



Corporate Law   
Department Symposium  
*September 15–16, Washington, DC*

# **Process Improvement for Leaders**

**Presented by**

**Catherine Alman MacDonagh**

**OM01**

**9/15/2016**

**10:15 AM- 11:45 AM**

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## Process Improvement for Leaders ALA Corporate Symposium

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*Your connection*  
to knowledge, resources and networking



There are many opportunities  
to improve the way work is done and delivered,  
as well as managed and priced.

PI and PM allows us to deliver greater value  
to our legal departments, our clients, and our outside counsel.



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## Objectives

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- Explore how to develop strategies and tactics to align and empower people, manage change, and create and foster a culture of continuous improvement
- Find out how to select and prioritize initiatives by looking at the resources, tools, and frameworks of process improvement through a leadership lens
- Learn how to get out of the “fire-fighting doom loop” with quick fixes and immediate improvements that require no data
- Get new ideas for how to approach improvements with a wider scope, including organizational development considerations

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## How we should work...

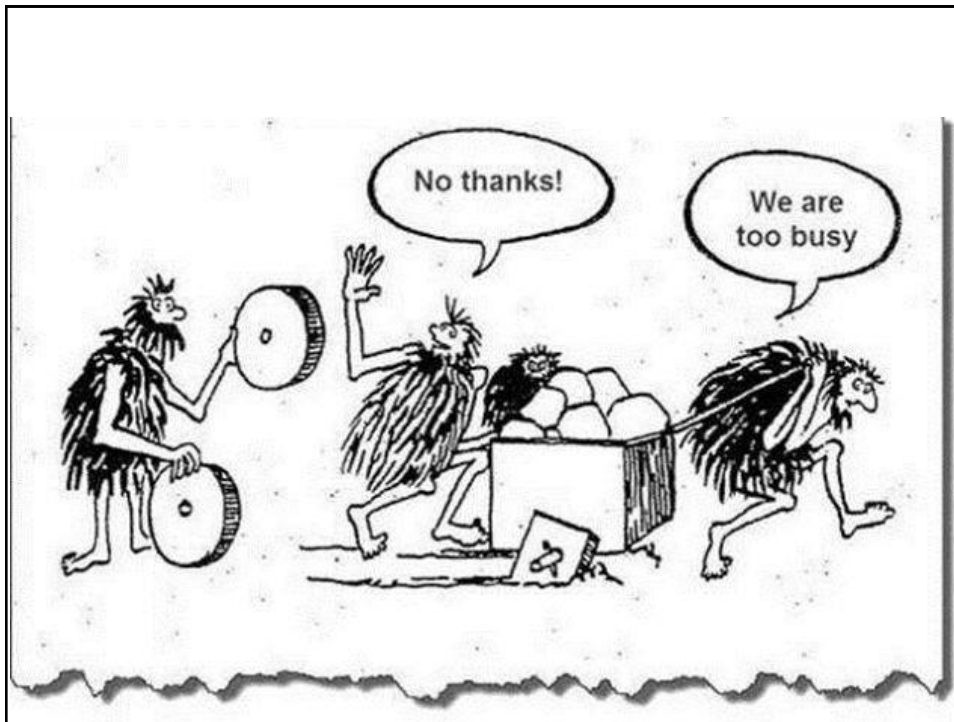
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## What we say...

### KEY FINDINGS



### Managing legal budgets and spending

A majority of CLOs reported that their total legal department budget did not change significantly last year, with 58 percent reporting they made little or no change to their total departmental budget over the previous 12 months.

The trend toward maintaining the current budget continues into 2015. Sixty-five percent of CLOs forecast little or no change to their total budget in the next 12 months. On average, 5 percent of CLOs reported plans to make significant decreases in their total budget, with the bulk of significant decreases slated to occur in outside spending (7 percent) versus significant decreases in inside spending (2 percent). Nine percent predicted significant increases to their inside budget in 2015, and 7 percent planned significant increases for outside budget.

