

The Business of Law

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Putting the “Business” Back in the New Business Intake Process

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The progress in law firm business development over the past decade has been driven primarily by the front office. Strategy-based initiatives have included hiring Chief Marketing Officers and public relations agencies, launching rebranding campaigns and dynamic websites, as well as lawyers leveraging social media tools, such as LinkedIn and Twitter, to connect directly with prospects. On the flip side, back-office technologies to support these efforts have largely been reactive, facilitating the functions associated with new business intake, but not innovating the process as a whole. True, lawyers still receive the all-important client/matter number to begin billing. However, a series of colliding factors impacting law firm business, including the rise of risk issues and the fall of the economy (and law firms), has created an opportunity for firms to transform new business and risk-related IT cost centers into true competitive advantages. The result is a redefined approach to new business intake that is strategic, safe and fast.

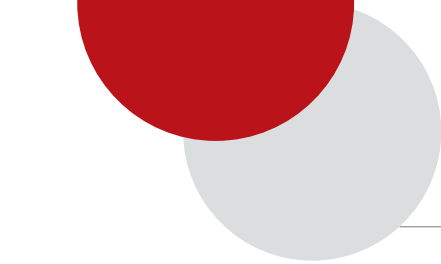
EVOLUTION: NOW SERVING CLIENT/MATTER NUMBER . . .

Simply put, lawyers want to begin billing right away, which makes new business intake all about getting to the client/matter number as quickly as possible. Historically, however, new business intake has been a largely manual process requiring a tremendous amount of human resources. Re-keying information, a

time-consuming and error-prone process, became the norm. Lengthy tomes containing details of potential conflicts were printed and routed not only to the requesting lawyer, but to all others in the firm involved in potential “hits.” Lawyers had to take precious billable time to review these long reports for potential issues or, worse, just skimmed through them, possibly missing red flags. Bottlenecks associated with paper-based routing and approvals, and wasted time spent on repetitive tasks, made it clear that technology could be implemented to reduce these inefficiencies.

IT has always been charged with finding the right tools to do the job easily, effectively and with as little maintenance effort as possible. We need a customer relationship management (CRM) system (check), time entry system (check), document management system (check), and so on. With such clear-cut needs for other back-office functions, firms were on a fairly level playing field. Firm size was what typically drove the selection of one vendor’s technology over another. But when it came to new business intake, one clear technology solution didn’t emerge. Depending on the firm, information needed for evaluating potential business and assigning a client/matter number could come from time and billing system reports, conflicts management systems or any number of information repositories within the firm. Business rules for evaluation and approvals also varied. IT turned to off-the-shelf, bespoke and hybrid workflow tools that could help automate and streamline processes to reduce the time required to open new business.

Still used today, these new business intake systems automate the steps in the review and approval process, and then trigger the issuance of the client/matter number. IT did its job to



get information to flow from point “A” to point “B” faster. Although an improvement, the term “new business intake” became synonymous with the electronic routing of forms and not with the business strategy, risk issues and work-habit realities that must be considered and addressed at every stage. For the most part, these initiatives were driven by IT requirements, not business requirements, and the tools developed reflected that view.

WHEN IT'S TIME TO CHANGE, YOU'VE GOT TO REARRANGE

Business does not operate in a vacuum, and the steps to get from a request for a client/matter number to the issuance of one are constantly in flux as internal processes, new technologies, risk protocols and economic considerations change.

PROCESS CHANGES

Every law firm has its own unique methodology for bringing in and vetting new business, but the rules are not set in stone. Evaluation criteria can change, and roles and responsibilities can shift. For example, some firms have transitioned conflicts vetting from lawyers to conflicts analysts, many of whom are non-billable lawyers tasked specifically with conflicts oversight. In doing so, conflicts analysts may need deeper drill-down capabilities, and information disseminated to involved lawyers may need to be tailored to a specific relevant hit. These changes impact information access, analysis, routing and reporting. Another common example of a process change impacting new business intake is a merger between two firms that likely utilize different technology systems and business rules. External factors such as regulatory mandates can also impact a firm's new business intake requirements and information-gathering processes. For example, a firm expanding its business practices overseas might now have to scrutinize potential business against Solicitors Regulation Authority (SRA) guidelines.

TECHNOLOGY CHANGES

Connecting disparate internal systems via APIs and integrating external sources, such as Dunn & Bradstreet, are fairly typical processes with most new business intake systems. However, what happens when these internal systems change (e.g., a switch in time and billing systems) or when new data repositories are added to the mix (e.g., e-mail)? Also consider the real-time nature of news in today's world. Are results from external information providers, such as Lexis-Nexis, D&B and others, as current as Google Alerts, CNN's RSS feeds or corporate Twitter streams? How can, and

how should, firms keep up with the information available about clients and prospects?

However, the toughest technology challenge in most firms is accommodating the way that lawyers really need and want to work. While most new business intake systems have moved the approval process from the physical “inbox” to the virtual one, the reality is that lawyers are using their hand-held devices to keep business moving and to remain competitive. New business intake processes and existing systems must deal with the reality of this increasingly mobile workforce. A lawyer might need to send a request for new business from a cab in between meetings or before jumping on an 18-hour flight to India. Hundred-page-long conflicts reports can't be sent and reviewed or marked up on hand-held devices. The approval process is once again slowed, just for new reasons.

