

# The Future of Price: Defining Value in Value Billing

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Partner and Executive Committee Member Seyfarth Shaw LLP October 2011

## SeyfarthLean Background

• Work began more than six years ago in response to growing concerns from clients about time-based fee models

#### • Goals were to:

- Institutionalize a value conversation with our clients and then work collaboratively to deliver that value efficiently
- Improve predictability of fees, lower client costs, increase transparency and allow law departments, if they wished to collaborate, to have real-time access to fees and management of matter
- Facilitate continuous, sustained improvement in quality of service

### The SeyfarthLean Six Sigma Model

- Process started with serious consideration of various efficiency models including traditional Lean Models and pure Six Sigma
- We settled on an adaptation of Lean Six Sigma tailored for legal services, building in strategy, project management and change management
- The result is a disciplined way to think through and deliver high value legal services a fundamental change in the way we work

## **Representative Projects**

- M&A Transactions
- Commercial Litigation
- Claims Processing
- Transactional Tranches
- Contracts Management
- Data Program Support
- Small Acquisition Flow
- Wage & Hour Class/Collective Actions
- Non-Compete Litigation

- Real Estate Financing
- Products Liability Litigation
- e-Discovery
- Trademark Prosecution
- Employee Benefit Plan Restatement
- Summary Judgment
- ERISA Litigation
- Employment Litigation
- Real Estate Leasing

## SeyfarthLean Process

- **D**efine
  - Clients want high quality, lower cost legal services, delivered with predictable results
- Measure
  - Collect data on Seyfarth/client experience: total cost, cost by task code, "voice of client"
- Analyze
  - Gather experts in "Kaizen"; review current state and process map future
- *Improve* 
  - Make changes in process; train attorneys/staff; support with technology and best practices
- **C**ontrol
  - Supervise and measure to prevent return to the prior process

## SeyfarthLean Tools

- Voice of the Client
- Project management
- Root cause analysis
- Y= (f)X
- Process mapping
- Pareto Chart
- Kaizen
- Knowledge Management

#### • WIN's

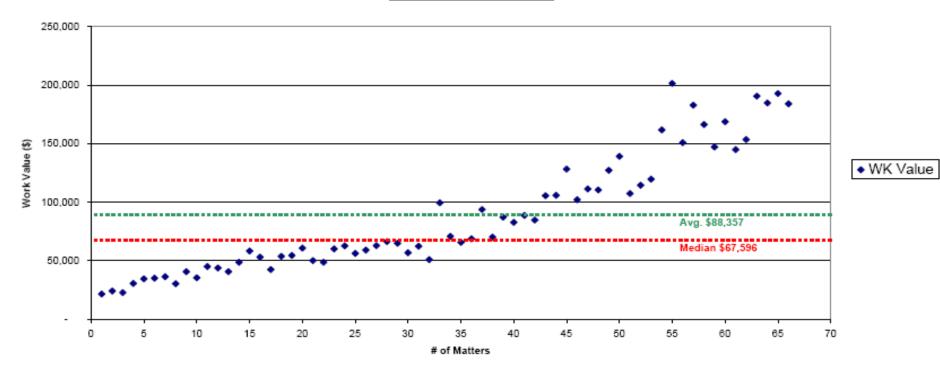
- Lessons Learned
- Control Plan
- SeyfarthConnect
- Matter Management
- Service Standards
- InSeyt

## SeyfarthLean: A Litigation Case Study

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#### **Commercial Litigation**

Work Value per Matter



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#### Task Codes Are Key To Analysis

