



# Driving Change: Project Management for In-house Counsel

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# Agenda

1. Introductions
2. Overview of Legal Project Management
3. Sharing Experiences
4. Breakout Discussion
5. Sharing “Best Practices”



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# Overview of Legal Project Management

1. Scope
2. Budget
3. Communication
4. Debrief



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## Scoping

**Scoping** – a conversation between inside and outside counsel about the specifics of a legal matter and who is handling what, followed by a written document.

- What is the expected outcome?
- What are the phases, tasks, deliverables?
- What is the expected timeline?
- Who is handling what?
- What are the unknowns?
- Where is scope creep most likely to happen?



# Tools for Scoping

*PRIVILEGED AND CONFIDENTIAL  
ATTORNEY CLIENT COMMUNICATION AND/OR ATTORNEY WORK PRODUCT*

**Project [ \_\_\_\_\_ ] Legal Budget**

The following is a proposed outside legal budget for the Project \_\_\_\_\_ transaction based on outside counsel's proposed milestones for the transaction. Outside counsel intends to keep this budget updated throughout the transaction so that we may know where the legal budget stands at all times and the reasons for any variances in the budget estimate. The proposed budget does not reflect work performed by outside counsel prior to [insert date] and assumes that (i) the transaction will be evidenced by an Agreement and Plan of Merger (the "Merger Agreement") resulting from negotiations with \_\_\_\_\_, (ii) no litigation or other regulatory or administrative proceedings (other than the \_\_\_\_\_ Department of Insurance ("DOI") hearing) are initiated relating to the transaction, (iii) there is no "second request" relating to the HSR filing, (iv) the transaction will not require the issuance of a legal opinion by outside counsel, (v) the specialty areas (e.g. tax, employee benefits, HR, IP, privacy) issues will be reviewed and documented by in-house at \_\_\_\_\_, (vi) outside counsel will not perform due diligence, and (vii) outside counsel's out-of-pocket expenses (in accordance with the terms of the OCLO Approved Counsel Billing and Staffing Policy) associated with the proposed transaction are not included in the budget estimate.

<b>Milestone</b>	<b>Initial Budget Estimate</b>	<b>Revised Budget Estimate<sup>1</sup></b>	<b>Actual Billed</b>	<b>Reason for Variance</b>
Preparation and negotiation of merger proposal/term sheet	\$ _____	\$ _____	\$ _____	
Preparation of first draft of Merger Agreement	In-house	In-house	\$ _____	
Review and revision of Merger Agreement with _____	\$ _____	\$ _____	\$ _____	
Negotiation of Merger Agreement with _____	\$ _____	\$ _____	\$ _____	
Preparation for and attend meeting with the Ohio Department of Insurance ("ODI") and/or DOI	\$ _____	\$ _____	\$ _____	
Advice on Due Diligence and Schedule Review Issues	\$ _____ <sup>2</sup>	\$ _____	\$ _____	



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# Budgeting

**Budgeting** – a conversation and general agreement between inside and outside counsel about the legal fees associated with the matter, including assumptions, known risks, and extra room for unknown risks.

- Be as specific as possible (who is doing what, how long will it take and calculate cost associated with each task or deliverable). ***This greatly improves the process and effectiveness of the budget.***
- List all known assumptions (i.e., # of depositions)
- Set regular intervals to review the budget (catch scope creep and overruns early).
- Agree ahead of time how to handle a change in the budget.



# Tools for Budgeting

Item	Notes
Lease negotiations	Represent company on the next six lease negotiations
Scope	Review and negotiate letters of intent (LOIs) and Leases
Completion point	Executed and delivered lease
Decision points	Key business and legal risks to be discussed with CLO or CFO
Fee	Fixed \$ amount per lease
Staffing	Firm partner designee
Stakeholders	CLO and CFO
Risks	<ol style="list-style-type: none"> <li>1) Time consuming issues such as escalation of rent clauses, building allowances and improvements</li> <li>2) Completely onerous lease</li> </ol>
Consequence	Result in more time spent by firm than budgeted
Probability	Time consuming issues have a 70% probability. Completely onerous lease is unlikely and only a 5% probability.
Mitigation	<ol style="list-style-type: none"> <li>1) Develop points and position with respect to time consuming issues in advance and include in the LOI or term sheet</li> <li>2) Rely on LOI or term sheet provisions to help reduce time on onerous leases. Also, company to share in overage above the fixed fee on completely onerous leases. Parties to review and agree after completion of the lease.</li> </ol>
Trigger	<ol style="list-style-type: none"> <li>1) Approach for this item applies to all leases</li> <li>2) Upon notice from Partner after initial review of lease</li> </ol>
Project Review	CLO and partner to review engagement after completion of first phase of leases to determine effectiveness and examine areas for improvement



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## Communication

An understanding between inside counsel and outside counsel on how the team will communicate.

