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Accountants, Business & Financial Advisers
A track record of providing solutions to the legal profession

Legal Sector Breakfast Briefing

Hull

27 March 2019



ArmstrongWatson[®]
Accountants, Business & Financial Advisers

Legal Sector Breakfast Briefing

Welcome and introduction

Tom Blandford, Legal Sector Director
Armstrong Watson

Endorsed by



The Law Society

Legal Sector Breakfast Briefing

8.00am	-	Arrival and breakfast
8.30am	-	Welcome
8.35am	-	Briefing
9.30am	-	Q & A
10.00am	-	Close

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The Law Society

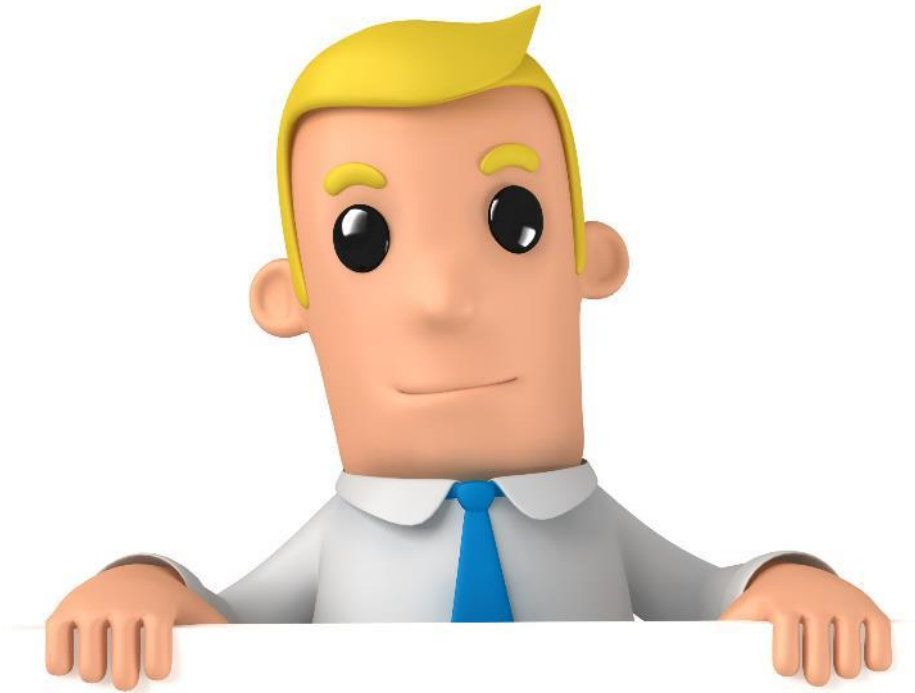


Levantar Lean Management for Law Firms

Mark Greenhouse

March 2019

mark@levantar.co.uk



What Does Lean Mean to You?

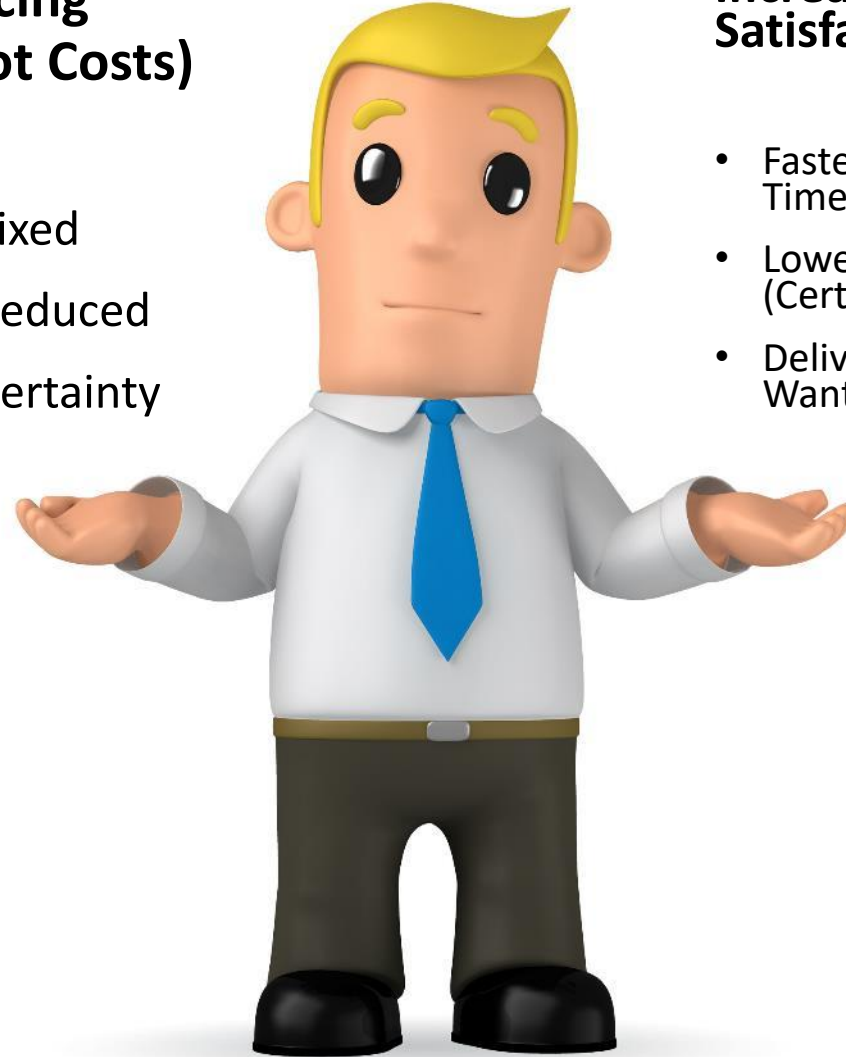
Mortgage Processing: 63 days to 8. PI – 220 actions down to 20 IP – 5 hours turnaround now 13 hours.

