

MERIDIUS MATTERS

Firm in Focus — Nexsen Pruet



NEXT CHALLENGE. NEXT LEVEL.
NEXSEN | **PRUET**

Howard Janis
Chief Financial Officer

On implementing new levels of professional management and driving organizational evolution to enable better business performance and more effective service delivery.

Thanks for taking the time to talk with me today, Howard. I'd like to start off by asking you to introduce your firm and describe your role there.

I know you joined as CFO about a year ago. I'd like to get a sense of your journey and your role at Nexsen, and particularly the areas of responsibility and what you manage, wearing the CFO hat.

Of course. We're a 195-attorney law firm, based in North and South Carolina. We offer a full, broad-base of practices — everything from real estate to economic development to litigation, corporate tax, intellectual property, environmental. It's a full service law firm.

In terms of my own story, I have been in the legal industry since 1990. I started as the Controller of a six-attorney law firm. In 1996, I left to join a 25-attorney firm as their Executive Director. And then through a series of mergers and acquisitions, found myself working for Dentons, which is the world's largest law firm, with about 850 attorneys in the United States and about 8700 worldwide.

In late 2017, I was recruited to join Nexsen Pruet. As I interviewed with the firm, I did my own due diligence, and a lot of people said to me: "Howard, you are going to the preeminent law firm in the Carolinas." And I have realized is absolutely the case.

I started here in February of 2018, as CFO. My roles and responsibilities have already evolved in that time. Originally, I was hired to focus on the more traditional focus of a CFO role with the idea that this might expand over time into a COO role.

That expansion happened quicker than anyone had planned and I'm overseeing many areas of firm business operations now.

Today I oversee our finance department, records, HR, facilities and IT — everything that's operationally based and not directly practice based, which falls under the management of our professional leaders.

As you were telling me your story of starting at a six-person law firm and ending up at Dentons, I'm reminded of that old internet story about the man who traded his way up to a house from one red paperclip. That's quite the professional journey you've had.

Yes, it's pretty interesting how that it all unfolded. I would not have it any other way.

In your role of operational leadership at Nexsen, what are your key objectives? What are the challenges and goals that you're really keen on focusing the firm on, guiding the firm to achieve?

The firm has been around for about 75 years and had been doing things a certain way. I was brought in to help change and modernize some of those ways — to help professionally manage the organization from a business perspective.

It's a path several firms are pursuing, supplementing the traditional attorney-led model with some additional management perspective and capability on the business side. The leadership here determined that to go to the next level, it was time to add new professional resources.

On Engineering Change

It's definitely something that we've seen at other firms. How is this journey going at your firm? Any challenges? Has the change been welcomed by staff and practitioners?

Given the ownership and management structure, law firms can be difficult to change. I'm curious what advice you might offer peers in this regard.

I agree. I think the biggest lesson and piece of advice I'd give is that if you have the support of senior leadership — which I do — it will help make the process easier long-term.

Even small changes can have big impacts and implications. A lot of what I'm trying to do is process change — change the mindset of how the firm operates and making the way people carry our operations more efficient.