- Start with a kick-off meeting to describe the matter, primary responsibilities, deliverables and timeline.
- Highlight priorities, potential deal-breakers and milestones.
- Decide on regular intervals and format for status updates.
- Determine a communication strategy (who will communicate with whom and how often).
- RACI (who is responsible, who is accountable, who needs to be consulted, who needs to be informed).
- Debrief





# Tools for Communication

Phases/Tasks	General Counsel	Associate GC	Project Manager	Business Lead	Person	Pr

**RACI CHART GUIDE:**

R - Who is responsible for getting task done? (owner)

A- Who is accountable for the decision? (approval)

C - Who needs to be consulted?

I - Who needs to be informed?



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## Debrief

**Debrief**— a conversation between inside counsel and outside counsel on what went well and what we can all do better next time.

- Should be done immediately after every matter.
- Include pertinent team members.
- Document what is learned for future reference.
- Share it with the team.



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# Sharing Experiences





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# Breakout Discussion



## Legal Project Management – Case Study

### Background Facts:

- Publicly traded, \$1B global manufacturing company with U.S. headquarters
- Small in-house legal group – all based in U.S.
- Confidentiality within organization a concern – knowledge kept to small group at senior level; limited information sharing
- No centralized database of information about business unit – hard to create “data room” at corporate level
- Projects managed at GC level within law department

### The Project:

- Sell non-core business unit located in U.S. valued at \$50M
- Hired mid-market investment banker to drive process
- Hired mid-market law firm to handle legal side
- GC assigned to manage project for Company
- Project kicks off in 1Q2011; fiscal year end 9/30/2011

### Signs of Trouble:

- Coordination issues on data room setup among in-house legal, investment banker, outside legal, and business unit personnel
- Business unit dealing with multiple similar requests from multiple parties while, at the same time, trying to run the business
- GC, who was driving process, gets pulled from project due to other priorities and drops project on lap of his small team
- Inefficiencies with in-house handoff - lack of clearly identified roles and responsibilities results in “stress cracks”
- Outside counsel bills exceeding initial fee estimates; counsel for bidders stall process by changing terms

## Scoping Focus – Discussion Questions

1. What does this project entail? NOT entail?
2. What are the most important factors to consider?
3. What are the main phases and tasks?
4. What is the timeline, milestones and deliverables?
5. How should roles be identified among the players – in-house legal, outside legal, investment banker?
6. What tools should be developed to document scope and timeline of the project?
7. How do we manage scope creep?

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### Budgeting Focus: Discussion Questions

1. What is this project ‘worth’ to the company?
2. How much do we think the matter will cost?
3. What are the factors that will impact the budget?
4. Where’s the highest likelihood for scope creep?
5. How will budget overruns be communicated and addressed?
6. What (if any) tools should be developed to define budget expectations?
7. How often do we want a report on budget status?

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## Communications Focus: Discussion Questions

1. Who are the stakeholders in the matter? Who are the key “players?” If they are different people how to effectively coordinate and communicate with and between them?
2. Who are the members of the working team (in house and outside)?
3. What’s the preferred method of communication among the players in the transaction? Is this “preferred” method the most efficient and effective?
4. Is there a budget vs. a fee “estimate,” and is there an understanding of how often should a status update regarding budget be provided and to whom?
5. Where is the potential for communication to go awry and how do we avoid or mitigate?
6. RACI: Who is responsible? Who is accountable? Who needs to be consulted? Who needs to be informed?



## Scoping Discussion Highlights

- Identify the commodity/easy work to carve out.
- Identify the sticking points that could change the matter.
- Identify tasks that outside counsel should not handle (to avoid scope creep).
- Designate a lead for each key area, including areas where the business team need to be involved.
- Determine an appropriate funneling process.
- Consider working the timeline backward from completion date.
- Identify internal and external approval milestones.
- Use management tools, like a dashboard.





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## Budget Discussion Highlights

- Establish clear scope in the initial stage.
- Ask outside counsel for anticipated fees at each milestone stage.
- Determine the value of the project to the organization.
- Identify constraints around timing.
- Consider using a RACI chart to help streamline communication.
- Report billing and changes to budget on a regular basis.
- Understand impact on company financials (budget may be based upon fiscal year).
- Consider RFP/RFI – to establish budget.
- Set ground rules around assumptions for budget.
- Remember you are buying a piece of work product and not necessarily time.



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## Communication Highlights

- Effective communication is essential in the scoping and budgeting phases, as well as the execution phase.
- Establish the team – who is inside and outside and what is the line of communication for who is handling what?
- Use status meetings, kick-off meetings, dialogue – have clear agendas; don't waste time.
- Relationships can be key and helpful to executing a project effectively. Take time to build relationships.
- Know your role in the communication chain.
- Talk about communication expectations up front.
- Use an action item list to effectively manage status meetings.
- Define frequency of budget reporting.



## For more information

If you are interested in learning more about legal project management, contact any of us below.

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