

Legal Sector Breakfast Briefing

Tuesday 24 November 2015

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The Law Society



Legal Sector Breakfast Briefing

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Welcome

Brian Lake

Head of Centre, Business and Private
Bank North East



Yorkshire Bank

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Legal Sector Breakfast Briefing

Mark Ranson

Partner, Armstrong Watson

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Legal Sector Breakfast Briefing

Tuesday 24 November 2015

- | | |
|---------|---------------------------------|
| 8.00am | - Arrival and breakfast |
| 8.30am | - Welcome |
| 8.35am | - Briefing – Lean for Law Firms |
| 9.30am | - Q & A |
| 10.00am | - Close |

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November 2015

LEAN FOR LAW FIRMS

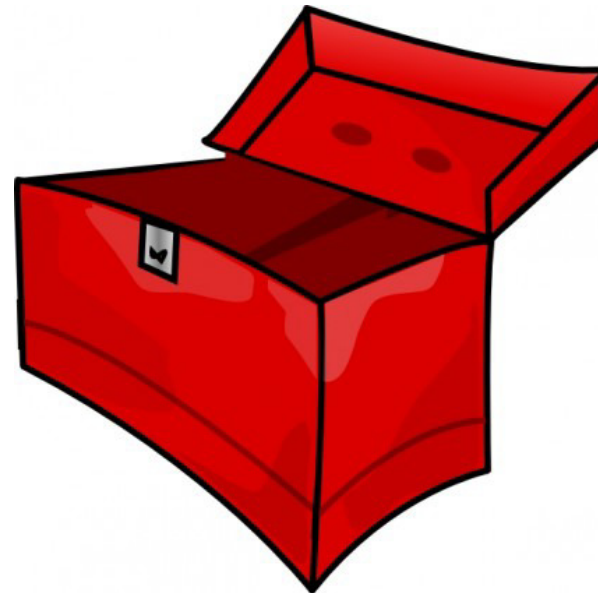
LEVANTAR

SMARTER BUSINESS THROUGH PROCESS IMPROVEMENT

Agenda

- Lean Physical Exercise
- “All Change”
- The 7 Daily Frustrations (Wastes)
 - Examples of Frustration
- Value Stream Mapping
 - Process Mapping Improved
- Quick Wins/How to Start

Lean Toolkit

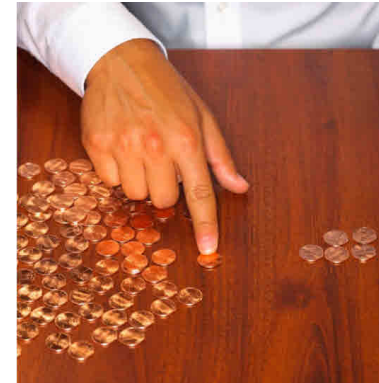




Lean Exercise

“All Change” – Hunt for 1 Frustration

- 10* 1p, 3 people as a minimum
- 2 things to measure
 - 1st Coin through
 - Last Coin through
- Cambridge University Press
 - Training material for global “Business Advantage” book+ DVD.
HSBC, Dell, BBC, Aviva



CAMBRIDGE
UNIVERSITY PRESS

Results

	1st run	Est..	2nd Run + Improvement
1st Coin through			
Last Coin Through			

Results are the time in seconds it took to “process” the coins.

What Improvements?

HOW CAN WE IMPROVE?

- MOVE CLOSER together
- Put the COINS on a SHEET OF PAPER – MOVE THAT
- STACK THE COINS
- BUY COIN TURNING MACHINES
- **ACHIEVE FLOW**
- ASK THE CUSTOMER – 2p, 5p, 10p
- REMOVE the PEOPLE BETWEEN the TWO ENDS
- TRAINING
- WORK HARDER/FASTER

FLOW is BETTER BECAUSE.....

Speed & Capacity



Minimum 5* faster



Capacity is at least twice that of before



7 Hidden Frustrations - Booklet

- ▶ hidden frustrations - create wasted time and effort; wastes that **can't be seen** without searching them out.
- ▶ wasted paper, wasted materials and scrap **V** wasted time, effort, thinking, physical activity?
- ▶ Lean people will try classify frustration “waste” in one of 7 groups.



Lean for Legal Staff – the 7 Hidden Frustrations (Wastes)

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 thinking.



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.