Pricing (Not Costs)

- Fixed
- Reduced
- Certainty

Increasing Client Satisfaction

- Faster Delivery OR On Time Delivery
- Lower Prices?
(Certainty/Fixed)
- Deliver What the Client Wants



Costs

- **Known Time Incurred** – On the Clock (whether charged via this or not).
- **3rd Party Costs** – Court Fees, Disbursements, Experts, Copying, Postage
- **Unknown Time Incurred** – Checking, Chasing, Amending, Searching, Interruptions.

Productivity

40% expect no change
10% expect it to get worse

Too Busy? Too Much Revenue?

Every Day “I’m too busy....”, “I’ve got lots on....”, “I’ve got so much to do...”

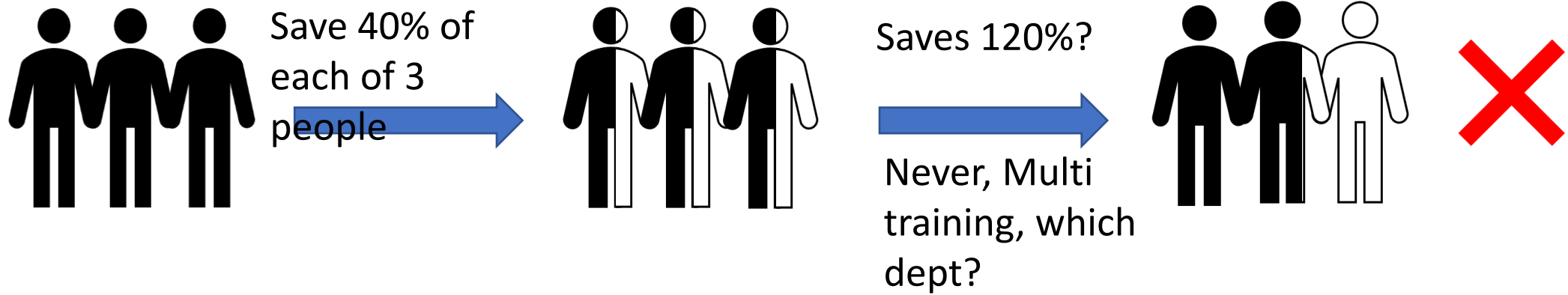
Typical Day (starts)

- File #1 reviewing,
- Interruption File #2 phone call from client, make note to call 3rd party,
- Resume File #1 review,
- File #3 email “Urgent from 3rd party” review & respond,
- Resume File #1 review

Do you hear? “I’m earning lots of cash...” , “I’ve got lots of revenue to be earned...”, “there is so much revenue we can generate...”



Cutting Costs V Cutting Time



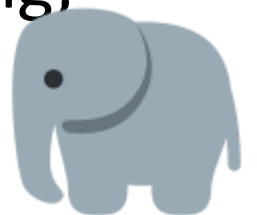
Cutting Costs – only whole person costs = success

Cutting Time – every minute saved = success; positive messages

Client Winning work, Networking, Training, Mentoring, Auditing,

Family, YOU!

Mortgage Processing: 63 days to 8. PI – 220 actions down to 20 IP
– 5 hours turnaround now 13 hours. Conveyancing – 40% more sales managed.



