Transform Your Legal Department in Six Months

Driving Transformation in Your Legal Department

Whether you're a new general counsel (GC) in a legal department or simply looking to make positive changes in your department, the process of change is never simple. The following are some keys steps to engage and communicate with your team in a meaningful way, define your goals and measure your performance, create a framework to identify changes to make, and manage a successful change in your legal department.

Engage and Communicate

Recognizing the need for change does not guarantee those within your department will adopt that change. In fact, 70% of all major changes in organizations fail[1]. Often, the reasons changes fail is a perceived lack of engagement by leadership and a failure of communication with the team that must implement the change. Avoid these pitfalls by meeting with the legal team as a whole to share with them your short- and long-term vision of the legal department. Create an internal legal department team of stakeholders (we'll call them the executive team) to work through ideas on initiatives and get their feedback. GCs of a large legal department may not be able to do this personally; delegating this authority is fine, as long as everyone in the legal department knows that this transformation is a priority for the GC and that the delegate has the full authority of the GC on this project. Nothing kills transformation in a legal department faster than the perception that a project is not a priority for the GC. Even if the GC isn't present at all meetings of these stakeholders, it must continually be reinforced that this project is a priority that the GC is watching closely.

Assess the Legal Department

Once the team is assembled, the first step is to assess the current state of the legal department to understand its overall strategic vision and where quick wins may be had. To determine where to start, it's important to evaluate all aspects of the legal department delivery model. Some items that should be assessed are:

1. What does the GC need to manage the legal department?
2. Is departmental staffing appropriate, and how is success being measured?
3. How is work allocated among outside law firms, and how are the firms managed?
4. Is the right technology in place to support the operational and product delivery process of the legal department?
5. Are there other potential efficiencies that could improve service to the legal department's internal clients?

What Does The Gc Need To Manage the Legal Department?

This often starts with the question of what reports would be useful in giving the general counsel a quick snapshot of meaningful law department information. It may be transparency into the legal work being done, never being surprised by a legal matter or legal spend, having a budget for legal matters, having processes in place to manage outside counsel, knowing the total legal spend, or being able to track the value and savings of the legal department. It may be reports that the board of directors or CEO have requested. It's best to first determine what the general counsel wants to have, then figure out the best way to get it.

Is Departmental Staffing Appropriate, and How is Success Measured?

Determine if there are opportunities to add or subtract headcount based on your team's workload and talents and find ways to let your best talent thrive. Knowing your total legal spend for certain matter types is a useful tool for justifying new headcount or reducing headcount if necessary. For example, if your department spent $500,000 last year on routine contract work and the cost of a salary and benefits package for a new contract lawyer who could perform this work is $250,000, a new contract lawyer can save the department $250,000. If you're able to get headcount, surround yourself with talented people who will commit to working with you to achieve the department's goals. Aligning people with their strengths not only builds efficiencies, but also builds morale.

It's also important to have in place procedures to measure your staff's performance and to communicate to them how they will be measured. These measurements could include, for example, overall reduction of legal spend or a target goal for company exposure, reduced matter cycle times, reduced response times to internal clients, reduced overall legal spend, having budgets and regular status reports for all matters, or ensuring that your department's billing guidelines are being followed by your law firms.

This may be the right time to hire a Legal Department Operations ("LDO") Director. Using LDO Directors is a trend that has continued to gain speed over the last few years, for good reason. Legal departments have faced more cost pressure and budget scrutiny than ever before. But here's the rub: Lawyers were trained to practice law, not keep track of finances and budgets, manage projects, track analytics and create reports, procure and implement software, manage law firms, or find other ways to be more efficient as a department. A good LDO Director is invaluable in helping a GC manage the legal department and can not only help save time and money, but free up attorneys to do the work they were hired to do.

How is Work Allocated Among Outside Law Firms, and How Are the Firms Managed?

