

## A guide to new (world) business intake for law firms



### A short history

A number of years ago now, I came to appreciate the growing complexities and the evolving sophistication of governance and process around law firm new business intake/matter inception/business acceptance/matter opening (whatever you call it in your corner of the world). Ten years ago, concepts like Anti-Money Laundering (AML), Client Due Diligence (CDD) and Conflicts Checks were exactly that – concepts. Things we all suspected (with trepidation) would undergo large change and impact the way we were operating in a colossal way. Those were the days of Metastorm and bespoke (custom) in-house systems that were a side note to a firm's Practice Management System.

Historically Conflicts searches performed by secretaries, (supposedly understanding the reason for doing the search) would generate Conflicts Clearance emails that floated out across the partnership with the view that no news was good news. In ten short years it's all changed significantly, but are firms ready to effectively tackle this complex and risky process?

### Consider beginning at the beginning

With growing emphasis on data quality due to increased regulatory and client sophistication, firms hastily react, often without a clear vision of how to navigate these obligations. Given the infrequent nature and complexity of running an NBI process redesign and implementation, not a lot of firms have the internal capability or capacity to create

positive transformation in this space. It's often assumed to be just a Finance project or a Risk Management project – but it's so much more. This process touches all functional areas of a law firm and in most remediation scenarios we get called in to assist on, a large contingent of stakeholders have been altogether excluded from the initial engagement, and the project has kicked off when the software implementor has been engaged. In actual fact, these projects should start well before this, with effective requirements elicitation activities, process engineering and industry research informing of software and services selection. Yes, it will probably cost you double what you're thinking, but if you get it right the first time it will save you a lot more.

So before you start your product selection

activities, consider beginning at the beginning

### Define the stakeholder engagement approach

Stakeholder Engagement on NBI Projects extends across all functional areas of a law firm. Representation is required from Risk Management, Finance, Business Development, Records Management, Technology, Lawyers and Secretaries. Solid subject matter expertise offered by each of these functions (in their area of expertise) will inform the design process, support the project success and help imbed effective organisational change.

Each stakeholder will need to understand their capacity on the project (in order to balance competing priorities), but also to understand



their roles and responsibilities, so clearly define these and communicate them early on.

Anticipate that these functional areas will, to differing extents, require backfill to support their business as usual service offering. Being open about this with stakeholders early on in the project will foster a positive working culture and support project activities progressing as planned (and budgeted for), this is a cost to the project.

### **Use discussions with the stakeholders to inform the success criteria and objectives for the project**

Clearly define why the project is taking place, the expected benefits and validate this with



the stakeholders. Set a baseline and measurable success criteria for the project, whether this be quantitative or qualitative, be explicit so you can measure the Return on Investment (ROI). This may include things like salary reductions, process efficiency savings, benefits associated with earlier matter creation, improved policy compliance and reductions to financial and reputational damages costs.

### **Use the success criteria and objectives to set the project scope**

Many of the objectives that stakeholders articulate during the initial discovery of these engagements will help to articulate the project scope.

It is likely that the NBI Project will extend to the redesign of other related processes and sub-processes to varying extents. This will often include: Matter Creation, Matter Change & Matter Close but also Undertakings to Clients, Conflicts Governance & Consents, Know Your Client & Risk Assessment, AML Governance, Commercial Checks and Access Restrictions.

It is also likely that any process redesign results in organisational design changes as a result of introduced or changing of roles, responsibilities and required skillsets. There is potentially a HR touchpoint that many firms overlook during these projects, which can hugely impact project success if not proactively managed as part of the project scope from the outset.

Spare a thought for the details: Understand the state of your data and scope the need to cleanse your data to some extent prior to, or as part



of an NBI project. This does not necessarily have to mean all clients, matters, entities and parties, but some analysis should be performed to formulate an approach that offers the right balance of effort/benefit. Also ensure to include integrations and data points in the scoping exercise as these are often overlooked during planning and can result in a number of time consuming activities that will impact schedule and budget and ultimately the ROI.

### **Redefine your internal policies, processes and structures**

Elicit the true current working behaviours of the stakeholders through structured process mapping workshops. Understand what works and should be replicated in any redesign, and

what issues exist (and their root causes) from all stakeholder perspectives to form your guiding principles. Work with the stakeholders to design efficient and compliant activity flows aligned with these guiding principles. With so many stakeholders having different priorities it is easy to design unbalanced processes. If policies are too risk adverse, delays in matter opening occur, if they are too relaxed, the firm can suffer significant financial or reputational damages. Getting the right stakeholders in the room to understand their perspectives is paramount to successful project delivery prior to engaging with your software implementor.



### **Use your redesigned policies and processes as a basis for your solution options**

Requirements and designs will drive the technology solution options that are open to a firm. This is where independent industry and product knowledge is required to build an objective business case for which technology solutions will deliver certain elements of detailed requirements, design and integrations. This more often than not consists of a combination of different technologies and skillsets required to support a successful implementation. This is also when there is enough detail available to produce high level project budget estimates and delivery schedules.

### **Baseline your budget and schedule at the right time**

Strangely, baselining project budgets and schedules are often misunderstood and avoided as a result. Baselining does not mean that budgets and schedules won't change from that point onwards, it simply introduces a control mechanism, and triggers a decision point whereby the relevant senior stakeholders will be prompted to accept or reject the changes on the understanding of what has caused the change. That said, baselining cannot occur until all requirements are understood and designs are complete. You can't ask your builder for a quote for your house renovation without telling them you want a new kitchen and an ensuite in the master bedroom, nor can you ask your services

implementor to accurately quote for a Matter Creation workflow without articulating your Conflicts Clearance process.

Some final thoughts...

### **The vendors do not have all the answers**

It is easy to assume the vendors have done this a thousand times before and can just replicate what they did for the magic circle firms for your 300 seat firm. There are many variables to these implementations starting with how sophisticated and/or pragmatic your Risk Management Team are, who your clients are and where they are located and what your firm's lateral hire/acquisition strategies look like. Just because your firm is small, doesn't mean it's acceptance policies and processes are simple. Your implementation could be just as complex as one of the magic circle firms. This also implies that the project cost does not scale based on firm size.

### **Find the experts and leverage**

Don't just use whoever is available or whoever the software vendor suggests, find referenceable resources who have done this before successfully. By referenceable, we mean contacting your legal network peers and collate anecdotal evidence of prior implementations to support the decision.

Don't feel obligated to use resources from just one services implementor, some of the best implementations have been a hybrid of sub-contractors from the across the globe.

Just because a vendor has a good tech resource, doesn't mean they have a good project manager and vice versa.

Quality Assurance (QA) is important. Make sure the project is structured with the right controls and QA activities in place to ensure success is achieved against the current industry trends of failed NBI implementations.

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