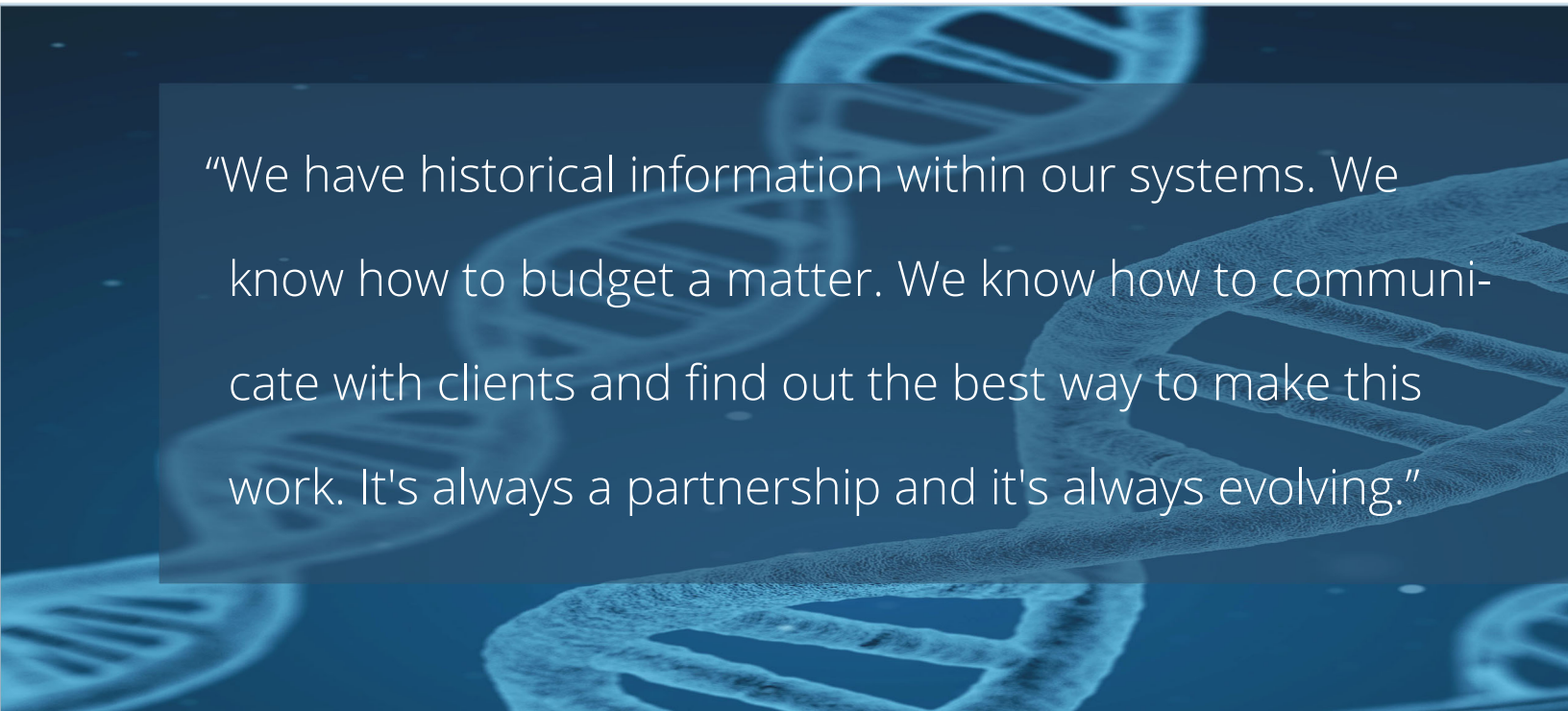
Again, this is an older firm that had been doing things the same way for some time, so there were a lot of manual processes in place.

No one had really said: "Stop. Let's look at new opportunities. Let's look at new things that we can do to make the process easier."

And you can understand why — because law firms, for a long time, did not deal with the business of law. The business environment and pressures facing firms is really changing how they must operate.

Whether it's a small law firm, a medium size law firm or a large law firm, it's critical that you have somebody out there that can manage all of this for you. It just makes it that much easier.

There has to be a captain steering the ship. It's really not going to happen organically. What are the key elements and mechanics of executing this type of process and mindset change?



"We have historical information within our systems. We know how to budget a matter. We know how to communicate with clients and find out the best way to make this work. It's always a partnership and it's always evolving."

It really has to be top down. You've got to have the right management support to make it happen. If you don't have that, then it's just not going to work.

Luckily, my firm realized that by bringing in some professional management, they can spend more time serving clients and doing billable work — they can spend more time doing what they need to, so that the firm overall can be more successful.

Can you share an example that illustrates this?

