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## Knowledge management crucial tool for law firms

Information sharing can help lawyers save time, speed work, lower costs

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Matthew Peters, a Vancouver-based partner at national law firm McCarthy Tétrault LLP, often deals with technology startups with lots of promise but little ready cash. They need legal documents such as licence agreements and contracts, but can't pay for a lot of lawyers' time to draw them up.

In the past, Mr. Peters might have reached into his files, found something close and modified it to suit the client. Now he can search a database of documents drawn up by all of McCarthy's 800 lawyers for something that exactly fits his client's needs.

And when advising a bigger client on, say, an outsourcing deal, Mr. Peters can quickly find a dozen or so similar deals to see what issues they deal with and how. "I can leverage what 800 different lawyers have used in previous deals."

Facing an increasingly competitive market, a drive to specialization and a need to operate globally, major law firms must share knowledge more effectively than ever before. So they are turning to knowledge management -- a combination of technology for organizing knowledge and techniques for using it better.

Although the term appeared about a decade ago -- and some of what is now called knowledge management has been around since the manual typewriter -- major law firms started launching formal knowledge management projects just in the past few years. Today, most large law firms have formal programs in place.

"In a way, we all do knowledge management," says Brian Keith, a partner at national law firm Borden Ladner Gervais LLP in Toronto. "I mean, lawyers know things." Formal knowledge management means organizing that knowledge to make it more readily accessible.

McMillan Binch and Gowling Lafleur Henderson LLP are among major Canadian law firms that have expanded in recent years via mergers. That creates a need for more formal ways of managing knowledge, says Karen Bell, knowledge management counsel at Gowling.

"When you're a small group, you know, it's the water-cooler thing," she says. In national firms, where lawyers don't know all their colleagues personally, knowledge management helps take the place of personal contact.

The tools of knowledge management include databases, document management systems and indexing tools that organize and cross-reference material by subject, practice area and other criteria to make it easy to find when needed. They also include intranets for making this organized information available to a widely dispersed audience.

To Joel Alleyne, chief knowledge officer and chief information officer at Borden Ladner, knowledge management partly resembles what happened 50 years ago when a lawyer pulled a typewritten document from a file drawer and adapted it for another client. Only now, the document

and the file drawer are electronic; the lawyer using the document need not be the same one who created it; and the knowledge shared can include not just legal boilerplate and precedents but any information lawyers can usefully exchange.

McCarthy Tétrault's system -- built with software from prominent Toronto-based document and knowledge management vendor Hummingbird Ltd. and help from knowledge management developer I13 Inc., also of Toronto -- stores about 4.5 million documents, with sophisticated search capabilities to help lawyers find exactly what they need, Mr. Fireman says.

Like many knowledge management users, McCarthy Tétrault stores summaries and additional information with the documents to provide context -- why the document was drawn up, what is unusual about it, what the strategy was behind it -- that makes their relevance clearer.

At Gowlings, each document is stored with a name and number, the name of its author, the client it was prepared for, the practice area and type of document and key descriptive phrases. Lawyers can search on any of these fields, Ms. Bell says. The system also lets lawyers in Gowing's seven offices share information and hold on-line discussions as they work on a case.

Part of McMillan Binch's knowledge management program is to discuss major projects when they conclude and record key lessons learned, says Ginevra Saylor, the firm's director of knowledge management. The information is put into a project summary, which McMillan Binch aims to make available on its intranet.

Borden Ladner and others also use on-line forums, rather like the Internet's news groups or e-mail distribution lists. Lawyers subscribe to forums dealing with their particular interests, and post messages containing information they think might help their colleagues. "You're almost subscribing to a news service or a clipping service," Mr. Keith says.

Knowledge management especially helps junior lawyers. Mr. Keith likens it to "the knowledge" that London cab drivers must acquire to get their licences. "What we're trying to do is somehow create a good road map rather than say everyone has to acquire the knowledge through years of experience." Ms. Saylor adds that knowledge management helps firms to capture senior lawyers' knowledge before they retire.

It's about improving client service, say Joshua Fireman, McCarthy Tétrault's knowledge director. Clients want value for money, and law firms want to deliver better value without putting more strain on lawyers. Clients tend to assume law firms have large archives of documents at their fingertips, he adds, but making information readily accessible gets harder as firms grow.

According to Andrew Pery, chief marketing officer and senior vice-president of marketing at Hummingbird, the software costs from \$500 to \$1,300 a user, depending on the firm's needs. But that's just the beginning. Mr. Pery says software usually accounts for about 20 per cent of the total knowledge management costs. Planning and consulting accounts for about another 40 per cent, he says, and the balance goes in internal personnel time, training and maintenance.

To make knowledge management work, a law firm must adapt its structure. Mr. Pery recommends organizing the firm into practice areas, within which most knowledge sharing will take place. For each area, Mr. Pery advises, a major firm should take a qualified lawyer away from billable practice to spend his or her full time as "in a sense, the librarian" for that practice area, overseeing collection and organization of knowledge.

This is almost exactly what McCarthy has done, though it has two such lawyers for each of its largest practice areas while others handle two smaller practice areas. They make up the firm's knowledge management team and work with practising lawyers in their areas to determine which knowledge should go into the system.

Practising lawyers sit down with members of the knowledge management team at the end of each major project to discuss what information to retain, Mr. Fireman says. This takes 25 to 50 hours of the average lawyer's time a year, he says.

At McCarthy, there was "a period of about 18 months that I would sort of call the period of faith," Mr. Peters says. During that time, adding documents and other information to the firm's new knowledge management system took up lawyers' time, but the knowledge base was not yet large enough to give them much in return. "That's probably the most difficult period."

Now, lawyers are seeing how knowledge management can help them serve clients better. "It's going to be the distinguishing factor between firms," he predicts.



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