### TOP THREE MOST COMMONLY CITED STRATEGIES DEPLOYED BY CLOS TO REDUCE COMPANY'S LEGAL SPENDING ON EXTERNAL COUNSEL:

1. Negotiate/set alternative fee arrangements
2. Increase hiring/Rely on in-house legal staff
3. Convergence of outside counsel

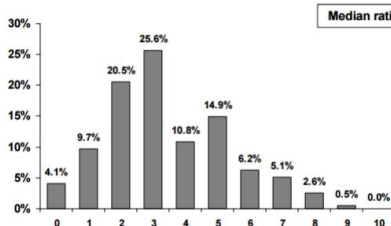


## Are we ready to get serious?

2015 CHIEF LEGAL OFFICER SURVEY

### 13. Inside / Outside Relationship – Law Firm Change Efforts

In your opinion, in the current legal market, how serious are law firms about changing their legal service delivery model to provide greater value to clients (as opposed to simply cutting costs)?



Intent of Law Firms to Change		
	Average	Median
2010	3.7	3
2011	3.7	3
2012	3.8	3
2013	3.6	3
2014	3.4	3
2015	3.4	3

0 = Not at all serious

10 = Doing everything they can

Trend data compiled from 2010 - 2015 Chief Legal Officer Surveys.



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“I guess the question I'm asked the most often is: "When you were sitting in that capsule listening to the count-down, how did you feel?"

Well, the answer to that one is easy.

I felt exactly how you would feel if you were getting ready to launch and knew you were sitting on top of two million parts – all built by the lowest bidder on a government contract.”

— John Glenn



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## Critical Skills



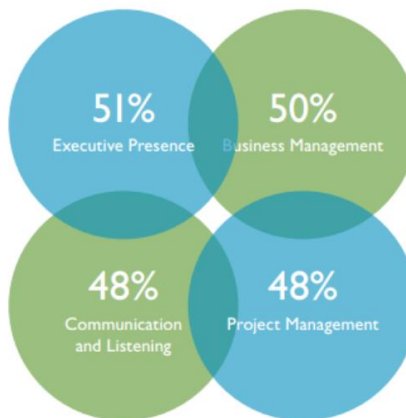
### Soft skills and broad background important to legal field

Six percent of CLOs spent considerable time in the past year on their staff's professional development, which aligns with the trend to move more work in-house to reduce costs. However, 17 percent indicated that staff development was one of the top three areas they would like to spend time on in 2015. Many CLOs said hiring and staff development are important strategies for controlling spending, and therefore critical to budgeting and resourcing.

"... focus on developing issue-spotting skills, presentation skills and developing the type of professional persona that will serve well in a counselor-type role."

In addition to expanding the breadth of legal expertise within their law department, CLOs also seek to develop non-legal skills among staff. The most desired skills are executive presence and business management, with communication and listening and project management rounding out the list.

### TOP NON-LEGAL SKILLS CLOS SEEK TO DEVELOP IN THEIR LAW DEPARTMENT



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## Current State

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“If you can’t describe  
what you are doing  
as a process,  
you don’t know what  
you are doing.”



W. Edwards Deming  
1900 - 1993



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## PI & PM – A Powerful Combination

### Process Improvement

- Helps us determine the best way to carry out a certain kind of work to achieve
  - Efficiency
  - Excellent quality of work and service
  - High probability of successful outcomes
  - Predictability

### Project Management

- A role and set of skills that ensures that for a particular engagement, we
  - Use our “best process” appropriately
  - Actively manage schedules, staff, and deliverables throughout this matter

*Note: PM skills are used for managing PI projects*



## What's a Process?

- A describable, repeatable sequence of activities that generates an outcome
- The way we create and deliver value to the client
- The embodiment of our knowledge as to (ideally) the best way to do something



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## What is Project Management?



The process and activity of planning, organizing, motivating, and controlling resources, procedures, and protocols to achieve specific goals

PMI: The application of knowledge, skills, tools, and techniques to project activities to meet the project requirements

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## Lean in a Nutshell

Looks for – and relentlessly roots out –  
8 kinds of waste  
to create simpler, faster processes.



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## Six Sigma in a Nutshell

Six Sigma helps us determine what are the key factors that affect outcomes and the “best way” to do something to increase our probability of positive outcomes.



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### Lean

*Do the right things*

- Simplify processes
  - Eliminate waste / steps
  - Maximize process speed
  - Greatly improve productivity
- Focus on resource efficiency

### Six Sigma

*Do those things right*

- Understand relationships between variables
- Understand process capability and align with requirements
- Reduce and control variation



Lean and Six Sigma are complementary and are usually used together.