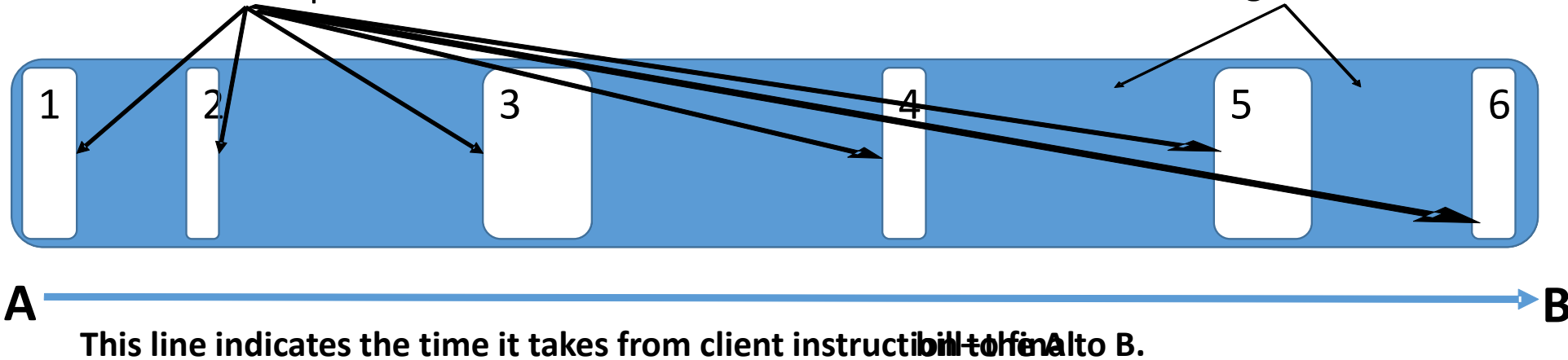
Two Types of Time

1. Activity Time – the time when you are doing something to the product or service for the client. (Chargeable?)

2. Dead Time – the time when the product or service is “at rest”; nothing is being done to it.

Activity Time the things you would like to be paid for or have to complete.

Deadtime the time between activities when you are waiting.



Process Efficiency

(sum of) Activity Times = **Activity Time**

(sum of) Activity Times + (sum of) Dead Times = **Lead Time** (duration)

Process Cycle Efficiency = Activity Time/Lead Time

PI = 10 hrs/320 days = 0.39%

Conveyancing = 4 hrs/10 weeks = 1.00%

(assumes 40 hours per week)

Frustration - WAITING



All Change – Frustration of Waiting

Cambridge University Press

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



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 v Capacity



Minimum 5* faster



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



What is the true Capacity of your business? Files per week, per month,

Lean Thinking - ~~7 Wastes~~

Waiting,

FRUSTRATIO

Rejects and Re-Work

NS

Over Processing, Duplication

Motion

Inventory

Over Production

Transportation

WAITING

Think about how much time you spend **WAITING** for:

- Clients & other parties to return paperwork & forms, send information in, reply to phone calls, e-mails etc.
- Internal information requests to be processed.
- Royal Mail post to arrive & be delivered to your department each day.
- Your work to be checked by other “interested” parties – senior partners (Quality Checks).
- Bills and invoices to be issued.
- KYC checks to be completed.



DEFECTS & REJECTS

Consider how much time you spend sorting out DEFECTS & REJECTS:

- Contacting clients or other parties, again, because they've returned forms or information that is incomplete or contains errors.
- Calculation errors on billing and invoices.
- Paperwork filing errors – there is no standard across your firm.
- Database errors – (e.g.) multiple records with that have slightly different contact (name & address) details.
- Incorrect application of up to date legal knowledge.
- Correcting work produced by someone else (normally a junior).
- Correcting feedback from a senior member



REJECTED

What % of UK Population can Read & Comprehend beyond those at age 11? At age 14?

What % of UK Population have numerical attainment beyond those at age 11?

The scale of consumer vulnerability in the UK



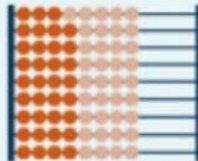
Literacy and numeracy

One in seven adults has literacy skills that are expected of a child aged 11 or below.

And...

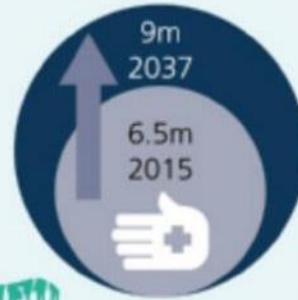
Just under half of UK adults have a numeracy attainment age of 11 or below

(Department for Business, Innovation and Skills, 2012)



Internet

Of the 7.1m adults in the UK that had never used the internet in May 2012



Caring responsibilities

6.5m people in the UK have significant caring responsibilities. Carers UK project this will reach 9m by 2037.



1 in 8 adults care, unpaid, for family and friends (Carers UK website, 2014)

Living with dementia



There are 800,000 people in the UK living with varying degrees of dementia, and this is expected to double over the next 40 years



LOCK UP & WIP

How much time you spend MANAGING LOCK UP & WIP:

- Cases opened and in progress but:
 - No final dates set for completion and
 - No billing of the stage work completed.

So, how do you manage cash flow if you don't know how much you are going to invoice and when you are likely to receive the payment ?????

- Cases opened but now inactive and probably no prospect of billing.
- Cases for which you know you will go over the agreed budget.





