

The 5 Pillars of a Comprehensive Legal Spend Strategy



Introduction

Managing legal spend is a team sport. What if you could put the right legal spend information into the hands of the right stakeholder – at the right time?

To accomplish this, aligning your people, technologies, and processes into a single strategy will be paramount – especially as law firm rates continue to climb and internal resource constraints increase the pressure on legal departments. The right spend management platform can give you complete control over your financial management process with transparency into outcome metrics to help you deliver accurate forecasting and best-in-class value.



Why Now? Key Drivers Behind Developing Your Comprehensive Legal Spend Strategy

Economic uncertainty continues to rise, budgets continue to shrink, and in-house teams are left searching for areas to enforce better billing guidelines and increase oversight of invoices – without sacrificing their firm relationships (or working around the clock). Meanwhile, the number one challenge respondents face relating to managing law department functions is cost containment and managing the budget!

The solution for this stressor lies within an effective [legal spend strategy](#) that's built beyond mere cost-cutting and extends into a deeper understanding of your ability to source, intake, collaborate and execute, optimize and control, and drive insight. In addition to aligning expenditures with strategic objectives and demonstrating the value of legal services across the enterprise, this proactive approach to a spend management strategy offers you the unique ability to:

- ☐ Avoid short-term decisions that increase long-term costs
- ☐ Understand spend from the ground up by breaking down the amount of work, where it's coming from, its seasonality, and any bottlenecks
- ☐ Make sure the work is right-sized and make the most of in-house and external time by using workflow optimization
- ☐ Optimize external spend/internal resources by negotiating the best terms with outside counsel and identifying opportunities for significant cost savings

Understanding Your Spend: Diving into The 5 Pillars of a Comprehensive Legal Spend Strategy

The foundation beneath the five pillars of legal spend involves conducting a comprehensive evaluation of existing processes, systems, and data related to legal spend management.

1. Source: Finding the Right People, to Do the Right Work, At the Right Time

Internal resources (workload, resource allocation, etc.) are often considered, but external sources – like your outside counsel sourcing and management – cannot go overlooked.

Data-Driven Outside Counsel Selection

While there is certainly a time and place to work with some of the largest firms in the world, there's also a good reason to stop and consider working with sophisticated counsel at mid-market firms. In fact, according to AdvanceLaw's Thought-Leader Experiment, on average, mid-market firms out-perform elite law firms based on client feedback.

Here are six telling signs that it may be time to reevaluate your partner firms:

1. Hundreds of sub-scale, siloed relationships
2. Over-reliance on a small number of (often elite) firms
3. No transparency into – or reward for – strong performance
4. Few opportunities for firms to grow the relationship
5. Firms have little incentive to invest in the client
6. Firms lack strategic knowledge/ clients lack value adds



Kickstarting the reevaluation and transformation process is less disruptive than it seems (with the right approach to change management, that is). Once you've gathered a solid understanding of what your internal parties are looking to gain in your new panel relationships — across all practice areas relevant to you — it's time to begin the request for information (RFI) process.

Unfortunately, with thousands of pages to review and limited time to really dive in, few teams actually learn enough from the RFI process to make actionable changes. By strategically [outsourcing the process with the right partner](#), you can make sure you:

- Define your legal needs clearly and comprehensively
- Ask the best possible questions of firms to understand their capabilities
- Get an actionable digest of the hundreds of pages of firm RFI responses
- Keep the RFI and evaluation process short, strategic, and sweet — and, in the process, create a better relationship and understanding of internal needs
- Ultimately, gain confidence in new firms, better value firms with top talent



Panel Optimization

The job isn't done once the panel is established; the right partner will stick around to manage it, assisting with relationship-building, analytics on firm performance, and migration of work.



A small, strategic panel of “Trusted Advisor” firms helps build stronger relationships with firms and improve the quality of advice, helping your in-house team partner more effectively with clients.

With the right approach, you can merge incumbent firms with new firms, encouraging competition and driving outperformance with their best people, prices, and solutions put forward. By presenting the biggest opportunity to law firms, you incentivize them to give you the best deal possible. This is a win-win as it builds better relationships, firms get more work, and you get hard-working lawyers on both sides who get to see the benefit of what they are doing for the company.