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## DMAIC: Framework for a PI Project

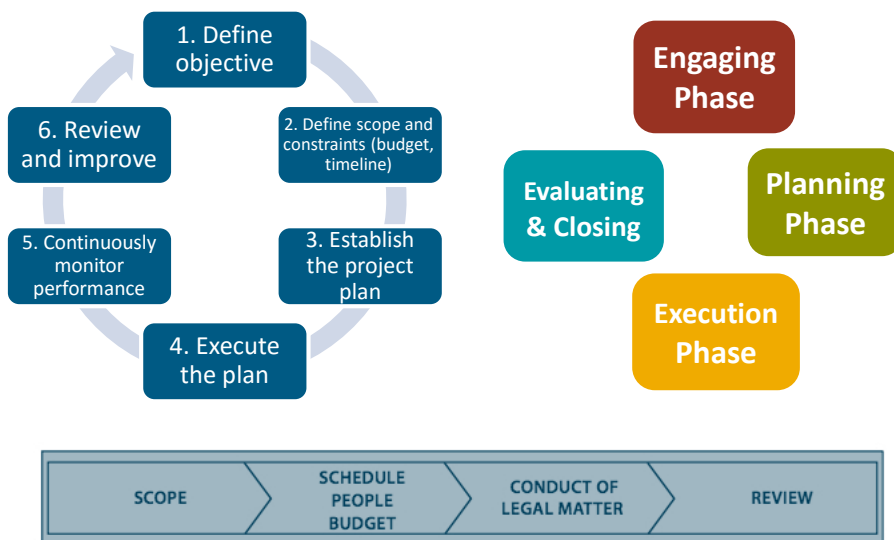
Lean Sigma uses a disciplined problem solving approach:

- Define** Define the problem and why it needs to be solved
- Measure** Measure the current performance of the process
- Analyze** Analyze the opportunities to reduce waste or variation
- Improve** Improve the process by identifying, implementing and validating process changes
- Control** Control the process by implementing methods to ensure improvements will be sustainable

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## Fundamentals of Project Management



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## PI/PM Tools – A small Sample

- Lean Sigma
- DMAIC
- Voice of the Client
- Project charters
- Legal WorkOut™
- Moments of truth
- Diverse, cross functional teams
- Agile and scrum
- Metrics and KPIs
- Gantt charts
- Process maps
- Kaizen
- Feedback – open loop
- Project deliverables and artifacts
- Fee arrangements
- Collaboration
- Celebrations of success
- Change management
- Compensation / reward systems
- Focus on continuous improvement

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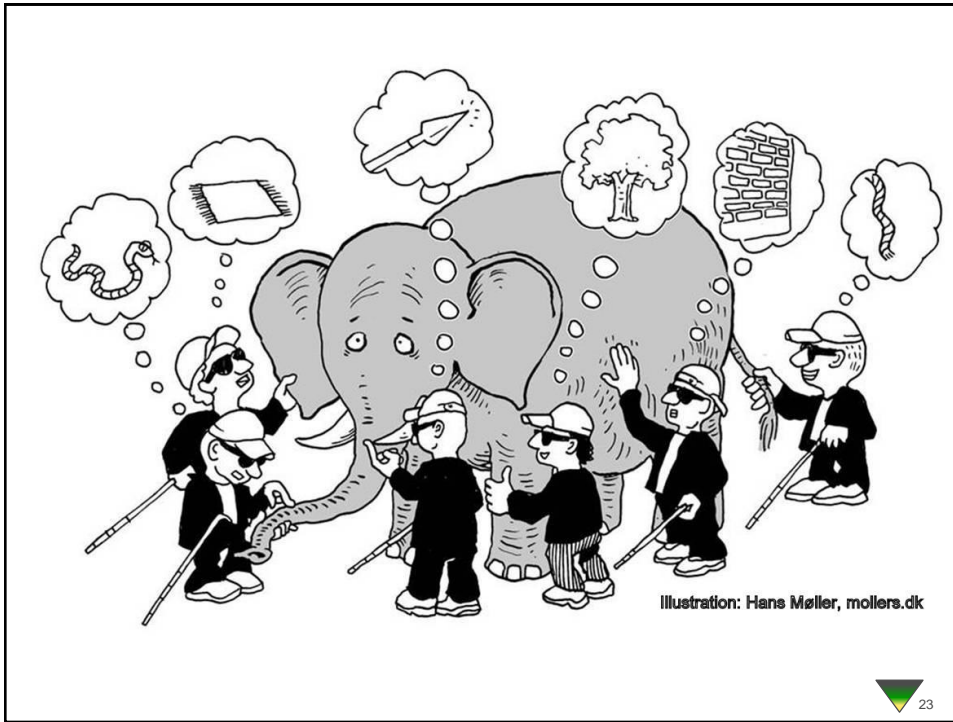
## The Power of Process Mapping