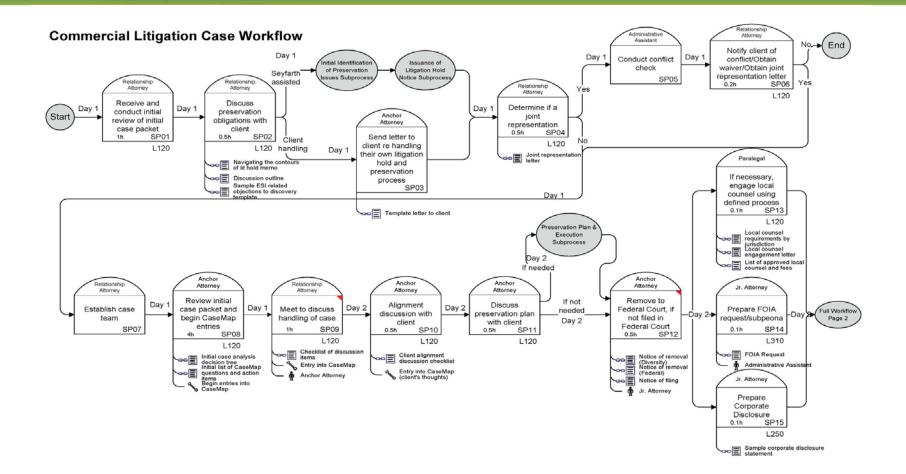
Average Work Hours per Task Code

60 \$1.9 51.1 50 44.8 43.3 42.7 40 Avg. # of Hours 36.7 31.8 30 28.4 20 16.8 16.5 13.7 12.9 12.5 12.0 10 9A 87 6.6 8.0 8.1 5.3 1.3 ritial Document reperationFiling Other Case Administration Fact Gethering Experts/Consultants Budgeting ettlement/Non-Binding ADR Camplaints imployee/Labo Analysis/Strateg Readings elysis and Recovery Researching Lav Personal Property Benefits/Pension alysis and Advic Von-Working Trav Discovery Motion Fact Gathering/Due Diligenc usiness Operatio erty Communicati Admin.FD Arswe Written Discove ase Assessment ent & Administrati ut ou ass Action Certification Document Product Depositio Expert Discov otare à Submissio ert/Fie Managem Dispositive Motion Motions to Disn Other Discov Fact Witness legotiation/Revision/Respon tianDevelopn Mandated Conferer 2 Written Motio Expert Witnes Plan and Disolosure Statementijinducing Busi olect Administration Votice 1s for Car Other Case Ę 990 d pin Motions [see]

Task Code

Avg WK Hours

## Sample Process Map: Commercial Litigation



#### Breadth. Depth. Results.

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## Our Approach and Tools: Sample Matter Management Report

#### Client - ABC Company

Matter - 12345-000000 J. Doe v. ABC Company

Report Run Date - 03/02/09 Information Reported As Of 03/01/2009 11:59 PM

Task #	Task Code Description	Total		Attorney Timekeepers		Other Timekeepers	
		Hrs	WK Value	Hrs	WK Value	Hrs	WK Value
L110	Fact Investigation/Development	0.1	\$27.50	0.1	\$27.50		
L120	Analysis/Strategy	23.9	\$6,543.50	23.9	\$6,543.50		
L140	Document/File Management						
L160	Settlement/Non-Binding ADR						
L190	Other Case Assessment, Development & Administration	5.4	\$1,771.00	5.4	\$1,771.00		
L210	Pleadings	4.1	\$1,127.50	4.1	\$1,127.50		
L211	Complaints	0.7	\$192.50	0.7	\$192.50		
L212	Answers						
L230	Court Mandated Conferences	0.4	\$110.00	0.4	\$110.00		
L241	Motions to Dismiss	16.6	\$4,741.00	16.6	\$4,741.00		
L243	Motions for Complete or Partial Summary Judgment						
L250	Other Written Motions & Submissions	2.7	\$742.50	2.7	\$742.50		
L310	W ritten Discovery	2.9	\$573.50	0.7	\$188.50	2.2	\$385.00
L320	Document Production						
L330	Depositions						
L350	Discovery Motions						
	Total:	56.8	\$15,829.00	54.6	\$15,444.00	2.2	\$385.00

Budgeted Amount: \$61,264.00 Total Work Value: \$15,829.00 Variance: \$45,435.00 Percent of Budget: 25.84%

Percent of Total Work Value to Budget:



Less than 50% of the Budget Between 50% and 75% of the Budget Between 75% and 100% of the Budget 100% or greater than the Budget

