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- **250 in-house colleagues** have **already registered** to attend from the comfort of their own home – office. No travel, no hotel, nothing to pack and no one to leave behind! You can join us with one click and enjoy all the benefits our networking conference offers. leave behind. You
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KPI's for Legal Departments

From defining to achieving



MEET OUR DIGITAL LEGAL EXPERTS



Hans Van Heghe

- × **Expert, author, lecturer** on information & knowledge management
- × **22 years of experience** in digital information management
- × Understands the daily **challenges in Legal Departments**
- × Creating **pragmatic & multi-lingual** legal **software solutions**
- × Familiar with methods and technology based on **AI/NLP**



Yves Lefere

- × **Digital Legal Expert**
- × Offers **effortless digital experiences** in information management
- × A demonstrated history of working in the **information technology and services industry**.
- × Understands the daily **challenges in Legal Departments**
- × Passionate about **Legal Tech**



The most complete & intelligent award-winning
Enterprise Legal Management platform



For small, medium and large sized Legal Departments and their Stakeholders

Referenced by
Gartner

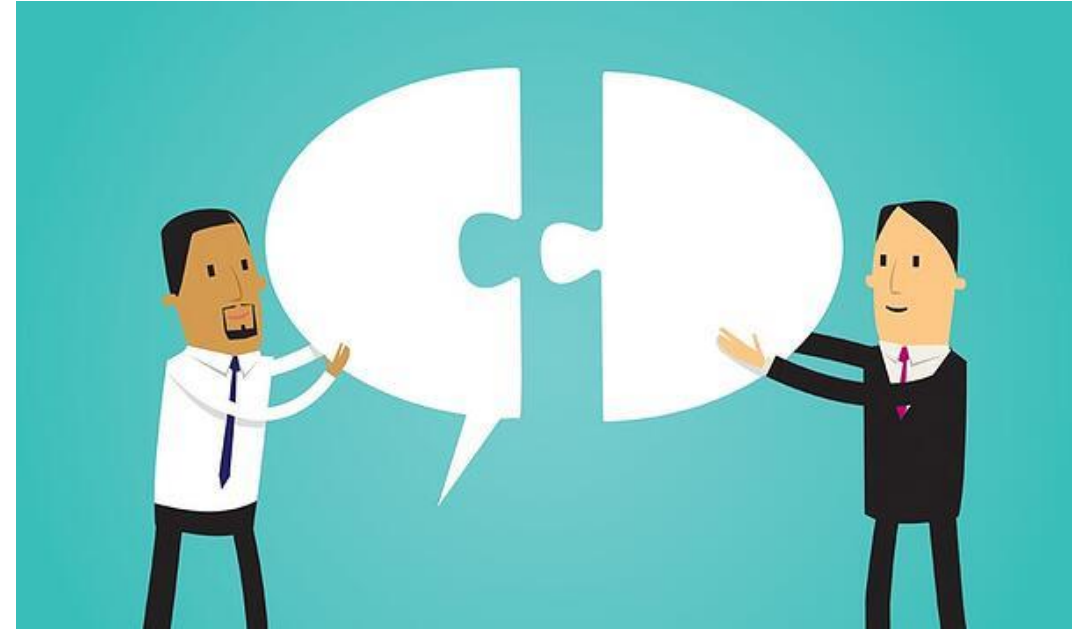
Recognized as a Representative Vendor worldwide
for ELM & Corporate Legal Matter Management
Solutions

THE OBJECTIVE OF THIS WEBINAR

KPI'S FOR LEGAL DEPARTMENTS: FROM DEFINING TO ACHIEVING



Share our view and knowledge on
KPI's in Legal Departments



Provide a pragmatic approach on
implementing Legal KPI's in your
organization

THE OBJECTIVE OF THIS WEBINAR

KPI'S FOR LEGAL DEPARTMENTS: FROM DEFINING TO ACHIEVING



- × What are KPI's
- × Reflect on the use of KPI's in Legal
- × How to set-up KPI's in Legal?
- × Examples of most used KPI's in Legal
- × Extra examples as inspiration
- × Once you have KPI's ... what's next?

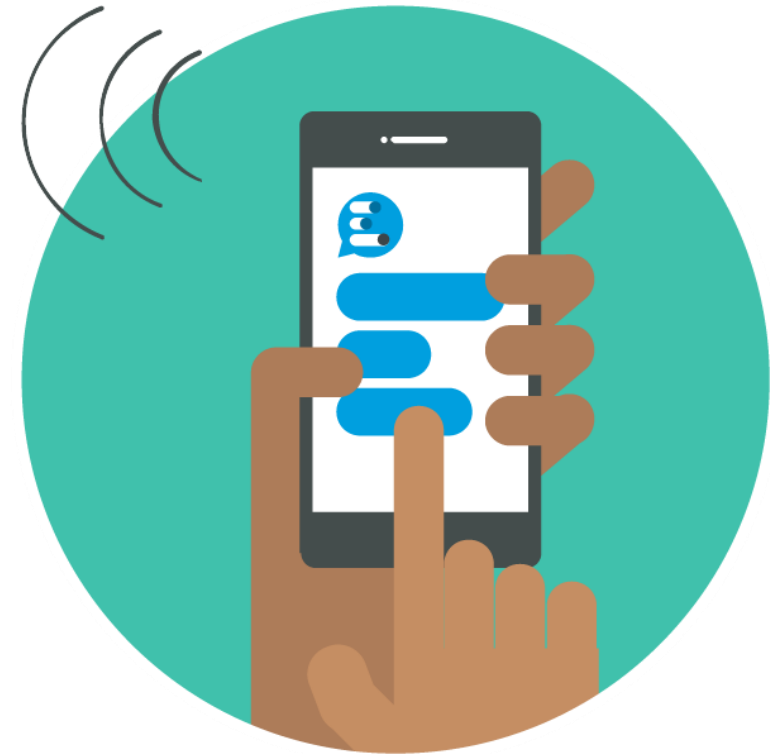
LET ME ASK YOU...

(LIVE POLL)



Are you monitoring **KPI's** today?

- ☐ Yes, and we're monitoring them successfully!
- ☐ Yes, we should...but we don't have a clear overview yet
- ☐ No, but we're planning to work on it this year
- ☐ No, but we are aware that we should. It's a long-term plan.
- ☐ No, and not planning at all



TODAY'S AGENDA

KPI'S FOR LEGAL DEPARTMENTS: FROM DEFINING TO ACHIEVING



- × What is a KPI?
- × The use of KPI's in legal
- × How to set up KPI's in legal?
- × Most used KPI's in Legal
- × Legal performance measurement by Dr. Maximilian Koch
- × Dashboard and reporting
- × KPI's in Enterprise Legal Management solution
- × How could a reporting dashboard look like?
- × Evaluate & improve



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KPI'S FOR LEGAL DEPARTMENTS: FROM DEFINING TO ACHIEVING



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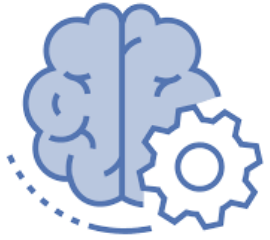
WHAT IS A KPI?



“KPIs **measure and evaluate** the ratio of **success** of an organization or of a particular department, team or activity (such as projects, programs, products and other initiatives) in which it engages”



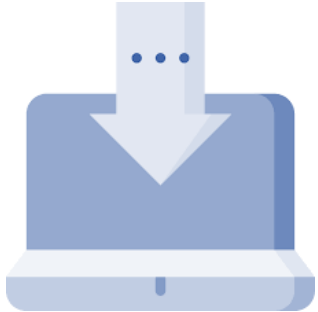
SOME EXAMPLES



Process



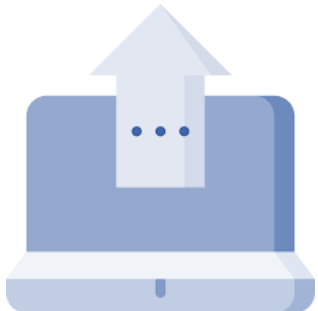
Time



Input



Leading



Output

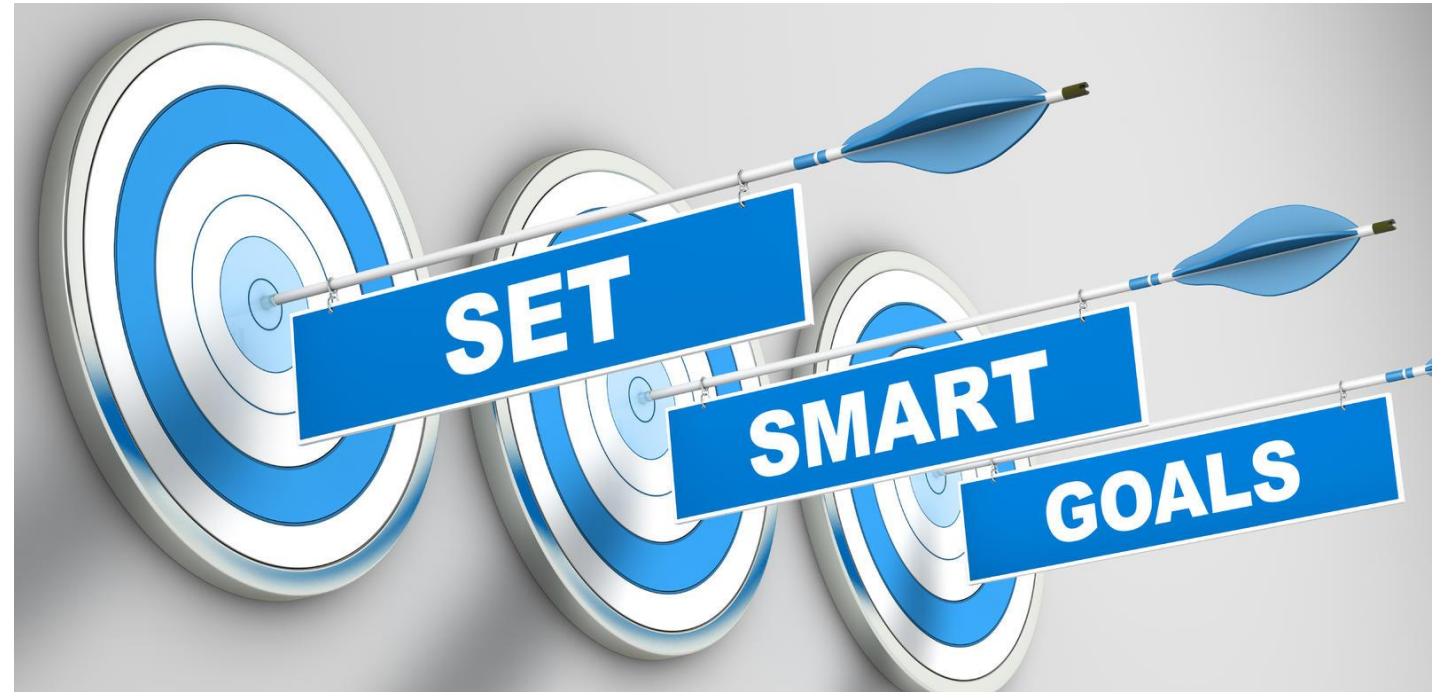


Qualitative

A KPI IS S.M.A.R.T.