2. Intake: Gathering Data In Its Most Simple Format To Use

Understanding your legal spend goes beyond law firm invoice data, and extends into the metadata of your legal intake requests.

Streamlining Your Intake with Workflow

Ask yourself: do you currently have access to one consolidated view of all legal requests where teams can work on requests simultaneously, with centralized access to contract data and insights like:

- Which kinds of requests come up most frequently?
- How long does each contract or review take to complete?
- How to equitably allocate team workload?
- Where are patterns of bottlenecks or escalation roadblocks?

Gathering this data can provide insights that drive additional improvements. For example, just knowing that a given contract type was requested 500 times in one month empowers a team to create a pre-approved template that can streamline approval, minimize error, and save everyone time.

Platform solutions shine here as they provide you with a comprehensive framework for the entirety of the legal project lifecycle: from intake, to capturing key data, to e-billing, all the way through to insights and key metrics. With more modern, agile workflow automation platforms, users can gradually leverage additional capabilities like [managed bill review](#) services down the line. Leveraging a legal front door helps capture requests, route them appropriately, and generate new legal projects with a seamless flow of information – all while gathering data that can help the requester, like:

- Who the requester is (through Single Sign-On or SSO)
- Who their cost center is
- Who the relevant approver is (through dynamic routing rules, Workday or another Active Directory integration)
- Which account this ties to in Salesforce

There are two key reasons why you should be using one (if you are not already):

1. It positions legal as a great partner to your business.
 - They know where to go, what to fill out, and can be confident in quick response times.
2. It ensures the integrity of your data and processes.
 - Intake is standardized and guarantees that projects are being captured, as well as eliminating back and forth of missing information or data.



Process Enforcement and Data Standardization

You need a holistic view of all spend elements, including allocation or charge-backs (and who is going to pay for them), budgeting, collaborating with vendors, getting insights as you are approaching thresholds, target tracking, and more. A good platform solution will offer you these capabilities and allow you to pull insights from robust analytical reporting.

The final aspect of intake is ensuring that you are capturing all of your legal spend in your software. Whether it be adding PDFs or one-off projects that require manual input, a platform solution ensures all of these invoices are going through your billing guideline validations and your workflow approval processes. It also ensures that you are capturing all of that relevant spend data in a standardized, secure way to ensure accurate legal spend visibility.

3. Collaborate and Execute: Ensure tight collaboration with your firms and internal team to execute on critical work at speed

Moving from disparate spreadsheets to one centralized hub for legal operations and legal claims management doesn't have to be complicated. And when a disciplined use and enforcement of budgets — whether by time period, phase, or task — can be monitored via one centralized, configurable platform, you get the power to reduce vendor inquiries, mitigate budget overruns, and drive compliance using unique, “as you go” dashboards, analytics, and insights.

The Magic of Matter Management

It's gotten more and more difficult to keep track of the case details, documents, and invoices that are an integral part of your department's day-to-day operations. Luckily, with the right technology, you can streamline this tracking while turning matters and tasks into actionable intelligence that can drive faster decisions and greater returns for your shareholders.

Getting everything to a single source of truth is the most effective way to drive productivity and compliance. Meanwhile, the best platform will offer intuitive, built-in process automation that allows you to automate matter assignments based on practice area, geography, workload analytics, and more. Robust global search capabilities give your team access to every record, field, note, comment, invoice, and document to save time and eliminate siloed data sources.



Internal and External Collaboration

Driving consistency across all matter, knowledge, and financial management processes within your portfolio — across all relevant geographies — is only half the battle. You also need to communicate this cohesive approach to all relevant stakeholders (both internal and external).

User-friendly tools such as dedicated home pages and flexible, filtered searching make some matter management platforms a trusted organizational hub for all users, enabling frictionless collaboration between internal and external contributors. And don't forget: your approach and technology should ensure data integrity and security with robust, configurable security permissions.

67% of in-house attorneys say they are buried in low-value work — including reviewing legal invoices — with some estimating that every 1 out of 3 hours of their work is spent on repetitive, menial tasks². That's where integrated, automated technology steps in to deliver the most help.



