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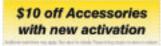


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## Law firms unravel costs in new business model

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Susan Raridon

Lambreth |

LawVision Group

level they've had

As a result, law

By Annie Johnson

Rueff

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If you want to know how your company's legal budget is being spent, just ask.

More and more law firms are opening up their books and allowing clients to see exactly what work is being done and

how much it will cost.

It's a seemingly simple but burgeoning trend that could help Nashville-area companies save money on attorney fees.

Using a project management approach, law firms are being more transpar-

ent about their costs with clients. At the same time, by organizing all the components of a single case into one place, law firms say the strategy is helping them become more efficient.

It's a technique — long popular in the technology industry and elsewhere that has largely been ignored by attorneys and their clients, who formerly spent exactly the cash they were asked to when it came to defending or attacking or simply trying to buy a new piece of property.

Then came the collapse of the economy and a scrutiny of legal costs rarely seen before. Now, even as the Great Recession has released its grasp, businesses aren't going back to the old days and law firms are listening.

"The genie is not going back in the bottle," said Susan Raridon Lambreth, principal of LawVision Group, a Nashville-based legal consulting company. "If we are fortunate enough in the next five years to have a remarkable turnaround in the economy, it will make things a little less (tense), but even with that, clients are going to demand going forward that law firms do more budgeting for their work."

In 2011, 48 percent of surveyed legal professionals were studying legal project management and considering what types of initiatives to implement while 15 percent already had a system in place, according to a study spearheaded by Lambreth.

That's where strategies like Baker-Manage come into play, a proprietary system created by Tennessee's largest law firm, Memphis-based Baker Donelson Bearman Caldwell & Berkowitz. BakerManage, launched this year, compiles legal project information (like tasks, schedules, deadlines, budgets and performance) on a website and shares that information in real time with attorneys and clients.

"If you're a client, you can log in right now and find out, as of close of business yesterday, how you're performing to budget and where the case is from a sta-

#### **New approach**

Project management is gaining steam in the legal industry, according to a survey of 400 legal professionals.

- 41 percent said they know what legal project management is.
- · 83 percent said their firms have started a pilot project related to legal project management.
- 75 percent said their firms did not have full-time, dedicated staff for project management.
- 48 percent said their firms were studying the topic and considering what types of initiatives to implement.

Source: Susan Raridon Lambreth, 2011 study

tus perspective," said Adam Severson, chief marketing and business development officer for Baker Donelson.

The system was partially born when the firm realized the power of project organization in the wake of Hurricane Katrina, said shareholder David Rueff.

'We were involved in administrating several thousand grants for Hurricane Katrina and that administration involved walking an application ... through several layers of evaluation," Rueff said. "There was a system that we utilized to manage those and that was a project management system."

> It's a shift in attitude for law firms that's the result of three factors. Lambreth said. While companies are paying closer attention to their legal bills, profit sharing and stagnant rates at firms also are playing a role, she said.

> "Law firm billing rates have gone down or not increased significantly," she said. "As a result, law firms are recognizing that the only way to maintain the profit

level they've had historically is through increased efficiency and what a lot of people call a different business model."

But more than anything, as businesses continue to value a strict legal budget, the trend is becoming a game of conveat. Once a law firm is pitching it to clients, Lambreth said, it becomes the rule, not the exception.

Nashville-based Waller Lansden Dortch & Davis, for example, is employing the philosophy with greater frequency. Teresa Walker, executive director at Waller, said attorneys have for the past few years been trained by Lambreth to use management techniques in their work. She said the strategy is being used in a large, out-of-state case.

"It really is a process of making sure you sit down at the onset of the case and plan as best you can," Walker said.