- **S**pecific
- **M**easurable
- **A**chievable
- **R**elevant
- **T**ime phase



WATCH OUT: PITFALLS



- × Too many KPI
- × Unclear definitions or understanding
- × Expensive or difficult
- × Perverse incentives
- × Unintended consequences
- × Lead to shift in objectives and effectiveness



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THE USE OF KPI'S IN LEGAL



Common view



- ✗ Controlling
- ✗ Stress to achieve
- ✗ Stretch to do more

More positive view



- ✗ Proud to achieve
- ✗ Sell the importunes of Legal on Risk reduction
- ✗ Sell the importunes of Legal on Service levels

TODAY'S AGENDA

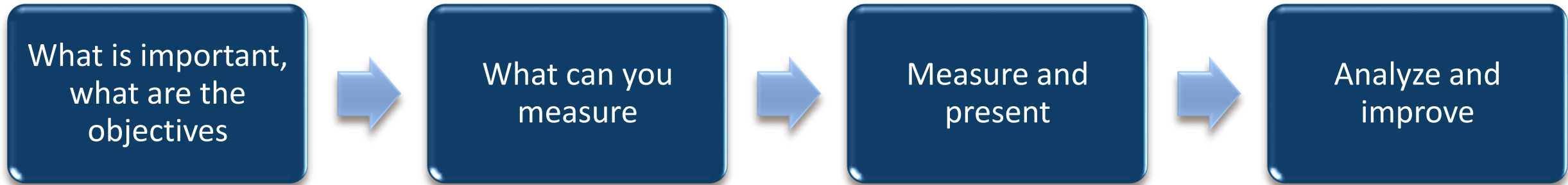
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HOW TO SET UP KPI'S IN LEGAL?



WHAT IS IMPORTANT, WHAT ARE THE OBJECTIVES?



What is important,
what are the
objectives



- + Your domains of legal activities
- + Objectives to realize
 - × Internal for the team
 - × External to the organization



WHAT CAN YOU MEASURE?

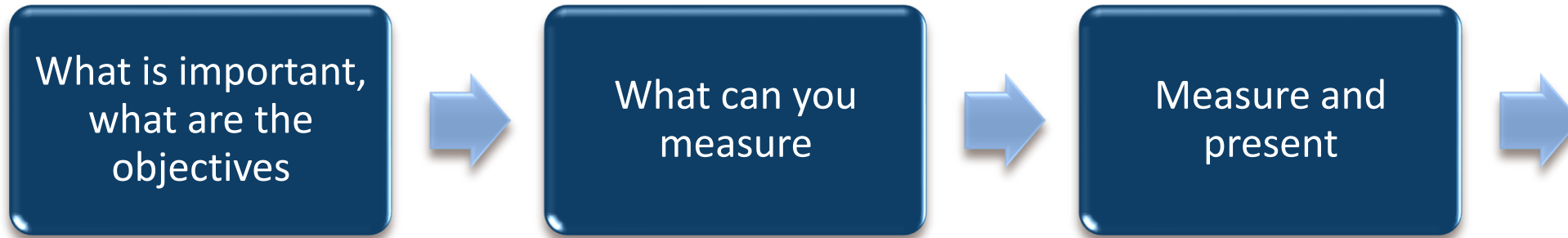


- + Your domains of legal activities
- + Objectives to realize
 - × Internal for the team
 - × External to the organization

- + SMART
- + Define your KPI's
- + Review against pitfalls
- + Define target values



MEASURE AND PRESENT



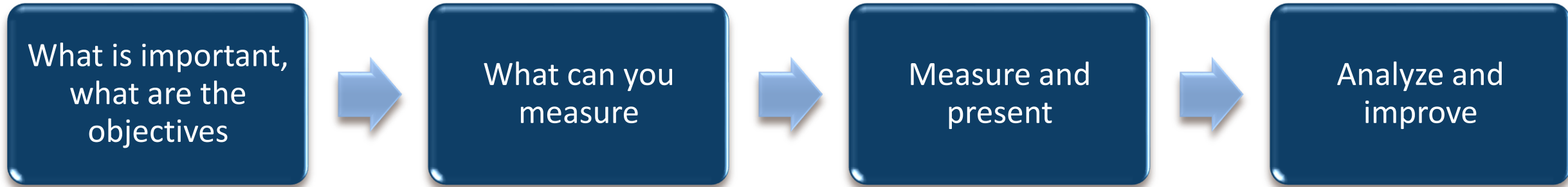
- + Your domains of legal activities
- + Objectives to realize
 - × Internal for the team
 - × External to the organization

- + SMART
- + Define your KPI's
- + Review against pitfalls
- + Define target values

- + Dashboard or reports
- + Secret Team Organization
- + Controlling vs. selling



ANALYZE AND IMPROVE



- + Your domains of legal activities
- + Objectives to realize
 - × Internal for the team
 - × External to the organization

- + SMART
- + Define your KPI's
- + Review against pitfalls
- + Define target values

- + Dashboard or reports
- + Secret Team Organization
- + Controlling vs. selling

- + Root cause analysis
- + Reflect with the team
- + Define strategy and actions



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MOST USED KPI'S IN LEGAL



Internal efficiency



Risk mitigation



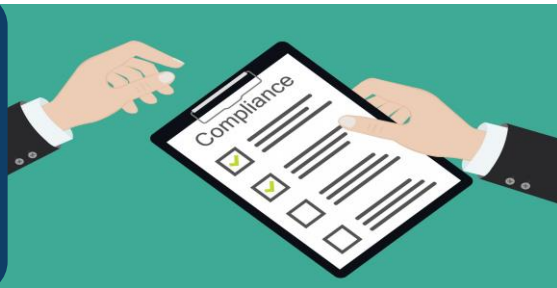
Service levels to the business



Success on litigation



Compliance to regulation



MOST USED KPI'S IN LEGAL – INTERNAL EFFICIENCY



Internal efficiency

Average processing
time per matter

Deadline
compliance

Proactivity
compliance

MOST USED KPI'S IN LEGAL – SERVICE LEVELS TO THE BUSINESS



Internal efficiency

Service levels to the business

Number of answers delivered.

Average time reviewing a contract

Number of wiki-articles available/used

MOST USED KPI'S IN LEGAL – COMPLIANCE TO REGULATION



Internal efficiency

Service levels to the
business

Compliance to
regulation

Applicable
regulations that are
monitored

Number of
identified non-
compliances.

Total number of
corporate
investigations

MOST USED KPI'S IN LEGAL – RISK MITIGATION



Internal efficiency

Service levels to the
business

Compliance to
regulation

Risk mitigation

Number of
applicable risk
domains

Number of early-
warning-signals

Number of risk
mitigation actions

MOST USED KPI'S IN LEGAL – SUCCESS ON LITIGATION



Internal efficiency

Service levels to the
business

Compliance to
regulation

Risk mitigation

Success on litigation

Number of
litigations

Litigation
success ratio

Value of lost
litigations

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DR. MAXIMILIAN KOCH



1999-2004
Law



2006-2008
MBA



2009-2013
PhD (Dr rer. pol.)



2004-2006
**Trainee
Lawyer**

2006-2009
**Attorney-at-Law
(GER)**

2010-2015
Sr. Contract Manager
Energy Legal

2015-2016
Auditor
CF A

2016-2017
Head of Legal
Central Europe

2018
**General
Counsel**

2018 - today
Strategy & Ops
Global Legal



SIEMENS

adidas **PROJECT** Immobilien **adidas**

2019- today
Advisory Board
ACC (EMEA)



WHY MEASURE?



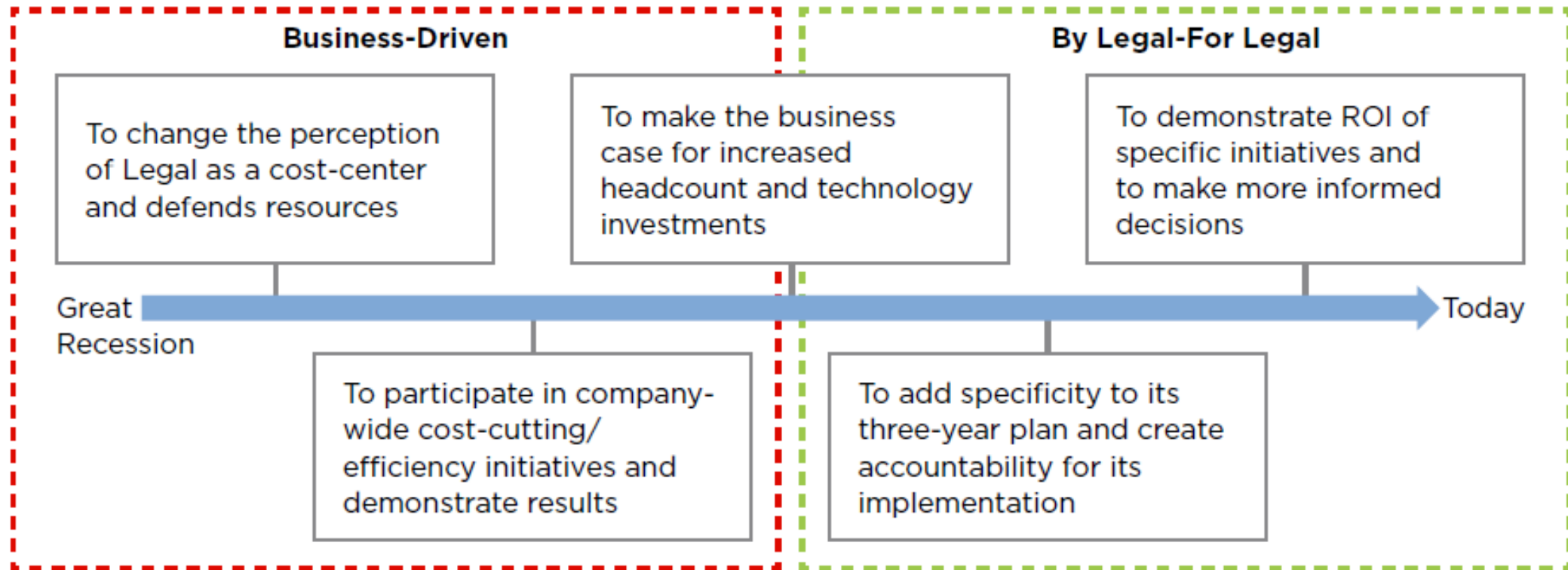
“If you can't
measure it, you
can't manage it.”

