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**PROJECT MANAGEMENT AND LEADERSHIP SKILLS:**

**WORKING WITH CONSULTANTS AND EXPERTS**

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The science of project management has been extensively applied to various disciplines since the Project Management Institute (PMI)<sup>1</sup> was founded in 1969. By definition, a project is a temporary endeavour of which the beginning and the end are known, but the path is to be determined. A successful project manager seeks to maximize outcomes to achieve the project goals while managing the project's limitations (such as time and budget). Project management requires the manager to not only define, coordinate and document the project but also involves a great deal of judgment and leadership skills.

Project management has been an integral facet of legal work for many years as client matters have evolved into complex and multi-partied transactions. However, it is only since 2010 that legal literature has caught up to practice. In fact, the popularity of project management has spurred the creation of the Legal Project Management Community of Practice within the PMI, whose mandate is to “develop and disseminate consistent standards of project management terminology and practices”.<sup>2</sup> The growing popularity of alternative fee agreements (AFA) in the legal profession is a possible explanation for why lawyers are finding themselves playing a dual role of lawyer and project manager. Prior to these types of fee arrangements, clients bore much of the project management risk and lawyers' roles were limited to *ad hoc* involvement in legal matters without necessarily becoming involved with the project as a whole. Clients now seek predictability and risk sharing from their legal advisors such that project management competencies coupled with legal advice can provide lawyers with a tangible competitive advantage.

While one can imagine a litigation matter being processed using project management practices (e.g. determining whether experts are required and how to manage witnesses and documents), these practices are also useful, if not essential, for today's solicitor-based practice.

This paper provides an overview of the implementation of the project management principles by lawyers involved in complicated lease negotiations.

We begin by briefly examining complicated lease arrangements and examples of the stakeholders involved, then discuss project management theory and the five phases of a successful project. Our intent is to provide an overview of how a lawyer can use project management principles, both as a value-added service and as a means to better advise clients on legal issues in the context of complicated lease negotiations.

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<sup>1</sup> <http://www.pmi.org/>

<sup>2</sup> <http://legalpm.vc.pmi.org/Public/Home.aspx>

## **A. Lawyers have a Project Manager Role in Complicated Lease Negotiations**

Leasing counsel today face a number of challenges as both landlords and tenants look for leasing opportunities offering custom solutions to common issues, all for the right price – sounds easy! We continue to see landlords offering design-build premises or substantial renovations to gain a competitive advantage in the market, which will lead to the intersection of various sectors including construction, financing and government, in addition to the many consultants, advisors and experts. Tenants, for their part, will have their own team of experts while also having to contend with logistics of dealing with vacating and fulfilling their restoration obligations at their existing premises if moving to a new location. As legal counsel, we cannot operate in a vacuum and must consider, and often work with, these many stakeholders to get the deal done. This requires not only a sound understanding of our client's end goal, but an understanding each stakeholder's role in achieving this goal.

For the purposes of this paper, we will be assuming that we are legal counsel to a large tenant whose current lease is expiring and is using an RFP in order to either stay in its existing premises or relocate. (We chose the tenant's perspective, as large landlords generally have project management staff in-house legal and a cadre of other experts specifically trained to deal with just these issues; it is their core business. Tenants, on the other hand, generally do not.)

In complicated lease negotiations, tenant's counsel will typically assume a lead role in managing this process from inception to completion. We are expected to coordinate the efforts of the many stakeholders, who will have diverse backgrounds and skills, and overlapping objectives, for the purpose of achieving the best result for the client. The project manager will need to accomplish these coordination efforts without the benefit of any direct authority over these many stakeholders. The stakeholders involved may include:

- accountants
- architects
- client executives and project teams
- client in-house counsel
- client representatives from IT, security, facility, and operational staff
- construction managers
- consultants
- engineers
- existing landlord
- financial advisors
- furniture suppliers
- governmental departments (for project approvals)
- insurers and risk managers
- interior designers and space planners
- junior legal counsel
- landlord's advisors
- real estate brokers
- local legal counsel
- movers
- opposing legal counsel
- tax experts
- zoning experts and planners

The lawyer's role in a complicated leasing transaction far exceeds a review of the terms of the lease. It requires meaningful engagement with all stakeholders in order to move the project forward and achieve the client's desired results.

