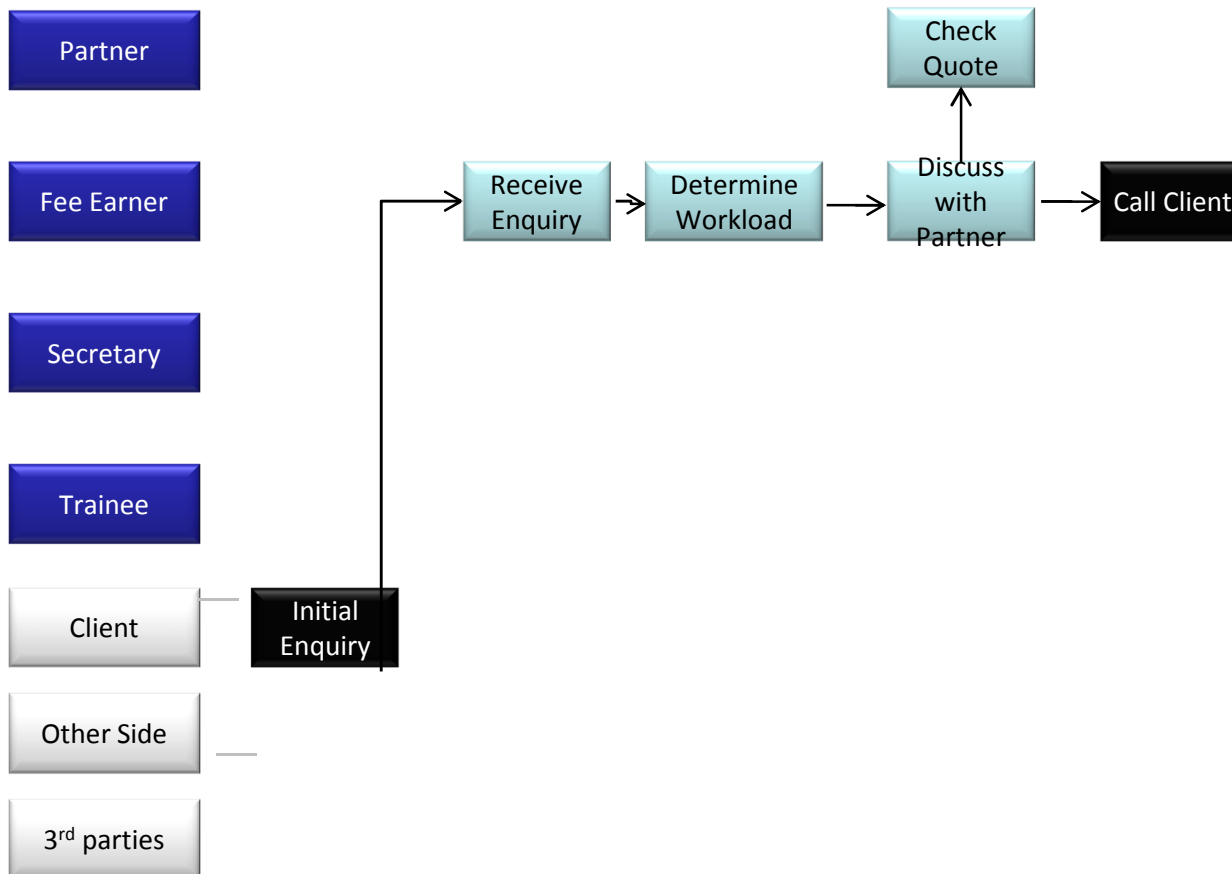
# Process Maps – One Direction



Talking  
Listening  
Drawing, visualisation

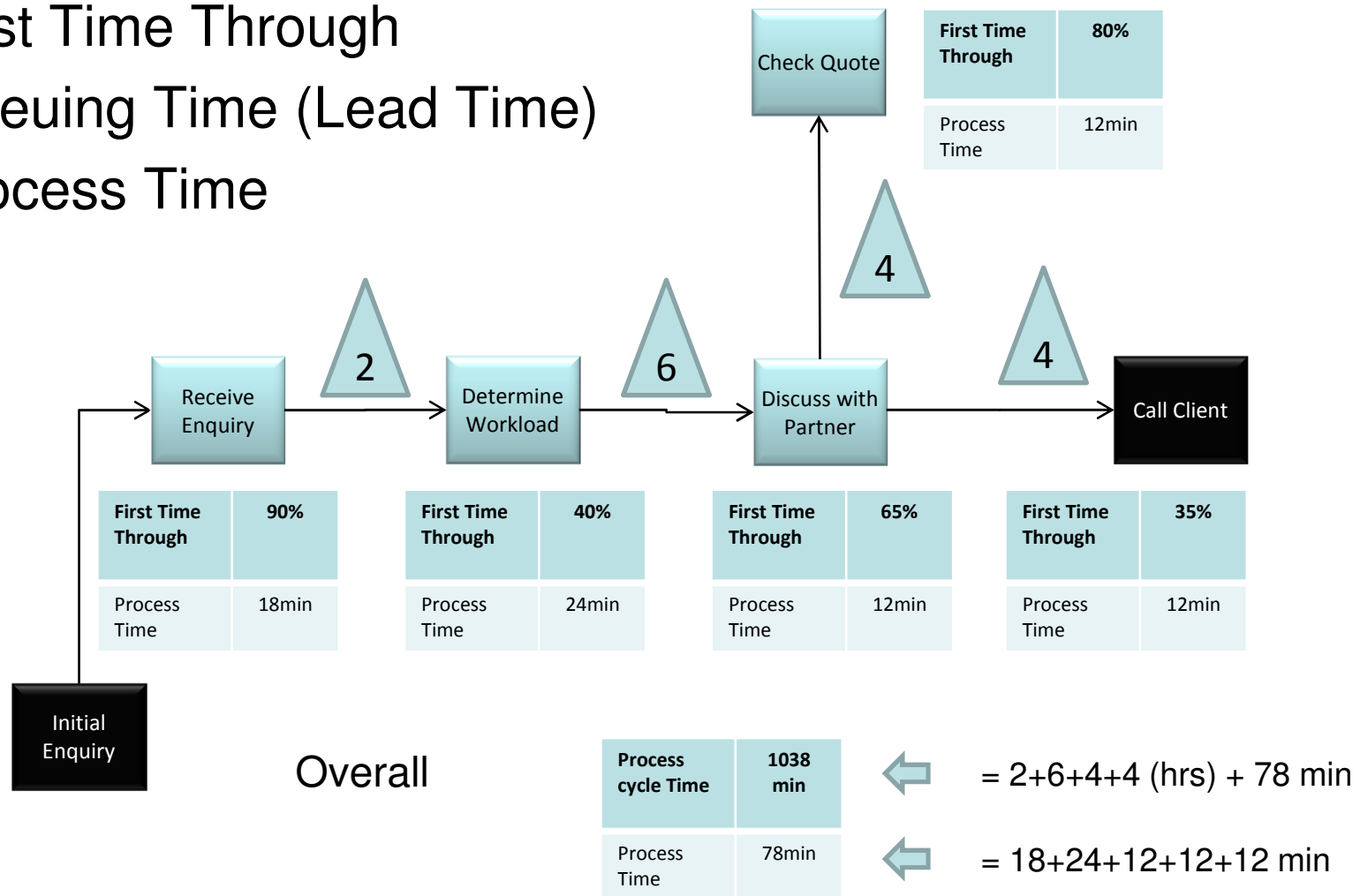


# High Level Process – 1.0 Quote



# Value Stream Mapping – First Stage Quote

- ▶ First Time Through
- ▶ Queuing Time (Lead Time)
- ▶ Process Time



# Summary

- Lean affects Speed and Capacity – though not in the same way.
- Focuses on wasted time & activity, as well as Quality.
- Recognises the individual and requires management development
- Places value on daily management (not monthly, weekly)
- Lean creates a single view of working practices, client views
- Requires knowledge of client & supplier inputs



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Conclusion

David Hannon

Head of Business & Private Banking

Clydesdale Bank