— Peter Drucker

Without metrics there is no control, not even an illusion of it.

WHY MEASURE?

THE EVOLUTION OF THE PUSH FOR LEGAL DEPARTMENT METRICS

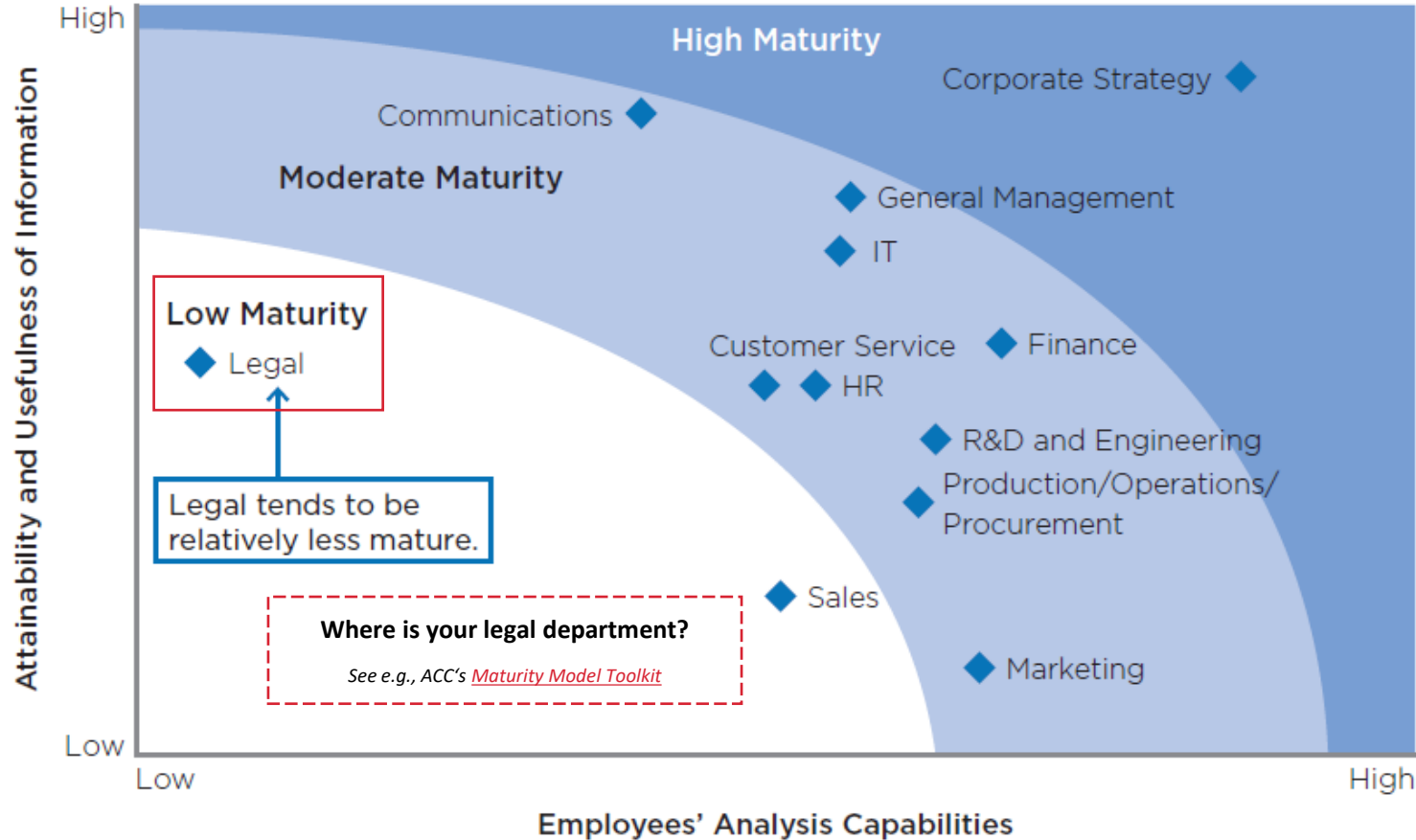


WHY MEASURE?

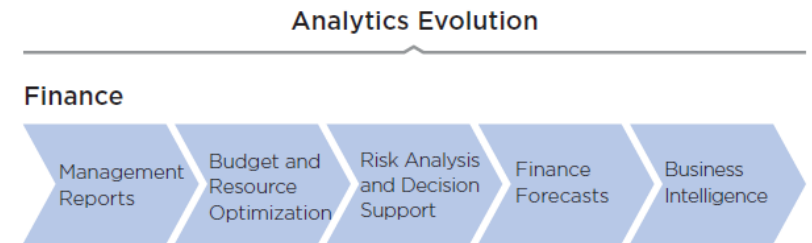
LEGAL FALLING BEHIND

Analytic Maturity by Function
Average Functional Maturity

Among 12 corporate functions, Legal has the
Lowest Knowledge Worker Capability*



n = 4,941 knowledge workers.
Source: CEB Insight IQ Diagnostic.



*Measure of employee's tendency to rely on data analytics to support business decisions, processes and deliverables

WHY MEASURE?

THE DANGER OF CONTINUING TO FALL BEHIND – WHY LEGAL ANALYTICS MATTERS

Corporate Trend: The Price of Doing Business

Legal Implication/Opportunity:
Corporate-wide investments in analytics have made data-driven decision making the norm. Legal's inability to match how other functions approach decision making will erode influence and credibility.

Corporate Trend: Efficiency Pressures

Legal Implication/Opportunity:
Rising workloads and increased cost scrutiny put Legal efficiency at a premium. Without using data to pinpoint efficiencies and cost savings, most legal productivity efforts deliver mediocre results.

Corporate Trend: Flawed Decision Making

Legal Implication/Opportunity:
Most legal departments rely on intuition and experience to make critical business decisions. They risk leaving themselves exposed to bias and flawed assumptions by failing to take analytics into account.

Corporate Trend: Diffusion of Risk Creation

Legal Implication/Opportunity:
Legal departments have limited visibility into the majority of client decisions. Data analytics offers untapped potential to increase visibility into risks and risk creation.

“Corporate-wide investments have made data-driven decision making the norm.

Legal’s inability to match how other functions approach decision-making will erode influence and credibility.”

Gartner, Building Legal Analytics Capabilities

Source: CEB analysis.

WHY MEASURE? BLIND SPOTS

**WE
ARE**

partners to the business and
guardians of adidas
superb professionals, trusted counsellors
and strong leaders
independent, courageous and
believe in teamwork

**COLLABORATION
CONFIDENCE
CREATIVITY**

**WE
DO**

ENABLE

strategic business
initiatives and
team up with our
business partners

PROTECT

and enhance assets,
reputation and
interests

**SET INDUSTRY
LEADING
STANDARDS**

and inspire change

WHY MEASURE?

BLIND SPOTS (2)

“ENABLE”

Do we meet the expectations by the business?

What activities should Legal own?

What are our contract cycle times?

Are we sending the right types of work to outside counsel?

“PROTECT”

To what extent did we contribute to the overall success of our company?

What are the main cost drivers in Legal?

How can we reduce external counsel costs?

What is our internal billing rate?

“SET INDUSTRY LEADING STANDARDS”

What makes the difference of great legal departments?

How is our Legal Department seen in the legal market? Are we attracting top talent?

How can we transform into a profit center?

How can we measure our performance?