## **B. Project Management Phases**

Project management involves five phases, each of which is examined in detail in this paper:

(1) **Initiation:** Thorough examination and understanding of the client's needs through financial analysis (including a budget), stakeholder analysis (including users and support personnel for the project), and the development of a project plan (including costs, tasks, deliverables and a schedule).

(2) **Planning:** Determining how to plan the project, developing the project's boundaries, selecting the planning team, identifying deliverables, creating the work breakdown structures (WBSs), estimating the resource requirements, estimating time and cost, developing the schedule, developing the budget, risk planning, and gaining formal approval to begin work.

(3) **Execution:** Coordinating people and resources, and performing the activities of the project according to the plan.

(4) **Controlling:** Controlling the execution of the project and identifying corrective actions to address issues and risks as they arise.

(5) **Closing:** Assuring client satisfaction and maximizing learning from the project.

These phases are neither linear nor mutually exclusive – they are overlapping. For example, control of the project begins immediately upon engagement as the lawyer starts to conceptualise the project management requirements and continues beyond what an outside observer may describe as “closing”, until all outstanding issues (e.g. lease amendments, registrations, and post-closing obligations) are complete.

## **1. Initiation**

The nature and scope of the project is determined during the initiation phase. Legal counsel involved in complicated transactions must be aware of the client's wants and needs. We need to distinguish between the "must have's", and the "nice to have's" as both a tool to manage expectations of the project team but also to use as a guiding principle for execution and control of the project i.e. the completion of the lease, the restoration of the client's existing premises and its fit-up and relocation to its new premises. During the project, obstacles will inevitably arise. Having a clear understanding of the "must haves" is essential to advising the client in overcoming these obstacles. The lawyer should ensure that the client's needs and requirements have been identified after extensive consultation with the various stakeholders, including the client's internal staff, and not only with the client's primary instruction provider. While the client's primary contact is often the final decision-maker, the lawyer as project manager, must solicit and consider the project from a ground-level perspective which naturally involves consultation with operational staff, such as the client's internal security specialist and facility manager. The other project experts, advisors and consultants will also need to be consulted early in the process to obtain a sense of the time they will each require to initiate, plan and execute their own segment of the project. These individuals will have their own internal project plans and, as legal counsel, you must fit these into the master plan.

These client's staff will occupy and carry on business from the premises upon the completion of the project and their hands-on opinions and experiences are invaluable to your high level (30,000 foot) and ground-level understanding of the project as a whole.

The project budget will be one of the project's primary driving forces from the client's perspective, and the lawyer's professional fees are an important line item of this budget. As the lead counsel, you will need to develop a thorough fee estimate which includes a breakdown of the various services and tasks to be provided. The fee estimate should mirror the project plan in order to manage the client's expectations as to the costs involved in a multi-phased project. We suggest that this fee estimate should be comprehensive. That is, it should include a task list identifying the assigned legal professional, their rate, estimated timeframe, and a bottom-line fee estimate. Flexibility can be built into the fee estimate to allow for unforeseen events by providing a low- and high-end estimate to give the possible range for each task. Obviously, the greater the uncertainty, the greater the range.

## **2. Planning**

Failure to plan is a plan for failure. This adage may be exaggerated, given many unplanned projects are ultimately successful, but it is generally acknowledged that planning is a key step in project management. In fact, planning is often considered as being at the heart of project management and a lot of attention is

given to it in the PMBOK (Project Management Body Of Knowledge), the reference book for project managers. The idea is to divide the project into simple tasks (often referred as work breakdown structures, or WBS) to which resources can be allocated (time, human resources and money). Once the project has been broken into simple tasks, it is possible to develop a schedule. The schedule should include milestones in the project lifecycle. These milestones (e.g. issuing the RFP, selecting the successful proposal, completing the offer, completing the due diligence, obtaining Board approval, waiving conditions, etc.) are important to monitor the evolution of the project and ensure that the project is progressing according to schedule.

In a lease negotiation, scheduling starts with a critical date. The date on which the client must vacate its current premises is a good starting point from which to work back from. The possible consequences to the tenant for overholding, or failing to vacate its premises at the expiry of the term, are severe. At the very least, most leases will require the tenant to pay double rent during the period of overholding. More significantly, the tenant may be evicted and could be liable for damages to the landlord for failing to vacate at the end of the term.