- Uses
  - Road map
  - Visual aid for discussions about
    - Business objectives
    - Scope
    - Opportunities
    - Challenges.
  - Business/client development
  - Project management
  - Improved conversations: discover what really matters to clients
- Demonstrate
  - Deep expertise
  - Points of differentiation
  - Best practices
  - Client focus

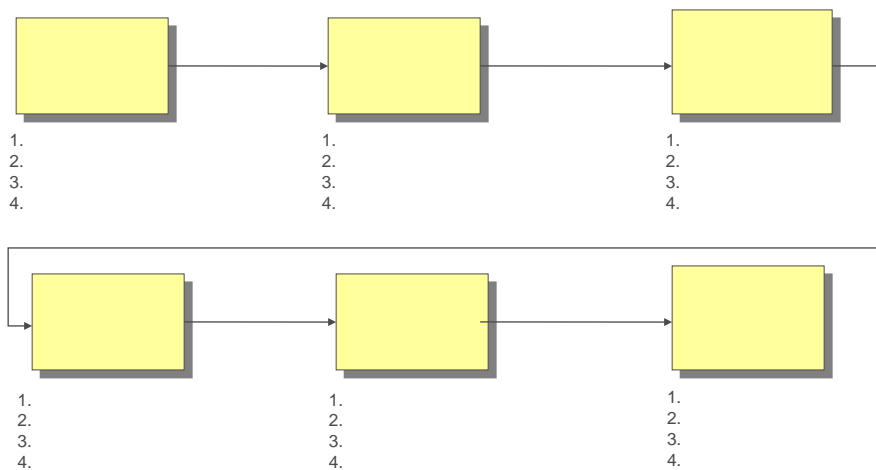


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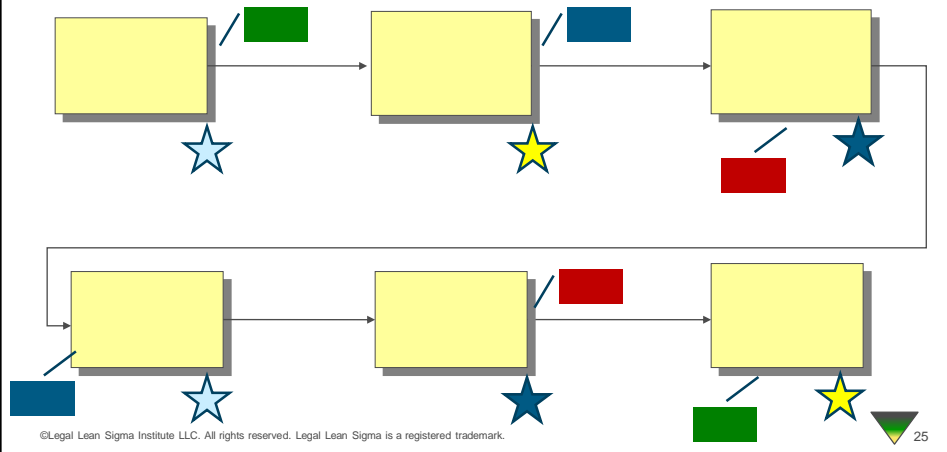


## Process Mapping



## Process Maps with Dimension

- Process maps are annotated to reflect decision points, client preferences, and potential variation in scope, (fixed, variable, volatile).
- We can incorporate optimistic, pessimistic, and realistic scenarios

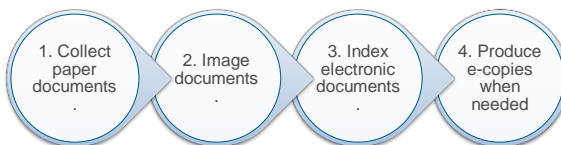


## Process Mapping Case Study

Case Study

### PROJECT SUMMARY

- Major litigation produces massive amounts of documentation, which come from a variety of sources and must be readily available if subpoenaed or requested by the opposing counsel.
- Document management is time-consuming and expensive, not to mention important, for the legal case itself.
- Team demonstrated all costs, then agreed on best digital option for the company's needs, a price, and schedule for scanning all the documents. Developed an IT protocol for the scanning system consistent with existing IT systems. Remapped the document storage and production processes based on a digital process, reducing them to four major steps in total:



### RESULTS

- After the remapped process, a pilot demonstrated that the unit costs of processing a page of documentation could be **reduced by more than 50%**.
- An **annual savings of \$1,130,000** for a similar-sized litigation.
- **Non-value-added steps were reduced by 70%**.
- After full implementation, the electronic system was so successful that it is being migrated across all the company's legal functions, with total estimated **savings of approximately \$10 million**.

