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Effective project management for financial system implementations

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The sun is slowly setting on the Elite Enterprise support, requiring many systems to be converted, while other firms are looking for more advanced and robust applications to provide the information necessary to manage their law firm and price their services. Replacing these older legacy accounting systems is a perfect opportunity for a firm to focus on how to best organize their business operations and most effectively summarize financial data into management reports.

More often than not firms are using financial accounting packages that were installed 15-20 years ago and have only been updated on a sporadic basis. During the initial system implementation, most firms focused simply on the basics, hours and rates. There was little consideration given to the differences in practice groups, their unique individual business models or the possibility of office expansion. Given the constraints and limitations of many of these aging financial accounting systems, a sea of Excel spreadsheets was developed to provide and evaluate critical analytical data. Redwood Analytics, Hyperion, Oracle and other bolt-on business intelligence solutions were available to those who could afford the cost of installing and maintaining these applications. Much of the added analytical ability has now been built into the financial accounting packages of today.

As firms are considering the future of their financial accounting systems, it is important to understand that an effective project management process needs to be established for a successful system conversion and implementation. The project management function serves throughout the system implementation lifecycle, which includes three distinct phases:

1. Plan and evaluate
2. Build and test
3. Cutover

The following describes key activities of each phase in greater detail.

1. **Plan and evaluate**

   The implementation of any new system presents an opportunity for adopting leading practices to leverage the software and improve a wide range of financial, project and operational processes and procedures. The initial project planning phase is critical and includes the confirmation of the project objectives, scope and approach. By focusing on the end product of your law firm's activities you ensure that relevant system and data requirements are addressed.

   Planning the conversion to a new system may not just be a matter of replicating the current landscape but can be prophetic in nature to harness the value of new systems, reflecting the firm's best attempt at addressing the future needs of an ever changing strategic plan. What will be the future business needs of the law firm, how does the firm want to organize their business and the underlying databases? What data will be clearly essential as the firm grows?

   The underlying databases have been historically set up to record and report on an individual attorney's hours, rates and realization. Those basics are no longer adequate nor do they provide all the information law firms need to analyze the profitability of individual client matters, determine which practice groups are profitable, determine which practice groups are being subsidized and also be able to manage multiple office locations. To analyze profitability, what payroll and FTE/headcount information now needs to also be retained within the accounting software database? Only with this data can a firm effectively manage operations, competitively price their alternative fee arrangements and determine where to allocate firm resources.

   Key plan and evaluate activities include:

   > Discussions with end users and the management committee on current and future business needs and strategic objectives
   > Facilitate detailed design workshops with key stakeholders to re-evaluate billing templates and the electronic billing processes
   > Discuss profitability and establish what information will be needed on a prospective basis to provide meaningful results
   > Inventory and prioritize monthly and annual management reports, consolidating where applicable
   > Conduct design walkthroughs and obtain key stakeholder sign-off

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2. **Build and test**

After the plan and evaluate phase, the implementation team will plan to build the new system based on the design of core structural elements and test the selected applications based on the law firm's business requirements. This phase also includes extensive end user testing and training to ensure the resources, processes and software applications are ready for go-live. Key activities in this phase will be to prepare data mapping documentation to restructure the database to accurately reflect the future needs of the law firm.

Key build and test activities include:

> Develop end user plans to test each individual business process work stream
> Conduct end user training
> Manage the individual testing phases
  – Test customizations and billing templates
  – Test automated data conversions
  – Test interfaces
> Prepare testing results, identifying and analyzing any issue
> Create an initial cutover plan
> Develop training materials

3. **Cutover**

The cutover team will execute the go-live activities to prepare the development environment to be transitioned into production. The key to a successful go-live is to ensure that the law firm's cash flows are not affected. The cutover team should be prepared to support the go-live billing process and address any system operation issues as they arise to ensure an effective transition.

Key cutover activities include:

> Finalize cutover plan
> Finalize end user training
> Execute final go-live testing, if needed
> Conduct readiness assessment
> Conduct quality assurance review
> Execute cutover plan and go-live
> Conduct post go-live support
> Execute transition plan
> Maintain project management infrastructure

Implementing a new financial accounting system is a complex process. It takes the support of senior management to select a solution that meets the firm's current and long-term needs, as well as careful planning, skilled resources for implementation, robust communication and on-going project management. Each project phase lays the foundation for the next and should be managed in a thoughtful manner.