HOW TO MEASURE ... WHAT MATTERS

TRANSLATE STRATEGY INTO KPIS

**WE
ARE**

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**SET INDUSTRY
LEADING
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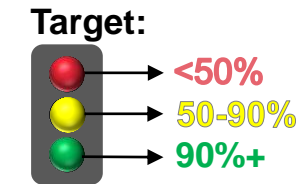
and inspire change

Strategy
PEOPLE

Objective
Increase Engagement

Activity:
Increase Number of Development Plans

KPI:
Percentage of Employees in Legal with a Development Plan in Place



Strategy
PROTECT

Objective
Identify & Realize Savings

Activity:
Quantify Savings

KPI:
Claims In + Claims Out + Other Savings in €

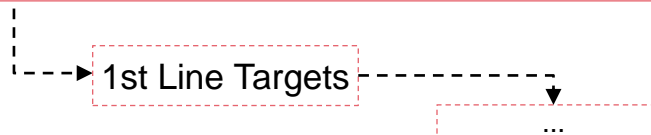
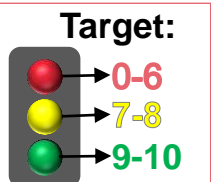


Strategy
ENABLE

Objective
Improve Client Service

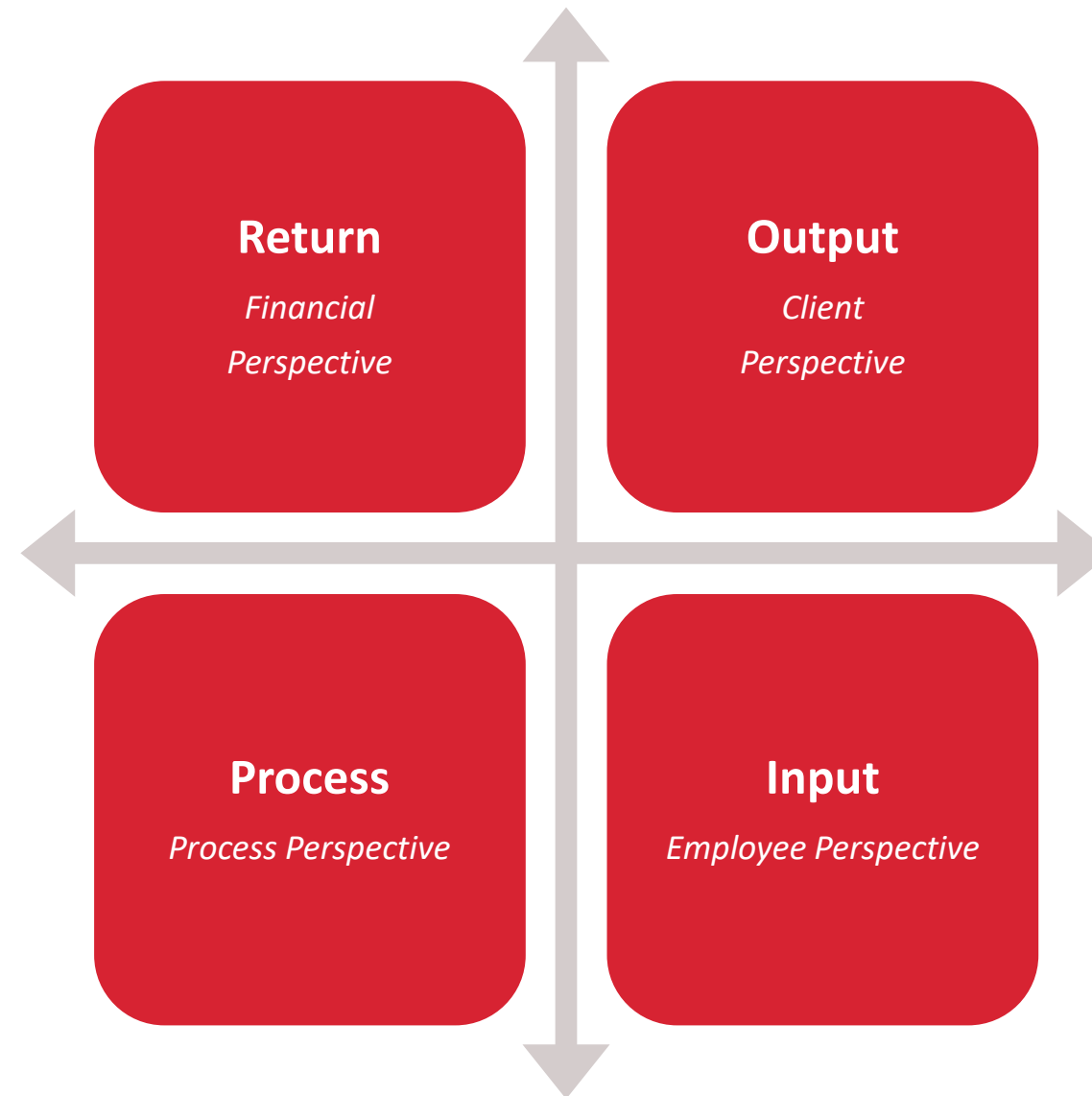
Activity:
Provide Actionable Solutions to Client Problems

KPI:
Avg. Client Opinion of Legal's Solution Orientation




HOW TO MEASURE ... WHAT MATTERS

BALANCED SCORE CARD APPROACH (1)



HOW TO MEASURE ... WHAT MATTERS

BALANCED SCORE CARD APPROACH (2)
















**Phase I:
Identify
Meaningful
KPIs**

**Phase II:
Measure &
Monitor
KPIs**

**Phase III:
Analyze,
Report and
Act on
KPIs**









HOW TO MEASURE ... WHAT MATTERS

BALANCES SCORE CARD APPROACH (3)

STRATEGY	OBJECTIVE	ACTIVITY	KPI	TARGET
ENABLE	Improve Client Service	Provide Actionable Solutions to Client Problems	Avg. Client Opinion of Legal's Solution Orientation	
ENABLE	Improve Client Service	Increase Volume of Legal's Work Product	Avg. Business Client Opinion of Legal's SPEED of Delivery	
ENABLE	Improve Client Service	Increase Volume/Quality of Legal's Work Product	Client Net Promoter Score (NPS)	
ENABLE	Increase Productivity	Increase Volume of Legal's Work	Number of Contracts Created or Reviewed	
ENABLE	Increase Productivity	Increase Volume of Legal's Work	Number of Patents Issued & Filed	
ENABLE	Increase Productivity	Increase Volume of Legal's Work	Number of Trademarks Issued & Filed	
PROTECT	Improve Efficiency	Measure Improvements of Economies of Scale	Legal Budget as a Percentage of the Company's Revenue	
PROTECT	Manage Ext. Counsel More Effectively	Reduce Price of External Counsel Work	Number of External Law Firms	
PROTECT	Manage Ext. Counsel More Effectively	Reduce Price of External Counsel Work	% of Matters Using Alternative Fee Arrangements	
PROTECT	Identify & Realize Saving Potential	Quantify Savings	Claims In + Claims Out + Other Savings in €	
PROTECT	Measure Compliance Program Metrics	Compliance Program Efficiency	Avg. Case Cycle Times	
PEOPLE	Develop Strong Leaders	Improve Leadership Quality	Avg. Legal Employee Opinion on Leadership Skills	
PEOPLE	Increase Engagement	Meet Industry Standards in Salary	Gap to avg. Salary in legal Department of Firms with €10bn.+ (country per country)	
PEOPLE	Increase Engagement	Make Processes in Legal Leaner	Avg. # of Reduced Process Steps in Contract Creation	
PEOPLE	Increase Engagement	Increase Number of Development Plans	% of Employees with a Development Plan in Place	

HOW TO MEASURE ... WHAT MATTERS

BALANCES SCORE CARD APPROACH (4)

Metric	Q1	Q2	Q3	Q4	Total	Yearly Goal	Status
Category: Legal Risk Management							
Total litigation costs as percentage of all legal costs	65%	39%	37%	35%	46%	40%	
Percentage of managers who have taken compliance training	52%	85%	89%	94%	94%	95%	
Category: Legal Department Operations							
Total inside legal expenses per US\$ billion revenue	N/A	N/A	N/A	N/A	\$30.6 M	\$30.0 M	
Percentage of matters completed within established or projected time frame	52.0%	65.0%	74.0%	70.0%	65.5%	90.0%	
Category: Client-Facing Operations							
Average business partner opinion of Legal's solution orientation	N/A	N/A	N/A	N/A	5.5 out of 7	6.2 out of 7	
Percentage of business units with legal service plans	80%	90%	100%	100%	100%	100%	
Category: Outside Counsel Management							
Total outside counsel expenses	\$70 M	\$45 M	\$42 M	\$43 M	\$204 M	\$200 M	
Average in-house lawyer opinion of outside counsel performances	6.2 out of 7	5.8 out of 7	5.7 out of 7	6.0 out of 7	5.9 out of 7	6.0 out of 7	

NETWORKING



LEGAL OPERATIONS

GERMANY

TODAY'S AGENDA

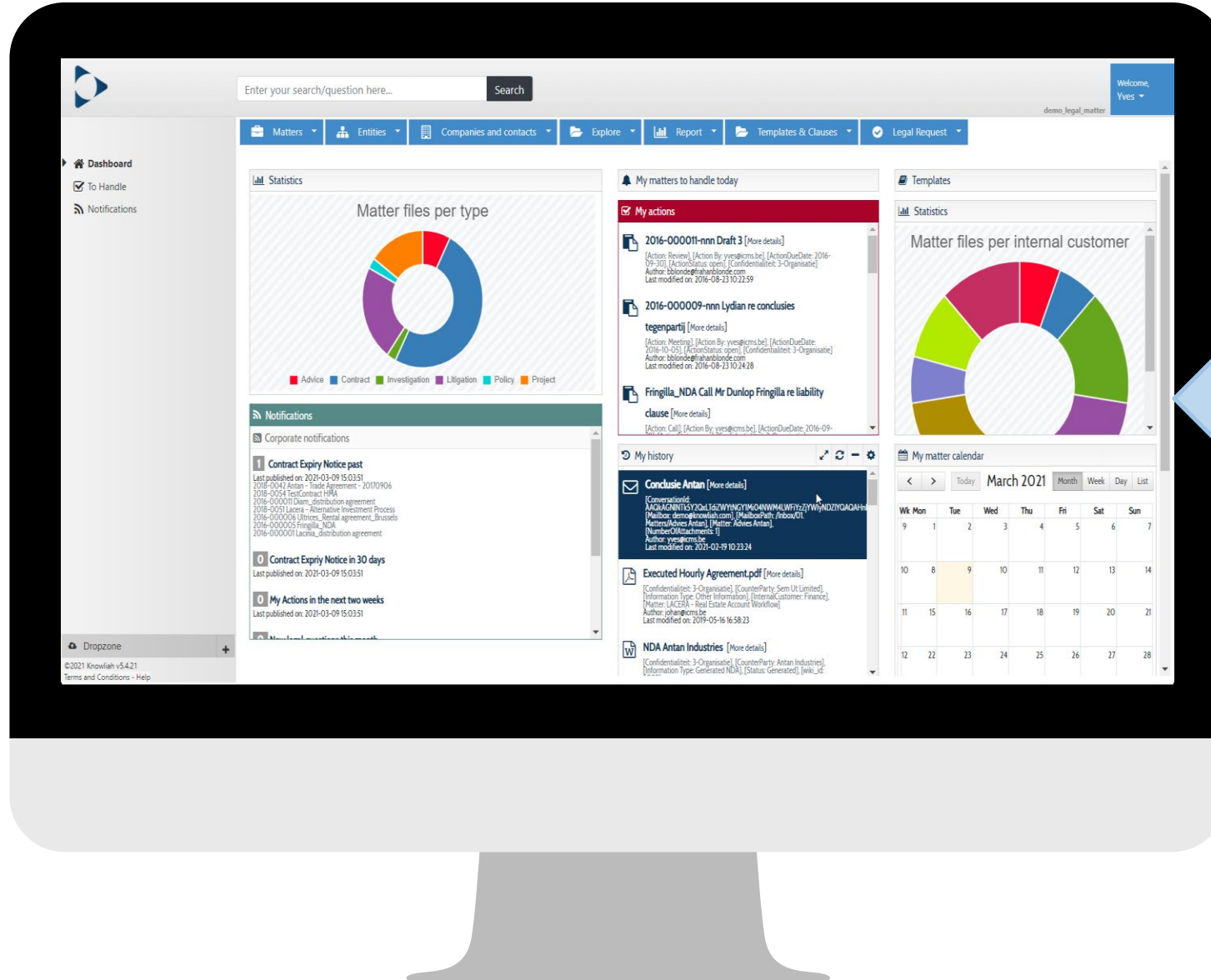
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DASHBOARD & REPORTING



