



7 Ways to Prove and Improve the Value of Your Legal Department

Use these **7 tips** to demonstrate that your legal department is best in class.

1

Establish the new normal: Perform a periodic health check

Regardless of what you've done in the past, or how long it's been since your department installed its software, you need to schedule a periodic health check as a critical step to establishing a roadmap and meeting strategic goals. Take a step back from time to time and get an objective opinion about where you are and where you want to be. Assess whether your Enterprise Legal Management (ELM) system configuration and related processes are aligned with your current objectives.

2

Stay current with best practices for law firm billing and review

It's important to periodically make sure your guidelines are still relevant, and that the rules that support them are in place and being enforced. Managing your outside counsel spending requires having clear expectations with outside counsel and modifying those expectations as your department evolves. Make sure you update the guidelines you publish to your law-related vendors, and while you're at it, make sure your rules are optimized to support the billing guidelines and make billing reviews effective and efficient.

3

Consider a strategy for using alternative fee arrangements

There's a lot of talk in the industry about AFAs, but what kind makes sense for your business – and where do you begin? You could endear yourself to your CFO by executing an AFA strategy and implementing optimized fee structures that allow you to predict cash outlays. Alternative fee arrangements both streamline the billing and approval process and can save money for the organization. Developing a pricing strategy starts with understanding the pricing options that will work best for the types of legal matters your organization faces.

4

Enlist the help of your outside counsel to manage costs: Ask them to advise on matter budgets

A robust matter budgeting process can improve collaboration and communication with your outside counsel. The most underutilized cost control lever is matter budgeting. By asking outside counsel to set expectations and to manage costs, you create a dialogue and establish goals. Think of matter budgeting as more than just a number that is provided – by building a process to understand an appropriate budget, communicate risk to the budget, and evaluate accuracy of budgets, you can profoundly affect matter management for your organization.

5**Hire the best firms to represent you AND make sure they understand what's valuable to your company**

You should know which law firms are performing to your standards at any point in time. A vendor management program will help define what you expect of vendors, create metrics to assess their performance, and provide a vehicle to communicate results to them. The end game: improved results and relationships with the law firms you choose to continue working with.

6**Manage via measurement: Dashboards bring numbers to life**

Establishing key performance indicators for the legal department and proactively sharing results permits the general counsel to showcase the department's success at the next board meeting. A well thought out reporting strategy will identify KPIs that are appropriate to your legal department, optimize the way results are presented and distributed, and clearly tell the story of what is happening in the department.

7**Keep your eye on the big picture of billable rates by understanding the range of rates you pay**

Identify opportunities to negotiate more favorable rates. Understanding the range of what you spend for a given activity is the starting point to finding the sweet spot. Legal departments spend a lot of time reviewing rate increase requests for individual timekeepers. Equally important to the rate analysis process is understanding the blended rates you pay on each type of matter. Negotiation is empowered by analytics that establish what is "normal" for your own spending and for your peers' too.

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