

What Can Legal Operations Do for You?

Ten Benefits for Companies of Every Size – And Low-Fuss, High Impact Steps to Get Started

Almost half of in-house legal departments in the U.S. now have at least one person assigned to legal operations, according to the Association of Corporate Counsel – a healthy increase from just 20 percent in 2016.

If you are in the other half, now is the time to understand this nascent field – its mission, its scope and the very real benefits it can bring to departments of all sizes, complexities and budgets.

What Is Legal Operations?

Legal operations traces its beginnings to the launch of electronic billing and discovery tools at the start of the 21st century; a few years later, the economic recession of 2008-2009 prompted a new focus on cost savings and administrative control. Interest and innovation followed; by March 2015, the ACC had launched a dedicated focus arm, ACC Legal Operations, and one year later the Corporate Legal Operations Consortium convened its first annual institute.

Specific definitions and methodology vary; the ACC’s “maturity model” offers benchmarks in 14 areas, from change management to compliance to intellectual property management and technology. Meanwhile, CLOC says the discipline spans 12 core competencies, including data analytics, cross-functional alignment and professional development.

Regardless of the school of thought, the core remains constant: legal operations is about efficiency and effectiveness. How can a department best deploy its lawyers and legal resources to advance the company’s goals, safeguard it from risk and protect the bottom line?

What Can Legal Operations Do For Me?

Legal operations can help in-house counsel control cost, improve their performance and have a better quality of life. While every legal department is different – and some teams, budgets and regulatory pressures are bigger than others – every business can see real value from implementing legal operations initiatives.

▶ The top 10 benefits we see:

- 1 Alignment between the legal department and the company strategy.** The legal team is critical to the strategic direction of a company and the achievement of its goals. Legal operations can ensure that a company’s lawyers are spending their time and resources toward the right aims: By measuring the strategic value of all matters – say on a scale of 1 to 10 – then charting activity and progress, you can create a “value add” metric that bolsters the department’s performance and reputation:
 - By requiring each team member to measure the strategic value of their work, you engage each individual with the strategic goals of the company. This will inform all legal and risk management decisions (not to mention resource allocation decisions) they make.
 - Meanwhile, in the C-suite, business leaders see a data and evidence-based account of the value you bring by protecting the company and advancing its goals.
- 2 More cohesive teams.** From 2011 to 2015, the number of in-house counsel who described their law departments as “centralized” at a corporate location dropped from 73 percent to 51 percent¹; whether it’s telecommuting, multiple locations or multiple time zones, almost half of legal departments are scattered. That leads to a disconnect across the department – communication challenges, redundant work, general “who’s doing what, when, where, why” chaos. Legal operations can provide a central communication hub that keeps everyone – regardless of location – up to speed.
- 3 Smarter staffing.** More legal work is being done internally, according to 47 percent of in-house counsel – while the total headcount shrinks or remains the same at 78 percent of legal departments.² Appropriate staffing is paramount. By monitoring matters and workload, you can ensure tasks are assigned (or redistributed) in smarter ways – whether that’s within the department, with law firms or through alternative providers.

1 “2015 ACC Global Census: A Profile of In-House Counsel.” October 12, 2015, Association of Corporate Counsel.

2 “Cheaper, Smarter, Better.” January 2018, *Asian Legal Business*.

4. Control over cost. Almost half of all in-house counsel said “total legal spend” was a key performance indicator they regularly report to their business.³ But at the same time, when asked if their department spend was currently within budget, 37 percent of in-house counsel said no...and 8 percent had no idea.⁴ Legal operations can give you answers to key benchmarks in real-time, so you are never caught flat-footed by the CFO.

5 Better deployment of law firms. Only 9 percent of chief legal officers rate their analysis of outside counsel spend as “highly effective.” Moreover, the average law department spends half of its budget on outside law firms, more than internal expenses or vendors.⁵ This means that in 90 percent of legal departments, the largest budget category is going unexamined.

Straightforward data can help you maximize your resources. If you can chart matters by their strategic value to the company, and chart which law firms are doing which projects, you can easily map whether you are sending low-risk, low-value matters to the most expensive firms on your roster. You can stop giving more work to firms that exceed their budgets. And you can reshuffle your low-risk, low-value, high-volume matters to less expensive firms, non-traditional providers or even an automated process.

6 Practical ideas for innovation. Indeed, if the right data is collected, legal operations can call attention to opportunities for new solutions. Are you doing the same things repeatedly? Are you hiring multiple firms to invent the same wheel? Stop. Look to find your inefficiencies, then think of simple solutions – automated contracts, self-help tools, templates, decision trees and checklists.

7 A framework for experiments. Your new ideas will need to be tested. Remember the scientific method; state the hypothesis, design a way to test your hypothesis, monitor the results and report the outcome. How much time can your new contract template save? What matters work in a fixed fee arrangement? Good data enables a quality testing process – and ensures your innovations deliver sustainable change that adds value.

8 Faster, Better and More Meaningful Reporting. Legal departments must be able to articulate their resource allocation, risk management and contributions to the corporate strategy. When it’s time for the dreaded “justify your existence” conversation, the right legal operations systems allow you to do this with ease, providing a visualization of data that can be drilled down further when required. When it’s time to report to your business clients, your executive team or your board, you can swiftly deliver information on utilization, budget or strategic alignment – re-capturing hours, if not days, over tedious traditional reporting.

9 More time. Almost half of in-house lawyers report an increase in their workload over the past 12 months; meanwhile, the number of in-house counsel working more than 60 hours a week has risen by more than 50 percent.⁶ It’s hard to keep up – but there’s a better solution than longer hours. Legal operations dashboards (like Xakia’s) organize matters and present real-time snapshots of your department’s workload, deadlines and costs. Because everything is in one place, you save the time and headaches of searching through emails, spreadsheets, myriad law firm portals...or worse, what’s stored only in your colleagues’ memories.

