PortoFormia™

Improving Work To Cash Cycle Without Culture Change

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Introduction

Proforma review is a broken process. Reducing delays caused by human behavior and manual distribution methods has been challenging, and most attempts to do so have essentially been failures.

The costs add up every day that inventory sits unbilled. Every biller participates in a dramatic opera of tension and conflict as the clock ticks down to month's end, when all parties involved can no longer procrastinate on their proforma responsibilities. By then the damage has been done. These delays have a profound negative impact on the work to cash cycle, costing large firms hundreds of thousands of dollars every year.

An inherent attachment to a deeply flawed status quo, combined with a cornucopia of fingers touching multiple paper drafts, is a barrier to improvement or change. This paper offers a solution to a segment of the billing process that, so far, has been the prime cause of traffic jams that delay producing client bills. It provides an approach to address these issues that is both unique and cost-effective.
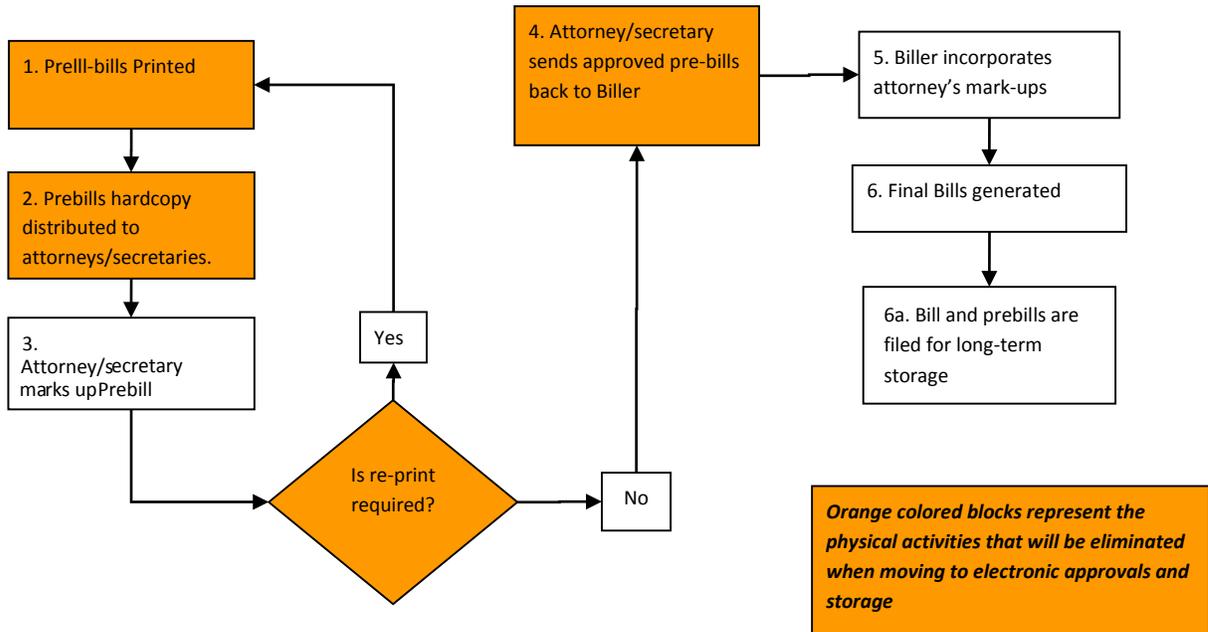
The Root Causes of Proforma Delays

It's easy to blame lawyer recalcitrance for the problem of proforma processing. However, experienced billing staff knows there is more to it than that.

Once a proforma is printed it is subject to numerous emails, faxing, requests for back up, printing and reprinting. Larger or more complicated matters may also require routing a proforma to multiple approvers (see Figure 1).

Figure 1

Existing process

Flowchart:
1. Prelll-bills Printed
2. Prebills hardcopy distributed to attorneys/secretaries.
3. Attorney/secretary marks upPrebill
Is re-print required? — Yes / No
4. Attorney/secretary sends approved pre-bills back to Biller
5. Biller incorporates attorney's mark-ups
6. Final Bills generated
6a. Bill and prebills are filed for long-term storage

Orange colored blocks represent the physical activities that will be eliminated when moving to electronic approvals and storage

Automated processes have been created to streamline production – sophisticated time entry applications, electronic expense reporting, and vendor data exchange systems – but this autobahn shrinks to a single lane road once the mark-up and approval process begins.

