PMS Projects – Traps for the unwary

January 2019

PMS (practice management system) projects are a major undertaking for any firm. The time, billing and payment elements of the PMS and the client and financial data it holds are the backbone of a law firm's operation. Removing the backbone and replacing it with a new one, often with many additional features and benefits, is a risky and difficult operation. There are a number of traps which firms can easily fall into.   Avoiding the more obvious ones is not rocket science, but it is surprising how few firms manage to avoid all of them.

1.   Project governance – it's not an IT project

This is not an IT project, nor a finance project. It is s business project, providing opportunities to improve processes which deliver good actionable information enabling lawyers and others to do their jobs better. So decisions about how it should be implemented are important. Failure to engage with the project at partnership level is a wasted opportunity and may come back to haunt project teams if the partners ask what benefits their (substantial) investment has delivered. We would therefore recommend that every project of this scale has a proper Project Steering Group, involving representatives from the business and the support functions who are likely to take their role seriously.

We find that it helps to establish clear project objectives and guiding principles from the beginning. Referring back to these can be really helpful in ensuring that the project stays on track. Whilst you may decide to diverge from the agreed objectives, it is important to do so consciously rather than simply because you have lost sight of the original goals.

2.   Selection process – getting the right system on the right terms

Some say that there is no need for a formal selection process because the number of suitable products is small.   However, this is likely to be a very substantial investment for the firm and it is in our view important to be able to show that a robust process was undertaken. People in the firm will hear about systems which their friends say are marvellous, and it is useful to be able to show that those systems were considered and identify the reasons they were not selected. Otherwise, if problems arise (and there almost certainly will be *some* problems) people will always be able to say you took the wrong decision and all would have been well if you had selected the product they suggested.

The differences between the available systems are few, but some can be significant. Do you want to be able to use the system from a mobile device (eg for time recording, approving bills, etc)? How easy is that? Do you want, now or in the future, to operate in the cloud? Can the system operate in multi-currencies? How intuitive are the processes? How flexible is the system? The views of the business will be important here too. You need to start with an understanding of the business issues and what you want the system to deliver.

Whilst you want to avoid making the selection process unduly bureaucratic, in our view the aim is twofold: (1) to make a decision between products and (2) to avoid nasty surprises later on, recognising that no product is perfect.   Speaking to firms that have recently implemented the systems is invaluable.

In this area more than almost any other, however, the return on investment depends on <u>how</u> you implement as much as <u>what</u> you implement, so the selection process is only the start.

Remember too that contract negotiations are important. Often firms use their own lawyers, but this can mean the negotiation process is extended as they are likely to prioritise fee earning work. Lawyers who have negotiated with this particular supplier about this particular product in the past will bring additional insight which could make a big difference.

3.   Project team

Almost every firm we speak to as a reference site says they wished they had resourced their project better. Under-resourcing often leads to burnout in the team, delays and short term decision making. In addition to the selected supplier's team, you will need your own project manager as well as the key finance lead and subject matter experts in other areas. It is advisable to backfill the business-as-usual roles (probably with fixed term contractors) to free up your own people to be the experts on the new system

It is also invaluable to have a reference group of fee earners and other users who can be consulted along the way to make sure that the project stays on track with its objectives and does not deliver any unintended problems.

4.   Configuration versus customisation

So many firms are stuck on old version of their PMS, or have to incur substantial costs to upgrade because they have heavily customised the system. We strongly recommend that firms adapt their processes to fit the product rather than vice versa. It is unlikely that any financial process is so significant that it gives you a competitive advantage to do it your way.

The presentation of usable data to the lawyers, on the other hand, is an area of potential competitive advantage. In most cases this will not require any customisation, just careful configuration and a strategy to collect the right data.

5.   But do map your existing processes so that you know what is going to change.

This is particularly important for major processes such as billing. It will give the firm the opportunity to identify and eliminate obvious inefficiencies (e.g. how many times does the lawyer need to think about the bill in order to send it out?) before the new system comes along.

It will help the implementer of the new system and will enable you to identify how things are going to change, so that you can be very specific in preparing the firm for the new system.

6.   Resist the temptation to build in extra approvals – reduce the number if possible

The workflow processes in modern systems are very flexible and can build in logic, such that decisions can require approval if certain conditions are met (e.g. for a write-off over a certain size). It is very tempting to build in lots of controls and approvals. However, this can gum up the system once implemented (especially if the approvers are slow to get to grips with the new system). People then start to complain about the system, saying it doesn't work, when in fact it is the way it has been configured which is the problem.

We recommend that discussion about policies (who can approve what, how much time must be recorded, etc.) are separated from the implementation of the system. Get these policies agreed amongst the partnership **before** they are baked into the system, and they won't come as a nasty surprise. When it comes to approvals for write-offs and write downs, we would encourage an approach which requires the user to give a reason for their actions – the answers are gold dust and can be valuable in managing the business going forward.

7.   Data and data cleansing – aiming for a single version of the truth

The amount of data to be migrated to the new system is often a vexed question. Clearly you will want all data on open matters, but you might want a lot more in order to be able to produce reports showing trends over time. Many firms end up migrating more than they originally intended. Some housekeeping can be useful here. For example, think about closing matters before migration. A big push on this can make the data in the new system much cleaner.

In addition, it is worth looking at charge-out rates. How many different rate tables do you have/need?

A new PMS is a key opportunity to create a 'single version of the truth' by synchronising data across systems. And nowadays, when you look at data it is important to consider the General Data Protection Regulation and how you are going to manage any personal data in the system – this tends to mitigate against longstanding trends for taking more data than is actually required.

8.   Change management

In general, lawyers don't like financial processes. They would rather be 'getting on with the job' than preparing bills. Having to learn a new way to carry out a process they regard as a waste of time anyway is always going to be unpopular. They will long for the 'old way', which at least had the benefit of familiarity. The same applies to other processes. However, if the firm is going to derive real business benefit from the new system, taking advantage of new ways of doing things will be necessary.

So many projects fall down here. To counter this, we recommend involving a group of reference users during the project who will become local experts on the new system. They will be able to identify what is going to change and help to explain why the new way is beneficial.   Those people may also be very useful floor walkers, experts, or even trainers when the system is launched.

Do not skimp on training. If your firm has a culture in which people do not turn up for training sessions, make this the exception by leading from the very top. Make the training as concise as possible and run it at times that suit the users' working day. Provide helpful flashcards for key processes and, if possible, consider online video help accessible from within process screens as such targeted, bite-sized assistance can save time and frustration.

Have a lot of extra support available at launch and during the first one or two billing cycles. It will be needed. This can be in the form of floor walkers, additional training, hints and tips, etc. Perhaps a drop in refresher on the billing process running at the beginning and end of each day over the week of the billing cycle. Above all, the firm's leadership needs to be fully and volubly behind the changes.

These ideas may sound simple but it is remarkable how often they are ignored. Difficult projects like PMS implementations are a real test of a firm's leadership and getting them right can inspire confidence and trust across the firm.

We are, of course, available to help.

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