The 7 Wastes

Inventory

The most obvious sign of inventory waste is high levels of Lock-up (WIP).

Cases opened and worked upon but no final dates set for completion or billing.

Cases opened but now inactive.

High levels of consumables and paper kept – *just in case*.

Large amounts of work in progress in cupboards, offices, on desks, on the floor – often not tidy though.



The 7 Wastes

Overproduction

Often described as; completing activities before they are required.

Individual Targets v Teamwork – drives staff to work on their own target as opposed to the business target.

Targets – have I already hit? Will I fail miserably?

e.g. a team member working on a Buyers report for an exchange 3 weeks in advance of due date. On the same date another in the department is battling through 4 reports to be finished that day.



The 7 Wastes

Over (Extra) Processing

Work carried out by over qualified staff.
e.g. senior Partner when Paralegal could be sufficient. **

Too many Checklists or Quality Checks – automated software.

Re-writing the same letter, document to clients – not using precedents correctly.

Stop & Re-starting work due to interruptions – phone calls, emails, other staff.

Cut & Paste or re-entering of data already in the company.

** Same can apply with clients where senior managers are relied upon for information that others could supply quicker.



Just in:
not calling time on work
quickly

Manual recording of
data

The 7 Wastes

Over (Extra) Processing

Too many people involved directly with the Client or file.

Excessive time spent on legal activities.

Confirming the same details by phone, email and letter.

Too many meetings, conversations etc to define the outputs and process ; often after the price and inputs have been agreed.

Having to re-contact clients, other parties to put make good errors or omissions.



Just in:
Lack of Microsoft or technical skills e.g. convert pdf to Microsoft, compare tables of information.

The 7 Wastes

Motion

Searching for information in paper files.

Searching for information in computer files.
(stop/start)

Searching through piles of files, held too far away from desks or in unorganised shelving.

Sharing centralised resources.

Visiting other areas for paperwork, quality checks, photo copying etc.



The 7 Wastes

Transportation

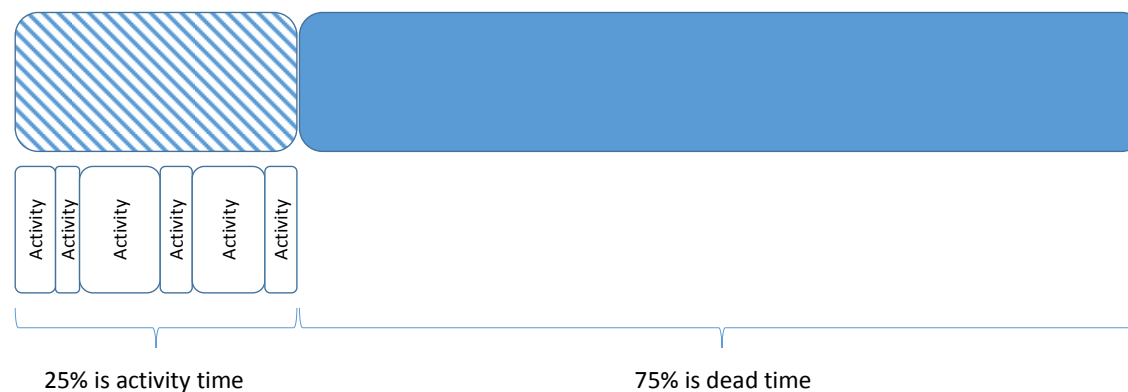
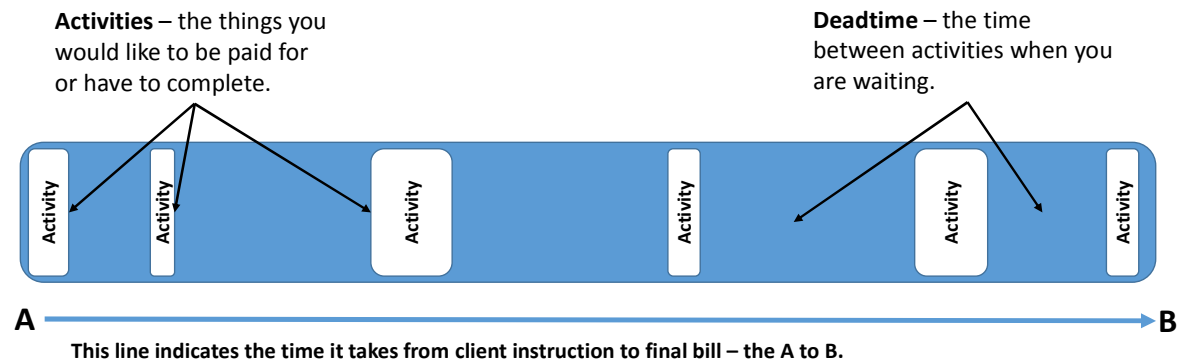
Unnecessary moving or handling of files.