Any project manager's ability to develop a sound schedule will be limited by their knowledge of the various elements of the project and the time the project team members will require to achieve their tasks. This further demonstrates the importance of the first phase (Initiation) and why it is essential to take the time to ascertain the various stakeholders' roles and timing requirements from the very beginning.

In addition to milestones and deadlines affecting external stakeholders, you, as the lead lawyer, must be mindful of the client's internal deadlines. Large organizations often have formal approval processes and the schedule should identify and accommodate these processes accordingly. For example, if approval from the tenant's board of directors is required, the schedule and project must account for the dates of upcoming board meetings and allow enough lead time for the tenant's staff to properly prepare the necessary materials to request these approvals.

Strategically, successful project managers need to account for the inevitability of the unexpected and will base the project schedule on a date farther in advance than necessary to ensure delays do not derail the project. As the lead counsel for the tenant, you must be mindful of the tenant's ever decreasing bargaining power. The project schedule must allow the tenant sufficient time to abandon its first choice deal and return to the marketplace to pursue an alternative site if the parties cannot agree on business terms and ultimately lease terms for the tenant's preferred location (the tenant's "go / no go" decision date). Without this leverage, the tenant will have very little bargaining power to complete its deal with the landlord. That is, the tenant will not have any realistic alternative to address its leasing needs than the

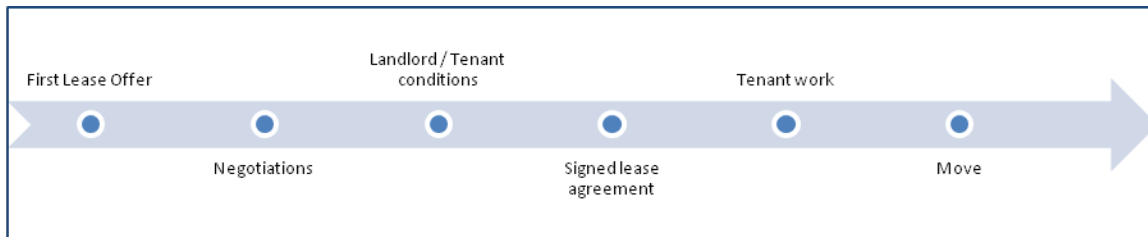
deal on the table and rest assured that the landlord will be well aware of this – the technical term for this position is known as “being between a rock and a hard place”.

Starting from the hard deadline (the last day on which it would still be possible to go back to market), we suggest that you determine the milestone dates by working backwards. This should be done cautiously as it will require the cooperation of third parties on whom you cannot impose a timeline. Nevertheless, it will be your role to find ways to bring these parties together and working towards the common goal.

There are ways to ensure timely responses from these other parties. Firstly, the lead lawyer needs to share the timeline and the reasons for the proposed milestone dates; ensuring project team “buy-in” to the plan and timeline is essential. Being responsive to people’s reasonable timing requirements will go a long way to achieving this.

Figure 1 below illustrates a simplistic timeline, which even in this basic form would be helpful for project stakeholders to understand the project’s direction and milestones. Naturally, a more complex timeline may be required and can be drafted informally without requiring complicated software. The benefit of a well thought out timeline will come from having all parties on the same page and moving in the same direction, towards the same goal, not from a sophisticated graphic designed with high-tech software.

**Figure 1**



### 3. Execution

With planning and scheduling complete, you must put the plan into action. Execution of the project happens concurrently with controlling its progress. As the lead lawyer, you must monitor the project variables to ensure that all is on track and on time. Project management and leadership skills (including the ability to communicate with various stakeholders using *their* language; meaning an understanding of industry terminology, for example, who will be the ‘constructor’ for the purposes of compliance with the *Occupational Health and Safety Act*, in Ontario, or other similar legislation elsewhere in Canada), are important to these processes. They involve supporting others in accomplishing their tasks and soliciting feedback from them to keep a pulse on adherence to the plan and schedule.

Execution and control of the project is an active function and requires that the lead lawyer set expectations and monitor progress. These tasks are most efficiently achieved with frequent email, and in person meetings as appropriate.

