CLM CLAIMS & LITIGATION MANAGEMENT ALLIANCE™
ADVANCING ETHICS, COOPERATION AND EDUCATION

2014 CLM Annual Conference

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Boca Raton Resort
501 E. Camino Real
Boca Raton, FL 33432

Roundtable 1: Thursday, April 10, 2014 (10:10 am – 11:10 am)

Does our E&O coverage cover this????

It has been a tough year on George. You see, George is the Senior Partner of Newkids Attorneys at Law. George and his management team oversaw the acquisition the law firm of Ben Doingto Long. The due diligence and transition teams did a good job or identifying and executing on logistic and management issues. All Partnership issues have been resolved and George was looking forward to measuring the results of the new firm and showing a new profitable firm to the partners. While the Operational teams did a good job of combining the two firms, the technology team did not. The electronic billing records for Ben Doingto Long appear to be worthless, the matter management records are incompatible and the e-discovery records would not align with the proper case file. With this, any thoughts of using predictive analytics to steer the new firm went out the window.

The creation of a combined financial system is a complex undertaking. The creation should be looked at as a "project" with a defined beginning and defined end. The project should be designed and implemented by a trained and experienced project manager while training internal project managers. There are several approaches to project management. The two most recognized is Six Sigma and the Project Management institute. In our situation, we are creating a new process so we will illustrate the creation of process using the Design for Six Sigma (DFSS) approach. Six Sigma and other project management tools are designed to improve existing processes. A word of caution, **Start early --** the task is way bigger than you think.

Our first step is to **Define Design Goals.** As we define our design goals, we should perform a SWOT analysis of both systems. This should be a neutral, impartial evaluation. The best start is to have each firm create a “white paper”, detailing the firm’s existing technology, its “vision” for the future had the firms remained separate and its vision of the combined firm’s IT department.

We then **Measure and Identify CTQs** (characteristics that are **C**ritical **T**o **Q**uality), system capabilities, process capability, and risks. While this may go without mention CTQ should be defined as a system that best meets the needs of the new firm and its clients. As we measure and identify, consider sending a technology survey to clients asking what they want from a firm in terms of technology services. One characteristic that will set your merger apart from others is the ability to marshal knowledge, data and information, distribute them to the larger group and use them to the benefit of clients.

Then we **Analyze** to develop and design alternatives. As we analyze the alternatives, do not overlook what already exists. You may have what you need in one of the firms. If not, document management, accounting, billing, practice/litigation support, communication systems etc. should be included in the analysis. Particular attention must be paid to merging the accounting (and billing) systems.

Once we have a grasp on the design alternatives, we **Design** an improved alternative, best suited to our needs. Except for purchases necessary to achieve technological parity, avoid the temptation to purchase anything until the merger is complete, otherwise there could be duplication of expenditures and equipment. You do not want to run the risk of purchasing hardware and software incompatible with the final system.

Finally, we **Verify** the design, set up pilot runs, implement the production process and hand it over to the process owner(s). As we verify, Integrating two systems into one (shoot, even transitioning from a legacy system to a more robust platform) generally results in a fair amount of glitches and downtime.

Keep the old system in place and operational until you're completely certain the new system is ready to "go live".

Finally, some thoughts to consider as you plan and implement your project. Keep in mind you are merging two firms and you will find;

- Difference in business culture (objectively evaluate the differences in the leadership of the firms).
- Level of IT department involvement with management committee of each firm.
- The more integrated IT is in the management of the firm, the more smoothly the transition is likely to go.

Cultural issues may cause unforeseeable problems and if culture is taken into account before the project begins, you can obtain the buy in of the key stakeholders before conflict occurs.

Next is training. Consideration should be given as to how best to share knowledge among the various attorneys and offices. Every timekeeping member of the new entity needs to understand the new technology platform. Valuable time in terms of billable hours are wasted using an ad hoc method on Day 1 of the new entity and for weeks thereafter.

Old McDonald had a farm -- E I "E&O" Okay, we really weren't kidding about this. Make sure your E&O and Commercial coverage's provide you some protection in the event of a worst-case scenario.

If you've completed all of these tips and suggestions in a timely, professional manner you should, in the immortal words of Spock, "Live long and prosper".

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