Specific

Measurable

Achievable

Relevant

Time phase

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KPI'S IN ELM SOLUTION – INTERNAL EFFICIENCY



Internal efficiency

Service levels to the business

Compliance to regulation

Risk mitigation

Success on litigation

Average processing time per matter

Automatic: start date – date of status 'closed'

Deadline compliance

Extra registration of user

Proactivity compliance

Automatic count

KPI'S IN ELM SOLUTION – SERVICE TO THE BUSINESS LEVELS



Internal efficiency

Service levels to the business

Compliance to regulation

Risk mitigation

Success on litigation

Number of answers delivered.

Automatic: start date – date of status 'closed'

Average time reviewing a contract

Automatic count

Number of wiki-articles available/used

Automatic count

KPI'S IN ELM SOLUTION – COMPLIANCE TO REGULATION



Internal efficiency

Service levels to the business

Compliance to regulation

Risk mitigation

Success on litigation

Applicable regulations that are monitored

Extra registration of user

Number of identified non-compliances.

Automatic count based on registrations

Number of corporate investigations

Automatic count based on registrations

KPI'S IN ELM SOLUTION – RISK MITIGATION



Internal efficiency

Service levels to the
business

Compliance to
regulation

Risk mitigation

Success on litigation

Automatic count based on registrations

Automatic count

Automatic count based on registrations

Number of
applicable risk
domains

Number of early-
warning-signals

Number of risk
mitigation actions

KPI'S IN ELM SOLUTION – SUCCESS ON LITIGATION



Internal efficiency

Service levels to the
business

Compliance to
regulation

Risk mitigation

Success on litigation

Automatic count

Number of
litigations

Automatic count

Litigation success
ratio

Automatic count based on registrations

Value of lost
litigations

TODAY'S AGENDA

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HOW COULD A REPORTING DASHBOARD LOOK LIKE?