#### Client & Matter Dashboards

ULI	AW							
						XY	Z Corpor	
Key Performance	e Indicators - LTD							
Billed Amount	Worked Amount	Matter Budget	Budget Used	Hours Worked	Billed Costs & Disbursement \$0.00		Days	
\$299,352.80	\$313,505.00	\$400,000	78.38 %	918.90			1,57	
Work by Timeke	eper - LTD							
Name	Position		Worked Hours	Worked A	Amount	Last Wo	rk Date	
Panza, Joseph M.			354.50		\$148,418.50		3/16/2010	
Butterman, Dean	Partner		92.70		376.00		9/2010	
Massani, Angie	Associate		171.50	\$46,	156.00	6/1	4/2008	
Smith, John	Paralegal		177.70	\$30,	680.50	6/1	6/2008	
Smith, Jane	Associate		69.70	\$22,	241.50	6/1	4/2008	
			Partne Associ	ate 3 gal	52.89% 24.10% 9.94% 3.07%			
			Associ	ate 3 gal Attorney	24.10% 9.94%			
Work Amount by	Task Code - LTD		Associ	ate 3 gal Attorney	24.10% 9.94% 3.07%			
Engagement/Commencement	; Loan App. Review; Kickoff Ca	-	Associ Parale Other Other	ate 3 gal Attorney	24.10% 9.94% 3.07%	\$18 <sup>°</sup> 2,645		
Engagement/Commencement	t; Loan App. Review; Kickoff Ca le/Survey Review and Negotiatic	an (T07)	Associ Parale Other Other \$55,423	ate 3 gal Attorney	24.10% 9.94% 3.07%	\$182,645		
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Engagement/Commencement Tit Borrower Structs	t; Loan App. Review; Kickoff Ca le/Survey Review and Negotiatic uring; Org/Authoriky Docs Review Distribute Initial Loan Document	on (T07) w (T05) ts (T02)	455,423 \$14,686	ate 3 gal Attorney	24.10% 9.94% 3.07%	\$182,645		
Engagement/Commencement Te Borrower Struct Draft and	t; Loan App. Review; Kickoff Ca le/Survey Review and Negotiatic uring; Org/Authority Docs Revier Distribute Initial Loan Document Other Due Diligen	xn (T07) w (T05) ts (T02) ce (T09)	423,205 14,686 13,821	ate 3 gal Attorney	24.10% 9.94% 3.07%	\$182,645		
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Engagement/Commencement Tit Borrower Struck Draft and Loan Do	;; Loan App. Review; Kickoff Ca le/Survey Review and Negotiatic uring; Org/Authoriky Docs Review Distribute Initial Loan Document Other Due Diligen Comment Negotiation and Revisio unding/Dieb; Itolsing Escrow 8; Ophion Review and Negotiatic	an (107) w (105) ts (102) ts (109) ts (103) ts (103) ts (12) ts	43300 43300 423,205 \$14,686 13,821 1910 568 00	ate 3 gal Attorney	24.10% 9.94% 3.07%	<b>\$10</b> 2,645		
Engagement/Commencement TR Borrower Struct Draft and Loan Do Closing Prep & Coordinate P	t; Loan App. Review; Kickoff Ca le/Survey Review and Negotiaki Distribute Initial Loan Document Distribute Initial Loan Document Other Due Diligen cument Negotiation and Revisio unding/Dieb.; Closing Escrew 8: Opinion Review and Negotiatio Status Calls and Follow L	an (107) w (105) ts (102) fs (109) fs (103) fs (12) fs (12)	\$55,423 \$23,205 \$14,686 \$13,821 \$268 \$00 \$88	ate 3 gal Attorney	24.10% 9.94% 3.07%	\$182,645		
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#### Breadth. Depth. Results.