OVER PRODUCTION

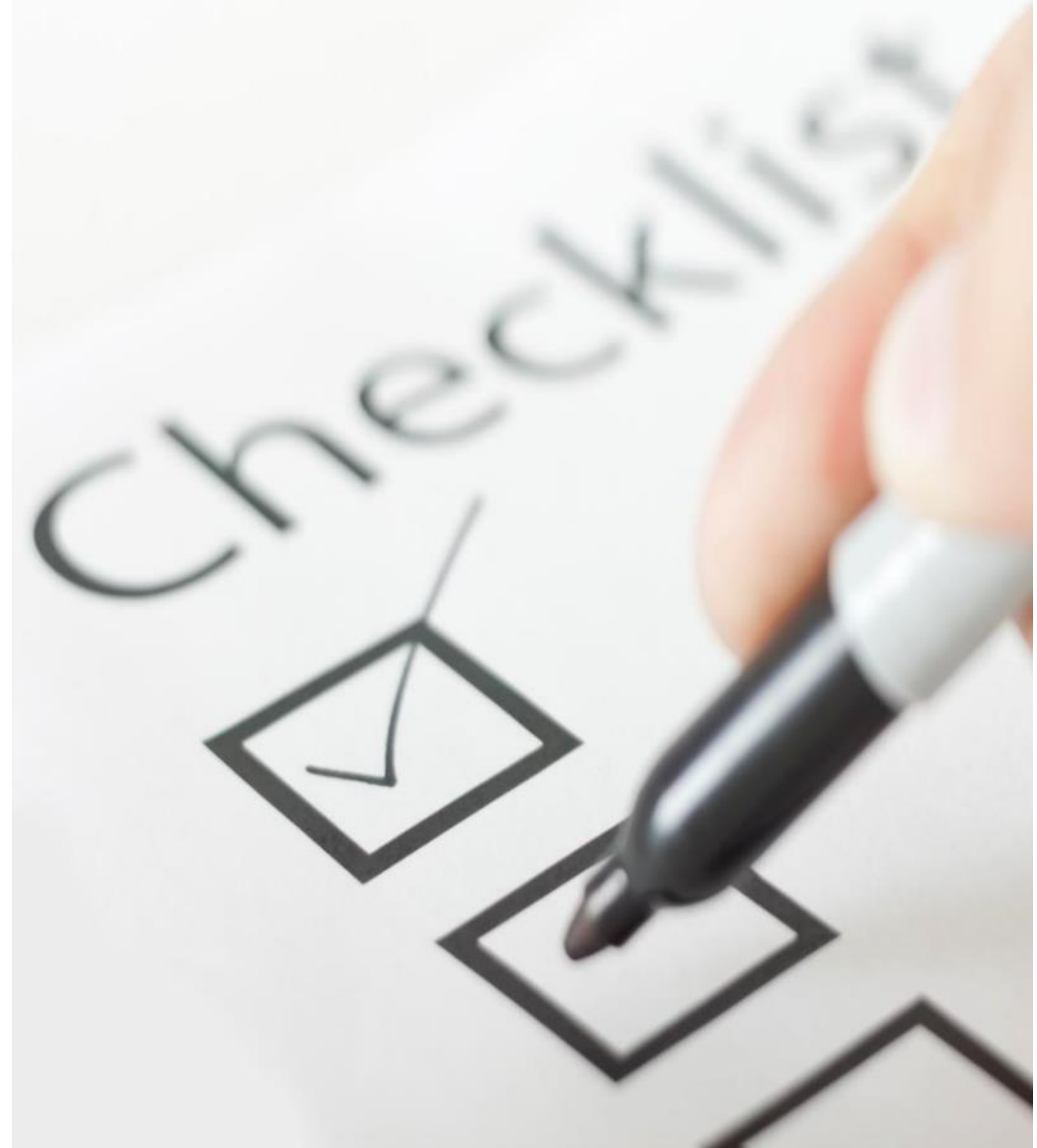
Think about how much time you spend sorting out **WORKLOADS**, busy one week, quiet the next (trying to look busy!):

- Completing activities before they are required.
(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 3 reports and a quote to be finished that day.
- Which work is at risk of failure? Where is the risk to the client? How do you manage and reduce the business risk?
- Do you look who is quiet to day and give them the next case?
OR
- Assess when the work on a case will

OVER PROCESSING 1

Contemplate how much time you spend **OVER PROCESSING**;

- Providing a Rolls Royce service for price of a Mini
- Work carried out by over qualified staff. (e.g.) Senior Partner when Paralegal could be sufficient. *
- Constant stopping & re-starting work due to excessive and unwarranted interruptions – phone calls, emails, other staff, clients, 3rd parties.
- Too many Checklists or Quality Checks. Checking the work of others – normally junior staff or having your work checked.
- Cut & Paste or re-entering of data already in the company or across



OVER PROCESSING 2

OVER PROCESSING IS SUCH AN ISSUE IT NEEDS 2 PAGES!!