General status



Efficiency



Service to the business levels



Compliance on regulation



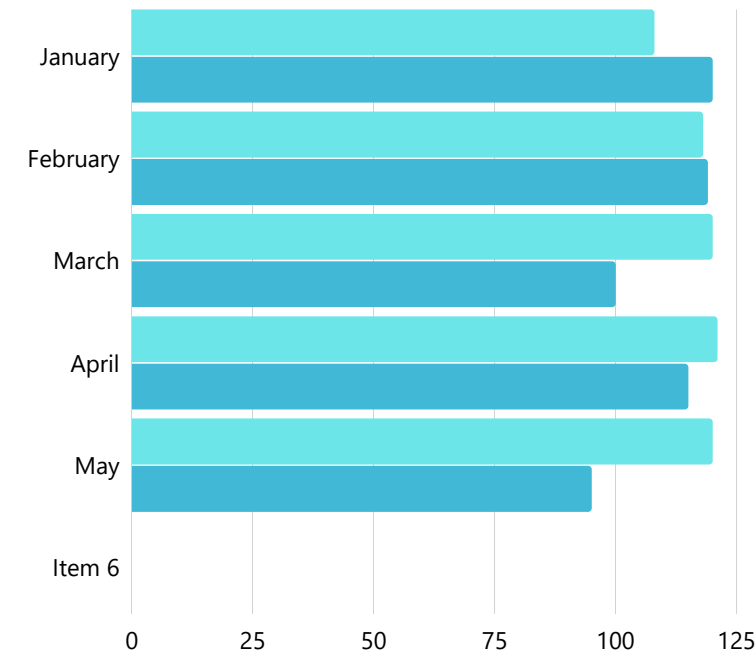
Risk Mitigation



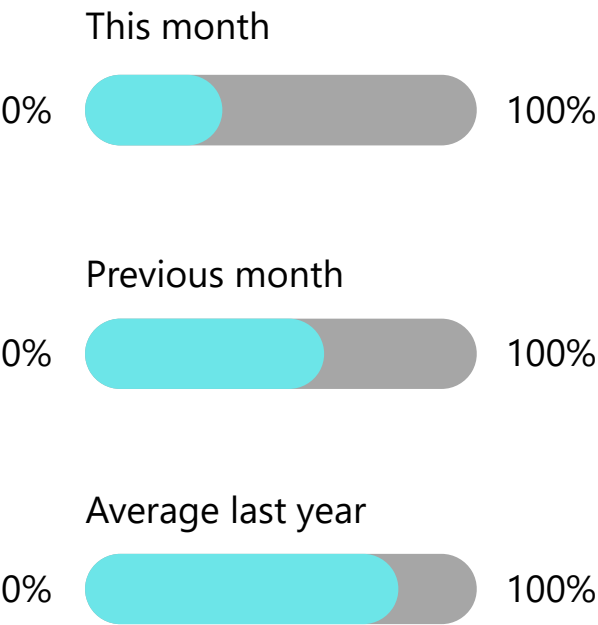
Success on Litigation

Efficiency

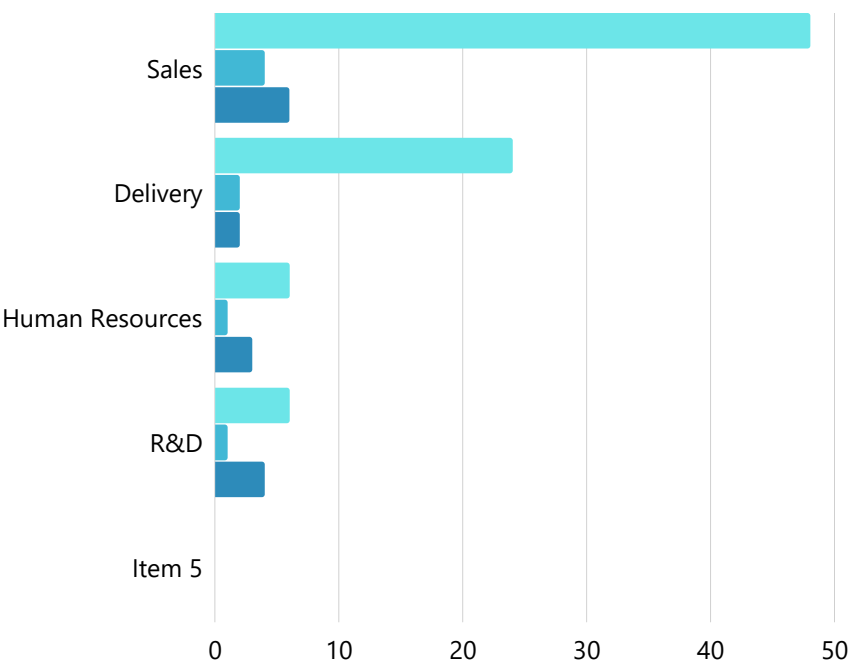
Average processing time per matter



Deadline non compliance



Number of active matters



Service to business levels

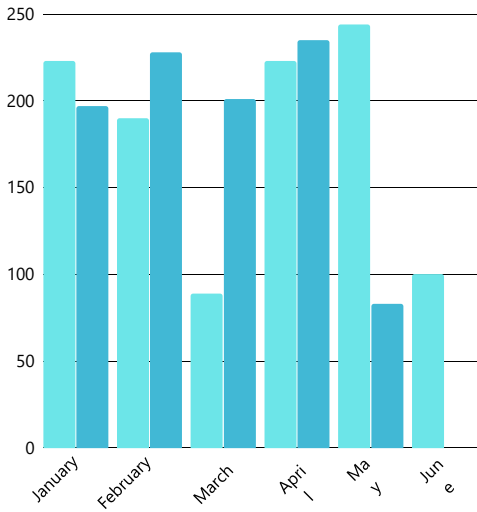
Average time for legal answers

Last year	Previous month	This month
5 days	4 days	6 days

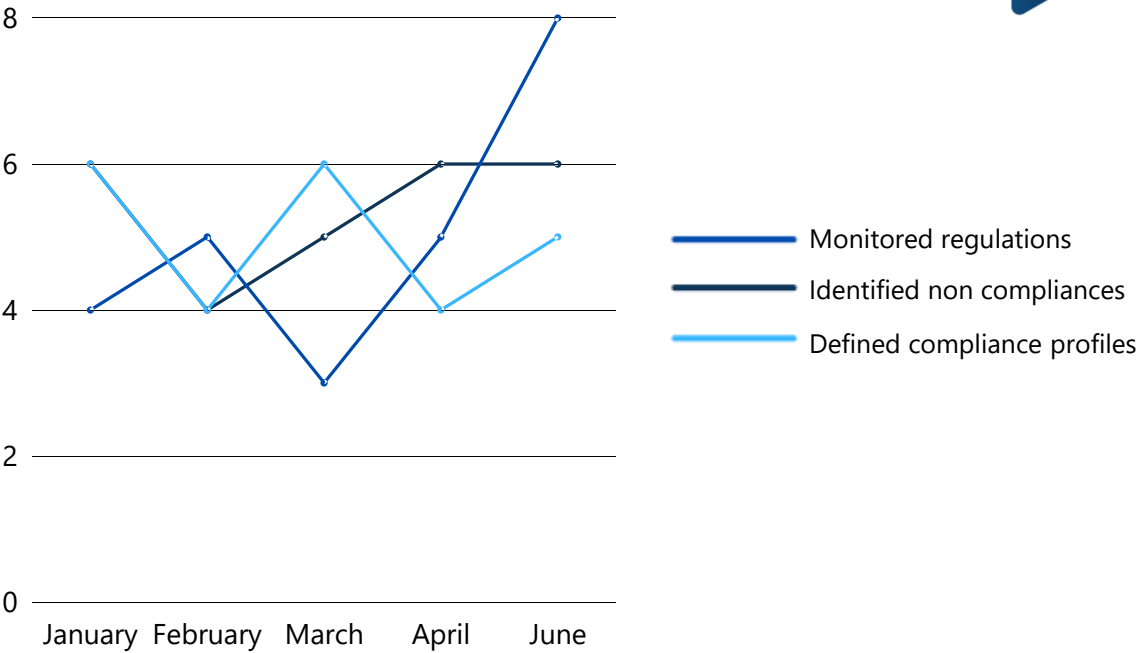
Average time for contract reviews

Last year	Previous month	This month
15 days	12 days	10 days

Number of active legal wiki articles

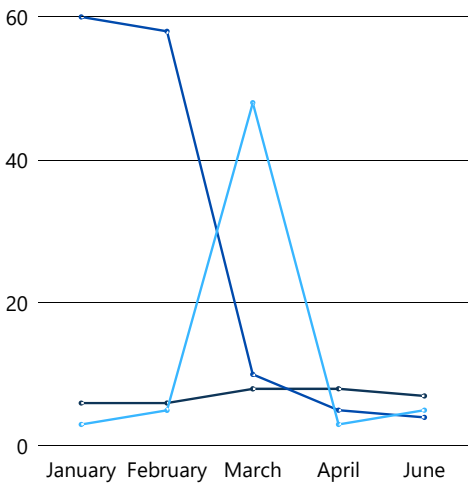


Compliance on regulation



Risk Mitigation

- Number of early warning signals
- Number of risk domains
- Number of risk mitigation actions



Success on Litigation

KPI	Average last month	Previous month	This month
#litigations/total-#contracts	2%	0%	0%
#wins/total-#litigations	50%	NA	NA
Value of lost litigations	€ 141 352	NA	NA

TODAY'S AGENDA

KPI'S FOR LEGAL DEPARTMENTS: FROM DEFINING TO ACHIEVING



- × What is a KPI?
- × The use of KPI's in legal
- × How to set up KPI's in legal?
- × Most used KPI's in Legal
- × Legal performance measurement by **Dr. Maximilian Koch**
- × Dashboard and reporting
- × KPI's in Enterprise Legal Management solution
- × How could a reporting dashboard look like?
- × Evaluate & improve

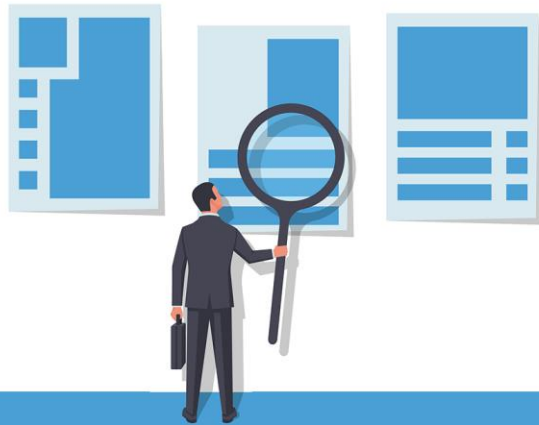


EVALUATE AND IMPROVE



× Evaluate

- + What is not met
- + What is achieved easily
- + Rank on importance and impact
- + Detect root causes



× Improve

- + Identify dependencies
- + Define actions
- + Evaluate effort and cost versus impact
- + Prioritize and plan actions





Any questions for the experts?



WHAT'S NEXT?



Contact **Hans** to reflect on your **KPI plans**



hans.vanheghe@knowliah.com

Request a
free white
paper copy



Contact **Yves** to discuss how **Knowliah** can **help**



yves.lefere@knowliah.com



LET ME ASK YOU...

(LIVE POLL)



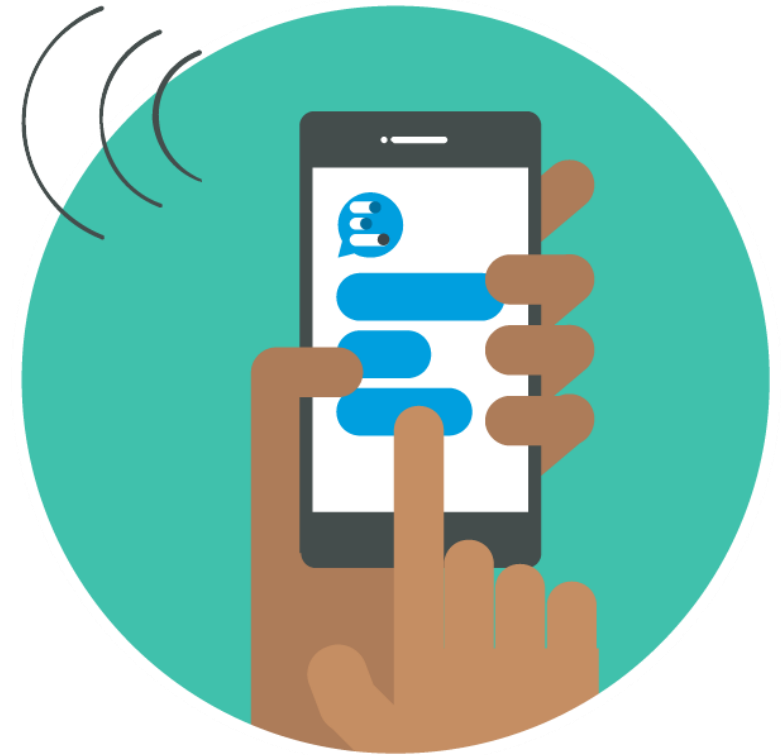
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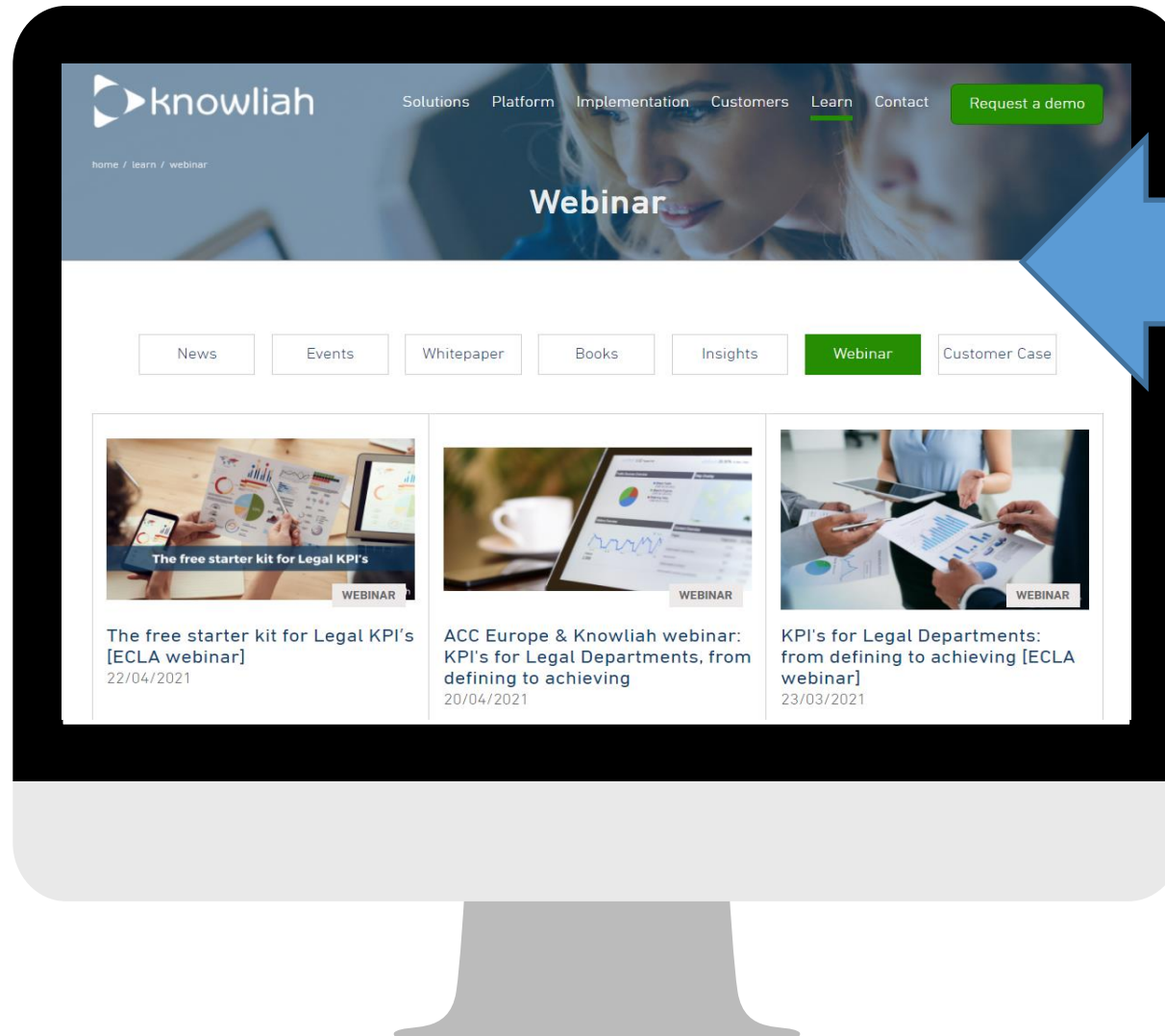
- ☐ 1
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- ☐ 3
- ☐ 4
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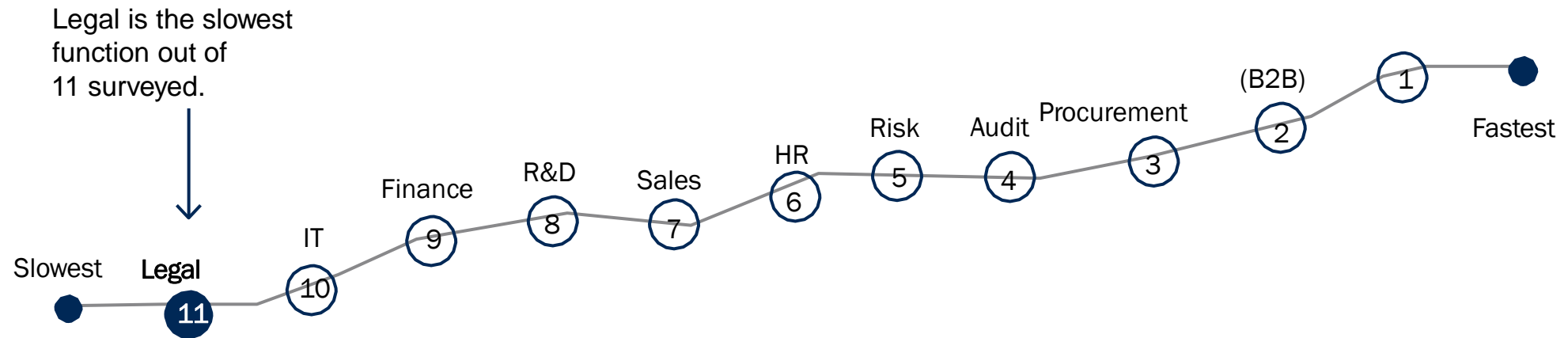


