

# The Maturing of Knowledge Management

## A look at current trends in KM

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Today, more than at any time in the last 20 years, investment in law firms' support services is being challenged. Clients want to know how efficient their legal advisors are, and to understand how they can benefit from changes in these firms. In response, support teams are increasingly asked to quantify return on investment in terms of its impact on a firm's bottom line.

This is in sharp contrast to much of the nineties and the noughties, where Knowledge Management professionals amongst others (and often with the support, or coercion, of IT teams) were busy installing systems to support their lawyers. Unfortunately, too many of the projects undertaken during this time failed to deliver all that was promised. This does not reflect an endemic lack of care on the part of support groups, but rather a mismatch in terms of capabilities (of the systems implemented) and requirements (gathered from clients and lawyers alike).

Such mismatches were less of an issue when law firms were operating in a buoyant market and being rewarded for each six-minute unit by similarly successful clients more concerned about quality and speed than cost. However, the current climate casts a shadow across all sectors, with clients demanding value for money without any degradation in quality, and law firms requiring ever greater efficiencies in order to compete and, in some cases, stay afloat.

Many of the KM systems implemented during this time remain in place, often unloved and unused (one client told us how their system was down for a month and nobody noticed). However, in the last five years, such systems have been joined, and sometimes replaced by, search products like Autonomy, Recommind and Solcara which are able to provide an alternative approach. Rather than gathering documents together in specific-KM repositories with complex taxonomies, search engines are able to seek out information from any internal repository along with external resources such as LexisNexis, Westlaw and PLC.

Search engines are not KM systems, but they do improve access to information so are powerful tools for lawyers who can relate to their Google/Amazon-like offering. On this basis, are KM systems still required as separate entities with all the cost and maintenance overheads that they carry? My view is that know how should be embedded in other systems within the firm in order to provide the information that lawyers need alongside the documents and information they normally use. Below, I have outlined how this might look in practice.

### Client and matter inception

In order to be truly effective, KM should be implemented from the start of every new client and matter so that relevant items (eg documents) can automatically inherit the appropriate know how attributes (eg worktype, sector). The inception process is an obvious target for collecting the required information, with client review and matter closure processes providing the potential for adjusting this information to reflect any changes.

There is an administrative overhead here, in that the inception process may need to gather more information than it does at present, but this should reduce the KM overhead elsewhere. Once collected, this information can be utilised by other systems to generate a view of know how that is consistent across a firm.

## Finance and time recording

The inception process will usually create a client and/or matter in the practice management system (PMS) against which financial and time recording information will be collected and held. If these clients and matters are accurately categorised, firms should be able to report on the costs, time and profitability of specific worktypes, sectors and the like. Such information is critical as clients drive their advisors towards fixed fee working - without it, a firm cannot be sure how to set the costs and timescales (“how profitable is our work in that area?”).

When allied to time recording, these categorisations could provide firms with a clearer picture of which individuals have expertise in a given area. Turning this through 180 degrees could also give firms CV information that can be used in pitches or as a recruitment tool to help replace the skills gaps that appear when experienced lawyers move on.

## Documents

A firm’s document repository (which will often be a document management system, or DMS, such as Autonomy iManage or Open Text DM) is the most obvious place to store know how items such as cleaned up model forms, articles, and the like. Here, they will sit alongside a firm’s working documents, enabling lawyers to access both from one place.

A taxonomy can be created to hold know how items such that lawyers can navigate through a known (and hopefully simple) structure to find what the firm has identified as know how and best practice in relation to a specific topic. This taxonomy might be lifted from an existing KM system on the basis that it is already known and understood (unless that taxonomy was overly complex, such that a lack of comprehension was part of this system’s failing).

Where a taxonomy is used within a DMS, and on the basis that the necessary mapping has been implemented to support this, a relevant node from the taxonomy can be presented alongside matter folders to save lawyers the effort of navigating through folders or a KM system when dealing with active matters. This is a great example of embedding know how within a system to benefit lawyers without asking them to do any extra work.

In addition, submission of items for consideration as know how can be supported with a simple tick box on the DMS profile form. Searching for items marked in this way will highlight any new submissions, allowing knowledge professionals to assess each item accordingly.

## Client relationships

Like the PMS’s covered in ‘Finance and time recording’ above, client relationship management (CRM) systems will be better equipped to report on clients and prospects if the categories they use are aligned with a firm’s other support systems. CRMs are reasonably straight forward repositories of information about clients and prospects, but are only as accurate and complete as the details they contain. If client and prospect details are initially created, directly or otherwise, by the inception process, they should at least be automatically aligned with a firm’s other systems.