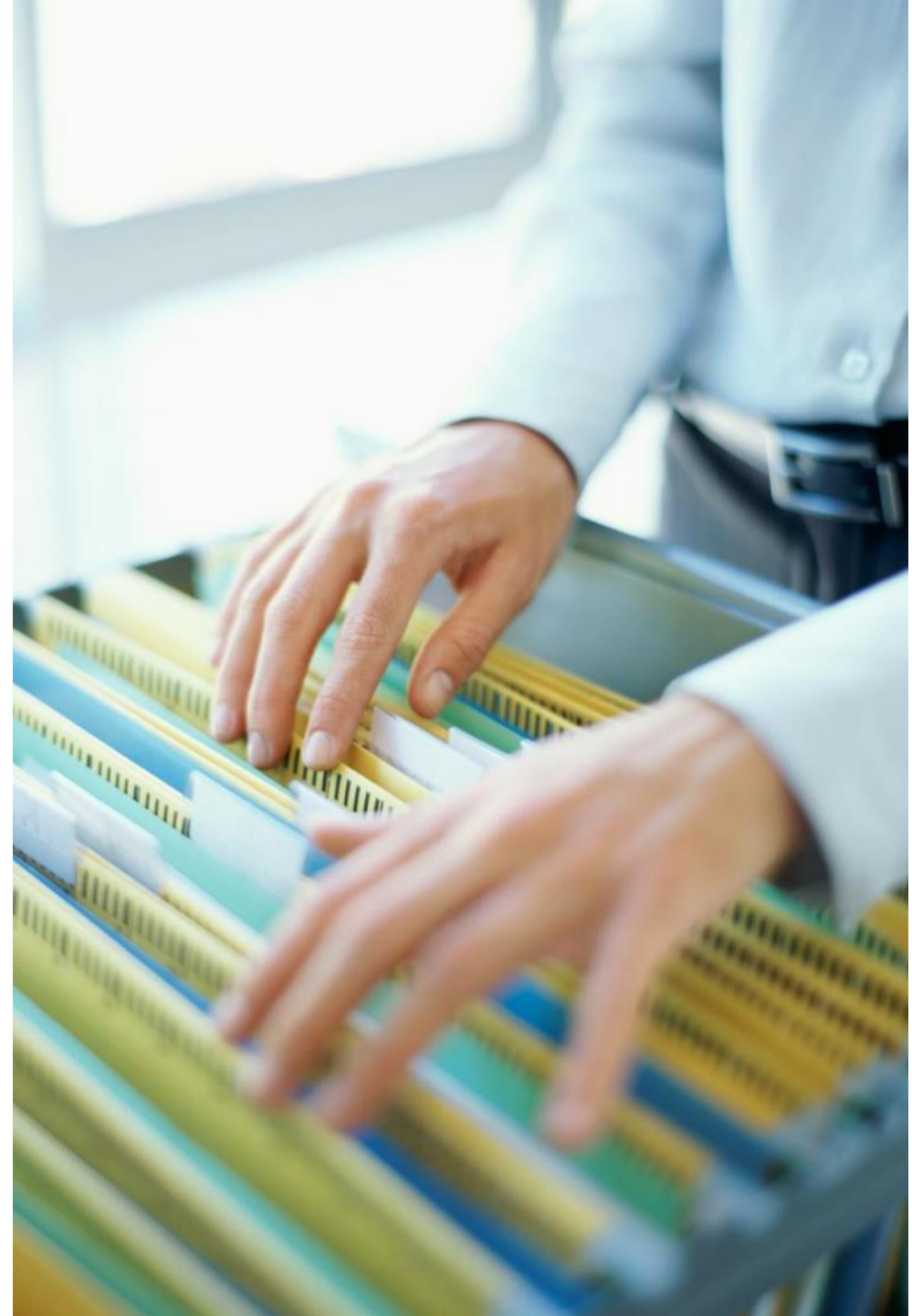
- **Re-writing the same letter or document to clients – not using precedents or templates in the firm.**
- **Too many people involved directly with the client or file.**
- **Confirming the same details by phone, email and letter.**
- **Too many meetings, conversations etc to define/explain the outputs and process.**
- **Having to re-contact clients, other parties to put make good errors or omissions.**
- **Lack of Microsoft or technical software skills**
- **Failure to call time on work early**

MOTION

You probably don't think you or your staff spend too much time on MOTION. So, *how could it frustrate you?*

Do you ever lose time searching for:

- **Information in your paper files & documents.**
- **The correct file copy, word document, precedent or template name in a drop down list of hundreds?**
- **The correct information, the clause in the word document, pdf or article?**
- **A single file in a stack of them held too far away from desks or in unorganised shelving?**