² Artificial Lawyer, July 2020. "67% of Inhouse Lawyers 'Feel Buried in Low-Value Work'" <https://www.artificiallawyer.com/2020/07/28/67-of-inhouse-lawyers-feel-buried-in-low-value-work/>

Invoice Review

Reviewing invoices line-by-line and highlighting any guideline violations or non-compliant activity – e.g., managed bill review (MBR) – traditionally sits with in-house legal teams or dedicated staff.

Consider the time your team spends pouring over invoices and checking each line item against your records. Knowing that it often requires a fine tooth comb and countless hours to find something out of compliance, it's clear your time could be better spent elsewhere. Now, imagine you could ensure better compliance with your billing guidelines, complete visibility into your spend analytics, and even drive better decisions when it comes to leveraging your best outside counsel and cutting back on inefficient firms – **all without lifting a finger. The solution you are picturing is MBR.**

MBR demands transparency; with it, billing guidelines and engagement terms are followed, and invoice adjustments are implemented as needed. Beyond capturing and helping to reduce spend, MBR (when done correctly) can help drive more data-driven decisions, guarantee deadlines are met, and ensure your organization complies with policies, guidelines, and ethical standards.

Integrated Tech = Org-Wide System Plug-Ins

Integration with your current technologies ensures business continuity while automated plug-ins via Outlook, Salesforce, Service of Process, Teams, and other relevant third-party applications reduce manual data entry. As a result, you enjoy the flexibility of adjusting, maintaining, and expanding the use of this platform without the need for costly vendor or partner support.



Timekeeper Review and Benchmarking



You need to know that your current spend on outside resources supports modifications to your existing panel and plans for future use of new outside attorneys. Industry-wide information helps you to make better, data-driven decisions around your relationships and work allocation. You can identify potential relationships with new firms and renegotiate arrangements with existing partners. Armed with data, you'll know whether the local market is competitive or sparse, bolstering your power to negotiate more advantageous rates.

Further, metrics gathered from law firm invoicing allow for a comparison of your firms' performance to other similarly positioned firms (e.g., in a specific state) and cases. By using these select key metrics, you will be better positioned to establish reasonable expectations and rate outside counsel efficiency and efficacy.

4. Drive Insight: Measure (and Report) on Impact While Making Stronger Business Decisions

By gathering data on how legal services (both internal and external) are sourced, intake processes are managed, collaboration is facilitated, and optimization efforts are undertaken, organizations can identify areas for enhancement and develop targeted strategies to address them. This introspective analysis sets the stage for informed decision-making and strategic planning, ensuring that efforts to strengthen the legal spend strategy align with organizational goals and objectives. But none of this can happen without the right reporting and data visualization capabilities.

Business-Level Reporting & Dashboards

Knowing how legal is performing within the rest of the enterprise allows you to assess legal spend in relation to where business metrics stand. When your CFO is talking about cost, it is important to note that legal is ahead of them in the understanding of the drivers of those costs and how every single penny spent has been maximized and optimally leveraged.

In order to communicate this with those who do not work within the team, get your hands on the spend, know what it is, and what steps you are taking to drive it down. It is also helpful to understand what some of the cost drivers are and how the department delivers value to the rest of the enterprise.

The below metrics are examples of valuable data to keep on hand to demonstrate the overall value of the legal department and their spend.

Overall Metrics

1	2	3	4
Controlling Costs	Demonstrating Value	Client Service	Risk Management
Percentage of law department budget variance	Key business projects completed successfully	Client satisfaction scores	Percentage of cases successfully resolved
Legal spend as a percentage of revenue	Number of compliance incidents	Turnaround time to review contracts	Litigation trends
Percentage of budgeted matters	Money spent on settlements and judgments	Time spent on "advice and counsel"	Adherence to risk policies or processes
Percentage of matters within budgets	Number of contract issues or costs avoided	Quarterly check-points	Number of trainings delivered and impact on incident rates
Percentage of spend based on hourly vs. fixed fees (AFAs)	Volume and velocity of legal work		
Percentage of spend outside of panel firms			

Critical Success Factors

Low Department Engagement

Client Engagement

Note: Metrics should be both financial and operational in nature

A great technique to present how you are resourcing legal spend and volume is by developing executive-level performance metrics that tell the story of how legal spend equates to the overall growth and projections of the business itself. The right technology can give you easy access to dashboards with CEO-worthy summary data of legal metrics related to:



By comprehensively understanding your legal operations and their correlation with overarching business metrics, you'll be able to effectively communicate the value derived from legal spend. This proactive approach not only enables transparent discussions with key stakeholders, including the CFO, but also empowers legal departments to measure (and report on) their impact.