#### i. The kickoff meeting launches the project

The first meeting is one of the most important meetings, if not *the* most important, of all. While you will have held many meetings with the client during the initiation and planning stages, this kickoff meeting will introduce the broader project group to the project plan and schedule to get the client into their new premises. It should include representatives from each stakeholder, and especially the other experts, advisors and consultants involved in the project. It may be the only meeting where you can address all those involved in the project at the same time. Subsequent meetings, as discussed below, will often be limited to ‘need-to-know’ participants.

The kickoff meeting should also involve a review of the timeline as the project team must be aware of the various milestones and deadlines. When managing a large group of people, as the lead lawyer, you must understand and confirm each team member’s respective responsibilities. To avoid the “that wasn’t my job” syndrome, and overlapping and duplication of tasks, the project plan will be instrumental in designating at the outset who does what, where and when. Peer accountability is an important tool for the project manager, who, as discussed, often does not have authority to control the various stakeholders. Assigning tasks to various individuals and soliciting commitments to complete a given task while in the company of a group helps create a sense of ownership and accountability. This also helps to both inform the project team as to what others are doing, and also strengthen responsibility among these same individuals.



## ii. Meetings must be managed effectively

Time is money. This is particularly true when lawyers, experts, advisors and consultants are all required to be in the same room at the same time. Time is also of vital importance to the client's staff, since this kind of one-off project is invariably added to their existing workload. Accordingly, meetings must be efficient, well planned and discuss only information relevant to those in attendance. While it may seem inefficient to hold three meetings rather than one, focused meetings with teams of stakeholders addressing only those issues relevant to them will allow you to more strictly and efficiently execute and control the project plan. By way of example, it is often more efficient to meet with the security people separate from the engineers. Otherwise, you risk spending time managing tangents or frustrating those present at the meeting by trying to cover too many topics at once.

Pairing various stakeholders with their landlord counterparts is often an effective method to facilitate discussions of a technical nature, as opposed to the lawyer acting as a go-between when discussing and conveying very technical details of the project. In project management terms, the successful project manager will identify opportunities where their direct engagement is beneficial to the project's progress, and others where it is better to stand aside. For instance, IT or security personnel will have very technical issues that may be more efficiently resolved between similarly trained individuals that speak the same technical language.

## iii. Tenant's Counsel must show Leadership Skills

Skills needed to efficiently lead a group include cognitive abilities, social skills, expertise and problem solving abilities. Lots of different leadership styles have been identified and different situations or context call for these different styles. For instance, when time is an issue, an autocratic style (in which decision-making powers are centralized in the leader) will likely be more effective than a democratic style. As the lead lawyer, you must adapt to the changing needs of the project and be respectful of the other professionals' skills and competencies in determining when and how to lead. Your role is not to micromanage how people do their work, but to manage the interface of the many stakeholders. Interface management ensures that each piece falls into place and that everybody accomplishes what is expected of them according to the plan.

Collaboration and cooperation from all stakeholders involved in the negotiation process is essential. For instance, real estate brokers have valuable knowledge and direct access to both sides of the transaction and can be a valuable resource in this regard. Developing a trusting relationship with the stakeholders is a key component of leadership. Trusting the advisors and experts is step one, but these stakeholders must trust also you. Without trust, the stakeholders will be reluctant to accept your leadership and adhere

to your project plan. Trust can be gained by expertise, deference to others' expertise, and a demonstrated understanding of the importance of each particular expert or advisor's contribution to the successful completion of the project.

Good leadership skills are also essential to maintaining team cohesion during the negotiation process. Different stakeholders have different, sometimes opposing, views. Nevertheless, all stakeholders must work together to achieve the tenant's goal of securing and relocating to its new premises. Various actions can be taken to motivate the team. Whenever possible, let the team decide instead of imposing decisions, work in a professional but casual environment, show appreciation for people's input and contributions, thank others for their contributions, especially when they notice errors you have made (and mean it), be pleasant and use humour. Finally, do not take good work from others for granted, and publically compliment people when warranted. These small gestures will go a long way to help you gain the trust you need to lead effectively.

