



BY RICHARD STOCK

Making Legal a Strategic Contributor

A new white paper, “The Call for Innovation in the Law Department,” provides a good start to reconsidering practices

OVER THE YEARS, I have read and written many articles about law department performance. A few were about transforming law departments from being part of the necessary overhead into being more of a strategic contributor in the company.

Recently I had the opportunity to review a new white paper, “The Call for Innovation in the Law Department,” prepared by ELM Solutions, a business of Dutch-based information publisher Wolters Kluwer. Aimed at legal operations professionals rather than the CLO-general counsel, it made sense that much of the content is about improving efficiencies and controlling costs. And although the paper does not cover several key bases, it is still well worth careful reading.

It is not easy to link innovation and performance with value and business strategy in a brief paper. The premise is that Legal Operations must make changes to its efficiency, value proposition, and insight if they are to be innovative. ELM Solutions cites the 2017 Altman Weil Chief Legal Officer Survey of 288 companies to identify four top efficiency initiatives, namely: increased use of technology tools; more use of paralegals and paraprofessionals; law department re-organization; and revised workflow processes. All four efficiencies can free up time for in-house counsel to engage in more strategic contributions. Regrettably, ELM Solutions’ paper does not quantify time saved by each initiative.

With its readership in mind, examples for greater efficiencies focussed on document and communications management, billing and payment of external counsel, and matter management. Our analysis over 20 years suggests that these activities take up an average of seven per cent of lawyer

time and can be reduced to about four per cent. Productivity improvements in the order of 20 per cent depend on tougher work intake protocols, limiting who can call the law department, and a much greater capability for business units to be self-sufficient. There is also a need fundamental changes to the practice and time management habits of individual lawyers.

I have known well-established law departments to introduce formal intake protocols with their primary internal clients. Those protocols identify when to call

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Legal, who may call, and how they may best prepare the questions and documentation when making the request for service. And they suggest the type of turnaround time that may be appropriate. However, most legal departments have no written guidance in place for their internal clients.


The second part of the white paper’s call for innovation is directed at the law department’s value proposition. This, it argues, is to be achieved by “matching the right resources with the right work at the right time and for the right price.” One can only agree that good data analytics, selective insourcing of complex work, and managing relationships with external counsel must underpin the value proposition. And so does matter budgeting, legal project management, customized staffing models and alignment with the company’s core values

and business priorities. From the vantage point of leading law firms, this is basic stuff.

The paper is silent on the most essential element of a law department’s value: results. It is not enough to improve service and control costs of inside and external counsel. The Altman Weil survey reported that CEOs ranked three law department activities as the most valuable: supporting business objectives, advising company leaders, and managing legal risk. Not surprisingly, controlling legal spend was ranked first by only eight per cent of survey respondents.

The final part of the white paper calls for greater insights using basic metrics such as matter activity, invoice status, net matter spending, timely and accurate budgeting, invoice reviews by inside counsel, and proper work allocation by timekeepers. Indeed, most law departments do not begin to have useful information on hand about each of these. The

paper tends to focus on tools and techniques to remedy this deficiency especially as it applies to external counsel; little is offered on how to remedy the same issues with inside counsel.

Innovation is not invention. This paper itemizes many ways that a law department can improve its productivity, rethink individual practice management habits, and better control internal and external legal spend. Yet while this can represent a better return on investment for Legal Services, it is difficult to see how it creates strategic value for the company. A separate white paper is required to suggest the innovations that improve law department effectiveness, impact, and overall value to the company. 

Richard G. Stock, M.A., FCIS, CMC is a partner with Catalyst Consulting. For law department management advice that works, Richard can be contacted at (416) 367-4447 or at rstock@catalystlegal.com.