No one disputes that proforma approval is essential. But the mélange of human intervention crucial to the process inevitably leads to costly time delays. One could even posit that biller headcount and salaries both

increase when a firm is unable to compress the approval cycle. Departmental stress increases, but so does overtime.

The inertia of practicing law and generating income also creates a gravitational pull away from the mundane task of reviewing prebills. It's a job every lawyer would like to avoid.

Process reengineering experts preach that you can't make people change. People need a *reason* to change that serves their self interest. So perhaps the answer lies in not attempting behavior modification but in *modifying the way we work*.

Avoiding the Metrics, The Known Unknowns

Significant and successful change to the proforma processing method begins when accounting and finance departments ask these questions:

- What percentage of proformas require editing or marking up?
- Among edited proformas, how many are lightly marked up (1-2 changes), moderately marked up or heavily marked up?
- How many proformas require more than one approval?
- How many proformas are returned to the biller in electronic format vs. hardcopy?
- What percentage of proformas are quickly reviewed and approved by the attorney and require no other action?
- What is the approximate inventory of that group?
- How much is spent on paper and toner?

Very few law firms have scrutinized proforma work product to determine the characterization of the edits (content), especially the amount of editing each proforma receives. In fairness large firms produce thousands of prebills with various page counts, sent to hundreds of attorneys and completed by dozens of billers. Breaking this process down is a chore that rarely takes precedence. But the devil is in the details and much would be learned from such an exercise.

According to a time and motion study conducted by a company that has scanned marked up proformas at large law firms for more than 10 years, approximately 50% of proformas require only a signature. Those classified as moderately to heavily marked up comprise less than 10% of total proformas.

Are the easy proformas (minor to no mark ups) getting returned quickly? If those could be returned two to three days faster, how much inventory could be billed? Could less experienced billers be teed up to complete these bills, freeing up experienced teams for the more difficult work? What if the paper highway was less crowded at the end of the month?

A New Hope: Mobile Technology

Trying to force change is unrewarding and usually unsuccessful. Perhaps a better approach would be to provide attorneys with an application that makes prebill mark up and approval easier. This can be done through a tool they most likely have already – the iPad.

It is estimated that more than 40% of attorneys use iPads. According to studies by Gartner and ILTA, 75% of attorneys will use tablets as their primary computer by 2016. Obviously the age of the attorney has a lot to do with these demographics. Younger partners have grown up with mobile technology and are more comfortable with the platform. But as older attorneys discover their convenience and ease of use, adoption will increase.

Delivering proformas to a mobile device, one that provides annotation tools for editing and mark up, results in a much easier experience for both attorneys and billers. The same tool enables billers to track each proforma's status, and provides a routing tool for those complicated matters that require signatures from multiple reviewers. Paper is eliminated; proformas are accurately tracked, and submission to the billing department can be achieved with a tap of the fingertip (see Figure 2)

Figure 2

Mobile Mark Up Process
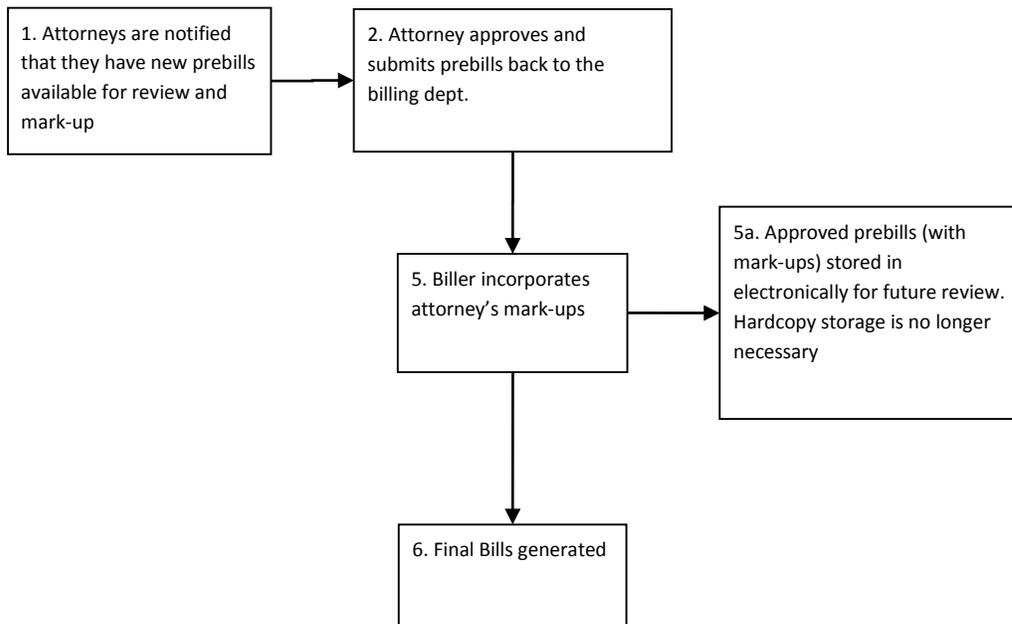
Growing Better Tissue