#### iv. Communication

Naturally, coordination requires clear open communication. This is even more important when negotiating a lease. One issue that arises with communication is vocabulary. To get the deal done, you must compile a lot of expert information coming from various different fields of expertise. Each expert has their own vocabulary. This is also the case for the lawyer's legal terminology. As the project manager, you must ensure that everybody involved in the negotiations, on both sides, understands each other. Truly competent experts can explain complicated concepts in a way others can understand. Government organizations make use of acronyms to designate various departments or sub-groups within the organization. Although useful in written communications, extensive use of acronyms may cause confusion to others who do not make regular use of them. In inter-disciplinary team communication, it is important to ensure acronyms are defined and their meaning not lost on the others. Ensuring information is shared between the client, experts and all stakeholders in a manner that is understood by all is vital.

The method messages are transmitted must also be considered, including decisions as to methods of record keeping, confidentiality requirements and timely delivery. Various channels of communication should be established at the outset of a project, and each channel should be used appropriately and according to the importance of a message.

The ubiquity of email makes this written method comfortable for all to use, however the ground rules for how email is used will benefit the smooth operation of in-project management. The question of whether there are one or more individuals that must be copied on all emails is, for example, a discussion that should be had with the client. Notwithstanding the usefulness of email, a complicated project runs the risk

of diluting the importance of email correspondence. Team members should be advised to consider who should be cc'ed on email messages to avoid overwhelming the team with non-essential information. Again, the best method for each project will depend on the initial conceptualisation and discussion of this with the client. What works best will depend on the decisions made early in the project's planning.

Finally, effective communication will not be accomplished without knowledge of the management structure. For example, the client's representative, particularly in large organizations, may not necessarily have decision making authority. Knowing where and how final decisions are made is crucial. The decision-making process will influence the time required for approvals, change negotiation dynamics, and influence the relationship you have with the client representative.

In sum, the mechanics of the execution phase of project management illustrates the depth of understanding you must gain in order to effectively lead and communicate during the execution of the many tasks comprising the project. The front-end knowledge you acquire will not only result in increased efficiency but will also facilitate the development of trust in, not to mention reassure the client that, the project will be successfully completed.

#### **4. Controlling the Project**

Monitoring and controlling are critical components of the project management process, especially in the realm of complicated lease negotiations. As outlined above, project managers involved in lease negotiation must respect the planned schedule while having little if any power to control stakeholders' responsiveness. Intensive but friendly follow-ups are probably the most effective tool to keep things on track, especially when dealing with the other side.

Things are slightly different when dealing with consultants and experts directly. While you are not in a position to make demands of consultants, you can and must seek to get commitments from them. The kickoff meeting and the subsequent meetings may be used to get "public" commitments from individuals. This commitment should be discussed in a group setting, so that all involved are not only aware of the commitment made, but solidifies individual accountability. In other words, a commitment becomes due to group, not only to you. Following up on these commitments, however, should be made privately in order to maintain good relationships with the individual; doing so in a group setting risks embarrassment which could poison your relationship with the consultant. We must remember, we are managing a leasing project, but at a fundamental level we are managing people and relationships.

## **5. Closing**

While the lease may be fully settled, and the project in full swing or even complete, the fifth and final stage of project management must not be taken for granted. Clean-up activities such as addressing lease amendments to address post-closing modifications to the deal may need to be addressed; perhaps a news release is required and registrations on title must be attended to. As discussed above, the important first step in establishing the project schedule is to determine the expiry date of the existing lease, it may now be time to turn your attention to the process of coordinating your tenant client's exit from their current premises. This may only occur months or years after the bulk of the project is "closed".

### **C. Conclusion**

This paper focuses on the five phases of project management from initiating the project, planning, executing, controlling and post-closing considerations. Naturally each lease, and as a result, each project, will be unique. We discussed in the planning phase how consultation with internal client staff and experts is key to developing your project plan. The same is true within your firm or organization – i.e. who on your legal team will be responsible for what tasks?

The growing popularity of the application of project management principles to the practice of law is unquestionable. As the legal community continues to adapt and develop its own brand of project management, the phases and principles discussed in this paper will no doubt evolve alongside those partners, associates and in-house counsel who endeavour to undertake a leadership role. By implementing project management principles and leadership skills, lawyers can enhance the legal services they are able to provide. Today, the early adoption of project management principles into your practice will provide a competitive advantage, but it will quickly become a matter of survival for latecomers.

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