LEGAL CASE STUDY

Hodgson Russ

Employees: 590

Users: 25

Head Office: Buffalo, New York

Founded: 1817

Situation Analysis

Established in 1817, Hodgson Russ LLP is among America's oldest and most well-renowned law firms. With more than 230 attorneys in eight offices in New York, Florida and Toronto, the Firm is recognized for understanding the real-world problems and opportunities of its clients. Although Hodgson Russ has numerous clients and cases, its annual budget did not adequately reflect the firm's financial performance by practice or as a whole in a meaningful way. Creating an accurate budget proved to be a yearly challenge and a cumbersome process for the finance team that was using inadequate budgeting software to develop a financial picture of the firm.

"The budgeting software we had in place was problematic," says Julie Rosenberg, Controller at Hodgson Russ. "Data could not be directly loaded into the system by the managers who participated in the process. My team and I would have to directly and manually load information into the software. For this reason, preparing the budget completely fell on the shoulders of the finance department."

The finance department received data in a variety of ways, including spreadsheets of different formats and programs, and on loose papers, which were then combined and input into the budgeting software to generate the budget. In addition, the solution was not Excel based, which proved to be a problem for the team

as they could not easily load spreadsheets to work within the system. The management team participated in the budget, but taking responsibility for their portion was difficult as the software could not be accessed from multiple locations.

"We couldn't easily analyze the data once it was in the system," says Rosenberg. "It would take us months to create and finalize the budget and once it was complete we couldn't get it out to managers in a practical format. Using the software to create the budget became so cumbersome that we would end up doing it offline in Excel."

Solution

One of the most important criteria Rosenberg and her team were looking for in a new solution was software that would allow the management team to take responsibility for their areas of the budget. Their ideal solution would also allow compensation and production planning at the timekeeper level. They wanted a solution that would allow users to take ownership of the system and input their own data.

"I didn't want people sending me memos or e-mails with updates I should make to the budget – it's not efficient that way," says Rosenberg. "I wanted to reduce the responsibility that was placed on the finance team by having all departments and offices actively participate in the budgeting process. This would also help us with the consolidation process as data would be directly entered into the software without my team having to touch it."

Furthermore, the management team did not have the tools necessary to review budget to actual variances, leaving the finance team to create variance reports for them. The finance team needed a solution that would allow them to build reports. These reports could be sent out to the managers in each office who would run and analyze their own variance reports without relying on the finance team to create these spreadsheets and reports for them.

Results

Rosenberg and her team evaluated a number of solutions before selecting Clarity 6. They liked how the system allowed them to view and track detailed budget information to create more accurate and detailed financial statements. The web based system allowed regional office managers at different locations to enter their information into the budget without relying on the finance team. Since those responsible for each piece of data were entering it directly into the budget, Rosenberg and her team focused on analyzing the results instead of consolidating data.

The users at Hodgson Russ find the reports extremely useful. It gives them their annual budget information,

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~ Julie Rosenberg, Controller - Hodgson Russ

CLARITY systems

budget dollars remaining, what the variances are, and other detailed that they previously had to request from the finance department. The Clarity services team created customized reports to address the managers' personal requirements. For example, they created a report where Hodgson Russ can allocate overhead and direct costs to each office, and each practice area within those offices. This way each manager can open the report and enter their expenses in the accounts that are available to them. With better visibility into their expenses, managers have become more efficient with how they analyze and spend their budget. In meetings with the CFO and CEO, they can accurately explain where their budget stands. With the Clarity 6 solution, Hodgson Russ has improved their budget process and reduced their budgeting cycle significantly.

With streamlined data input options and access to organized and accurate financial data, Hodgson Russ has made tremendous improvements to their budget. "Clarity 6 Legal Edition has helped us to organize our budget and allows us to standardize and maintain a common budgeting process," says Rosenberg. "Previously when someone had a question about the budget it was a matter of pulling out physical files or pulling up spreadsheets to confirm what the numbers mean and where they came from. Now everything is right at our fingertips. With Clarity, we can breakdown all information by practice area and department to compare budgets to actuals, analyze profitability, and conduct cost analysis."

The Clarity 6 Legal Edition solution in place at Hodgson Russ is a long-term investment as it connects to their existing Elite Enterprise database and will connect to the Elite 3E database when Hodgson Russ decides to upgrade. The Thomson Elite account segments that Hodgson Russ has in place are automatically integrated into Clarity 6 so costs are easily fed into the system. This allows for accurate budget and variance reporting.

The budgeting process has also become much easier for the human resources team. Since this area controls a

large part of the overall budget, it was important that HR had complete access to the data they needed and the ability to analyze personnel costs in all of its offices.

The Clarity services team worked closely with Rosenberg and her team to implement Clarity 6 Legal Edition. The services team listened to their requests and helped Hodgson Russ realize their goals. Particularly in the HR area, the services team helped the firm save a lot of time with recording and tracking benefits for its employees. With the old solution, HR would have to go into each employee record to edit the benefits.

With Clarity, they have saved a tremendous amount of time by conducting top-down planning and setting up global benefits assumptions that are applied to all employee records, across all departments and locations, and at the timekeeper level.

"The Clarity services team was always available from the initial implementation and even now as we continue to add additional templates," says Rosenberg. "If we had questions, needed a report adjusted, or needed a new template built, we could always call Clarity. In addition, during training as issues came up, someone was available to change the software on the spot. This is especially important during that initial setup when you want things to flow well. The services team was very dependable."

Rosenberg intends to take advantage of the additional corporate performance management processes available in the unified Clarity 6 solution. In particular, they are excited to be using the Clarity Visualizer tool to create graphical representations and performance dashboards of their data and distribute them to the attorneys' desktops. "I have been through five general ledger/budget tool changeovers in my 21 years here and I have never had staff so involved and excited through the entire setup and process of getting the budget done," says Rosenberg. "It's truly an amazing system."

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