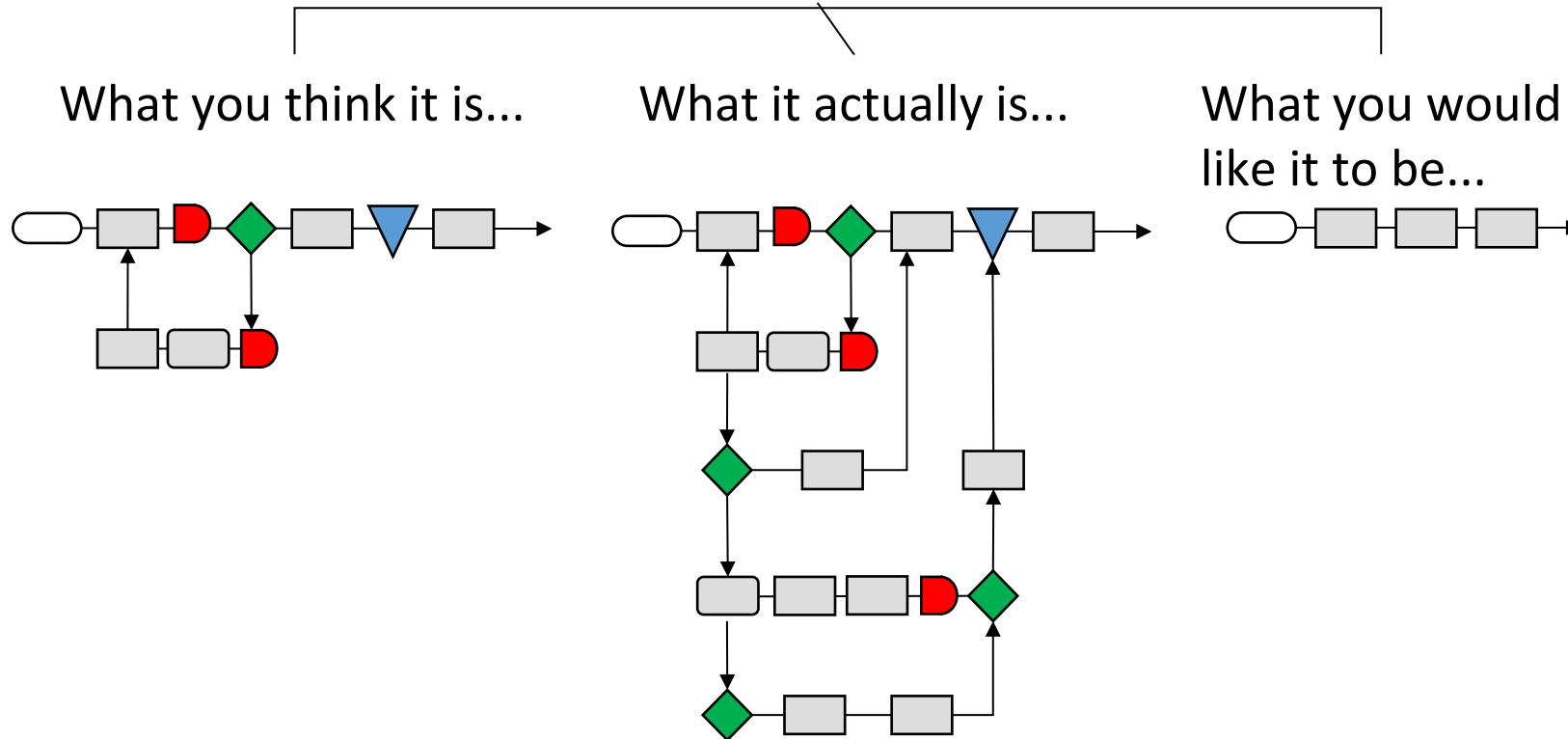
TRANSPORTATION

You might think **TRANSPORTATION** isn't as great a frustration as in other industries. However, you still may find you or your staff get frustrated by:

- 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.
 - Where else today can I carry out legal activities? I can enter into legal contracts over the internet. Can parts of the service be offered via new, quicker, communication methods?

How Many Processes?

At Least Three
Versions



Often a process is not what you think it is!

WHOOA!



**WHAT DO YOU MEAN THERE'S
MORE THAN 1 VERSION OF THE
TRUTH?**

Simple Waste Example

- ▶ 40% of the forms, information 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 matters being processed lead to 100 checks + 40 “re-contact the client” = 140 activities.
- ▶ 40 additional activities which slowed down the work coming through behind which caused WIP/Lock-up to rise.
- ▶ The 40% of defects were accepted as normal.

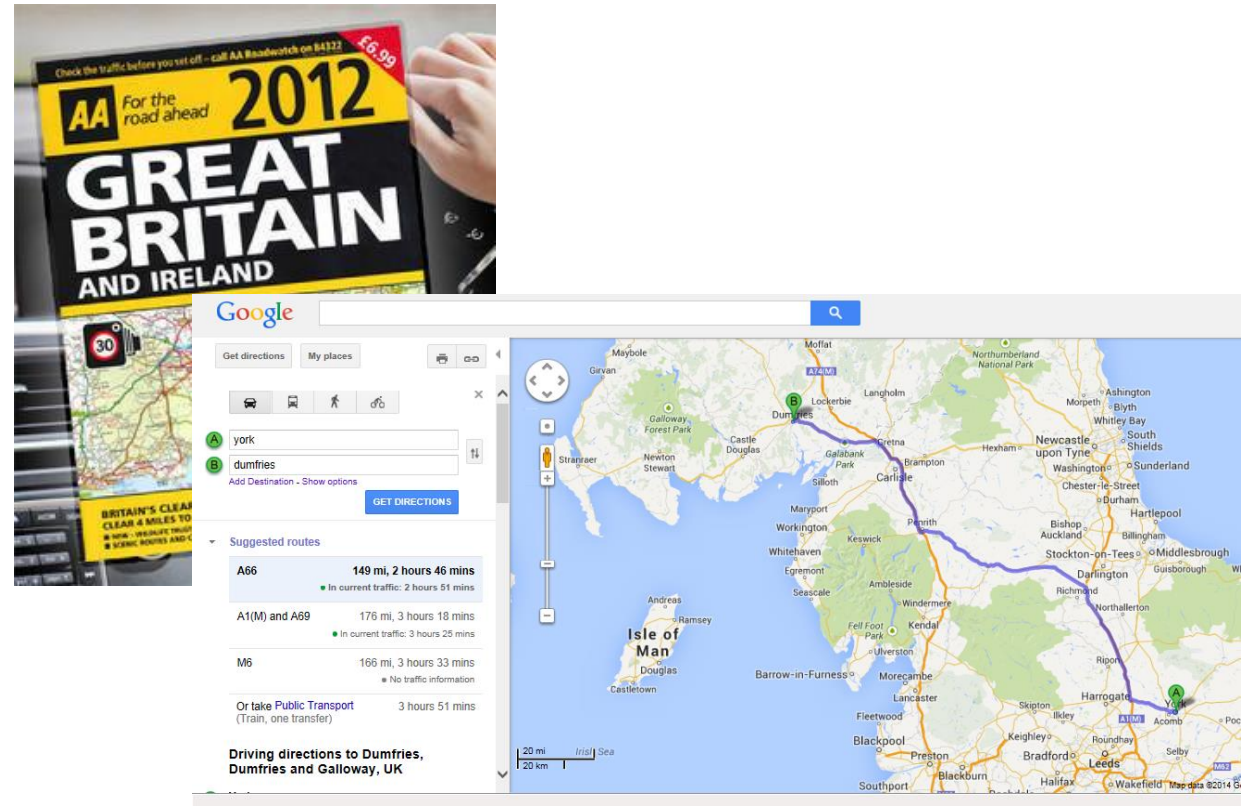
Where else would 40% non-conformance be acceptable?

