

LexisNexis In-house Advisory Board

Discussion paper:

Measuring the in-house legal team

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What to measure

Producing metrics can be extremely time-consuming. It is important to be clear on what you intend to

Common objectives	<ul style="list-style-type: none">• Cost effectiveness• Productivity• Process efficiency• Cycle time• Quality and business satisfaction
Metrics that can support these objectives	<hr/> <p><i>Staffing, for example:</i></p> <ul style="list-style-type: none">• Ratio of lawyers to overall employees• Ratio of lawyers to revenue• Ratio of non-lawyers to lawyers within the legal team <p><i>Utilisation, for example:</i></p> <ul style="list-style-type: none">• By which departments• Volume• Turnaround Time• Value to business (transaction size) <p><i>Income (if any), for example:</i></p> <ul style="list-style-type: none">• Licensing• Litigation• Intellectual property <p><i>Costs, for example:</i></p> <ul style="list-style-type: none">• Spend (internal and external)• Training• Know-how• Software <p><i>Compliance, for example:</i></p> <ul style="list-style-type: none">• Percentage of managers who have attended relevant training• Percentage of contracts that include certain clauses• Percentage of people surveyed who know about compliance <p><i>Client satisfaction, for example:</i></p> <ul style="list-style-type: none">• Employee engagement• Employee enablement• General satisfaction



How to measure

Key metrics: staffing, spend, income, and client satisfaction.

Internalising work

Many legal teams are internalising work as a cost-saving strategy. Measuring the work performed by lawyers, and comparing these metrics to sector-based benchmarks (for example Rees Morrison's General Counsel Metrics survey) can help build a powerful business case for greater investment in the legal team where there is a company-wide freeze on recruitment, for example.

Crude time recording, coupled where possible with case management software, can generate metrics that are sufficiently detailed to support these aims.

Lean process-mapping

Lean process-mapping was originally developed to create greater efficiency in the manufacturing

gathering data; even though the measurement is likely to be much less granular than may have individuals' work processes.

Avoid private practice terminology

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Depending on what you are trying to achieve, these benefits might include refocusing individuals on higher-value work, better exposure of areas where greater support or training is needed; all
One advisory board member found it useful to keep repeating

Solely focusing on the speed at which work is performed can improve response times at the expense of client satisfaction as well as time recording (see below).

Measuring the value of external spend

The following are examples of KPIs for panel firms:

- Actual cost versus work estimate
- Accuracy of case plan/efficiency/transparency of cost info and cost-consciousness
- Added value (no of hours) v net spend with each firm
- Understanding our needs (rated 1-5)
- Cost of outsourcing versus insourcing
- Inclusion and diversity statistics
- The cost of secondments
- Knowledge management (such as the provision of extranets)

Law firms are usually able to self-report in these areas. Once a template is established, the process

The way in which financial data is stored and reported can make a difference to its practical usefulness. One Advisory Board member stores this information in Sharepoint; but it is also visible through a dashboard on the legal team's intranet. Crucially, this allows real time visibility of spend on each firm, alongside rebate thresholds (allowing the legal function to spend with one firm rather than another if a greater rebate is available).



How an organisation responds to cost can vary greatly depending on how the cost is categorised.

For example, it can be relatively easy to find £200K to spend in the context of an already large project;

relates to business value, financial data must be subjected to detailed coding. Otherwise spend can

One approach is to make sure that all invoices are properly coded within spreadsheets. It can also

advisers. This can also preserve the relationship between the legal team and the law firm; you can

avoid asking nasty questions. For example, a procurement officer might typically present the lowest

and highest rates charged to the company, indicate where the law firm is and ask how this will be

However it is crucial that the legal team retains the final veto over which firms are engaged. This will

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Practical lessons learned

The Advisory Board distilled five core considerations for an in-house lawyer embarking on a metrics

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Don't be afraid

Discard any preconceptions that lawyers are just “word” people. You can build powerful metrics that influence the rest of the

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Be conscious of the time commitment

Try to get as sound a starting point as possible – for example, law firms, procurement or finance can often quickly provide basic

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<p>Clive Davies Senior Counsel, Fujitsu Services</p>	<p>Clive is a senior counsel with Fujitsu Services advising on major service contracts for Fujitsu. Prior to joining Fujitsu in 2007 Clive was the lead IT and outsourcing partner at D J Freeman for 13 years and Olswang for 4 years. He qualified in 1977 and worked as an in-house lawyer for the Alexander Howden Group in the insurance industry, Esso in the petroleum business and ICL in the IT sector before joining D J Freeman in 1990.</p> <p>Clive specialises in advising on major project contracts for IT services, software development, cloud computing, data protection and intellectual property.</p> <p>Clive has been recognised as a leading IT lawyer in the legal directories Chambers and Legal 500. He is chair of the Society for Computers and the Law, the treasurer of the International Federation of Computer Law Associations (IFCLA), an editor of Communications Law and a member of the Intellectual contracting best practice working group.</p>
<p>Isabelle Deschamps Head of Legal & Company Secretary Nestlé in the UK and Ireland</p>	<p>After having worked in a law firm in Montreal, Canada for a few years, Isabelle joined the legal department of Nestlé at their head office in Switzerland in 1996. From there she led numerous international legal matters in North America and Europe in the food and beverage, nutritional cosmetics and pharmaceuticals sectors.</p> <p>In 2003 Isabelle joined the Executive Committee of Nestlé in the UK and Ireland - one of Nestlé's main manufacturing and sales centres in the UK and Ireland.</p>

