Impacting Your Bottom Line With Business Process Management
OUR PANEL

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LEAN FOR LEGAL

**Lean** - focuses on increasing value to the customer by eliminating waste and smoothing the process flow.

**6 Sigma** - focuses on process improvement by reducing defects and reducing variation.

**Lean for Legal** - *practical* application of techniques from Lean to legal work or operations to improve efficiency.
LEAN FOR LEGAL – KEY PRINCIPLES

• Focus on what the client actually cares about
• Improve “systematically”
• Manage by fact not opinion
• Eliminate “waste” or unnecessary work or rework
• Manage, improve and “smooth” the process flow
• Reduce “variation” – use of 80/20
• The people closest to a process are best placed to “improve” it
Define the problem

• To provide clarification on why there is a problem

Measure the process

• To gain a clear understanding of the current state under investigation

Analyse the process

• To identify critical factors causing waste and unacceptable variation

Improve the process

• To identify the best ways to remove or reduce the root causes identified in the ‘Analyse’ phase

Control the process

• To evaluate the solution and embed and maintain the gains
THE PHASES OF LEAN FOR LEGAL

Understand the problem
• Why is there a problem, through the client’s eyes?

Map the process
• Understand and gain agreement on what the current process actually is

Identify opportunities
• Identify the inefficiencies and inconsistencies

Improve process
• Find ways to remove or reduce the root causes identified in the ‘opportunities’

Review, learn and embed
• Have we achieved the intended client benefits? What have we learned? What do we need to do differently?
OPPORTUNITY STATEMENTS

Problem Statement

Two to three lines which summarise the key issue.
A succinct summary of what the problem is that we are addressing as the client would see it. Include metrics where possible.

Goal Statement

Two or three lines which summarise the way we will respond.
A succinct summary of what the goals are to address the client problem. The goal statement responds to the problem statement

• You need to articulate clearly the problem you are trying to solve – through the eyes of the client

• Your Problem and Goal Statements should include relevant metrics if possible
What is the value in process mapping?
It provides a visual explanation of a given process, enables strengths and weaknesses to be clearly brought out and documents the business process from end-to-end. The process is a fact gathering exercise.

Techniques when process mapping
• Make them self-explanatory
• Use illustrations/ icons to help describe the process
• Include ‘live’ documents to bring it to life
• Capture important data such as :
  • Volume, cycle time, frequency, applications used

What not to map
Anything that is not repeatable - bespoke work, but don’t assume work is bespoke “because you were told so”. Ask “why is that bespoke?” or “is all of the work bespoke?”
MAPPING YOUR ‘AS IS’ PROCESS

It is easiest to work from a very high level, broad perspective to a more specific level of detail

- Block Diagram – the whole process is just a few key steps
- Top-Down Map – sub-tasks are shown under the main blocks
- Detailed Map – all steps shown, with their relationships to the other steps. Take care to show all steps, including wasteful steps like waiting and rework

Also...

- Capture thought processes – especially reviews and decisions
- Add data – costs, quality, cycle times, and other key metrics
- Roles and hand offs
- Review – testing for clarity, completeness and necessity
What is “waste” or “inefficiency” in legal work?

- Waiting
- Over production
- Motion
- Re-work
- (Over) Processing
- (Over) Inventory
- Transportation
The **5 Whys** is an iterative question-asking technique used to explore the cause and effect relationships underlying a problem.

The primary goal of the technique is to **determine the root cause** of a problem.

The "5" in the name derives from an empirical observation on the number of iterations typically required to determine the root cause.

By repeating “Why?” 5 X, the nature of the problem as well as its solution becomes clear.
ROOT CAUSE ANALYSIS – FISHBONE

**Cause 1**
- Sharing of previous work product
- Ad hoc and varied

**Cause 2**
- Client access
- Templates needed

**Cause 3**
- Access needed to resource availability

**Materials**
- Poor instructions
- No scope
- Multiple contacts

**Management**
- Last minute
- Third year lawyer experience
- Sharing of previous work product

**Staff**
- Committed on long term tasks
- Experience based in NY
- No available late in evening

**Technology**
- No tracking
- No standard response

**Category**
- Ad hoc and varied

**Process**
- No tracking

**Effect**
- Inconsistent Legal Advice
MAPPING YOUR ‘TO BE’ PROCESS

It is easiest to work from a very high level, broad perspective to a more specific level of detail

• Identify inefficiencies
• Develop a ‘leaned out’ process
• Figure out what to measure
• Who is best placed to do what
• Clarify what is valued by the client
RESULTS AND REVIEW

Review the results of the ‘To Be’ process and continue to monitor efficiency and process quality

Was the process improved through the client lens? Did we solve the client’s problem? What do we need to do differently?

