



# Measuring what matters

A guide to metrics for the in-house legal department

**Legal departments often have the reputation of being a place where decisions are made on “gut feeling”. Data is only collected in passing. Asking for an analysis on how the team is performing with quantifying data - is met with a scramble for spreadsheets.**

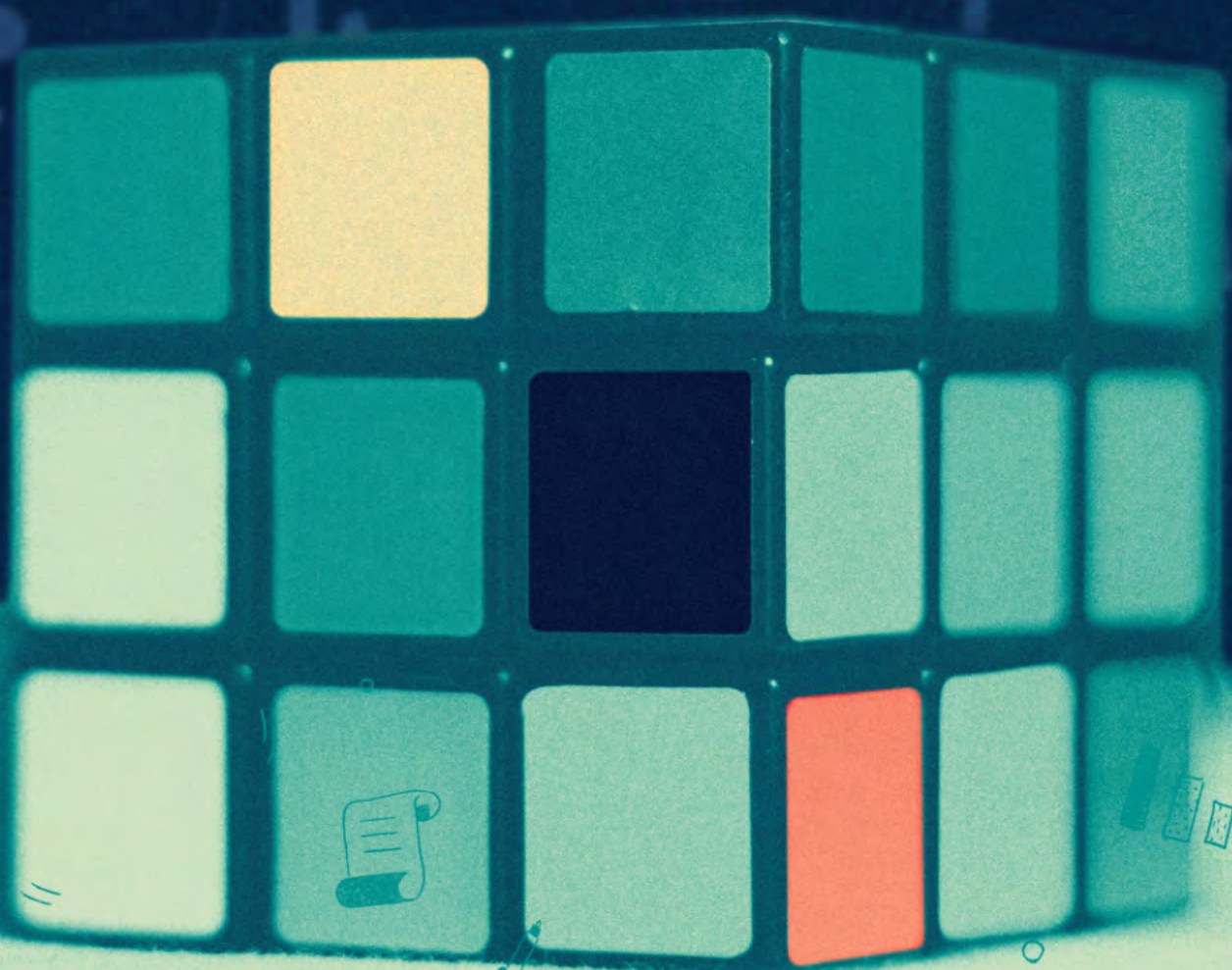
Experience, intuition, and qualitative information play an essential role in a legal team’s toolkit, but there’s also a place for decisions based on fact - that is, the data.