We're in the process of automating our expense reporting solution. The firm used to process all of its expense reports every day.

So, if someone submitted an expense report, the firm would pay it the same day. All the Accounts Payable staff was doing was receiving expense reports, coding expense reports, cutting expense reports and paying them out within one day. That's not how you manage a business. You don't pay your electric bill the same day you receive it. You don't pay your credit card bill the same day you receive it.

Not only is it inefficient, it can actually create more overhead. An attorney or a staff member might have three expense reports — why give them three checks? You've now done three times the amount of work and they have an unpredictable stream of incoming checks to manage and deposit on their end. It would be better to collect and combine those reports over a two-week period, and give them just one check.

The same applies to external vendors. We had vendors that were getting checks every day. Think about the extra work that somebody who's reconciling the account has to do. That's just more items that they have to review. Instead of doing one check for ten invoices, we used to do ten checks for ten invoices. That just doesn't make any sense. It's not a good business process. A lot of what we've been trying to do is really fix those business processes.

Partnering with Vendors

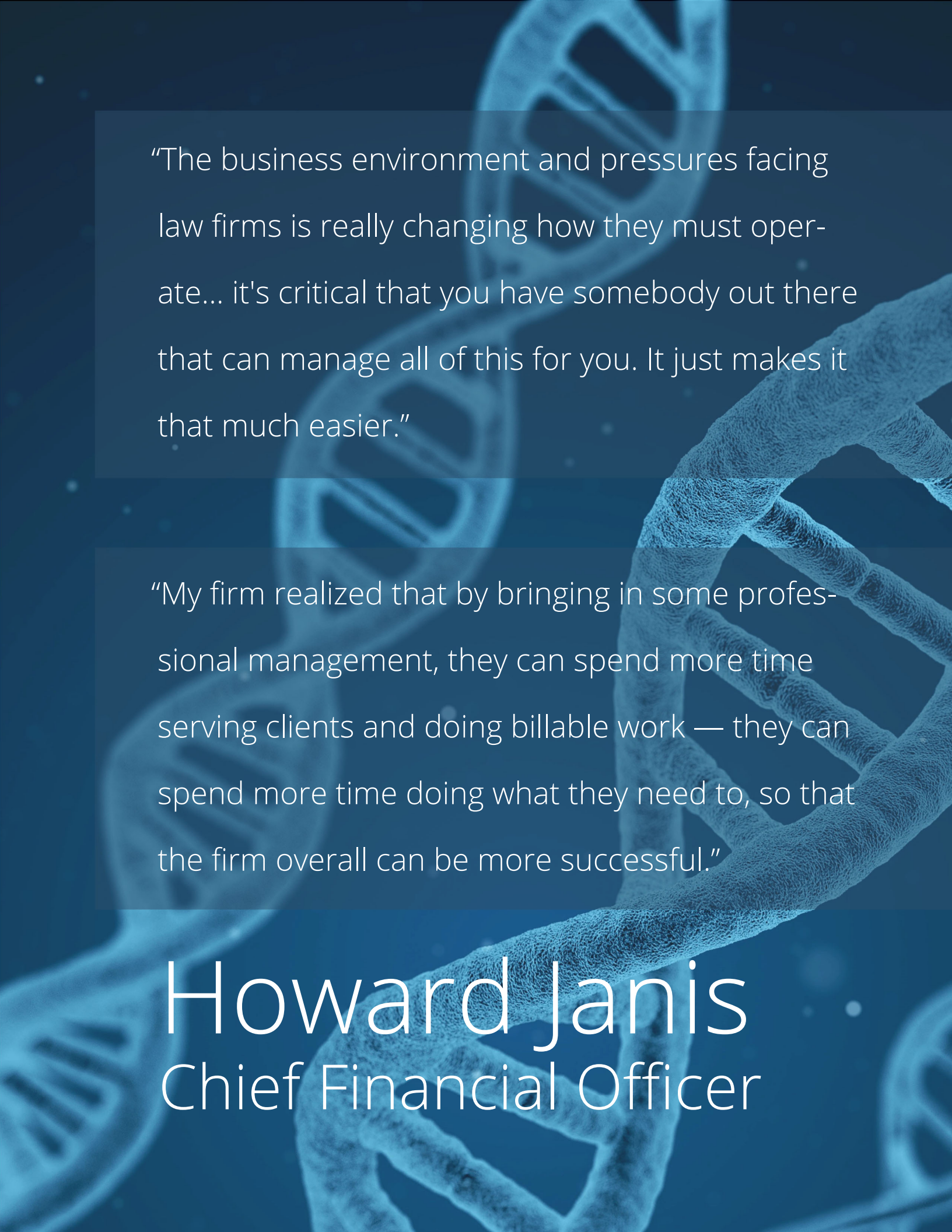
You mentioned vendors and I'm curious how you've engaged them to support this journey.