In dissecting the prebill approval process, one discovers that the connective tissue of habit and tradition are what bind the organ together. New tissue is growing in the form of more useful devices and lawyers that leverage their convenience are breaking old habits.

Upper management already know that proforma approval is too time-consuming, and nothing bothers overworked attorneys like spending time on a chore that diverts them from other work or family.

Additionally, management might be well served to understand just how rapidly work is changing. Think back to the early days of Blackberry. Attorneys quickly embraced a device that unshackled them from a computer. Today partners are using iPads for more of their work because they are convenient. They are already in use for viewing pdf documents and for marking up client work product. If they could also be used for secure proforma processing, how would that improve the work to cash cycle?

Using the iPad as the proforma work platform:

- Eliminates the printing and distribution of prebills
- Allows the attorney to download a "current accounting period" work product
- Allows the attorney to use a custom annotation tool in the iPad to mark up each prebill
- Allows each prebill to be submitted directly following the mark-up process, easing the biller's workload
- Provides the attorney with access to a historical archive of his marked up prebills
- Provides the accounting department with real time information on the status of all prebills in the queue

The status of every prebill is easily metered, eliminating manual tracking systems and providing distributed reports to the billing manager, managing partner, and the billers. Instead of billers waiting until mid-month to receive prebills, they can be submitted immediately after approval for final bill construction. Work is more evenly distributed and internal pressure is reduced, since the biller is not inundated with large inventories of marked-up prebills at one time.

Another advantage of working with a fully digitized copy of the prebill is the online availability of that marked up document. Many times, billers need to refer to previous prebills to reconstruct a complicated billing history. The attorney's memorialized edits are frequently referenced, especially in complicated matters that involve several attorneys and months (if not years) of billing activity. Additionally, billing clerks appreciate having access to previous work product in case an attorney asks questions or challenges billing decisions.

Conclusion

Ask any biller to list some of their biggest challenges and high on that list is receiving approved prebills back from an attorney on time. Proforma return deadlines are hard to enforce and most attempts to do so are usually unsuccessful.

Mobile time entry and other practice management tools will soon become commonplace. Once these tools make their way into mobile devices, there will be an avalanche of technological change. This will further increase the popularity of tablets, quickly converting late adopters and naysayers. This technology, inserted at the right links in the chain, will improve the proforma process. Attorneys and billers benefit because the process leverages tools already in use. Billers enjoy better command and control and lawyers save time.

Presented by Portoformia

This whitepaper is presented by Portoformia. Portoformia's Mobile Mark Up system eliminates paper and secures all prebill documents within one protective ecosystem throughout the editing, distribution and submission process.

About the Author

John Mancini has been directly involved in legal accounting and finance for over 15 years. He is the founder of Sitescan, Inc. a managed service provider of document management systems, imaging contracting, and outsourced accounting processes. Sitescan's customers are scattered throughout the AM Law 100. Sitescan provides a variety of services focused on supporting accounting and finance, HR and Conflicts departments. In late 2013, Mr. Mancini founded Portoformia to focus on development of mobile applications for the legal industry. Portoformia's first product, Mobile Mark Up, is aimed at simplifying the proforma mark up process for both billers and attorneys.