Where other departments within the business are already using data to support decisions around performance, predicting future needs, justifying expenditure, and reporting risk, legal seems to be trailing behind.

Yet the data is all there, it’s just a matter of capturing the underlying activity that produces the data in a way that also improves productivity while structuring it, surfacing it, and using it in a meaningful way.

Using data to inform decisions means working from a position of knowledge, where supporting evidence is presented to build a greater understanding of the situation and reduce the uncertainty during the decision-making process.

**In this whitepaper, we’ll take you through the importance of using metrics for decision making, how to align metrics with your organization’s strategy, key metrics to use, and some steps to take when you’re ready to start using metrics for analyzing and reporting on your legal department’s activities.**



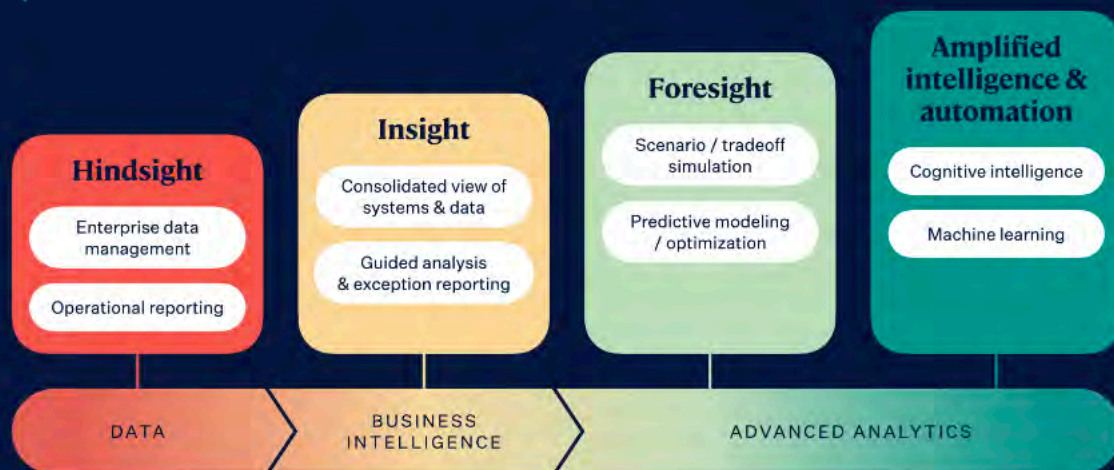
# How mature are your metrics?

Lawyers are not necessarily trained in data and analytics. However, they do understand the need to back up decisions with evidence.

It's time for the legal department to join its non-legal colleagues in leveraging data and analytics.

When looking at legal through the lens of predictive (or prescriptive) analytics maturity, in-house legal departments are generally working from a place of **hindsight**. That is, looking back at what has previously happened. To facilitate this, data can sometimes be gathered manually and used to generate static reports. It's the same place other departments were decades ago.

## Analytics maturity model



The next step is **insight**, where real-time data sets are available for use in strategic business decisions. This is the phase that most legal teams are working towards currently, albeit in a somewhat haphazard way. Our mission in this whitepaper is to convince you that this stage is achievable, that there is a clear “playbook” for reaching this, and that from a data perspective this is just the beginning.

Beyond that is the **foresight** stage, which essentially means that you have enough historical data, that you know based on the current state what will most likely happen next. By definition, in an industry such as legal that has very little in the way of structured datasets, this will take time.

The ultimate goal is the **prescriptive** phase/amplified intelligence and automation phase. This is where your data can not only see the future but bend or focus it (think “Minority report” but for legal teams), in order to proactively contribute to the important strategic decisions being made within your organization.

Imagine being a CFO, looking at a set of numbers on a page, and trying to figure out what the story is and where savings can be made. For the legal department, the numbers just show the costs. What’s missing is the other side of the conversation, the benefits and value of the legal team, what it’s working on, and how its work contributes, strategically, to the business as a whole.

**The only way to combat this is to start using data and metrics and change the way legal teams show value to the rest of the business.**

# The importance of context.

**“A metric is a data point in context.”**

PwC

But what do we mean when we talk about “data” and “metrics” and how are the terms distinct to “measurements”?