<http://www.lasaterinstitute.com/casestudy/Legal/Six%20Sigma%20Applied%20to%20Legal%20Litigation.pdf>

## PI and PM Drives Value and is a Win-Win

### PI

- As soon as we start to describe and measure a process, we will begin to see things that could be improved in the eyes of the:
  - Department
  - Client
  - Firm
  - Service providers
  - Key Stakeholders
- When we have a standard process, we can modify it as needed

### PM

- It is a waste of valuable experience to start each matter as if we have never done this before.
- Planning helps us think through what we will need to succeed in the client's (and our) eyes
- Carrying out the work that we planned helps us
  - Avoid risks of all sorts
  - Maximize the probability that we will deliver the outcomes desired, on time and within budget



## TRW: 6 Sigma Used for Significant Savings in TM Work

- **Summary:** Company involvement in intellectual property was “intense.” Voice of the customer identified registration and protection of patents and trademarks, as well as reduction in registration costs, as the main problems/opportunities.
- **Project:** Six Sigma team identified root causes that were addressed with solutions. This resulted in a new process with control measurements on defects and standardization procedures.
- **Results:** \$1.8 million savings in hard costs.

**Author:** *Das, Rini; Colello, Sandi; Davidson, Harriet*

**Journal:** *Six Sigma Forum Magazine*





## Collaboration is Key



## Collaboration Case Study: IP Procurement and Maintenance

- Key Issues
  - Antiquated process required manual handling of documentation
  - Excessive time spent reviewing and approving by senior executives
  - No documented roles or process ownership
  - Cycle time unknown but viewed as “too long”
  - No clear decision-making criteria for selection among IP alternatives
  - Strategic importance and risks of mismanagement of IP rights not articulated
- Project Summary
  - Charter: Design and install a process for improvement procurement and maintenance of IP that results in measurable business results
- BPI Team: Executives, SMEs, VP Marketing, VP Administration, Board member, internal corp counsel, outside legal counsel and consultant legal counsel plus consultant facilitator
- RESULTS
  - Reduced IP process costs by 38%
  - Improved protection and reduced risk to key IP assets
  - Reduced senior executive review of IP documents by 75%
  - Reduced IP management by VP Administration by 89%
  - Established IP metrics for future improvements

Source: [www.kepner-tregoe.com](http://www.kepner-tregoe.com)



## Aon's Strategic Improvement Project

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- Partnership with procurement department for RFP process on trademark and other legal matters
- Legal department and law firm attend Legal Lean Sigma Institute workshops together to gain alignment and buy-in
- Agreed upon areas of focus: faster completion time, lower cost, and fewer errors



## If you can choose just one approach to drive value...

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# PICK THE LEGAL WORKOUT™

A structured, systematic way to bring people together to develop rapid, lasting improvements in process performance.

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## Legal WorkOut™

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- Process focused workshop
- Collaborative approach
  - Cross functional, diverse team of legal and business professionals
  - Legal department, law firm, and other providers participate
- Takes the unnecessary WORK OUT of our work
- An accelerated improvement process that converts ideas into results in 30 to 90 days

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## Benefits of a Legal WorkOut

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- Unleashes the existing know-how and creativity of the people closest to the action to bring their ideas to the table
- Bias is speed to action and results – **not** data, study, research, or root cause analysis
- Draws on people's knowledge, experience and creativity to produce quick successes and generate enthusiasm
- Provides a framework to empower people to improve their work life
- Process focused group activities provide an opportunity for those with knowledge of specific aspects of a process to
  - Map how the process works as a whole
  - Share ideas
  - Break down barriers that may exist between groups

