

IMPROVISE

TO PLAN OR TO IMPROVISE

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



I am quite sure that 95 % of companies, institutions and government organizations develop plans and priorities each year. Most have specific goals and strategies that span 3 to 5 years and guide the deployment of resources. It follows that the same organizations track progress and performance against their plans.

I have read hundreds of corporate, strategic and business plans over the years. In many cases, their quality is very good. My interviews with business units in these organizations suggest that plans are an effective management tool at both the corporate and business unit levels. So why do law departments fare poorly when it comes to applying the same methodologies and management practices to themselves? Some time ago, I had the opportunity to exchange with more than 50 law departments

PLAN



on this issue. Here is what I found.

On the question “Does your law department produce a written business plan each year?” 40 % said they had a written plan in place, 55.7 % said there was no plan and 2.5 % did not know. This distribution reconciles with my own consulting experience, although I tend to spend more time with departments that have yet to develop plans. None of these statistics shed any light on whether law departments do good work or whether they are appreciated by those who use their services. But they speak volumes about the chances of a department having a significant strategic impact in the organization each year. Why - because they are reactive and can rarely make the time to change their focus.

The second question asked “Is there a formal

process for obtaining business unit input in preparing your plan or in anticipating their requirements for legal services delivery?” Only 19 % reported that they relied on a formal process of getting input from business units to either come up with a plan or at least to anticipate requirements for service. Overall, 64 % sought no formal input and another 17 % of respondents did not know whether such a process was in place for their departments since they were not responsible for the management of the law department.

I am persuaded that Chief Legal Officers and General Counsel are quite capable of preparing formal plans. I know that they speak with business units every day during the normal conduct of business – but rarely to learn more about demand for legal services. This approach

closely resembles a law firm business model that is professional, relationship-based, and able to react capably when called upon. But it does not let the law department achieve its full potential as a strategic business contributor.

“Is your law department able to forecast the number and type of matters it will handle each year?” The answer to this third question is not surprising. I wanted to understand whether the informal approach to planning produced the same results as that achieved with a formal business plan. Only 20 % of the law departments can forecast demand at the matter level. Some 75.5% are unable to secure this level of detail, and 5 % of the respondents did not know. Forecasting demand by type, hours, number of matters and complexity level does not require a matter management system or timekeeping in the law department.

I have had the opportunity to test the capacity of law departments to estimate demand for services. Discussions with 10 different corporate, institutional, and public-sector law departments revealed a great deal. Lawyers were asked to allocate their time by business unit and by legal specialty so that it totaled 100 % for the year. It took 15 – 30 minutes for each lawyer to complete the survey, confirming that they know their practice well enough.

I then requested an estimate of the number of matters / files handled which fell into one of three ranges: 0 – 5 hours, 6 – 25 hours and more than 25 hours each. The lawyer then estimated what proportion of the year was represented by each of the three groupings. This profile of the law department was interesting

for everyone in the department. It provided the General Counsel with a baseline to question anomalies and from which to adjust client usage patterns. It was a short next step to discuss the findings and the demand for legal services with business units, and from there to fine-tune usage patterns, as well as to change practice patterns for individual lawyers and staff in the law department.

The final question asked “Do you believe that your law department should be more structured when planning and then managing the deployment of its resources?” Seventy-nine percent (79 %) said they should be more structured, 16 % said no – perhaps because their plans are sufficiently structured, and 5 % did not know. I believe that the results of this survey are likely to be the same a year from now if law departments wait for the company to require formal plans. The distribution of answers will be dramatically different if the General Counsel decides that a more formal planning process and focussed business priorities will be the order of the day for the law department in 2025. The precedents and tools are available. It is not enough for law departments to be good goaltenders. Setting a deadline and investing 25 hours will generate a game plan for better results.

About the Author

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