Travelling to/from client sites for meetings.

Lack of use of appropriate electronic files and sign off e.g. emailing correspondence v Royal Mail.



The Cycle of Legal Work – many files, little activity



Frustrations (Wastes in Activities)

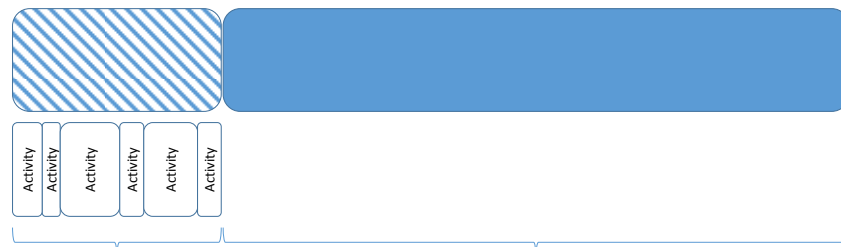
Each activity will often include MORE than 1 Frustration



Set-up: getting the file from the cabinet or opening it on the system.

Familiarisation: re-reading the salient information or documents.

Re-work: this could be discovering what you have is incorrect or incomplete **OR** it could be that the activity you are going to complete you have to re-visit several times to get right. This could be on your own or by asking for advice from others or via a review process.



Efficiency

- How efficient are Law Firms?
- Process Cycle Efficiency of services?
- $PI = 10 \text{ hours} / 320 \text{ days} = 0.39\%$
- $\text{Conveyancing} = 4 \text{ hours} / 8 \text{ weeks} = 1.25\%$
- Often $>1\%$ is found.

A Simple Frustration Example

- ▶ **“Clients can never fill their forms in correctly”**
- ▶ **Data - 40%** of the inputs from clients contained errors or omissions.
- ▶ To correct these the legal staff had to call the CLIENTS; we know from our work in call centres that only 1 in 3 outbound calls is successful.
 - By this we mean that 1 in 3 calls will find the person, who is able to take the call **AND** they have the right information to hand – how many times do you get “*call me back*” or the answerphone?
 - Courts – 100% after 10am, 3rd parties around 50%
- ▶ 100 forms = 100 checks + 40 “re-contact the client” = 140 activities.
- ▶ 40 additional activities which slowed down the work coming through behind which caused WIP to rise – costed in???
- ▶ The 40% of defects were accepted as normal – *where else would 40% non-conformance be acceptable?*

A Simple Frustration Example #2

- ▶ **“Clients always ring in to ask us about this pack” – 8 Documents**
 - ▶ 2 Letters, 4 legal documents that require signing, dating & returning, 2 Information Guides (information pulled from the letters - words)
- ▶ **Data - 50%** of people ring up to ask “*what to do*” with the documents. Calls lasted 10-15 minutes.
 - ▶ What does the pack say?
- ▶ What else did we find?
 - ▶ Letters v Legal Documentation – SMOG index
 - ▶ Letters referencing the wrong documents
 - ▶ Reference Numbers – wrong place
 - ▶ NO diagrams!! – What happens next? – pictures 6,000 faster processing

A Simple Frustration Example #3

- ▶ **“I hate checking documents”**
 - ▶ junior legal staff have to send ALL Documents/letters to a senior staff member to check before sending.
- ▶ NO way out - skill or experience.
- ▶ NO monitoring of other channels (calls, online, portal)
(100% v 0% check depending on communication channel)
- ▶ Senior staff lose 2.5 hours per day checking work of others.
- ▶ Junior staff produce & check – really? 6 (3), 16, 17
- ▶ Checking driven by comms channel not output risk.
- ▶ Senior staff only checked certain parts of a document e.g. a key sentence, key information.
- ▶ Batch and Queue – waiting; where else?