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## Our Approach and Tools: National Relationship Team Site

- Action Items with Gantt Chart
- Dynamic Document Repository
- Custom Document Folder Tree
- Discussion Board
- Databases
- Dashboards
- Calendar
- Contacts
- Links

### Our Approach and Tools: Sample Team Site

			P	anza, Joseph M. 🗸	Team S Diges	ite 4 3	3 Feedback	
inSe	yt		Searc	DOCUMENTS	for			٩
My inSeyt Pra My inSeyt > Mat Workbench			f. Development ▼	Support Services	Offices ▼	People 🔻		
* [55555-12]	3456] Matter Regard	ding ABC						<- Back
$\nabla$		Tasks Title Discuss ABC with Angie	Days Left ▲ -1 👿	Assigned Ballakhan, Rishi	% Complete	(), (=), 	Events	() () () () () () () () () () () () () (
Status: Date Opened:	Open 03/24/2010	Write ABC Prepare for XYZ	5	Massani, Angela Panza, Joseph M.	80%		Links & Add new item	
Date Closed Area of Law:	L&E - Litigation   Two or More Individual Plaintiff Litigation (discrimination,	Review ABC	22	Ballakhan, Rishi	0%		Discussions	()
Department:	harassment, etc.) Labor & Employment Group	Documents Title (Document Number) Letter to John Doe (13334456)	v.2	Auth		() [0] odified 0/2011		
Office:	Chicago	Letter to Jane Doe (98888889) FW: Email about XYZ (1365433 Privilege Log (98765559) v.1		Panza	, Joseph M. 8/1	0/2011 0/2011 0/2011		
Timekeepers     ①       Panza, Joseph M. Billing     Massani, Angela       Supervising       Ital Active Timekeepers (16)		Review of ABC (77777777) v.1 Answer to First Set of Interroge		Ballak	han, Rishi 8/1	0/2011		
		Response to First Request for First Request for Production (7) Request for Production (99999)	Production of Document 7777777) v.7	ts (44332211) Mass Ballak	ani, Angela 8/1 han, Rishi 8/1	0/2011 0/2011 /2011		
0 2011 SEYFARTH SH	AW LLP	Request for Production (33533		POLICY	nan, rushi oro	2011	Breadth, D	epth. Results.

#### Seyfarth Scorecard

You	ur Information					
First trame Last trame Met	7 Click barn.	CLIENT SCORECA Response Metrics	RD		Clert Reponse Response Hebri	•
Servie	ce Areas Covered	Filters		Export Data		
Bankruptor, Workouts and Business Reorg Litigation Construction Comportate, Securities and Tax Employee Bernetts Convormental, Safety and Health Government Contracts	panicationintellisedual Property intellisedual Property Labor & Employment Counseling and Litigation Real Estate, Real Estate Finance Trade Secrets Other		Response Scorecards w	time indicators 0 time indicato	Submit. Received Abandoned Scorecards 0	
Score Sey	vfarth's Performance	Understands Objectives/ Expectations N/A N/A	Management	Responsiveness/ Communication N/A N/A N/A	Results Delivered/ Execution         Good Value/ Would You Rehire?           N/A         0%	
3=Excellent, 4=1	Very Good, 3=Good, 2=Rein, 1=Poor Results delivered/execution					
Select an option     Control      Legal Expertise     Select an option     Select an option     Efficiency/process management	- Select an option - Good value: would you hire us again? - Select an option Comments					
Select an option     Select an option						

## Our Approach and Tools: Managing the Relationship

- Dedicated, client-facing Project Managers
- Ongoing relationship meetings

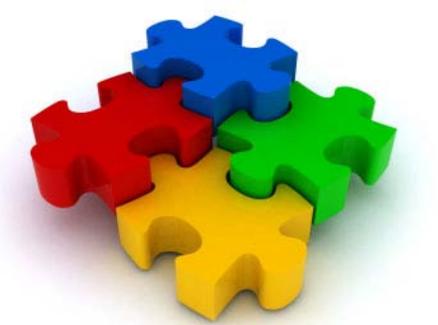
Status, metrics (by matter, by portfolio)

Provide shadow billing, budget to actual and proactive review

- Standardized lessons learned for every matter and at periodic intervals
- Client service scorecard: Seyfarth Scorecard
- Suite of relationship services value-added offerings designed to enhance the relationship, provide proactive advice to mitigate risks and increase our alignment with client's business

## Putting it all together

- Value definition
- Project management
- Knowledge management
- Technology tools
- Data and metrics
- Process improvement
- Alternative pricing models
- Listening and collaborating, deliver business outcomes





# The Future of Price: Defining Value in Value Billing

#### Lisa J. Damon

Partner and Executive Committee Member Seyfarth Shaw LLP October 2011