• Client satisfaction survey/interview
• Post-matter review - alignment to the client’s ‘Critical to Quality’ requirements
• Service metrics and KPIs
• Repeat work
Case Study One: Streamlining Non-Disclosure Agreements
OPPORTUNITY STATEMENT

Problem Statement
Legal department could not keep up with the sales team’s need to sign NDAs with clients, which resulted in slowing down the business. Average was 5 days – sometimes 30 days before execution.

Opportunity Statement
Reduce cycle time so sales team could start sales discussions with clients under NDA sooner. Improve credibility of legal department with the business.
‘AS IS’ PROCESS

4,100 NDAs

Customer
Customer reviews NDA
Customer redlines NDA
returns to Sales Rep

Sales Team
Sales Rep requests NDA
Sales Rep sends NDA to Customer
Sales Rep passes NDA to Legal

Legal Team
Legal generates and sends NDA to Sales Rep
Legal reviews redlined NDA
Legal alters redlined NDA, sends to Sales Rep
Legal returns approved NDA to Sales Rep

Approved by Legal?

Signed by Customer?

Yes

No

Sales Rep sends NDA to Customer
Sales Rep sends NDA to Legal

Authorized Signatory signs NDA
Authorized Signatory returns signed NDA to Sales Rep

Sales Rep forwards executed NDA to Legal
Sales Rep forwards executed NDA to Customer

Legal returns signed NDA to Sales Rep

Customer returns signed NDA to Sales Rep

Yes

No

Start

End

End

Signed by Customer?

End

Sales Rep sends NDA to Sales Rep

Sales Rep forwards executed NDA to the repository

Legal uploads executed NDA to the repository

End

Customer

4,100 NDAs

AS IS PROCESS

Sales Rep requests NDA

Sales Rep passes NDA to Legal

Authorized Signatory signs NDA

Sales Rep forwards executed NDA to Legal

Sales Rep forwards executed NDA to Customer

Legal returns approved NDA to Sales Rep

Legal reviews redlined NDA

Legal alters redlined NDA, sends to Sales Rep

Approved by Legal?

Start

End

Signs by Customer?

Yes

No

Customer returns signed NDA to Sales Rep

Sales Rep sends NDA to Sales Rep

Sales Rep forwards executed NDA to the repository

Legal uploads executed NDA to the repository

End

Legal returns signed NDA to Sales Rep

Customer returns signed NDA to Sales Rep

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Legal returns approved NDA to Sales Rep

Legal reviews redlined NDA

Legal alters redlined NDA, sends to Sales Rep

Approved by Legal?
FISHBONE ANALYSIS TECHNIQUE

**Bottleneck in**

**Legal**

**Cause**
- Resources
  - Busy on higher value tasks
  - Need to review every NDA
  - Inundated by email
  - No reporting

- Process
  - No flex capacity

- Workflow
  - No ability to track status

**Effect**

**Technology**

**Metrics**
“Why does it take so long for Legal to respond?”

Because the Legal dept. is so busy

“Why is the Legal dept. so busy?”

Because every NDA needs to be reviewed and negotiated.
Because the Legal dept. is focused on more important matters.
Because the Legal dept. doesn’t have enough resources to handle the volume.

“Why does every NDA need to be reviewed and negotiated?”

Because the clients sometimes make changes and the sales team isn’t equipped to negotiate NDA.

“Why does the client make changes?”

Well, sometimes they want different business terms, but mostly they are happy to sign our standard form.

“Why do we make those clients who are happy to sign our standard form go through the same workflow as those who want to negotiate?”

Well we could automate a pre-signed standard NDA for those clients.
RESULTS AND REVIEW

Before the Process Improvement:

• Average Time to Execution: 5 Days
• Average Hours of Negotiation: 4 Days x 8
  Hours per Day = 32 Hours

After the Process Improvement:

• Total Instant NDAs Signed: 2,361
• Total Legal Hours Saved: 75,552 Hours
• 36½ Years Saved in turn around time!

