


Benchmarking Legal Operations Maturity

By Richard G. Stock, M.A., FCG, CMC, Partner with Catalyst Consulting

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



Law departments seldom have access to comprehensive and valuable benchmarking material at no cost. I have had a chance to review the report released by the Association of Corporate Counsel (ACC) in partnership with Wolters Kluwer Legal & Regulatory in the spring of 2020. See <https://www.acc.com/resource-library/2020-legal-operations-maturity-benchmarking-report>. There were 316 participants, spread across 24 industries and 29 countries. This article should be regarded as an abstract intended to encourage all law departments to study and act on the full ACC report.



The ACC's maturity model is designed for law department leadership and management to "place themselves in three stages of maturity by benchmarking against companies of different sizes and industry sectors." The model surveyed 15 functions and 92 sub-functions.

The 15 functions are:

- Change Management
- Compliance
- Contract Management
- eDiscovery and Litigation Management
- External Resources Management
- Financial Management
- Information Governance (Records Management)
- Innovation Management
- Intellectual Property Management
- Internal Resources Management
- Knowledge Management
- Metrics and Analysis
- Process & Project Management
- Strategic Planning

• Technology Management

Five key findings of the report provide important context when considering the statistical results.

1. departments that employ legal ops professionals are more advanced across the 15 functions
2. there is significant variation in maturity across functions with Compliance and Financial Management most advanced and eDiscovery and Litigation Management and Innovation Management the least advanced
3. larger departments tend to report higher maturity levels
4. budget limitations, leadership scepticism about the value of legal operations , and resistance to change are barriers to improving operations maturity
5. only 8 (2.5 %) law departments are in an advanced stage of maturity across 10 or more functions

The benchmark report evaluates each function on a 6-point scale. The average score for the *Compliance* function is 3.46 - Intermediate Stage One. *Financial Management* scores an average of 3.34, also Intermediate Stage One. The remaining 13 functions each score below 3.0, demonstrating that most companies can do much more to improve their legal operations.

External Resources Management

I have elected to look at one function – external resources management – to illustrate the re-

port’s treatment of the sub-functions. This function had the fifth highest score at 2.85, yet only 11% of the law departments reported that they were in the advanced stage.

The report relies on 13 sub-functions to determine operational maturity for external resources management. These follow with the total percentage of participants stating that the elements are “not yet in place” and “planning to be in place”. Otherwise said, these departments are at best in the early stage.

Sub-Functions	% not in place
a) Sourcing decisions are ongoing considerations and legal service providers (LSP) are integrated in the legal services delivery model	47.1
b) Use of legal services is driven by value provided at the phase/task level	28.0
c) Law firm/LSPs are considered value producing business partners, continually improving performance and relationship	27.9
d) Outside counsel and vendor management are centralized function(s) within legal operations; involvement in RFPs; engagements, pricing and performance review	42.8
e) AFAs are considered on all matters and are heavily used	65.0
f) Systems smoothly incorporate/support AFAs in billing and metrics/ dashboards	
g) Procedures exist to assess value and reconcile pricing to cost variances	62.3
h) Frequent review of budgets and performance (at least quarterly)	40.4
i) Standardized supplier quality/performance metrics	75.3
j) Regular, structured and mutual feedback	59.4
k) Vendor management metrics integrated with GC dashboard	77.2
l) Systematic use of value adds (e.g., training, secondments) and value-enabling capabilities such as firm/LSP-provided project management and technology	64.9
m) Win rates (outcomes) are considered in vendor selection	63.3

Observations

With few exceptions, almost all the sub-functions for managing external resources should be embedded in a law department's annual business plan. However, 50% to 75% of the 316 participants have nothing in place for 7 of the 13 sub-functions. The report revealed that about 255 of the participants plan to "standardize quality/performance metrics" and to "secure regular, structured and mature feedback" from their external resources. This suggests that a significant majority of law departments are only in the early stages of thinking about how best to manage themselves and the resources that they use. Law department leadership and management should set aside incremental adjustments to operating prac-

tices and resource management in favor of comprehensive business plans that will advance their performance across all 15 functions. The ACC benchmarking report provides a good self-assessment tool and a solid foundation for change across 24 months.

About the Author

Richard G. Stock, M.A., FCG, CMC is the senior partner with [Catalyst Consulting](#). The firm has been advising corporate and government law departments across North America, Europe, the Middle East and Australia since 1996. For law department management advice that works, Richard can be contacted at rstock@catalystlegal.com.