A good example is our work with InOutsource. I had worked with them at my prior firm, McKenna Long & Aldridge, which became part of Dentons, to implement a file and records management system.

Nexsen Pruet had a records department and staff, but we did not have really good software for helping us manage our files. We're in the process right now of implementing software that allows us to build in better records retention.

We chose FileTrail and will be using the software to better integrate our record retention policy and processes, to improve our approach and make execution more efficient.

I'd actually only worked indirectly with InOutsource previously, so I had actually revisited vendor diligence at Nexsen Pruet, talking to some of the people who had worked with them to get their recommendations about an ideal consulting partner.



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We knew that we wanted to work with a consultant that understood the industry, that understood the product we were implementing, and that was ready and eager to understand our specific environment and needs.

That was the recipe in our minds for making the overall change process smooth and efficient. And our diligence pointed to InOutsource as the partner who would meet our needs very well.

In terms of supporting our needs, they're also going to be helping us with cost control — renegotiating our contracts with some of our vendors, which will allow us to increase our net margins.

It's always nice when you can actually put a dollar sign by the process and re-factoring exercise for sure.

Looking to the Future

What's on the horizon for you or for your firm? What are the larger trends touching on these operational issues as we kick off a new calendar year?

Pricing is always on our radar. We're really looking at how we can partner with our clients as it relates to pricing new work that we're doing.

The key for us doing this, and doing the actual matter work, is in a spirit of partnership with our clients to create a clear "win-win."

If we don't partner with our clients, they're not going to want to partner with us, and it needs to be a team approach.

Some say the hourly billing is dead or is dying. It's not yet. There are still a lot of clients that want us to bill by the hour.

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But there's also a number of clients that want to look at alternatives. They want to share the risk with you. They want to know that their counsel, their trusted counsel is able to really partner with them so that if the deal doesn't close, we're on the hook somewhat as they're on the hook. But if the deal closes, let's share in some of the success together.

The general counsels and the CFOs of clients are really putting a tough push on the people internally at their organizations as well as outside counsel for cost-spend management.

And that makes sense — as a law firm, we do the same thing. We go back to our vendors and we push them on cost-spend.

The key question is: "How can we partner together? How can we give them certainty so that they know that their expenses are going to be X, Y, and Z?"

We have historical information within our systems. We know how to budget a matter. We know how to communicate with clients and find out the best way to make this work. It's always a partnership and it's always evolving.

Well, we started talking about your personal evolution, looked at the evolution underway at your firm, and touched on a broader client-driven evolution taking place across the market — I think that's a nice place to end our discussion.

As we enter 2019, I wanted to wish you great progress and success on all of these fronts and thank you again for taking the time to chat.

It was my pleasure. Thank you, Dan. 

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About

Meridius Matters is a publication of Meridius LLC.

Led by seasoned technology and legal industry veteran Dan Bressler, Meridius works with a diverse set of organizations, focusing on helping law firms respond to evolving market pressures to improve the success of their own clients.



Dan Bressler