

Value Practice:

**Managing Legal Services with M.B.A. Managers . . .
Howrey's Client Financial Management Group**

Bill Garcia

Interviewed while Managing Director & Counsel, Howrey Client Services Group

Purvi Sanghvi

Interviewed while Director of Operations, Howrey Client Services Group

Executive Summary:

The firm has created a Client Financial Management Group ("CFM") to serve as the "business arm" of Howrey's legal practice groups, ensuring sound financial management in the delivery of legal services. The team is staffed with experienced M.B.A. managers from various industries, including those of Howrey's clients. The CFM Managers perform quantitative analysis and modeling to generate realistic work plans, financial scenarios, and alternative fee structures, then monitor run rates to be sure that projects remain on track vs. budget. The team reports into a Director of Operations (an M.B.A.), who in turn reports into the Managing Director of Howrey's Clients Services Group, who is a former in-house attorney. All of these resources are provided to clients at no additional charge.

Results: The Managing Director of the Client Services Group describes the results as more accurate information for clients (on matter developments, costs and alternative fees), and more effective execution on legal teams, by having finance managers manage finances, and lawyers manage legal issues.

Following are additional details on how the firm utilizes the CFM team, as well as how members of the team are selected and trained.

Managing Via Work Plans, Financial Forecasts and Fee Analyses

Howrey's CFM team works closely with attorneys to perform various functions during the course of a matter. These include:

- *Crafting Work Plans and Budgets:* based on the particular needs of that matter. In doing so, the CFM team undertakes an initial analysis based on:
 - historical data from prior engagements,

- interviews of attorneys who have had handled similar matters in the past, and
 - interviews of attorneys who will be working on the engagement at hand.
-
- *Tracking Developments As the Matter Progresses:* comparing “actuals” to assumptions regarding activities, deliverables, and dollars. Forecasting is a core CFM responsibility. The team tracks progress-versus-budget, and run rates as the matter progresses. Of particular importance is how changes to the work plan (e.g. a revised discovery order) will affect budget and staffing. Throughout the life of a matter, the CFM team communicates these key metrics to Howrey attorneys and sometimes to clients directly. Direct client communication is more likely when the firm has a deep relationship with a client, working across multiple matters and/or practice areas. Direct client communication is also more likely when a client has an active Finance team that favors working directly with Finance managers on the law firm side to produce updated forecasts and customized reports.
 - *Modeling Alternative Fee Options:* based on firm historical data of the time/cost required to produce various pieces of work. This enables the firm to provide clients with reliable fee quotes for different projects, and later compare costs to revenue to assess profitability.

Building the Expertise: Recruiting and Training

In launching the CFM role 3 years ago, Howrey started with one full time manager, which has since grown to seven. The firm uses increased demand as a marker to measure the success of the program. Howrey focuses on the following attributes in recruiting and hiring CFM managers:

- Customer service
- Presentation skills (ranging from large-scale group presentation skills to basic oratory and writing skills). The team members can be “solo” in front of any partner at any given moment on reporting needs or complex financial issues.
- Confidence to challenge a partner’s assertions about costs and the ability to back it up.
- Financial acumen – understanding of corporate finance and/or financial accounting to be able to navigate through the client needs.
- Background in industries that correlate to the firm’s client base.
- Relentless attention to detail.
- Creativity in approach.



These same characteristics are used in conducting year-end performance reviews, long-term development plans, and training sessions. In terms of training, newer team members shadow more experienced ones for a short time to learn “best practices” and to gain an understanding of what partners expect of the team. As team members gain more experience in developing work plans, they develop expertise in using Howrey’s particular systems (e.g. financial, time and billing, proprietary templates, and some “off the shelf” products).

Contact information:

William (“Bill”) Garcia (garciab@howrey.com), Managing Director, Client Services Group

Purvi Sanghvi (sanghvip@howrey.com), Director of Operations, Client Services Group