PwC defines a measurement as a data point at a single point in time. A measurement doesn't need to be 100% accurate or eliminate all uncertainty; it simply reduces uncertainty based on one or more observations.

A metric is a data point in context.

Metrics express information at one point in time relative to another point in time, or data about one organization relative to another organization. Metrics are more useful than measurements because they provide context to support decisions.

This is where it's clear to see the benefits of having structured data collected in the one place where it can be surfaced and used for metrics, bringing value to the numbers.

# Why do metrics matter?

Organizations are adapting and growing through the use of new and emerging technologies, with the benefits being welcomed across departments from relationship management and marketing, through to manufacturing and delivery.

Yet the in-house legal department is often left out, working away with piecemeal and legacy technology that's struggling to keep up with the times.

Innovative technology stalls at the door of the in-house legal department, due to three key reasons:

- in-house lawyers often work on highly material, strategic matters, and are less required to justify their resources;
- the legal department's relatively small size often triggers a managerial assumption that tech investments in the division would be better spent in a larger department;
- there is a lingering belief legal work is of such an exceptional, specialist nature it cannot be quantified - or even if it could be properly measured, there would be nothing substantial to gain from doing so.

However, now more so than ever, where organizational spend is being tightened across the board, the in-house legal department needs objective metrics to quantify and defend its output, as well as finding ways to operate even more strategically.

Quantifying legal performance with data assists with:

- showing a legal department's value;
- measuring KPIs and track performance;
- controlling legal spending;
- analyzing trends.

Metrics deliver the knowledge to show how the in-house legal department contributes to the business.



# Making better decisions

Ultimately, organizations thrive when great decisions are made.

“Business Intelligence” is one of CLOC’s Core 12 Competencies, and focuses on making better decisions through the use of data. CLOC says the current reality is that in-house departments make minimal use of data and metrics, often struggling to access or identify the right data, and/or lacking the culture to make consistent use of analytics. The alternative is an organization that is managed and guided through data, not intuition, and uncovers hidden trends, new efficiencies, and focuses on the teams clear and measurable outcomes that make a difference to the business, such as:

- determining the right data to collect and monitor;
- designing and rolling out metrics and dashboards;
- creating data lakes and implementing advanced analytics;
- spotting patterns and identifying hidden opportunities;
- improving both short- and long-term outcomes through data analysis.

As part of its Metrics Initiative, CLOC developed a core set of metrics to measure performance based on readily accessible data. Using the supplied formulas, metrics are calculated in a basic tool like Excel or Google Sheets, or for more advanced evaluations using even more data, using a third-party solution to consolidate and analyze data.

Many decisions made in the legal department around resourcing, legal spend, training, client engagement, and risk can have astronomic legal, operational and reputational consequences and benefits, which means that although instinct and experience are crucial to good business, there’s still a lot to be gained by strengthening those decisions with the appropriate data, metrics and reporting.

The value of metrics is that they show the true value of legal to a business.

# Strategic moves

## From data points to discussion points

The magic of metrics begins to appear when the findings are analyzed, reported on, and used to inform the decision-making process. Yet, metrics are only useful if they support the strategic direction of the organization - otherwise, they're just another set of numbers.

Therefore, before embarking on a metrics project, it's essential to assess the key strategic decisions that need to be made, and identify the metrics to support them. For example:

### Legal work prioritization

One of the most important choices the in-house legal department needs to make is how to make use of its limited resources in order to function effectively and efficiently. A clear framework where the work and responsibility of the department are clearly defined serves both the legal team and the wider organization.

### Reducing external legal spend

Deciding how the work that is part of the legal department's function sits within the legal department or is outsourced, is another important consideration.

While there's likely to always be a need to contract out to external legal firms and non-legal providers to assess in-house legal departments, there are strategic decisions around to what extent legal departments should outsource specific types of legal and non-legal work, and what type of work should be outsourced.

Decisions of the division of work also impact how many full-time equivalent lawyers and non-lawyers the legal department needs to have, and how many staff members are specialists or generalists in their field.

