

PUBLICATION

Bridging the Communication Gap Between Clients and Law Firms – A New Standard for Matter Classification

Authors: David A. Rueff, Jr.

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Industry surveys such as Altman Weil and BTI consulting continue to demonstrate that clients demand more proactive data capture and reporting from their outside counsel. The Altman 2018 survey provided, "nearly three-quarters of law departments report that not one of their top ten firms provide them with useful analysis of spending data." *Altman Weil Chief Legal Officer Survey, p. 8 (2018)*. The wish list for useful data includes budget to actual, partner to associate leverage, average time for tasks and total cost per matter, but may also include non-spend information such as outcomes, unique variables and duration.

Many law departments are implementing new Matter Management System technology to improve their own data capture. Many innovative law firms are implementing improved processes and case management technology to accomplish these same objectives both at a matter and portfolio level. However, even with these efforts on both sides, a nagging problem remains - many law departments and law firms continue to speak a different language when it comes to practice or matter descriptions and categories.

This communication gap creates significant problems when legal departments and law firms attempt to coordinate reporting, evaluate budgets or alternative fees or when law firms are responding to request for proposal (RFP). For example, a law department may issue an RFP that requests a law firm's expertise in practice categories and subcategories that are inconsistent with the law firm infrastructure. In order to adequately respond, the law firm must spend significant time matching up client information with law firm categories in order to identify attorneys, experience, historical matters and pricing. If the client provides data regarding historical matter volumes and legal spend, the law firm must continue the matching exercise to use the data for purposes of their response. As RFPs become more common place, there is a need for standardization of matter information across the industry.

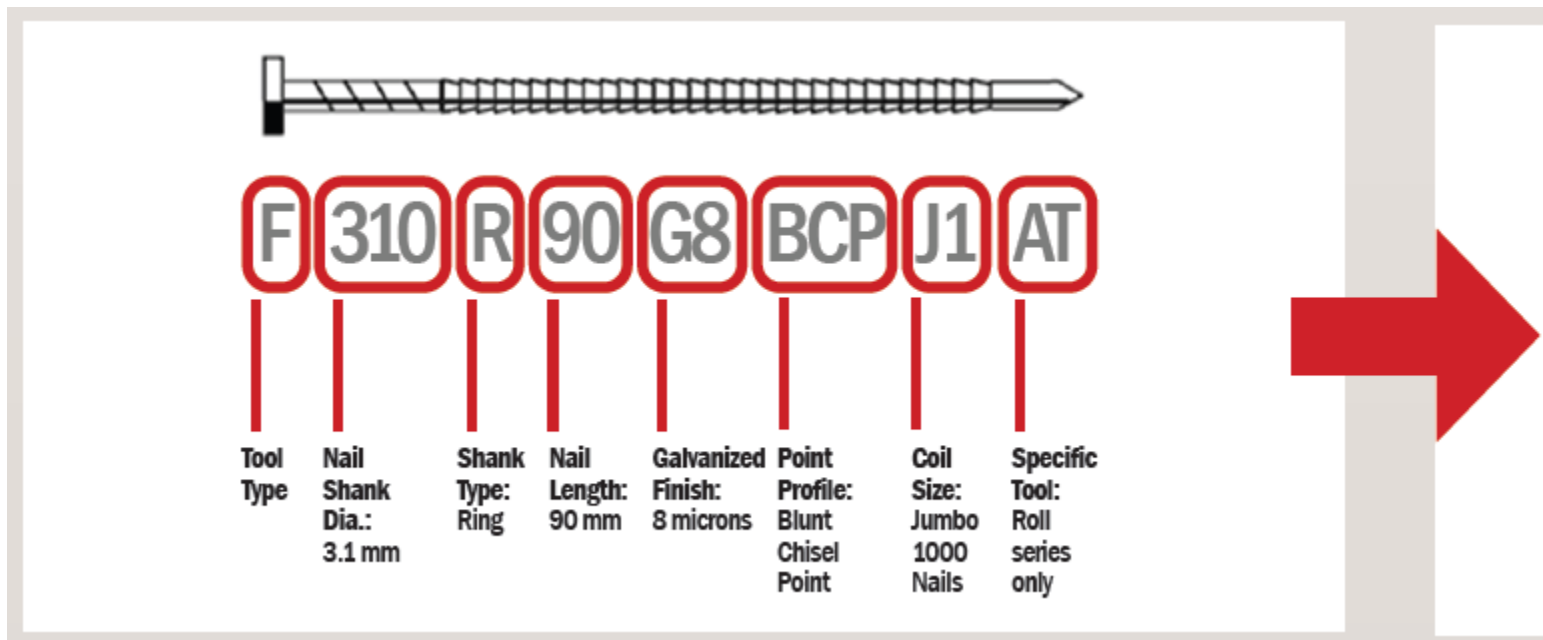
The classification of matters within a law firm typically evolves organically, over years of usage and modification, and is primarily driven by the preferences of the lawyers practicing in those areas. Baker Donelson recognized the importance of standardization to promote consistent data capture, reporting and knowledge management. In 2012, the firm launched an initiative to create standards for the classification of all matters across all practice areas. Although progressive, these types of law firm initiatives do not address the issue of matching law firm classification systems up against thousands of varying client classification systems.

The SALI Alliance is a not-for-profit organization comprised of industry professionals from legal operations, law firms and solution providers who are creating a practical industry standard for matter definition and classification. SALI has developed a common set of codes to use across law department and law firm technologies called the Legal Matter Specification Standard (LMSS). The LMSS is broader than a simple classification system and includes more information that enables law firms and clients to better understand business processes and have a more informed, consistent dialogue with each other about delivery and pricing of legal services.

SALI has been in place for over three (3) years and volunteer members have invested thousands of hours to develop a standardized system for legal classifications. The resulting system not only addresses standards for areas of law or matter types, but also includes codes for courts, currency, governmental bodies, legal entities and other standards. The primary benefits of the SALI LMSS are as follows:

1. The SALI LMSS defines a common set of relevant information about a matter that a buyer and seller of legal services wants to know – the type of matter, the jurisdiction, who represented the parties, the dates of the matter, etc. When you use an experience database or IT system that supports the standard, you can pull up matters that match important criteria.
2. Clients want a common language around the work they put out for bid, to get responses from firms they can actually compare. In the same way a stock keeping unit (SKU) identifies a product across systems, SALI LMSS codes provide a defined way for clients to identify services to purchase. (See graphic below.)
3. It is a free, open standard. Anyone or any technology provider can use the standard, free of charge. This allows the industry to apply the standard in any way and fosters innovation and creativity to solve problems between clients and law firms.
4. The SALI Alliance is an independent non-profit organization of law firms, large companies, technology providers, associations and academics. It provides a voice for all stakeholders in the legal industry, and is not limited by the goals of a single interest.
5. The SALI LMSS 1.0 includes the publication of area of law, court codes, industry codes, legal role codes and process codes. Law firms and legal departments alike are contributing to this code system. A preview of the LMSS 1.0 is available to view and download here: <http://bit.ly/SALiv1>.

The work of SALI and its volunteer members is ongoing and the goal is to continue this initiative to improve the communication and data exchange between clients, law firms and other legal service providers. If you are interested in viewing the current standards, they can be downloaded from <https://www.sali.org/> by selecting the "Download LMSS 1.0 r2" hyperlink.



Written for the Legal Department, Strategic Legal Partner Program

- Jim Hannigan, Director of Legal Project Management, Coblenz Patch Duffy and Bass, LLP
- David Rueff, Chief Client Solutions Group Officer, Baker Donelson Bearman Caldwell & Berkowitz, PC