RISK PROTECTION

Firms have significantly beefed up their risk management practices in keeping with the global nature of today's business. Firms need to manage potential exposures that could result in loss of reputation, fines or worse. This includes managing regulatory requirements and other external requirements such as Know Your Customer (KYC), as well as managing ethical and privacy concerns. According to a 2008 Altman Weil study, more than 85 percent of law firms have appointed in-house General Counsel, and the majority did so in the last few years.

New business intake systems in use today were not likely developed in cooperation with firm risk management leadership and may not be reflective of a firm's current risk profile and practices. For example, the firm may now have a rule that no work, even e-mail communication, can begin against a matter until related information barriers and ethical walls are in place. However, the existing new business intake system may issue a client/matter number to the requesting lawyer, whose team then begins billable work on the matter before required security is in place.

ECONOMIC CONDITIONS

No one could have predicted the economy's screeching halt and the impact it would have on firms. This led to an increased need for strategy and speed in the new business intake review and acceptance process. Firms may now pay closer attention to a potential client's credit score or the accounts receivable of an existing client. A firm may change acceptance protocols in order to bring in new types of business to ensure profitability in a tough economy (and yes, that may be in direct conflict with risk protocols as noted above). With so many firms circling for business, first mover advantage is critical. Also, with collapsing firms, partner layoffs and associate furloughs, new business intake systems must also support the vetting of lateral hires and merger and acquisition activity, from both business strategy and risk perspectives.

New business intake systems in use today were built to accommodate specific rule sets. As a result, these naturally arising changes are largely addressed via retrofits to the system. The more nuanced the new business intake process becomes, the quirkiest supporting technologies become — sometimes preserving efficiency and sometimes not. Firms need to determine the time and costs associated with updating these new business intake systems. What are the true costs associated with workarounds, not just vendor or consulting fees, but also IT resource drains and the potentially negative impact on speed and efficiency?

Delays impact decisions, which impact speed, which directly impacts competitiveness and profitability. Further, dated information gathering and dissemination methodologies impact decision-making confidence and potentially expose the firm to risk. New business intake technology downshifted to addressing nuances rather than revisiting the overall business needs on a holistic scale — and that's where we are today. It's no wonder new business intake and risk management systems are viewed as cost centers.

REVOLUTION: FROM COST CENTER TO PROFIT CENTER

One upside of the current economic situation is that it has served as a highly disruptive force that brings with it the opportunity for new leaders to emerge. Law firms are refining their business strategies and applying new dynamics to old business practices, choosing to focus on long-term planning supported by strategic investments that will ensure a return on investment. By helping to put the business edge back in new business inception, IT can play a major role in leveraging new strategies and technologies to not only support the client intake and risk management needs of the business, but also to help the firm proactively and profitably address these core functions.

Sure, getting to the client/matter number fast is still the name of the game, but when you take a holistic view and address the true business needs of the firm, you have the potential for a comprehensive technology platform that can intelligently support the end-to-end needs of the business and can transform cost into profit.

CIOs are vital members of leadership teams for firms on the road to reinvention. IT will play a pivotal role in the new frontier. Success is dependent upon the ability to look beyond what's in place today and understanding what's possible tomorrow.

In leading this charge, consider these next-generation concepts:


- **Holistic Approach:**

Alignment of business goals, business development, risk management and technology.

- **24/7 Capabilities:**

Launching Your New Business Intake (NBI) Project:

- Choose your vendor partner wisely. Not every tool kit vendor understands NBI.
- Instead of buying a tool kit to build your custom NBI workflow, consider NBI application providers. These firms not only understand the process, they likely leverage sophisticated workflow-based systems that can be extended for other firm workflow needs. This can save time, resources and budget dollars needed to get up and running.
- Consider Microsoft Windows Workflow Foundation (WWF)-based solutions, as opposed to proprietary workflow engines. WWF is strong, and for NBI type human-intensive workflows, it's the best technology choice at a fraction of the cost.
- Be open-minded. Your way of performing NBI may be the best you know, but may not be the best system to implement. Find and trust a vendor that brings the knowledge and expertise of many different NBI implementations.
- Be prepared for change management. Any change in process requires retraining of people and resetting their expectations. Plan for it to avoid disappointment and to ensure a successful rollout and the acceptance of new technologies and processes.
- Try to achieve better alignment of business and IT goals by ensuring constant communication between GC and the CIO, and more importantly the firm's entire executive team.



Decisions and resulting actions available and implemented around-the-clock (in minutes, not days.)

- **Global View:**

Ability to accommodate mandates that may vary from locale to locale (even for the same client), multiple language requirements and time zone differences.

- **Mobility:**

Two-way communication for receiving and sharing information without any compromises to detail or quality.

- **Collaboration:**

Seamless information flow across the firm's systems and staff.

- **Weighted Information:**

Data from multiple internal and external sources ranked according to quality.

- **Smart Logic:**

A continual analytic view incorporating decision engines that gain intelligence as they go

- **Continuous Search:**

Ongoing mining of existing client and prospect data repositories (structured and unstructured) to find opportunities and red flags.

- **Automation:**

Extended workflow to simultaneously automate the lockdown and population of work-in-process systems at the same time a client/matter number is triggered.

- **Audit Trail:**

Documented compliance of every step in the new business inception process.

- **Fluidity:**

Ability to easily and continuously accommodate changes with no additional costs or resources required.

Let your firm's technology demonstrate a strategic view of new business intake and conflicts, a critical step in better business development. **ILTA**

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