### Automating and streamlining manual processes

Dividing the workload is another key decision related to the division of a legal department's manual work. Often this discussion includes a need to explore how technology and the automation of tasks can benefit a

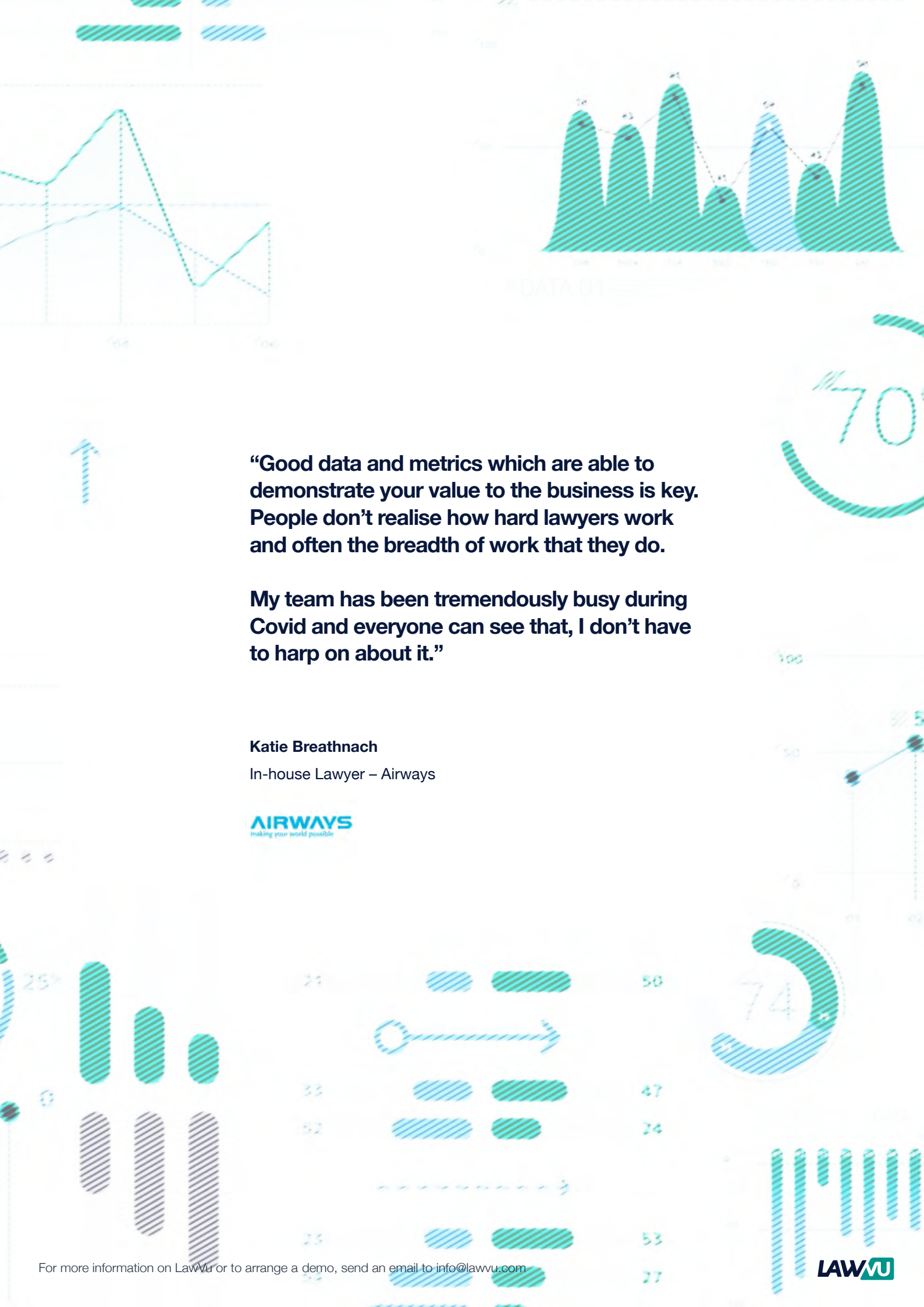
team, such as bypassing human error and ensuring all key personal data and highly sensitive and protected data is referred to accurately, as well as adequately protected in all contracts.

### Risk Management

Should the legal department's approach to risk be more aligned with that of the organizations? A formal process that outlines both how and when the legal department reviews risk (including its interface with any separate risk team or enterprise risk policy) should be considered to ensure that risk management is aligned with the organization's risk appetite.