All NDAs 2012 to Present

<table>
<thead>
<tr>
<th></th>
<th>Americas</th>
<th>APAC</th>
<th>EMEA</th>
<th>USPS</th>
<th>Instant NDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Signed</td>
<td>68</td>
<td>1</td>
<td>30</td>
<td>37</td>
<td>495</td>
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<tr>
<td>Cancelled</td>
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<td>6</td>
<td>30</td>
<td>33</td>
<td>331</td>
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<tr>
<td>Signed</td>
<td>72</td>
<td>16</td>
<td>86</td>
<td>220</td>
<td>1973</td>
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</table>
Case Study Two: Streamlining Trust Agreement Reviews
Bank is looking for a provider to quickly and cost effectively review Trust Deeds as they become available and turnaround within one business day.

Bank is looking for legal service which removes the ad hoc task of urgently reviewing Trust Deeds by the internal legal group. Bank is looking for a market price with a reliable service level which gives greater clarity to its customers on next steps. The service must be scalable to 500 reviews pa, with 24 hour turn around.

The Bank are seeking to provide a consistent, quality service on the same day which is predictable, time efficient and provides clarity to both the Bank and Customers of next steps.

The Bank will have high quality competitively priced Trust Deed review service to be centrally managed and completed within 24 hours without significant impact to the legal department. Upon completion of review, clarity is provided in plain English on further steps required for either the Customer or Bank. Customers are able to enter into transactions in a timely manner, creating a positive service experience.
<table>
<thead>
<tr>
<th>Time Value Analysis Technique</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bank customer provides Trust Deed (500 p.a.)</strong></td>
</tr>
<tr>
<td><strong>Branch manager emails Bank Group Legal to request review</strong></td>
</tr>
<tr>
<td><strong>Bank Group Legal receives Deed before 3pm</strong></td>
</tr>
<tr>
<td><strong>Send instructions to external lawyer for Trust Deed review</strong></td>
</tr>
<tr>
<td><strong>Receipt by external lawyer team and review of instructions</strong></td>
</tr>
<tr>
<td><strong>Forward instructions to Elevate Services</strong></td>
</tr>
<tr>
<td><strong>Receipt by Elevate Services Trust Deed Review Team</strong></td>
</tr>
<tr>
<td><strong>Assign a Review, Track the time Spent, Record Deed details</strong></td>
</tr>
<tr>
<td><strong>Perform Company Search if required</strong></td>
</tr>
<tr>
<td><strong>Constitution Review if required</strong></td>
</tr>
<tr>
<td><strong>QC is performed on Completed Template, Prepare Query Log, Prepare Lessons Learned Log</strong></td>
</tr>
<tr>
<td><strong>Return to Review Trust Deed, Notes, Company Search &amp; Completed template if re-work required</strong></td>
</tr>
<tr>
<td><strong>Provide plain English next steps</strong></td>
</tr>
<tr>
<td><strong>Send Review Package to Bank Group Legal</strong></td>
</tr>
<tr>
<td><strong>Bank Group Legal liaise with Branch manager or customer</strong></td>
</tr>
<tr>
<td><strong>Training on: Trust Deeds, Completion Template, Trouble shooting for Completion &amp; Trust Deed Review Manual</strong></td>
</tr>
</tbody>
</table>

**Value Added**

**Non-Value Added**
‘TO BE’ PROCESS

Bank Trust Deed Review

Bank customer provides Trust Deed (5pm p.m.)

Bank Group legal receives Bank Group legal request review

YES

Branch Manager emails Bank Group legal request review

NO

Send instructions to external lawyer for Trust Deed review

Constitution Review?

Bank Group legal performs review

Receive by external lawyer team & review of instructions

Forwards instructions to Elevate Services

1. Review & action Query Log
2. Complete Template
3. Review Company Search

Review and action feedback into material and training

Constitution Review

QA Loop 1

1. QA on Completed Template
2. Review & action Query Log
3. AML Reviewer reviews Trust Deed Review Manual
4. Follow-up for a customer
5. Compile package for Bank Group legal

To the review quality appropriate?

Send Review Package to Bank Group legal

QA Loop 2

1. Review Trust Deed
2. Review Template
3. Review Company Search
4. Complete Template

To the review quality appropriate?

Send to external Review:
1. Trust Deed
2. Completed Template
3. Query Log
4. Customer Learning

Consider & submit

Improve process
RESULTS AND REVIEW

- Bank customers have guaranteed 24 hour turn around
- Trust agreements which meet the criteria run smoothly through the process
- Trust agreements which do not meet the criteria have clear and plain English explanations on next steps for customers
- Bank customers are clear on what changes are needed to their trust deeds
- Bank managers are able to offer product with confidence
- Internal bank legal resources are working on high priority activities
- Multiple quality controls are built into the process
Questions

We’ll now open it up for questions