

# Influencing the Demand for Legal Services

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This is the thirteenth in a series of articles about how corporate and government law departments can improve their performance and add measurable value to the organizations.

Gone are the days when conference programs featured sessions on the value of the law department. General counsel explained why business units should be encouraged to call on their lawyers more regularly, and definitely earlier, in the conduct of business. Law departments have expanded in size over the last 15 years even though they are under permanent pressure to reduce costs. Few are regarded as the “business prevention police”, many invest too much time in operational support work of low complexity, while some are regarded as strategic business contributors.

Our close analyses of law department activity since 2010 has persuaded us that many law departments “feel swamped.” Yet it is the same departments that claim they are never late and will do what it takes for strategic and critical projects. It is the other non-strategic work that gets backed up – or so it seems. When lawyers are asked, “how many days could you work uninterrupted with no further input, meetings, and documents from your key internal and external stakeholders”, the backlog averages less than 3 days.

Probing further, we find that the lack of predictability of workflows is much more stressful for lawyers than the actual amount of work on the desk at any one time. Simply put, managing workflows is much more of a challenge than managing workloads for law departments.

Managing a law department and individual professional practices with an “open door” business model is not sustainable. The “captive law firm” law department may work for larger law departments in government but makes no sense for one that is primarily cor-

porate, commercial or regulatory. Even mid-sized departments are increasingly specialized and must be selective about the work they take in. A “managed legal service” business model depends on anticipating the demand for each business unit and then servicing it appropriately.

Having an accurate enough understanding of how inside counsel spend their time is a prerequisite for predicting and managing demand for legal services. Since very few law departments track time – it is a 4 % productivity loss to do so – then it is sufficient to ask the members of the law department to complete a work distribution worksheet that allocates time, in percentage terms, for the last 12 months by legal specialty for each client group. Allowance is made for practice management, professional development, and administrative time.

The next step is for the General Counsel to share the resource consumption patterns that emerge from the internal survey. When meeting with each primary business unit, it is a good idea to also discuss the relative complexity and number of matters. This gives the statistics a reality check. Some business units discover that they have a large number of matters that are routine in nature. They may also appreciate for the first time that many individual users of legal services are occasional at best. An overview of company-wide patterns of workflows and work volumes will often reveal that 300 individuals call on a smaller law department each year, but that only 20 of these account for 85% of the available legal resources. This profile can represent a lot of churn and is an inefficient use of senior counsel time - a bit like going to a hospital emergency room for a head cold.

I recently interviewed senior and first-line management of a financial institution to learn how they planned their use of legal services on an annual basis. None planned for their use of the department as such since there were no budgeting expectations. It was much easier for them to estimate demand after providing them with their volumes and patterns of use for the previous 12 months and then asking whether these would likely increase or decrease by 10%, 20%, etc. in the next year. Business units were able to sketch out the primary projects, disputes, and significant contracts that were likely in the future.

Everyone likes to have their own lawyer on call in the law department. Business units will not voluntarily embrace rigorous intake criteria or rules limiting their use of the law department. But almost all will accept protocols that give clear guidance on when to call the lawyers, who should call, and what documents are needed in exchange for effective turnaround response times. Predictability will win out every time, but the trade-offs are well work intake criteria for legal services.

Once again it is the responsibility of the General Counsel to influence the demand for legal counsel if the law department is to reach its full potential every year.

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### About the Author

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