The next relationships to assess are those of your law firms and how work is allocated to them. Some questions to ask: Is the right work being sent to firms or being kept in-house? For the work being sent out, is there a selection process in place for choosing the correct firm? Do you have preferred law firms for certain types of work? Is the correct level of resources being assigned to work (amount of total hours, partner/associate time)? Is there a process for approving rate changes? Too often, there are no procedures to manage your law firms; work is given out on an ad-hoc basis to firm lawyers by in-house staff. Staffing and rate increases are only known once the invoice comes in, and then it may be approved without being reviewed. Billing guidelines should be in place, communicated to your law firms, and enforced. Firms that you trust, that value client service, and that deliver the highest quality of work with the greatest value are the firms that should receive your business.

[1] Kotter, John. "Leading Change." Boston: Harvard Business Review Press, 1996 Print.

Is the Right Technology in Place to Support the Operational and Product Delivery Process of the Legal Department?

Common areas in which technology can help drive efficiency and cost savings are matter management, e-billing, discovery management, document review, contract and document management, intellectual property management, and legal hold management. To determine what systems to look at first, consider your company's industry and the services delivery model of your legal department. If your company is an IP-heavy technology company, procuring an IP management system to manage your growing IP portfolio may be a logical first step.

In many cases, the logical first step is a system that handles both e-billing and matter management because this will help drive other potential initiatives. For example, getting all your matters and spend in one place will give you transparency into the work being done and help drive the work allocation analysis mentioned earlier. Second, getting all of your legal spend in one place in a way that is reportable will allow your department to implement workflows to enforce billing guidelines, allow you to run various reports on legal spend, measure proper department staffing, track budgets, analyze exposure, and provide all the other metrics to measure the performance of your in-house lawyers and external law firms. This also allows the legal department to run general counsel-level reports to show the C-suite reductions in legal cost or other reports they use to measure the legal department's success. These types of systems can also save a great deal of time for your lawyers and staff in reviewing invoices and budgets and getting matter status reports, among other things. Once an e-billing and matter management system is in place, you can start measuring your department's progress over time and using that information to find opportunities for savings and efficiency.

If e-billing and matter management is in place and being used optimally, then consider other software packages like documents management systems and contract management systems. Efficiency can be increased and response time reduced by making these searchable in a database. Having accessible legal research on issues that are common for the legal department is also a great way to save time and money. Discovery management and document review are increasingly being brought in-house as well and may also be an area to explore.

Are There Other Potential Efficiencies That Could Improve Service to the Legal Department's Internal Clients?

This entails looking at the delivery model of legal services to your internal clients and how that model may be improved. This can take quite an effort, but it will be well worth the time to achieve the goal of providing proactive legal services in an effective and efficient way that is satisfying to internal clients.

To perform this evaluation, you'll want to understand your clients' views of the work to be done and how high of a priority it is for them. Interview your team to get their perspective of what internal clients' needs are and how they might improve their service. Have the legal department executive team interview internal clients and understand any pain points that clients may have with the legal department and how they would like to receive their legal support. A client's silence does not necessarily indicate satisfaction with the service being provided. This will help your legal team prioritize their matters and spend their time on the work that is deemed most important for your clients and the overall business strategy of your company.

Making the Change

Once you've assembled your executive team; communicated departmental goals, the need for change, and that this is priority for the general counsel; and gone through the legal department assessment, it's time to prioritize where to start. This of course will depend on the departmental assessment, feedback from the executive team, and your particular department's needs. There are a few questions for your team to consider when making this decision: 1) What change aligns with the legal department's goals and with the overall goals of the company; 2) What change will have the greatest impact; and 3) What change is achievable in a reasonable timeframe. It's possible to have multiple initiatives going on at once, but often one change will build off another. So it's best to start with an achievable goal then move on to the next one. For the purposes of demonstrating how to implement a change, we can use the implementation of an e-billing and matter management software package, as this is often where legal departments start the change process and is a building block for other initiatives.

It's crucial that you pick a vendor that is a good fit for your department because there is a substantial investment in time and money that goes into the implementation and maintenance of these types of systems. Try and determine beforehand what you want from your software package, whether that be simply getting your arms around your matters, getting particular matter and spending reports, specific functionality and workflows for your departments, getting all invoices electronically etc., so you know what questions to ask when looking at various options. Besides functionality, there are other key considerations: How long does an average implementation take? Is the support model robust and easy to use? What kind of access will you have to your account manager? What are the different pricing models? What types of integration does the software support? Also look at the professional services offerings to make sure they are comprehensive if you want to accelerate your use of the system, don't have the in-house resources for administering the system, or if you anticipate wanting to integrate multiple systems for maximum efficiency.