Interconnected Business Intelligence (BI)

Just as the corporate balance sheet serves as a standard metric, we envision data intelligence fueling innovation across the legal spend and larger legal technology ecosystem.

Having one trusted, central hub of insights not only addresses the demand for richer analytics and quicker decision-making but also sets the stage for a paradigm shift toward Business Innovation and improved problem-solving, empowering you with specific, actionable business analytics for effectively managing, monitoring, and optimizing legal spend.

With interconnected BI, you can:

- Drill into the above widgets to get a timeline view of key performance indicators (KPIs) and initiatives
- Analyze timekeeper rates across different law firms for similar positions
- Identify the least-compliant firms and understand the reasons behind adjustments
- Track and compare where firms invest the most time
- Pinpoint law firms utilizing flat fees for a clearer financial overview



Let's Recap: The 5 Pillars of a Comprehensive Legal Spend Strategy (in a Checklist)

Start here when it's time to evaluate your legal spend management strategy.

1. Sourcing: Do you have the right people, to do the right work, at the right time?

- ☐ Do you have access to data that can help you drive better outside counsel selection?
- ☐ Do you have resources and support for relationship-building, analytics on firm performance, and migration of work in your panel optimization strategy?
- ☐ Does your in-house team match the volume and expertise of the work coming in?

2. Intake: Can You Gather Data and Actually Leverage It?

- ☐ Do you currently have access to one consolidated view of all legal requests where teams can work on requests simultaneously, with centralized access to contract data and insights (like a legal Intake workflow (or Legal Front Door)?
- ☐ Do you have a holistic view of all spend elements, including allocation or charge-backs (and who is going to pay for them), budgeting, vendor collaboration, threshold insights, target tracking, and more?
- ☐ Are you capturing all of your legal spend in your software, whether it be adding PDFs or one-off projects that require manual input?
- ☐ Are you capturing all of that relevant spend data in a standardized, secure way to ensure accurate legal spend visibility?

3. Collaborate & Execute: Can you ensure tight collaboration with your firms and internal team to execute on critical work at speed?

- ☐ Can you keep track of the case details, documents and invoices that are an integral part of your department's day-to-day operations?
- ☐ Are you able to drive consistency across all matter, knowledge, and financial management processes within your portfolio – across all relevant geographies?
- ☐ Do user-friendly tools such as dedicated home pages and flexible, filtered searching make your matter management platform a trusted organizational hub for all users, enabling frictionless collaboration between internal and external contributors?

4. Optimize & Control: Can you drive productivity and compliance through integrations, automation, and AI?

- ☐ Can you ensure compliance with your billing guidelines (without spending countless hours on line item review)?
- ☐ Does your technology offer organizational-wide system plug-ins and integrations for minimal disruption and maximum impact (think Outlook, SSO, teams, Salesforce, etc.)?
- ☐ Does your current spend on outside resources support modifications to your existing panel and plans for future use of new outside attorneys?
- ☐ Does your data help you identify potential relationships with new firms and renegotiate arrangements with existing partners?
- ☐ Can you analyze timekeeper rates across different law firms for similar positions?

5. Drive Insight: Understand Your Operations to Make Informed Decisions

- ☐ Can you access a timeline view of key KPIs and initiatives?
- ☐ Can you identify the least-compliant firms and understand the reasons behind adjustments?
- ☐ Are you able to track and compare where firms invest the most time?
- ☐ Can you pinpoint law firms utilizing flat fees for a clearer financial overview?

ABOUT MITRATECH

Mitratech is a proven global technology partner for corporate legal, risk & compliance, and HR professionals seeking to maximize productivity, control expense, and mitigate risk by deepening operational alignment, increasing visibility, and spurring collaboration across their organization.

With Mitratech's proven portfolio of end-to-end solutions, organizations worldwide are able to implement best practices and standardize processes across all lines of business to manage risk and ensure business continuity.

Mitratech serves over 20,000 organizations worldwide, spanning more than 160 countries.

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