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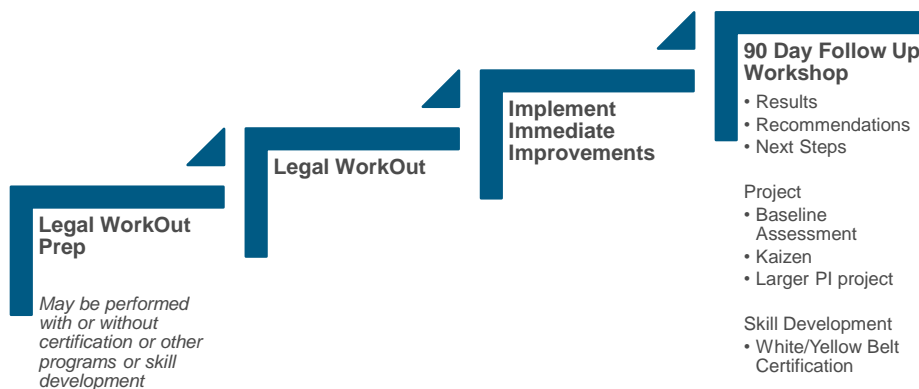
## When to Use Legal WorkOut

- Any situation where people’s ideas can contribute to immediate change
  - Quality or process improvement
  - Implementation, planning, and execution
- Best suited for solving non-technical problems and capturing ‘low hanging fruit’

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## Legal WorkOut – Sample Timeline



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## Benefits of a Legal WorkOut

- Good for providing a structure for engaging people in and across organizations
- Captures ideas for immediate improvements
- Enhances relationships, improves communication and builds trust
- Strengthens teams
- Sets the stage for near and longer term improvements
- Empowers employees

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## Legal WorkOut Case Study – Aon

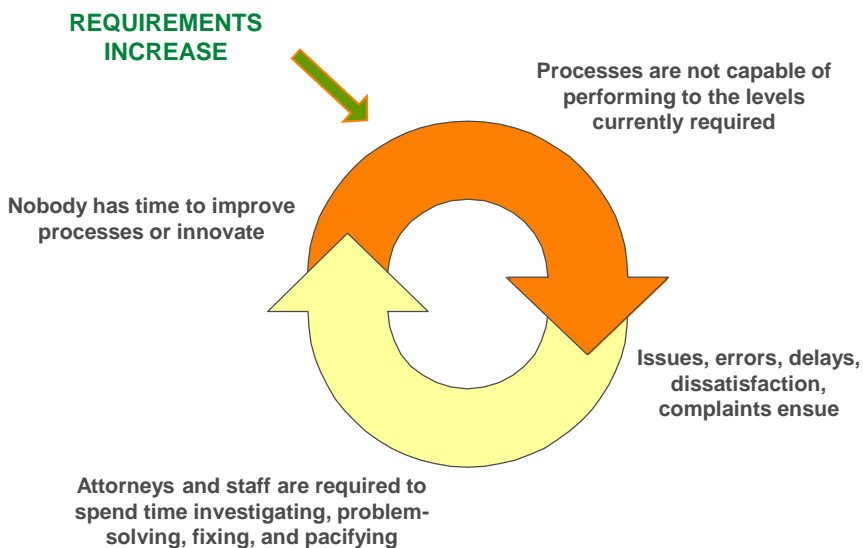
- Pre-designed workshop using selected processes, initial opportunity to work together in person; some were just meeting face-to-face for the first time.
- With new understanding, teams made many immediate improvements:
  - Senior partner originally estimated 12 steps in the process. After mapping, 52 steps and 17 possible handoffs were found, then reduced
  - Reduction of Legal Costs: Total dollar amount of rejected invoices decreased by 41%
  - Improved Legal Outcomes: Average cycle time of the subpoena process was decreased by 44%
- Aon's alliance with a preferred law firm now includes dedicated resources and technology sharing/solutions, such as a Subpoena dashboard.
- Aon received ACC's Value Challenge award

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## The Fire-Fighting Doom Loop



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## The challenge of driving organizational change



*"We're ready to begin the next phase of keeping things exactly the way they are."*



## What are your drivers for...

- Efficiency
- Excellent quality of work and service
- High probability of successful outcomes
- Predictability