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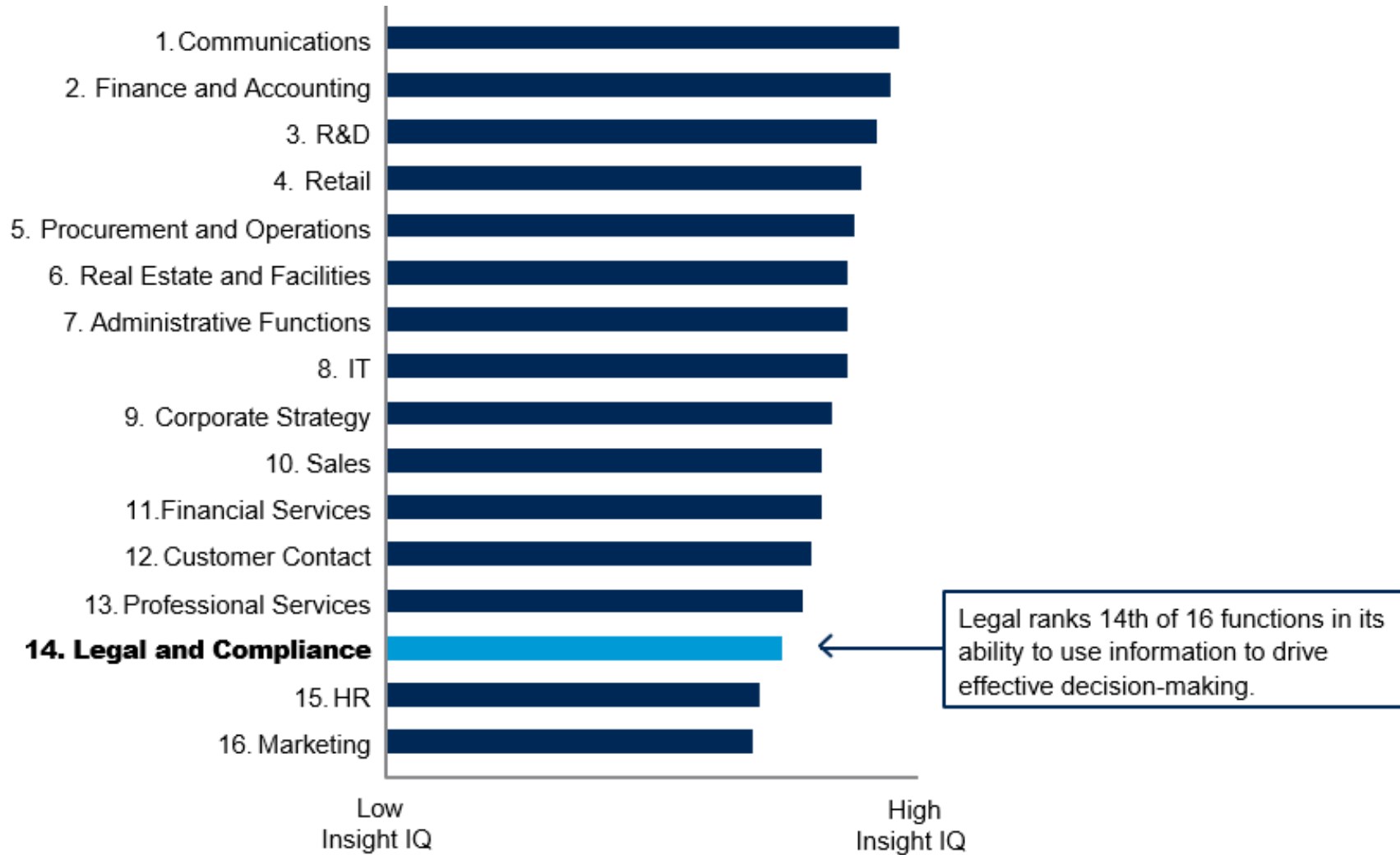
BACKUP

“DEPARTMENT OF SLOW & DEPARTMENT OF NO”?



Source: Gartner

LEGAL BEHIND



$n = 4,941$ knowledge workers.

Source: Gartner Insight IQ Diagnostic.

WHY MEASURE? NO MORE EXCUSES (1)

- × “The explosion of information has created the opportunity to conduct analytics.
 - × Functions outside Legal have capitalized on this.
 - × These analytical successes have led to the
 - × expectation for Legal to begin integrating data analytics
 - × into existing decision-making processes.”
 - × “GCs realize that their CEOs and Boards will give
 - × far more credence to an annual assessment by numbers
 - × rather than simple gut instinct.”
- × “In many companies, Legal has not been set up as an operative business unit with a
 - × profit-oriented, revenue-generation mindset.
- × Instead, it is regarded as a cost center, a traditional view that gives the organization no incentive to invest in legal.”

× Gartner

WHY MEASURE? NO MORE EXCUSES (2)

- × „Jeder Manager in der Funktion braucht gewisse Kennzahlen.
- × Corporate Compliance hat sich in den letzten Jahren so schnell entwickelt. Moderne Compliance hat mittlerweile Daten, denn wir arbeiten viel mehr mit Prozessen und Methoden. Das ermöglicht uns, Kennzahlen zu erheben, die wir in einer ausgewogenen und cleveren Art nutzen können. Aber diese Entwicklung zu ignorieren, wird nicht gehen.
- × Es gibt keine Ausreden mehr,
 - × dass man auf der grünen Wiese anfängt und es gäbe keine Vergleichsmaßstäbe.
- × Und die Compliance-Berichte und Reports, die wir seit zehn oder fünfzehn Jahren machen – das wird nicht das sein, was wir in der Zukunft machen werden. Es ist ganz klar, dass sich das ändern muss.“

× *Dr. Klaus Moosmeyer, Chief Ethics Risk & Compliance Officer at Novartis*

„At an executive leadership meeting, if the Vice President of Sales reports out on the number of widgets sold; and the Vice President of Marketing reports out on the number of clicks and eyes on campaigns to sell such widgets; and the Vice President of Human Resources reports out on the cost of human capital to build, market, and sell such widgets; **what performance metrics does the General Counsel share?**
The cynic will answer: Nothing – lawyers can't do math.“

Thomson Reuters, KPIs for the Efficient Legal Department

STATE OF THE LEGAL FUNCTIONS

FACTS & FINDINGS (1)

- Large-enterprise legal departments struggle to decrease costs by scaling work scaling a larger volume of repetitive, low-risk work through templization, automation or other means — The median legal budget as a percentage of revenue does not decrease significantly as company revenue increases. On the whole, legal departments **fail to achieve economies of scale** using such techniques, as the median legal budget as a percentage of revenue does not decrease significantly as company revenue increases
- **Work is moving in-house** — Corporate legal departments are allocating a greater portion of their budget in-house. Departments surveyed in 2018 spent a median 50.2% of their legal budget in-house; up from 44.8% two years prior
- Large-enterprise legal departments are using a **fewer number of more select law firms** — The average number of law firms used has decreased over the past few years, while the use of preferred provider panels increased
- **New roles are emerging** in legal — Although most legal staff are attorneys, and most attorneys are generalists, additional roles are emerging such as legal operation managers, technology/innovation counsel and data analytics experts
- Work is often prioritized based on business-defined urgency — Reflecting the importance of Legal's business partnerships, a sizeable plurality of respondents (49%) **prioritize work based on urgency as defined by the business contact**
- In 2018, 25% of large-enterprise legal departments had hired a technology/innovation counsel, and **14%** had **employed a data analytics expert** or scientist. This **coincides with the** evolving and **emerging role of the legal operations manager**

STATE OF THE LEGAL FUNCTIONS

FACTS & FINDINGS (2)

- **74%** of large companies have Legal Operations
- Dramatic growth of the role: **83%** were created in the last 5 yrs. (+26% <1 year ago) – often from a single manager to a whole team. Key determinant: **volume of work & cost pressure**
- Companies who invest in Legal Operations have **30% lower spend**
- Primary goals: driving in-house **efficiency &** controlling **costs**
- Further driver: Legal fails to achieve **economies of scale**
- Legal departments are concentrating outside spend at fewer law firms. The average number used per 1bn. USD dropped from 26 (2016) to 18. **Lower-cost legal departments use significantly fewer law firms** (14 vs. 31)
- **25-40%** of legal work could be done by a nonlawyer
- Our interviewees cited impressive **quantifiable improvements**, including a reduction of contract turnaround time by about **50%**, improvement of budget predictability by 50%, and a decrease in spending on outside counsel by **30%**. In addition, legal operations teams were able to significantly increase the number of legal matters handled per lawyer. Thereby they could **contribute directly to the company's revenue**

STATE OF THE LEGAL FUNCTIONS

CHARACTERISTICS OF EFFECTIVE LEGAL DEPARTMENTS

- Have an answer to key questions: **What activities** should Legal own? What are the main **cost drivers**? How can we make the legal department **more efficient**?
- Allocate **55%** of their budget **in-house**
- 79% use **non-lawyer staff** for some aspects of contract work (25-40% of legal work could be done by a non-lawyer!)
- Work with **55% (!) fewer law firms** compared to the median legal department
- **Standardization** of legal work (decision rules, playbooks, self-service tools & templates etc.)
- Through freed up resources much more time to **focus on** more **strategic/high-value support**

METRICS & KPIS: DEFINITIONS

- × **OBJECTIVE**

- × Clear, outcome-oriented, long term achievement that is central for your Legal department's purpose.