DATA – Not Opinion

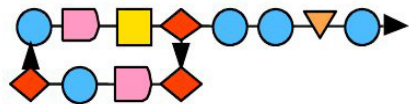
- DATA

- How often does something happen? (40%, 50%, every document)
- How long does it take? (5 mins for a phone call, 15 minutes to explain, 2 ½ hours)
- What is the knock on affect? 3 phone calls, slows other work, no self check
 - How does the client (internal) feel?
- WHY? WHY? WHY?
 - The paperwork is unclear, poorly written, wrong?
 - Written for the legal process not clients?
 - Does the client not know what will happen?

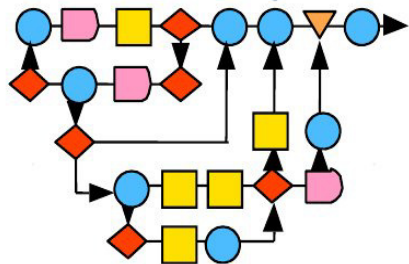
VALUE STREAM MAP

HOW TO BUILD ONE

Process Maps – 3 Types



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



What it **REALLY** is

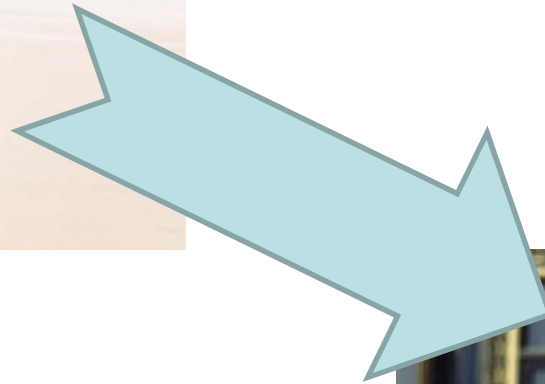


What it **COULD** be

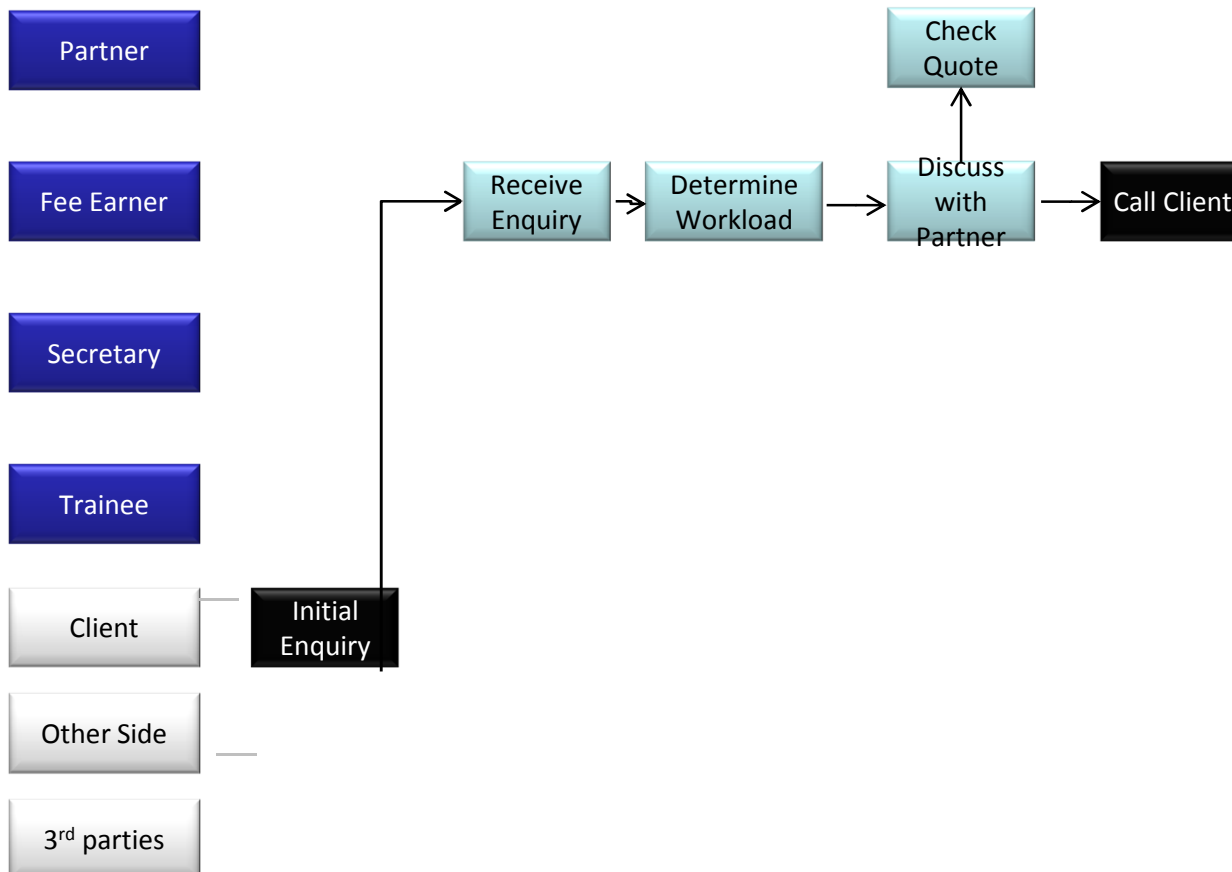
Process Maps – One Direction, One Vision



