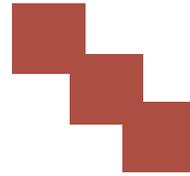


Law Department Metrics Benchmarking Survey 2015



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The Great In-house Big Data Debate...

Five Trends for Applying Metrics in 2016

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PREFACE

The Great In-house Big Data Debate... Five Trends for Applying Metrics in 2016 is a white paper published by ALM Legal Intelligence. ALI gathered the data and administered the online survey. Daniella Isaacson, Senior Legal Analyst at ALM Legal Intelligence, conducted interviews and wrote the report. Antoinette Cocorinos was the Research Manager on this survey. We would like to thank all those who participated in the survey and agreed to be interviewed for this report.

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EXECUTIVE SUMMARY

“Without metrics, you are blindly throwing money to solve presumed legal problems. There is no clear understanding of the potential impact of the return of the investment, or even the estimated cost of the problems legal is trying to avoid.”

- Robert L. Katz, Senior Vice President and General Counsel at Ingersoll Rand¹

When used correctly, metrics can be a powerful tool for law departments. Primarily, metrics assist in-house counsel in two ways, 1) by helping law departments to define and track cost cutting and efficiency opportunities in a number of areas, including: staffing, expenditures, outside counsel management, and operations and functions, and 2) by communicating the value of the law department to the corporation.²

The danger when applying metrics is to not apply them haphazardly, rather, to use metrics in a defined manner, guided by clear objectives. The Law Department Metrics Benchmarking Survey, interviews, market research, and ALM Legal Intelligence industry expertise, all point to a number of trends that should be the focus for in-house metrics initiatives.

The central proposition of this white paper is to assist in-house counsel in defining the top five trends to apply metrics in 2016.³ This paper is not meant to be prescriptive, rather, it should be taken as a guide to which law departments can look to define areas to apply metrics, with examples of how other law departments have successfully utilized metrics in that area.

¹ Davis, Rayford. "The Great Big Data Debate." Inside Counsel, 26 Aug. 2015. Web. 08 Oct. 2015.

² ALM Legal Intelligence

³ Steeves, Rich. "Operational Empowerment How Operations Officers Can Increase Efficiency in Your Law Department." Inside Counsel. 29 Apr. 2015. Web. 12 Oct. 2015.

ABOUT THE SURVEY

ALM Legal Intelligence has monitored the trend of in-house legal performance through 26 surveys conducted from 1972 through 2015. The *Law Department Metrics Benchmarking Survey, 2015 Edition*, provides benchmarks on staffing, expenses, outside counsel, operations and functional areas of interest to individuals responsible for law department management.

Background

Some of the challenges facing law department management today includes implementing cost controls, defining performance improvement objectives and aligning departmental goals to corporate business strategy. Increasingly, GC are called upon to provide tangible results. Benchmarking provides the necessary starting place for measuring and managing law department financial and operational goals.

Benchmarks, in and of themselves, do not give managers precise answers to the many issues associated with operating a corporate law department. Benchmarks do tell us how an organization is performing relative to comparable companies. Benchmarks allow one to identify areas that need further scrutiny, i.e., things that need to be looked at to determine why the numbers are what they are.

Therefore, deviations from benchmarks tell us what questions to ask and in what areas, but they do not provide us with all we need to know. Benchmarks do not provide us with the answers – they are a starting point. However, having a starting point is essential since it focuses attention on specific areas requiring further analysis.

In some cases, your benchmarks for specific areas may exceed the benchmark averages or upper quartile of comparable organizations. In this case, further analysis will provide a greater understanding of the discrepancies.

In other cases, your benchmarks for specific areas may be exceptionally low relative to the benchmarks of comparable organizations. In this case, either congratulations are in order or further analysis is required to ensure that the exceptionally low benchmarks are not hurting the performance of your organization.

Finally, benchmarks should not be confused with best practices. Benchmarks are indicators of performance relative to others. A best practice is a business process with demonstrated ability to achieve excellent results.

Methodology

Since 2008, ALM Legal Intelligence has published the Law Department Metrics Benchmarking Survey (LDMBS) annually, as a companion to the Law Department Compensation Benchmarking Survey (LDCBS). The survey consists of 50 questions concerning measurements of law department structure and performance. Typical respondents of the 2015 survey work for a publicly-held company (48 percent) or private company (24 percent), and have a centralized structure (71 percent), reporting directly to a Chief Legal Officer (CLO) or General Counsel (GC).

This survey presents analysis by revenue, number of employees served by the law department, size of law department, and industry, as appropriate, for fiscal year 2014. Expenses are presented on a per lawyer and per legal service provider basis. (A legal service provider is determined by counting each lawyer as one legal service provider, and each paralegal as one-half legal service provider.) The majority of respondents provided both detailed and total expenses, others provided only limited detail and incomplete totals. Therefore, the number of respondents may differ from analysis to analysis.