Aligning strategic goals and objectives between the legal department and the organization as a whole, and recognizing where the differences exist, brings the opportunity to have everyone working together, and in the same direction.





**“Good data and metrics which are able to demonstrate your value to the business is key. People don’t realise how hard lawyers work and often the breadth of work that they do.”**

**My team has been tremendously busy during Covid and everyone can see that, I don’t have to harp on about it.”**

**Katie Breathnach**

In-house Lawyer – Airways



The background of the entire page is a teal-colored image of server racks in a data center, viewed from a low angle looking up. Overlaid on this background are several white line-art icons: a document with a pencil, a pie chart, a scale of justice, a briefcase, and a line graph with an upward arrow. These icons are scattered across the top and bottom of the page.

## Start with your system of record

The generation of data is a by-product of day-to-day life in the in-house legal department. Yet while it exists, it's only able to be located and utilized if it's captured in a structured format.

The message for the legal industry is that, from a legal-tech perspective, you need to start building your system of record so you can start capturing data in the right ways. The best way to do this is with a matter management solution that is part of a holistic, platform approach to working.

Matter management provides the system of record.

Data and metrics can start being used straight away, and will get richer as you and your colleagues conduct more of your work in the platform. In no time at all, you'll be using metrics and creating reports that offer insights into the activities of your department.



# The top ten metrics

Provided that data is captured in a system of record and able to be easily surfaced, the next step is to decide which metrics need to be selected in order to provide the most valuable analytics and reports.

Some of the most popular metrics are listed below, and they're a great starting place to start thinking about what your legal department needs to be reporting on.

## Team oversight

### 1. Budget vs spend

Tracking budgets for internal matters and outsourced legal work (on a per firm basis) against actual spend leads to a more effective spend overall. This metric enables a more accurate estimate of budgets for the next period, and also keeps on top of the firms that are close to or exceeding their budget.

### 2. External legal spend by matter type

Measuring legal spend on outsourced matter types helps to understand if there's a particular practice area where there's a significant amount of legal spend, and therefore if it would be more cost-effective to bring the matter type in-house.

### 3. Reason for outsourcing by matter type

Tracking the reason for outsourcing a matter type helps to define whether a body of work is commonly outsourced due to a lack of capacity or a lack of capability. When combining this metric with the measure of external legal spend by matter type above, it may reveal there's a large amount of budget spent on a particular practice area, due to a lack of capability rather than capacity. This insight could assist in determining whether there's a need for an increase in budget for training, to onboard specific expertise, or continue to engage external counsel.

### 4. Ratio of outsourced work: in-house work

When used together with the metrics of external spend by matter type and reason for outsourcing by matter type, this metric paints a solid picture for a legal operations leader or General Counsel around the type and volume of work that's being outsourced, compared with work that is being completed by the in-house team. In addition to seeing the type of work being outsourced and why, you can also quickly compare the volumes against what's being completed in-house.

### 5. External Counsel evaluation/NPS score

Imagine if every time you needed to outsource to external counsel, you were able to review a database of law firms and choose the most appropriate one based on past performance? It's possible, by measuring and evaluating metrics such as the standard of work, company culture and responsiveness for each piece of work, and building a knowledge base of each firm's attributes. As a new matter arises, consulting the database will ensure the best firm for that specific matter type receives the work.

## Team performance

### 6. Volume vs strategic value in work

The category of work most suited for automation is often work with the highest volume and the lowest strategic value. By rating each matter or piece of work for its strategic value, it's possible to make a comparison against volume, and understand what can be automated, or conversely, have more valuable time spent on it.

### 7. Team capacity

Keeping track of the legal team's capacity of budgeted vs actual hours spent on strategic work or specific matter types contributes to the better management of its future capacity. It's simple to start keeping track of this data with a matter management solution, and then easily surface the data at any time.

## Team value

### 8. Matter type cycle time

By measuring how long a matter type is open, a legal department can understand the types of matters that are typically open for longer or shorter periods. This allows for the identification of outliers early and demonstrates whether cycle times have increased or decreased, a metric that can show the efficiency of the legal department to the wider organization.

### 9. Risk vs value

The value of the legal department can also be captured by grading each matter, contract, or other piece of work according to its strategic value to the organization and its objective risk. At the end of the reporting period, it's possible to surface a picture of the overall value of contracts and/or deals the legal team has unlocked, and the risk it has managed.