Talking
Listening
Drawing, visualisation



High Level Process – 1.0 Quote



Paper Road Map – 1930 - 2004 technology



Google Maps – Process Charts for TODAY

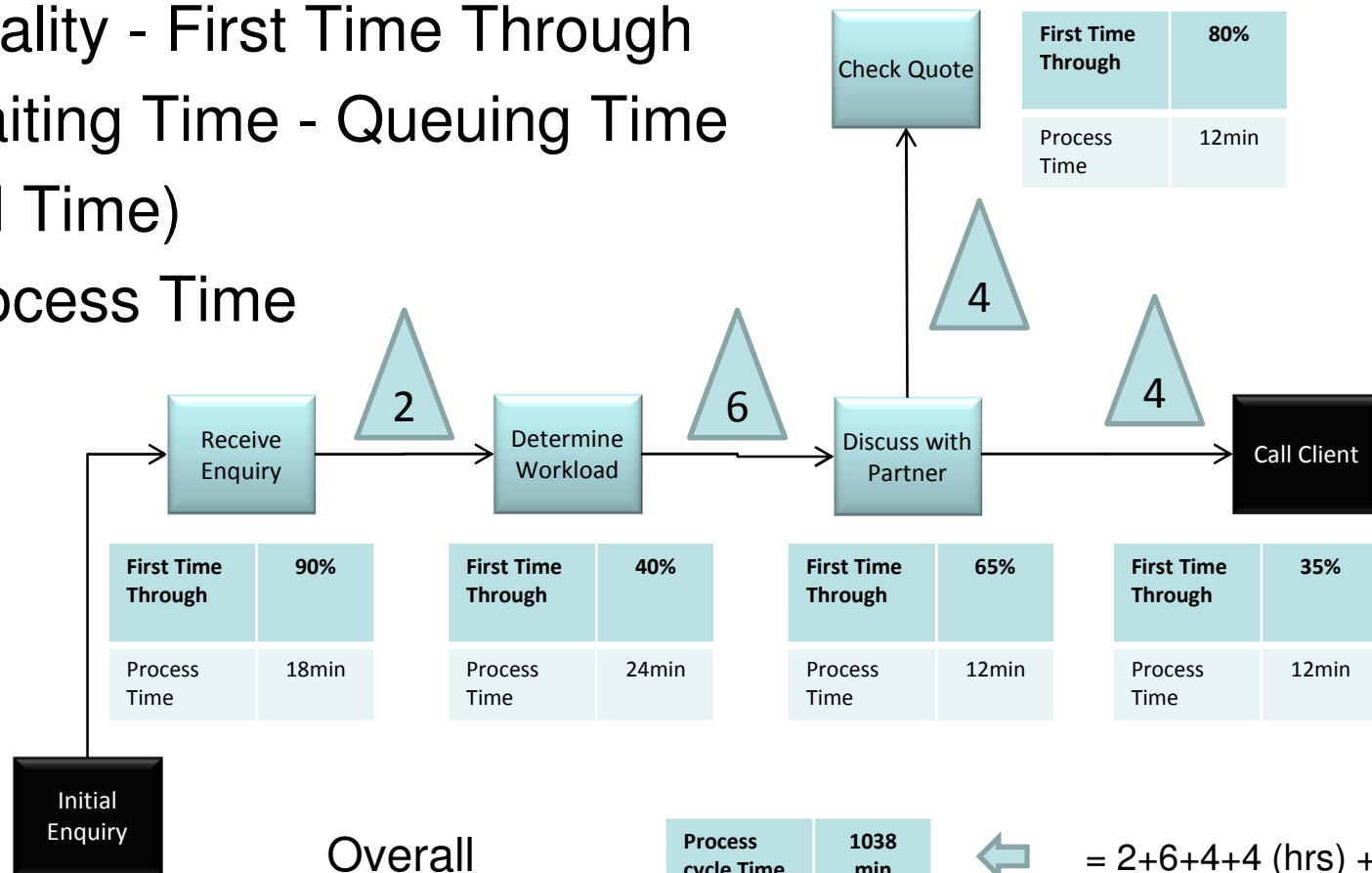
The screenshot shows the Google Maps interface with a search for 'lambeth'. The main map displays a route from York (A) to Dumfries (B). The left sidebar contains navigation options and a list of suggested routes. Two red circles highlight the transportation mode icons (car, bus, walking, bicycle) and the suggested routes list.