Make a Formal Case for Change and Define Goals

Often the first response to a big change is skepticism and ambivalence to committing to the change. The need for change may be obvious to the general counsel, but one cannot assume that it is apparent to everyone else in a legal department. Some may employ the phrase most dangerous to progress: "We've always done it this way." The way to fight attitudes that can derail the project is to make a formal case for change to your entire legal department, or at least those who will be affected by the change. First, paint a picture of the reality of the department's current state and articulate a convincing need for change. In the case of e-billing and matter management software, the need to understand the legal work being done, controlling legal spend, and the ability to run reports on both are keys to saving the legal staff's time, and controlling costs is something your team will understand and that affects each individual. Specifically, lay out how this change will help your team do their job better and save them time. Take questions and feedback to alleviate any apprehension of the team and let them know the process of giving ongoing feedback as necessary. Provide regular and consistent communications to the entire legal department on the progress of the project, reemphasizing the goals laid out in the original case for change. If there continues to be resistance, understand where it is coming from and why. Then try to assuage any continuing concerns.

It's then important to provide a roadmap for the change. Define the goals of implementing the software, what the process will look like, and who will be running the project internally. In the case of a new software package, the goal may be to get all your matters and legal spend on the system in three months so billing guidelines can be enforced, lawyers' workload reports can be run, and overall spend can be reported. An implementation manager from the software vendor will be able to give a sense of how long the project will take, where there may be complexities, how other similar companies have structured their systems, and other issues regarding the scope of the project based on your legal department's situation and needs. A general counsel needs to let the department know that this is a priority and, if she is not directly involved in the project, that she will be getting weekly updates on its progress.

Create a Sense of Urgency and Ownership

Losing momentum will kill a project. People will move on to other pressing matters if they don't feel a sense of urgency. Create a sense of urgency by giving people ownership for their portion of the project and establishing timelines for getting those tasks done. Again, make sure that they know that the general counsel will be checking the progress of the project regularly and if there is a delay, the person responsible for the delay will need to explain that delay. A key motivator is letting the team know that the successful completion of the project (or their portion of it) will be factored into their annual review. Define everyone's task, have clear timelines for them, give them ownership, and make them accountable for getting them done on time. This will give them the sense of urgency necessary to see the project through to completion.

Prepare for the Unexpected

No change or large project goes completely according to the plan. Build the unexpected into the plan, because it's coming. Continually reassess what is going on with the project and adjust as necessary. As adjustments are made to the plan, communicate those changes to your team explaining the reasons. Don't allow an unexpected change in plans to cause the project to bog down and lose its momentum. Work around these unexpected issues and find a way to continue making progress on the project as a whole until the issue has been resolved if at all possible.

Celebrate Wins

Change takes determination and persistence. If you're going to ask your team to take on the extra burden of making change (even if in the long-term it will benefit them), it's important to celebrate milestones when they are reached. These wins should be achievable, bite-sized portions of the entire project. By doing this, it will reinforce to the legal team that this is a priority of the GC, and their efforts are being noticed. It will keep momentum moving forward into the next phase of the project and will help convince skeptics that this project is not stalling or otherwise going away, and they should get on board. These milestones can be celebrated simply by emailing the department and calling out the individuals that helped accomplish the goals. Throwing a party once the entire project is completed is never a bad idea either.

Conclusion

Change is rarely easy, and it is human nature to be skeptical of it. Most people have experienced change that wasted time and energy, and they have no interest in being a part of those projects. As a leader of the legal department, a GC must demonstrate the importance of the change and convince the legal team that this change is going to succeed because it is a priority for the legal department. It is key to have a process in place that fosters communication, drives momentum, and creates an understanding that each individual owns and is held accountable for their part of the project. A vision for change is great, but it is individuals that drive the change. A great change leader understands this and communicates, enables, and facilitates involvement from these individuals throughout the entire process.

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