10 Lawyers empowered to be lawyers. You didn’t go to law school to sift through Excel spreadsheets or review law firm bills. When in-house counsel are buried in clerical hassles, they risk burnout, and companies lose out on one of their best assets: their legal minds. Indeed, according to the ACC, the most frequently cited justification for legal operations is its role in “freeing up in-house counsel to do what they do best: practice law.”⁷

“Every hour a lawyer spends practicing law rather than focusing on administrative matters offsets work that might have otherwise been sent outside,” said Seth Weissman, the general counsel of SolarCity Corp., in ACC’s *Legal Operations Leading Practice Profiles*. “That’s how you sell it.”

³ “Cheaper, Smarter, Better.” January 2018, *Asian Legal Business*.

⁴ “ACC Law Department Management Report: Establishing Value in An Evolving Business World.” November 28, 2016, Association of Corporate Counsel.

⁵ “2016 Chief Legal Officer Survey: An Altman Weil Flash Survey.” November 8, 2016, Altman Weil.

⁶ “2015 ACC Global Census: A Profile of In-House Counsel.” October 12, 2015, Association of Corporate Counsel.

⁷ “Legal Operations: Leading Practices in Implementing Strategy, Leading Change and Advancing Law Department Excellence.” October 13, 2017, Association of Corporate Counsel.

We're Not A Behemoth. Can This Work? How Do We Start?

Legal operations can be daunting for small and medium law departments. Understandably so – 84 percent of participants in the Corporate Legal Operations Consortium have more than \$1 billion in revenue; they have an average of 12 full-time employees dedicated to legal operations.

What if you don't have those resources? Legal operations may be even more important in a smaller department – and there are many solutions that can be scaled to work with your budget and body count.

If you're just getting started, we recommend four straightforward steps to guide your process:

1. Engagement. Before embarking on a project to gather data, start with “why.” What's the point? Data can help demonstrate the value of a legal department and help with resource allocation, to be sure. It can also identify:

- Work that may need to take higher priority;
- Work that should be automated, eliminated or managed by internal clients themselves;
- The need for legal training on repeat issues, professional development or resource acquisition in specific areas of law;
- Budget pressures;
- Staffing issues;
- External firm issues, including budgets, deadlines and work quality.

Consider what you want to measure, and commit to acting upon it.

2. Collection. Even when the power of data is understood, it's hard to collect when your team is running hard to meet internal client deadlines; your day job doesn't stop. Focus on achieving immediate and impactful results with small amounts of consistently measured data.

Collecting just a few simple metrics will help you fully understand your department's strengths, weaknesses and opportunities. These should include:

- Who at the company needs the work
- Who in the department is doing the work
- What is being done
- When it is required
- Why it is important

Two secrets to successful data collection:

- Keep it very simple. Trying to collect too much information will have the opposite of your intended effect – it will make people feel overwhelmed, not empowered. This can lead to non-compliance.
- Keep it very quick. Twenty to 30 seconds for each matter is sufficient. Specifically tailored practice management tools, like Xakia's, can make data collection painless.

3. Automate and analyze. Once your data is collected, possibilities abound.

Collected data can be set up to generate automated dashboards and reports to communicate the metrics relevant to your goals. Forget manually arranging your own charts and reports; whether you use Excel spreadsheets or systems designed to aggregate and visualize your data, let the software work for you.

Once your data is visualized, dive in – get familiar with how your department is depicted in the data. You will easily spot the lumps and bumps, the bottlenecks, business unit or work type demands and resource allocation issues, all of which are likely to confirm what you already know instinctively...but now they have the power of data behind them. There may even be a few surprises in the mix.

4. Powerful, data-driven discussions. Armed with data, you can have productive, evidence-based discussions about budgets, cost allocation, resourcing needs, outside firm service, workloads and more. Your reports will provide a visual depiction of the issues and opportunities within your department, and you will be empowered to employ creative solutions. And your system will help you chart your success.

Teams that embrace legal operations and data-driven decision-making will be highly valued and respected by their companies for strategic alignment and innovation. They will shift the focus on the legal department from “cost savings” to “value creation,” from being mere facilitators to leaders who can unlock greater value for the company.

Ready To Get Started?

Xakia's corporate legal operations software helps corporate legal teams organize work, manage external legal costs and demonstrate value with automated dashboards and reports. Our straightforward per-user pricing works for law departments of all sizes. To learn more – or to try Xakia for free – visit www.xakiatech.com

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What is Legal Operations?

The Corporate Legal Operations Consortium says the discipline spans 12 specific core competences:

- Strategic planning – a long-term strategy, yearly goals and corresponding metrics
- Financial management – stewardship of the legal department budget, including identification of potential cost savings and efficiency opportunities
- Vendor management – quality assurance for vendor relationships, including price arrangements
- Data analytics – the collection and analysis of relevant data from inside and outside the organization
- Technology support – infrastructure of tools for billing, matter management, compliance management and more
- Alternative support models – efficient deployment of nontraditional legal service providers, such as legal process outsourcing
- Knowledge management – the sharing of legal and department institutional knowledge through templates, policies and more
- Professional development and team building – creation of a culture that supports growth, development and accountability
- Communications – updates and processes that support collaboration, transparency and unity
- Global data governance and records management – smart and responsive policies and procedures for record retention
- Litigation support – strategic support for e-discovery, legal holds and document review
- Cross-functional alignment – a symbiotic network with other key company functions, such as Human Resources, Information Technology and Finance

Source: CLOC, www.cloc.org