## Legal business process

Within the current climate, law firms are looking to optimise their business processes in order to cope with the pressures on costs that clients increasingly apply to their advisors. The optimisation may have differing objectives depending on a firm's position in the food chain. Traditionally, case management tools have been used to drive efficiencies in high volume work such as personal injury and real estate.

However, some firms will see this as an opportunity to apply a more consistent approach in order to improve best practice (which is surely know how in another guise), whilst others see this as a pre-requisite to out-sourcing the more formulaic elements of work not otherwise considered to be high volume such as due diligence.

Additionally, document automation can be included here - deconstructing frequently generated letters, forms and agreements in order to have these created from online forms and/or based on information partially gathered upstream. This is not simply business process re-engineering - it is about analysing what a firm does well (or improving this where it doesn't), and repeating it. This is know how in its purest form.

### Consolidated client/matter management

If firms are able to co-ordinate all of these systems by consistently applying and accurately maintaining categorisation, it would make sense to harmonise the information each provides so that lawyers are able to manage clients and matters rather than looking at a collection of disparate IT systems. A searching facility, as outlined above, would further improve access to information, whilst also allowing output from external sources such as LexisNexis and PLC to be included here. By presenting such aggregated information in a single interface, a client relationship partner could, for example, gain access to the following information:-

- Client contact details and meeting activity;
- Number of transactions/referrals from this client, overall profitability, outstanding bills;
- Engagement letters, previous pitch documentation, client care notes;
- Open and closed matter documents.

Whilst, for a senior assistant working on a number of matters, this interface could offer access to:

- Active matter documents, related know how and precedential documentation;
- Matter contact lists, internal subject matter experts;
- Time recorded by the internal team, WIP position;
- Research materials from external sites.

This would become the lawyers desktop - a dashboard that gives access to information about clients and matters in context rather than a collection of IT systems on a PC.

### Client access

All of the above is fine, and most if not all of it achievable today for firms with the vision, motivation and pockets - but what about the bottom line ? Some of the points above will improve a firm's profitability (especially where margin levels can be recovered through increased efficiencies) although any up front investment needs to be challenged to ensure that its ROI makes sense in the timeframes required.

However, I suspect clients will want to share in the benefit of such investments if they are to continue to work with the same advisors in future rather than looking to low cost jurisdictions such as India or South Africa. It is no longer sufficient for firms simply to consider their own profits and how to return these to pre-credit crunch levels without also considering the value that this will provide to clients.

One way forward may be to start by more fully understanding (and potentially improving) the processes for a given number of worktypes affecting key clients or client groups - this is process, rather than document, based know how. If relevant, these worktypes can be systematised using an appropriate forms/workflow solution, and monitored via a browser-based interface. This last point is important - browser-based access to the process can be extended to clients in order to give them answers to the following examples of questions about their matter/s:

- Who is the process with at the moment, and when am I expected to do something,
- Where has it got to (eg have the searches been completed or contracts exchanged), and
- What is going to happen next ?

In addition, and where commercial clients may typically have large numbers of matters of the same type, it might be useful to provide a summary of such information on an exception basis to highlight issues with, say, pre-defined thresholds of time and/or cost being breached. The provision of such information, thoroughly researched in advance of any implementation to assess its actual (rather than perceived) value to clients, could be a real improvement to the service most firms provide their clients with today.

### **KM in the teens**

KM is unlikely to move back to the isolated systems of the last 10-15 years whilst all else is moving towards integration. On the contrary, I think that KM should be seen as the key component that will form the backbone of future systems as it helps to tie the previously disparate systems together. This will bring a more consistent, best practice approach to a sector that will need to gear up in order to match the changing expectations of a client base that require lower costs without impacting on quality.

And it may be that quality becomes a commodity too, with firms able to offer clients work at different costs/timescales with agreed limitations on what can be covered for less. Such changes would ideally be made in collaboration with clients who are having to deal with their own budgetary constraints and who, therefore, are also looking for more cost effective, risk-based solutions. However, there is no rule that says these new solutions have to come exclusively from organisations based in Mumbai or Durban. The relationship that lawyers share with their clients is a great asset, and one that should be incorporated in the definition of any new approach to ensure that both can benefit from its success.

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