Simple Waste Example #2

- ▶ All clients get a set of documents at a particular stage – in ONE pack
- ▶ There are eight documents
 - ▶ 2 Letters
 - ▶ 4 legal documents that require signing and dating
 - ▶ 2 “Single Page” guides (information pulled from the letters)
- ▶ 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 (Could Clients read it?)
 - ▶ Letters referencing the wrong documents
 - ▶ Reference Numbers
 - ▶ NO diagrams!!
 - ▶ Signature Boxes from Dickens

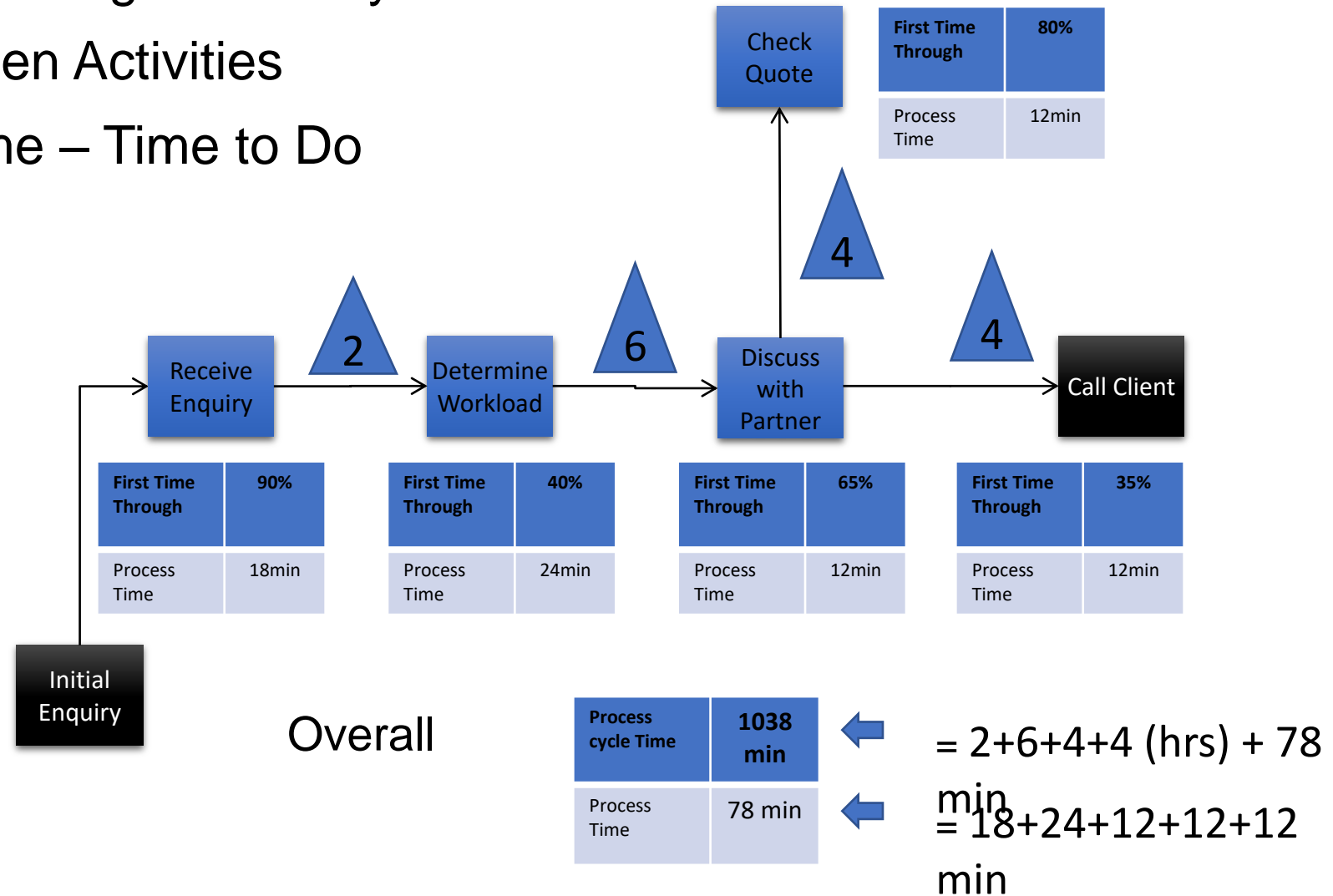
Building A Process Map

- Learn how to build REAL Process Maps
- SIPOC
 - Suppliers
 - Inputs
 - Processes
 - Outputs
 - Customers
- Value Stream Mapping
 - Time for Activity
 - Time Between Activity
 - Quality of Process
- Behavioural Value Mapping
 - What Behaviour do you want at each Activity?
 - Who is Responsible? Accountable? Consulted? Informed?
 - Management by Exception



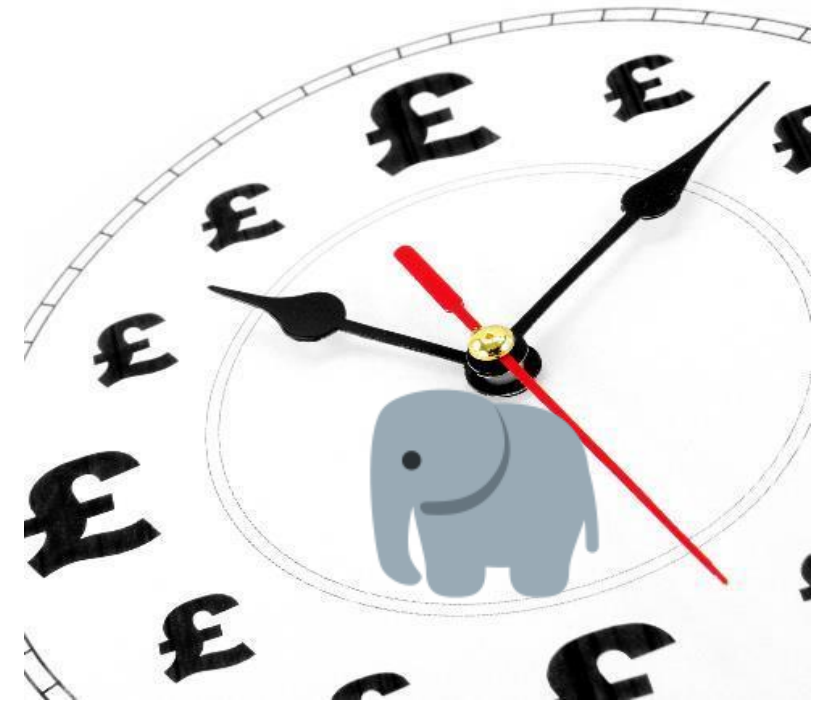
Value Stream Mapping Improve the Project – First Stage Quote

- ▶ First Time Through – Quality %
- ▶ Time Between Activities
- ▶ Process Time – Time to Do



Summary

- Time – the Elephant in the Room
 - Talk Time, Measure Money
 - Cutting Costs v Money
- 2 Types of Time – Activity + Dead
 - Lead Time
- Process Cycle Efficiency – see next slide
- 7 Daily Frustrations
 - Waiting
 - Quality
- 3 Versions of Process
- Learn to Build Maps – Visualise What is Happening.
- Copy of the Lean in Law – Calculator for You, Your Teams, Your Firms on lost time.
