KNOWLEDGE MANAGEMENT FOR LAW FIRMS

Part II – Technology Infrastructure for Effective Knowledge Management

From a technology perspective, the key ingredients for establishing an environment for effective knowledge management within a Law Firm are –

1. A Client-Server Network
2. A Core / Centralised Database
3. Means to Digitise Data or Access to Digitised Data (eg, scanners, fax servers, email and internet access, and subscriptions to "packaged electronic legal sources" such as statues, law reports offered online or in CD-media by Lawnet or Lexis Nexis)
4. Technology Applications specifically designed to enable or promote Knowledge Management

The overwhelming importance of a Core / Centralised Database for effective knowledge management has been addressed in Richard Hugo-Hammond's article called "Database Basics"; and the technical and business considerations for implementing (or upgrading) your Network will be the subject of a forthcoming Bizilaw article on Networks.

The focus of my article is on item 4– technology applications designed to promote KM in a law firm.

Introduction

"Intellectual Capital" in a law firm comprises not only legal knowledge (research, opinions, precedents - referring to a lawyer's work product) but also information about its clients and contacts, matter information such as key dates and stages of work in progress, and financial information (bills rendered, time spent, disbursements incurred, monies in trust / client account) etc; Generally referring to data that is essential to reduce your practice risks, maintain consistent work output and service levels, keep on top of your financials, and make sound business and management decisions.

<u>Appendix A</u> is a summary of the different types of "Knowledge" within the law firm and the corresponding software applications developed to help law firms to store, manage and use the knowledge.

A brief description of what the specific software application can do to facilitate KM in a law firm is set out below

Practice Management Systems

A Practice Management System captures the following information into a "core database" –

- client and contact relationship information across the Firm;

- file/matter information handled by the Firm including when the file was opened, archived, destroyed; related parties; documents prepared for that file/matter; attendance notes, documents safe-kept; time spent of the file;

- financial information including full Office and Clients Account data; disbursements rendered for each matter; invoices rendered.

It also manages the data and renders it accessible to your Lawyers and Managers in the performance of the following actions –

- conflict searches
- comprehensive client / contact profiling for marketing purposes
- electronic time recording
- automated billing and back-end bookkeeping
- generating real-time financial and management reports
- collaborative calendaring, resource allocation and task scheduling
- tracking the progress of matters and deadlines
- monitoring the work output of staff and lawyers

Your practice management system forms the lynchpin of the Firm's data structure, from which all other applications must be integrated whether document management, document assembly, or disbursement recovery systems. Getting the right practice management system in place is the key.

Most competing PMS products in the market today (eg, Open Practice, Elite) will be able to perform the functions described above to differing levels of competence. The proliferation of lower-cost PMS software means that such systems are now readily accessible to even solo and small practices (eg, Law Ledger, Billing / Time Matters). By implementing a robust and scalable PMS, a start-up law firm is putting in place a sound infrastructure to support its future growth and expansion. Whatever your area of practice, whatever the size of your Firm, a good practice management system will provide the Law Firm with a solid KM foundation.

Document Management Systems

A substantial amount of the output of a law firm's collective knowledge is captured in the form of an electronic document in the form of a word processing file, a graphic image, am email or other digital format that can exist within a computer system.

A document management system imparts structure, organization, and accessibility to your vast ever increasing hoard of digital information; and a document search engine will help you to trawl through your vast digital storehouse to retrieve the relevant information you need.

From a KM perspective, the core document management functionality comprises the following features -

Library Services - Cataloging and profiling documents, through the use of custom fields, descriptive file names, security attributes, and additional file attributes which are filled in automatically, such as Author, Description, File Type, Date Created / Date Updated, Unique Document ID, Path location etc. The document's profile enables easy access and retrieval of any specific piece of information from the knowledge bank.

Full Text Retrieval - retrieval is a critical route of access to information that cannot easily be categorized or represented within the document profiling structure. Full text retrieval involves an indexing engine which extracts each word from all the documents cleared for searching. This information is used to construct an index to the document; when users make a search by specifying search criteria - words, combinations of word, phrases, expressions, etc the Index is used to identify the documents answering to the specific search criteria.

Security & Restricted Access – the document management system assigns rights and permissions to documents based on individual users, groups of users, and the roles in which users serve within the organization.

Document History – the document management system maintains a historical activity record associated with each document, tracking each action in the life of a document including who performed the action, its date and time, and the nature of the action itself.

Market leading document management systems used by law firms today are – WORLDOX, Hummingbird DMS and iManage (now called "Interwoven').

Case / Matter Management Systems

Sometimes also known as Business Process Automation, Workflow Automation, case management systems provide the Firm with tools to track case status. Used in conjunction with Document Assembly tools, Case Management tools are indispensable to firms who want to compete in "high volume, low margin" practice areas eg: conveyancing, retail financing, trademark registration, corporate secretarial.