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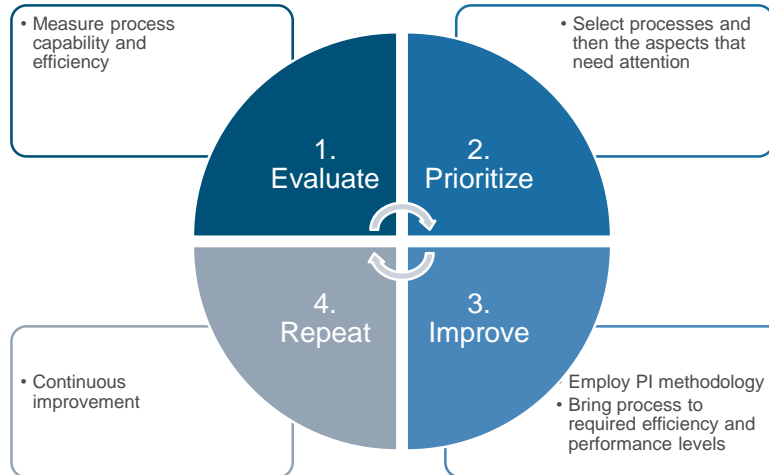
## Embracing Legal Lean Sigma®





## Systematic Process Improvement

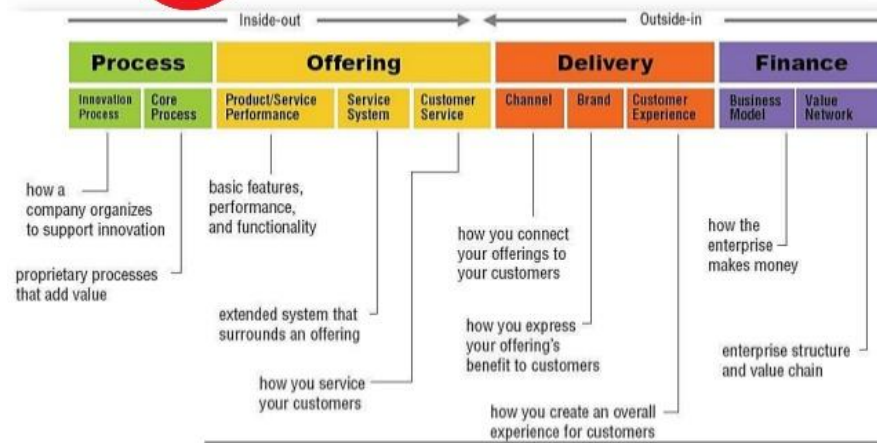
*Progress along the continuum does not happen automatically; leaders must deliberately choose to build organizational capability and accrue permanent benefits*



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## 10 TYPES OF INNOVATION



10 Types of Innovation. Larry Keeley, Ryan Pikkell Brian Quinn, Helen Walters

<http://www.doblin.com/tentypes/>

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## What's next?



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## Getting started: One possible path



- **Awareness:** We are aware of PI/PM trends, and individuals may be exploring it, but there is no traction or compelling reason to pursue
- **Client Demand:** Increased demand for discounts, AFAs, matter budgets, project plans, consolidation. There is a clear and growing financial impact of not acting.
- **Leader Buy-in:** PI/PM as viewed an imperative by the department and (at least primary) outside counsel for maintaining market share and profitability (good) or as a strategic opportunity for market differentiation, client satisfaction, and improved financial performance
- **Strategy:** Steering committee launches PI/PM initiative, typically engaging consultants initially, emphasizing client satisfaction, and improved financial performance
- **Pilot:** One or more pilots help refine the approach that works best for us and identify champions
- **Expansion:** The steering committee establishes a cadence for prioritizing and investing in client-facing and various projects over time

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## Another Approach: Identifying & Prioritizing Opportunities

- Ideally, an organization will have a methodology for agreeing on the processes that could most benefit from PI and PM
- A comprehensive scorecard that compares processes across all key dimensions is developed and then used to identify opportunities
- Organizations seldom have this organized a view of their processes, so a less comprehensive, but still systematic methodology called a Baseline Assessment is often used
- However, in the early stages of a process improvement program, projects are most commonly selected based on purely practical considerations

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## A Place to Start: Generating Interest in a Project

- Process improvement is hard work – to succeed, a project must be a recognized priority
- To “sell” your project to decision-makers, we recommend:
  - Gathering data to show that the current process has plenty of waste and opportunity
  - Discussing the benefits to the clients and firm of improving the process
  - Finding an interested and supportive sponsor
- Work collaboratively – what are your law firms doing for you?

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## Practical Prioritization

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If the organization does not yet have the appetite for data-based prioritization of improvement opportunities, projects may be selected using practical considerations, such as:

- Obvious burning platform
- Clear benefit to clients and / or firm
- Very supportive leaders
- Lower-risk
- Available resources

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## YOUR OPINION MATTERS!

Please take a moment now to  
evaluate this session.

Thank You!

## Contact

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