 - Sent via email after today.



Actions from Today

- Go back to your office, take 10 random completed files.
- Write down how many hours you'd expect to be on that type of file. Est. **ACTIVITY TIME**
- Write the start date and the end date – the date of last correspondence (final bill?) – ignore payment/invoice delay at the end.

- Work out how many hours between those two dates – assuming 8 hours per day (minimum) How many hours do you work, expect others to work? - **LEAD TIME**
- Look up how many hours recorded on the File – **ACTIVITY TIME**
- Lead Time – Activity Time (Time recorded on the file) = **DEAD TIME**

- Calculate the **Process Cycle Efficiency** for each file. (**Activity Time/Lead Time**)
- Check your Est Activity Time v Activity Time – is it different?

Actions from Today

- Mark Greenhouse
- Mark@levantar.co.uk
- 07712 669396
- @theleanmanager

- LinkedIn – please do get in touch.

- Presentations to Managing Boards (Monthly meetings?)
- Free Assessment of Departments – with a report

- Training & Consulting Services.



Legal Sector Breakfast Briefing

Questions and Conclusion

Mike Holloway, Relationship Director
RBS

Tom Blandford

Legal Sector Director

Armstrong Watson

Third Floor, 10 South Parade, Leeds, LS1 5QS

T: 0113 2211 300

F: 0113 2211 301

M: 07793 621951

E: tom.blandford@armstrongwatson.co.uk

www.armstrongwatson.co.uk/legalsector



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