Case Management Systems comprise:

- Shared calendars to track availability, appointments, key dates;

- Tools to track and monitor case status;
- Event driven notifications to notify end users of events;

For optimum efficiency, case management systems are often integrated with document assembly systems that will generate documents from pre-designed templates; and generic communication and collaboration tools such as MS Exchange or Lotus Notes.

Case management systems generally fall into 2 categories:

1. Generic Case Management Applications provides tools which can be customized to suit different area of practice, for example Open Practice Workflow has been customized for use in different areas of practice such as Conveyancing, Housing Loans, Debt Recovery, Personal Injury, Trademark Registration etc

2. For Case Management Applications are specifically designed for specialized Areas of Practice; for example, Viewpoint for Corporate Secretarial Work, Hypermark for Trademarks Management. Litigation support software such as Ringtail and Summation provide functionality for managing complex litigation involving document-intensive trial and discovery procedures and deadlines

<u>Taking responsibility for the Implementation</u>

The system you implement to facilitate KM in your firm must be easy to use, user-defined and accessible. It is never a good idea to leave the implementation your KM systems solely in the hands of the IT professionals who are not likely to be familiar with your practice needs or the business process. For the system to be personally useful, a high degree of customisation involving considerable department-specific, legal-specific technical knowledge is often required. A partner or head of department should understand the intricacies of the system and make informed decisions on (i) customisation of the user-interface to meet specific user requirements; (ii) decide on what levels of restricted access should be granted to specified user groups, if security is an issue; (iii) decide how the system should be used, drawing up user policies and disseminating key aspects of policy decisions downwards to all end-users.

<u>Integrating disparate systems</u>

More important than the type of software application for its purpose is the issue of integration. From simple in-house Access Database to complex Practice Management Systems, integration of disparate systems within the law firm is a crucial first step towards achieving your KM goals. A core database must give you “one version of the truth”. If you cannot achieve that, at least ensure that there is a single point of entry for your Client / Contact and Matter information to eliminate duplication of manual input and inconsistent data; and integrate all other databases across the enterprise from this starting point.

<u>Remote Access</u>

Another important consideration is mobility and remote access. Lawyers are increasingly required to take work home or work remotely from a site office or on the road, should enjoy the same levels of support and access to the law firm’s knowledge base as the lawyer who is plugged into the network; and conversely, knowledge accumulating on the lawyer’s laptop should be as efficiently assimilated into the Firm’s knowledge base. An extranet or virtual private network (VPN) allows users to access the Firm’s database at a high level or interoperability via a secure internet connection.

APPENDIX – LAW FIRM KNOWLEDGE BASE & TECHNOLOGY TOOLS FOR KM

1. Knowledge of the Law	
Comprising Expertise, Skills and Knowledge of Lawyers – opinions, research, precedent documents, generally contained in the work products of your lawyers	*Software Application* Document Management System or "Read Only" shared folders in the S-Drive maintained and updated by the KM department will achieve this purpose A robust and efficient document search engine to help your users to access relevant information quickly regardless of the folder structure / naming convention in your S drive.
2. Knowledge of Processes / Organisational Structures	
Comprising Standard Operating Procedures covering all aspects of Business and Workflow processes. Organisational and Reporting Structures, Training / Mentoring Programme, Learning structures. Policies – covering recruitment, employment benefits, insurance, internet use, housekeeping policies etc	*Software Application* Creative use of a GroupWare product (eg, MS Exchange / Lotus Notes) allows access to centrally maintained Information stored on the server. Law Firm Intranet
3. Knowledge of Your Client Base	
Comprising Database of Clients and Contacts that includes information on – industry, size of operation, contact persons, number and types of matters referred, reporting requirements, even press release and media Knowledge of and participation in Law Firm's business development directions and marketing efforts	*Software Application* Core database of Clients and Contacts CRM software that manages – comprehensive "filters" by specified criteria, relationship history, event management
4. Knowledge of Your Financials	
Comprising General Ledger and Office Accounting | Trust Accounting Creditor Accounting & Aged Summaries Disbursements and Anticipated Disbursements Electronic Time Records | Automated Billing from Time Records Law Office accounting software should be able to perform all the back-end bookkeeping functions as well as generate comprehensive financial reports that will give the Managers an accurate picture of – 1. Firm's financial status at any time; 2. Performance of Lawyers from time records and amounts billed; 3. Profitability by Work type or Department; 4. Client as Debtor profile	*Software Application* Law Office Accounting Software* that is – 1. Integrated with the central Client and Matter database; 2. Able to generate a wide range of financial and management reports. * "generic" accounting software that are not tailored to cater for specific accounting rules relating to the management of Client / Trust Accounts is not recommended