- × **ACTIVITY**

- × Specific undertaking by Legal that supports a higher-level objective. Activities prescribe how an Objective will be achieved.

- × **METRIC**

- × Number that measures progress on Activities. Metrics show how Legal is performing and enable informed, fact-based tactical or strategic decisions. A Metric consists of a ***specific numerical value*** (e.g., total; percent), a ***measurement description*** (e.g., variance against forecast outside counsel budget), and a ***degree of granularity*** (e.g., by legal entity, by law firm).

- × **KPI**

- × Those metrics which measure the progress, and/or the successful achievement of key objectives. A KPI is always a Metric – but a Metric not necessarily a KPI.

METRICS & KPIS: CATEGORIES (*GARTNER*)

- Create an Effective Legal Department
- Manage Outside Counsel More Effectively
- Increase Legal's Productivity
- Manage Risk within the Organization
- Improve Client Service
- Measure Compliance Program Metrics
- Reduce Privacy Risks
- Manage Information
- Manage External Stakeholders
- Manage External Stakeholders

Source: *Gartner*

MATURITY MODEL (ACC)

Metrics and Analytics

The system to collect, organize and use data to inform decision making and performance management.

STAGES

EARLY

- Manual tracking
- Methodology differs by practice area (silos)
- Focus is on external spending, mostly for budgeting purposes

INTERMEDIATE

- Most metrics generated through manual synthesis of data from disparate systems
- Ability to analyze external spend on a variety of dimensions; analytics applied to law firm performance management
- Some metrics are established for internal performance management
- Limited to relatively few, proven metrics (reducing/avoiding overload)

ADVANCED

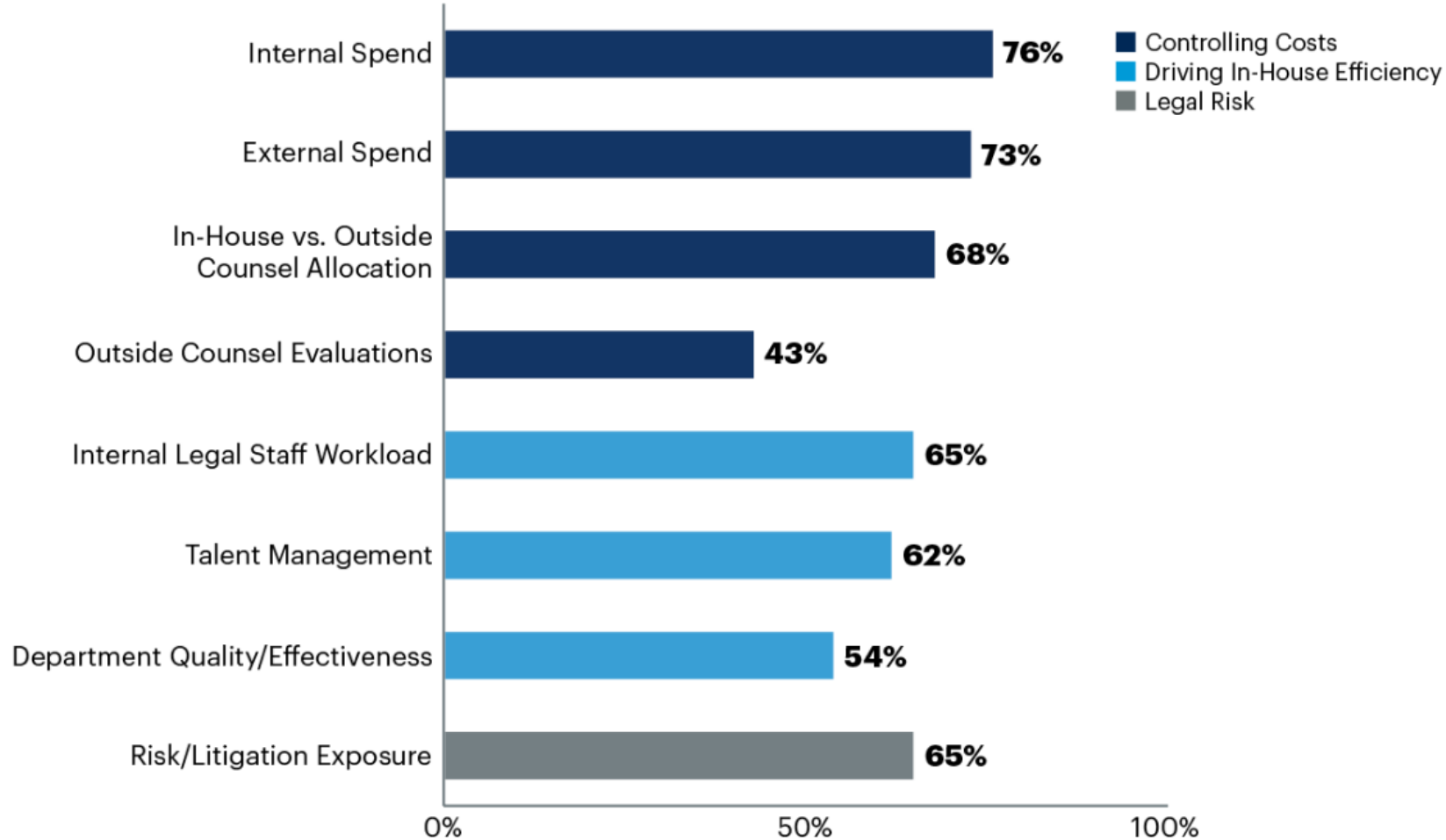
- Well established automation for integrating and dashboarding of information.
- Well balanced across financial controls, outcomes, and operational efficiency
- Clearly linked to organizational objectives
- Leading & lagging indicators of performance (including predictive analytics informing decision-making)
- Measured relative to baselines, benchmarks and targets

DATA ANALYTICS

TOP METRICS TRACKED

Legal Operations Metrics Categories

Percentage of Teams Measuring Each Category



n = 37 legal executives

Source: 2018 Gartner State of Legal Function Survey

CATEGORIES (EXAMPLES): EFFECTIVENESS

TOOL D: METRICS SELECTION TOOL: CREATE AN EFFECTIVE LEGAL DEPARTMENT

Legal Department Objective

An objective is a clear, outcome-oriented, long-term achievement that is central to the legal department's purpose within the company.

Legal Department Activities

An activity is a specific undertaking by the legal department that supports a higher-level objective. Activities prescribe how an objective will be achieved.

Metrics

A metric is a number that measures progress on activities. Metrics show how the legal department is performing and enable informed tactical or strategic decisions. A metric consists of a **specific numerical value** (e.g., total, percent), a **measurement description** (e.g., variance against forecast outside counsel budget), and a **degree of granularity** (e.g., by business unit, by law firm).



Source: Gartner

[illegible]

© Dr. Maximilian Koch

SOME EXAMPLES AS INSPIRATION



Internal efficiency



- × Total cost of services (inside and outside) evolution
- × Legal matter time and expense versus administrative tasks time and expenses
- × Legal spend as percentage of revenue
- × Number of legal matters handled versus revenue
- × Budget-to-actual total spend comparison (e.g., percent handled within budget)
 - + By month, quarter, and/or year
 - + Year over year
 - + Month over month
 - + As a percentage of the company's revenue
 - + Per practice area
 - + Per department raised a matter
- × Outside expense versus Total Legal Expense
- × Number of in-house lawyers versus revenue
- × Number of in-house lawyers versus total headcount
- × Number of secondees and consultants versus permanent legal employees' ratio
- × Cost per matter
- × Number of pending matters per legal professional

SOME EXAMPLES AS INSPIRATION



Service levels to the
business



- × Level of satisfaction (e.g., on a scale of 1 to 5, etc.)
- × Number of matters per matter practice area
- × Number of pending matters per department raised the matter
- × Number of contracts per department
- × Number of contracts negotiations
- × Response time for e-mails or other legal requests
- × Are law firms delivering promised benefits (secondees, training)
- × Top firms by spend by role

SOME EXAMPLES AS INSPIRATION



Compliance to
regulation



- × The number of Compliance Deadlines met / total number of deadlines
- × The number of compliance issues opened this period
- × The number of compliance matters resolved this period
- × The average time to close a compliance matter.
- × The number of compliance matters still open
- × The number of employee relations issues opened
- × The percentage of outstanding post-audit issues
- × The compliance investigation time cycle
- × The percentage of internal audits completed on time
- × The frequency of internal compliance audits
- × Percentage of company employees who had completed mandatory compliance training.
- × The number of compliance matters reported by channel, (e.g., hotline, email, via other departments, like HR, etc)
- × Total time spend to develop compliance policies, SOPs, and methods / total time legal team

SOME EXAMPLES AS INSPIRATION



Risk mitigation



- × Number of complaints filed this period
- × Number of litigation matters started this period
- × Subjects or categories of complaints (to reveal trends, etc.)
- × Number of matters for very high-risk level this period
- × Number of matters per risk level this period
- × Subjects at risk per risk level

SOME EXAMPLES AS INSPIRATION



Success on
litigation



- × Time per legal dispute
- × Time to trial
- × Time per non-trial matter
- × Percentage of matters solved/resolved successfully
- × Percentage of matters solved before court procedures
- × Cost per lawyer
- × Matters per attorney and/or per paralegal
- × Average Total Cost of a litigation matter