Route	Distance	Time	Traffic
A66	149 mi	2 hours 46 mins	In current traffic: 2 hours 51 mins
A1(M) and A69	176 mi	3 hours 18 mins	In current traffic: 3 hours 25 mins
M6	166 mi	3 hours 33 mins	No traffic information
Or take Public Transport (Train, one transfer)		3 hours 51 mins	

Driving directions to Dumfries, Dumfries and Galloway, UK

Value Stream Mapping – First Stage Quote

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



Overall

Process cycle Time	1038 min
Process Time	78min

← = 2+6+4+4 (hrs) + 78 min

← = 18+24+12+12+12 min

DATA

- Process Time – how long does it actually take to complete the process?
 - well known, under records
- Waiting Time – how long does a file wait between the processes?
 - Always a reason why you can't affect this.
- Quality – how many times does the work pass through without needing to return, be re-done etc.
 - Is the problem communication?

Right Process, Right Time, Right Person (add skill)

I Haven't Got the Time

- 6 minutes EVERY day – wasted on frustrations, team of 10.
 - 6 mins* 220(working days)* 10 people = 13,200 m
 - 220 hours or 5.87 weeks!!!

 - 42* 220 *10 = 92,400
 - 1,540 or 41 weeks

 - Recently commoditised solution – 30%

What could you do with the free time?

What could you do with the free time?

- Follow up with prospects
- Train
- Increase reviews
- Attend networking
- Self Development
- Win more work!!

Quick Win - Letters & Communication

- No Call To Action –at the start
 - “I’m writing to you”
 - “Please read this letter, sign it and return to me by the 8th December at the latest.”
- No “What Happens Next” – reduce interruptions
 - Occasionally words.
 - No flow chart
 - “We now send these documents to the other party, we don’t expect to hear anything from them before the 4th January 2016. We will call you if we do. After that date we expect to send you their response for you to consider.”
- Signature Boxes from a Dickens Novel.
- Communication written by Lawyers for Lawyers – not clients
 - English 1 in 7, < 11yrs; 40%, < grade C, GCSE: Maths ~1 in 2 ,< 11yrs

Quick Win - Daily Meeting & Planning

- NHS, Forces – Hill Street Blues
- Daily/Friday/Month End plan – what will success be?
- Who have we billed so far this week?
- What is stopping us delivering this week?
- How many prospects have we converted? How many new files do we have?
- *Loose, Tight (8hrs) v Tight (100% check), Loose (no delivery)*

How to Start

- Start small; NOT company wide
 - Choose a Service – get tight
 - Focus on Flow
- Get advice; techniques/tools – 20%, Leadership – 80% (no role models)
- Gain success – promote it!
- Get recognition for education and excellence.
- Repeat – reducing the advice bit.



Summary

- Lean affects Speed and Capacity.
- Focuses on Frustrations = Wasted Time & Activity, as well as Quality. (Process NOT Output)
- Recognises individuals; 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

Contact Details

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Our Services

- ✓ 1 – 2 hour Management Intro (Free)
- ✓ 1 day Intro Training Course
- ✓ 2 day Efficiency Assessment
- ✓ Improvement Project Consulting (we lead)
- ✓ Improvement Project Consulting (you lead, we guide)
- ✓ Improvement Training (experience based, NOT 5 days in classroom)

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Questions and Conclusion

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we're with you...