SPECIAL SECTION: LEGAL PROJECT MANAGEMENT

Improving In-House Efficiency
The increasing role of legal department operations professionals

By Mark Haddad / Thomson Reuters

It's no secret that corporate legal departments are struggling to do more with less. In the aftermath of the 2008 global economic crisis, corporate counsel faced cost pressures and brought more work in-house. Today, legal departments continue to adjust to cost constraints while dealing with how to manage internal and external resources to achieve greater efficiency and productivity.

Some in-house leaders are adapting by hiring legal department operations (LDO) professionals to act as their change agents, according to the Thomson Reuters 2016 Legal Department In-Sourcing and Efficiency Report: The Keys to a More Effective Legal Department. The report, the second annual survey of 429 attorneys and operational professionals working in corporate legal departments, examined their ongoing efforts to improve efficiency and productivity across their in-house teams.

A backlash against operational and administrative work

The report revealed a rise in employing LDO professionals as a backlash against the time-consuming administrative work facing legal departments. Many departments reported being besieged by the operational activities that come with being part of a corporation and have made changes to keep up with these ever-increasing demands.

Survey respondents indicated that LDO professionals are fostering change through staffing strategies, by managing outside counsel and employing legal managed-services providers, as well as by identifying and deploying new technologies across the legal department. Bringing in LDO professionals to concentrate on business operations allows corporate counsel to focus on higher-value legal work.

With more time dedicated to the practice of law for these corporate counsel, less work has to go to outside counsel.

Another upside of transitioning work to LDO professionals is that it enables corporate counsel to be more proactive and strategic in how they advise the business. Employing LDO professionals in order to allow attorneys to work more strategically may eventually become an industry standard that sees widespread adoption among legal departments.

The advantages of working more strategically

According to the Thomson Reuters report, more than 40 percent of legal departments indicated that the top benefit of being more efficient is being able to focus on more strategic work, while another 25 percent reported that it's being able to focus on the legal aspects of their job. With operational responsibilities like internal financial planning and project management consuming legal departments, corporate counsel are eager to concentrate on the practice of law.

This comes as general counsel are increasingly called upon for strategic and business advice, not just legal advice, according to a recent survey from legal placement firm BarkerGilmore.

The evolving role of the general counsel means that the function will extend beyond providing legal guidance to advising the board and the CEO. As the general counsel's role continues to expand, legal departments will face more pressure to realize efficiencies, which will require a keen focus on driving greater productivity.

Be smart about using outside counsel

Department leaders are also improving efficiencies by keeping work in-house – particularly with certain tasks related to contracts, intellectual property, mergers and acquisitions, and litigation. Virtually all respondents agreed that some work is better suited for the in-house team. From a practical standpoint, given corporate counsel's understanding of the business, it may be more cost-effective to keep certain matters within the department.

There are ways to be smart about using outside counsel as in-house teams consider how to best divide responsibilities related to contracting, intellectual property, M&A and litigation matters. For example, the report found that corporate counsel are spending more time handling contract, litigation and regulatory matters, as well as advising internal business clients. Looking a little deeper, the focus is on contracts, where being nimble and knowing the business is particularly meaningful.

People, process and technology initiatives

In addition to shifting work in-house, department leaders are introducing efficiencies across people, processes and technology. For example, the impact of business growth on already-stretched legal departments means that one of the areas hit hardest is staffing.

Staffing challenges were identified by nearly 20 percent of respondents as a problem. Overall, just under a third of legal departments created new positions, both to bring work in-house and handle growth.

Beyond people and process initiatives, technology is a crucial component of departments' efforts to improve productivity. Survey respondents' top two technology priorities included migrating to electronic document storage and implementing knowledge management technologies, which shows they are keen to realize benefits such as spending less time to search for buried organizational knowledge, forms and templates – and consequently to be better positioned to leverage quality, existing work product.

In-house teams' ongoing struggle to do more with less, while demonstrating their value to the business, means they are continually looking to better manage their internal tasks as well as outside counsel, to improve productivity and efficiency.

Shifting work in-house, hiring LDO professionals and implementing new technologies are among the ways corporate counsel are adapting to cost pressures and seeing a greater return on total legal spend. Most promising is that several of these changes allow general counsel to work more strategically; fewer operational activities for attorneys means more time to focus on legal work.

One LPM Size Does Not Fit All

Continued from previous page

For all attorneys, especially those who often must provide budgets to clients or structure AFAs, we highlight that the data gleaned from universal task code usage is extremely valuable.

MCC: What questions should corporate lawyers ask outside counsel about LPM?

Zimmern: It depends on your priorities. Is predictability of legal spend your highest priority? Is it reducing your legal spend? Are you concerned about unnecessary or duplicative work? The answer may be all of the above.

The most important step is to have a conversation with your outside counsel about your goals, concerns and objectives and to figure out together how various aspects of LPM can help, no matter where their function is in the LPM process. At McGuireWoods, we have fine-tuned LPM tools, like Compass, as well as attorneys who provide peer-level LPM support to our attorneys. While some firms do not have formal LPM programs, their attorneys may employ LPM skills and strategies without even calling it LPM.

At a very basic level, you should be asking your outside counsel to budget for critical (if not all) matters, use task codes for time entry in-house to help you track both legal spending and non-LPM spending, and discuss how they are using LPM principles and strategies to save you money. It also makes sense to explore using AFAs with your outside counsel as a great way to collaborate and align your goals and interests in the delivery of legal services.

MCC: What best practices can corporate counsel implement to develop or improve their own in-house LPM programs?

Zimmern: A key way to improve any LPM program (at a firm or in-house) is to identify goals that you want to achieve or problems that you want to solve, big or small. It can be a challenge and seem overwhelming to bring LPM programs in-house, but often small steps, like bringing everyone together in the same room to discuss basic things like “What is the one aspect of my job that can be improved by putting pen to paper on a good process?” or “What is something that I do every day/week/month that I know takes too long and could be simplified if I just would take the time to make small adjustments?” can yield the biggest and most impactful results.

Teams also should discuss how to better leverage existing technology and resources to make work environments more streamlined, efficient and productive. Having internal meetings to discuss these issues with someone designated to follow up with team members on what small steps they have taken to implement these improvements can go a long way.

No one knows your business, your culture and your pain points better than you, and often just bringing some initiative and structure toward solving those issues can be more effective than seeking outside assistance. That being said, you can always check with your outside counsel to see if they have ideas to help you bring LPM into your legal departments.

The best outcome of all would be that you and your outside counsel collaborate on dual LPM strategies, which enable them to provide better and more cost-effective legal services while enabling you to meet your internal needs. I have learned that LPM is not a one-size-fits-all approach, and there is no uniform strategy that works for everyone. Rather, LPM requires nuanced internal insight into the unique challenges a legal team is facing and a commitment to meeting those challenges.