



ACC Value Challenge

SUMMARY REPORT CHICAGO, IL SESSION- May 15, 2009

A. Redesign legal services: participants at the session were asked to identify how they would restructure and provide legal services if the client's budget was cut in half.

IDEAS /ISSUES IDENTIFIED BY THE GROUP:

1. **Identify and prioritize projects-** determine what the work is, what needs to be handled now; what work may be delayed; what work might not get done. Consider whether it is necessary to implement a triage approach: perhaps divide work into 'bet-the-company' and 'all other' categories. Acknowledge the scenario as a crisis situation—'band aid approach' will not work.
2. **Determine appropriate staffing mix-** consider the best staffing mix to most appropriately apply assets inside and out. Evaluate:
 - Whether work currently performed outside can be performed in-house
 - Can lower cost service providers perform some of the work?
 - Can projects can be 'deconstructed' so that certain tasks can be performed by different legal service providers/vendors or providers in different geographic areas?
 - Off-shoring- is this an option?
 - Secondment/ Can law firm lawyers be brought on site to work with in-house counsel for a period of time (perhaps at no cost)?
 - Are there opportunities to better partner with firms to improve value and efficiency?
 - Are there opportunities to better use and train junior lawyers?
 - Use different, smaller firms- don't be afraid to try something new
3. **Emphasize predictability and budgets and motivate everyone to stay within budgets; certainty over process is important-**set and discuss budgets; determine

whether work can be performed on a fixed fee basis; determine whether work can be performed at cost (and how to set that).

4. **Efficiency and results are important-** job needs to be done in an efficient manner; in-house counsel see little value in process.
 - Results are valued
 - Process is not valued
 - Eliminate ‘cya’ mentality
 - Relationships and trust are important

5. **Reach out to major firms quickly; consolidate work/number of firms used to achieve value scale-**consolidating work can help firms achieve comfort and spread risk across a portfolio of work.

6. **Re-set internal expectations on use of legal counsel-** if budget is cut in half, clients may need to re-set expectations on how and when they use legal counsel.

7. **Proactive, preventive counseling can minimize risks, save costs and rid corporation of the ‘legal bubble’-**although there will always be projects where legal services are in ‘reactive mode,’ encourage proactive legal services to minimize risks (and costs) later on and achieve long-term process improvements.

8. **Step-up partnerships; implement alternative fee structures that reward cost savings-** example of commodity litigation and ability to have good sense of costs; develop business models that predict costs over time and reward cost savings below thresholds to share benefits of alignment, efficiency and results.

9. **Define success-**hard to do this, but acknowledge this as an important step in the process.

B. Performance Metrics: participants were asked to identify performance metrics for assessing performance of outside counsel and in-house counsel.

In general, participants shared a sense that metrics for in-house and outside counsel should be linked. Specific ideas are listed in the table below.

Outside Counsel Metrics	In-house Counsel Metrics
<ul style="list-style-type: none"> ▪ Responsiveness ▪ Timeliness ▪ Efficiency ▪ Results 	<ul style="list-style-type: none"> ▪ Responsiveness ▪ Efficiency ▪ Time management ▪ Budgets

<ul style="list-style-type: none"> ▪ Predictability/Accuracy in forecasting fees and case progression ▪ Time to conclusion ▪ Budgets ▪ Learn client's business objectives ▪ Lessons learned/walk-away knowledge for clients ▪ Partnership- shared objectives ▪ Staffing mix ▪ Diversity ▪ Proactive ▪ Flexibility 	<ul style="list-style-type: none"> ▪ Results * ▪ Client satisfaction surveys among internal customers ▪ Creativity ▪ Leadership ▪ Engaged on matters ▪ Communications skills ▪ Proactive ▪ Business/political savvy ▪ Judgment
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On practices for implementing and communicating metrics, some ideas:

1. **Share expectations-** easier to perform to expectations and evaluate and measure performance when expectations are shared.
2. **Collaborate in setting performance metrics-**solicit ideas from outside counsel when setting performance metrics; dialogue on expectations and measurements can help motivate and enhance performance.
3. **Provide incentives for good results-**consider linking bonus structure or other rewards to results and performance.

C. Change Management: participants were asked to identify change management practices that have/can be successfully implemented to help adapt to change.

1. **Leaders need to communicate mindset of change and provide tools-** tone is set at the top. Vision and expectations for change will be most effective if clearly communicated and if tools to cope with change are provided.
2. **Clear, up-front and open communications with outside counsel-** need to discuss what you are and are not looking for; discuss risk-sharing. Communications should be on going.
3. **Set shared perception of value-** law firms might consider creating extranets that allow clients to log in to view on a 'real-time' basis how many hours are billed on client matters; currency of data is key.
4. **Acknowledge that change is a process; use project management skills to apply to the process-** notion that change does not take place over night; skills important to project management can also help to successfully implement change.

5. **Take small steps; demonstrate success-** change may be more effective if first taken in small steps (e.g., pilot project) that allow leaders to demonstrate success.
6. **Consider whether there are core principles that will not change and other things that will-** idea that core principles may not change but instead may be kept steady for strength and security; however, other things may change and, for these things, change may become a habit/culture.
7. **Publicize successful change; engage help to convince doubters-** praise success of those implementing practices consistent with change goals; maybe even use crowd mentality or shame; consider whether consultants can be useful to help convince organizations that change is possible and better.
8. **Know your audience; persuade them it's their idea-** knowing the audience is important to successfully motivating and communicating change objectives. Buy-in can best be achieved when people have a stake and say in what is happening.
9. **Notion that can't really change anyone or everyone.**