### 10. Self-service vs supported work

Self-service features such as contract automation or knowledge base "how-to" articles within a matter management solution give valuable data on how an organization is using legal resources. Tracking the use of self-service and comparing it with how much legal support is provided by the legal team helps to determine the value the legal department is providing within the organization, and also helps to determine where operational efficiencies can be driven in the future.

# Making impactful decisions with LawVu

LawVu's Insights module is the data and analytics tool for in-house legal departments. It surfaces data from across the whole LawVu platform (matter, contract and outside counsel management), providing deeper understanding of in-house performance, vendor performance, and spend management.

This in turn enables:

## Improved transparency

To finally showcase the real value of the legal department to the rest of the organization.

## Improved productivity

With a greater understanding of the workflow, the type of work being done, and how to improve the performance of your in-house team.

## Impactful decisions

With decisions backed by rich, real-time data.

## Optimized spend

With a more comprehensive understanding of legal spend and allocation of outsourced work.

## Reporting and analytics

Because LawVu is the most comprehensive software platform in in-house legal counsel, the data collected and surfaced by Insights is rich, enabling data-backed decision making and continual optimization.

With LawVu's embedded and customizable reports, it's possible to review internal performance, external counsel performance, and spend, to empower impactful decision making and transparency within the organization.

All of this information is accessed via the Insights dashboard, a personal display of your legal department's activities. After all, metrics for the sake of metrics are a waste of time - they must be presented in a compelling and user-friendly way in order to be used to support the decision-making process. LawVu can work with you to configure your department's dashboard.

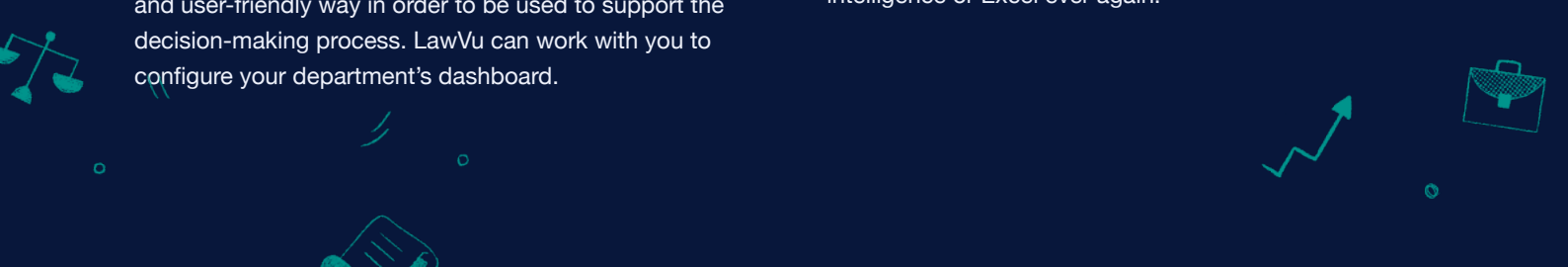
With LawVu Insights, you can:

### Analyze

- Surface metrics on team matter types and performance such as turnaround times, capacity, and efficiency
- Review external counsel performance
- Have a dedicated dashboard for General Counsel
- Analyze legal spend

### Report

- Customize automatic emailing of reports to stakeholders
- Download reports
- Enjoy standard and customized reports and dashboards
- Utilize reports embedded in the LawVu platform, removing the need to use third-party business intelligence or Excel ever again!



# Metrics find a home in the Legal Workspace

The single best way to capture the data for metrics is with the platform approach and a comprehensive matter management system that supports a system of record.

LawVu's Legal Workspace uses the platform approach, and is the first truly connected software solution built specifically for in-house legal teams. The Legal Workspace enables the core elements of people, process, and technology to align, brought together by the fundamental system of record which underpins the platform.

The platform provides a unified suite of matter, contract, spend, and insights management modules in one cloud-based and secure platform, enabling productivity and collaboration across not just the legal team but an entire organization.

LawVu's Legal Workspace means your in-house team gains true visibility over all their work, improving productivity, showcasing the value of legal to the wider business, and, most importantly, creating better outcomes for the business.

**LAWVU**

