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TRUE LEADERS

Employ Key Value Management Principles

Catherine J Moynihan reports on the *2012 ACLA/CLANZ In-house Counsel Report: Benchmarks and Leading Practices* and the specific management practices that distinguish leading organisations from the rest. Here she analyses three key areas that assist to drive efficiency and effectiveness in top performing law departments.



Catherine J Moynihan

Catherine J Moynihan is the Director of Legal Management Services at the Association of Corporate Counsel in the US. Catherine has an MBA from Columbia University and a BA in International Relations and English from the University of Virginia.

moynihan@acc.com

Admittedly, I am a “geek” about leadership and management. I have been known to read, with relish, articles and studies about innovation in the provision of legal services – at bedtime or on the beach. Few items I have read lately have impressed me more than the *2012 ACLA/CLANZ In-house Counsel Report: Benchmarks and Leading Practices*. Why? Not only because it teased out the factors that distinguish leading organisations from the rest of the pack AND provides examples of their innovations along with helpful tips. But also because I could see so much resonance with the ACC Value Challenge and the Value Challenge that ACLA has just commenced. Full disclosure: I run the ACC Value Challenge.

How delightful to see, effectively, proof of the proposition that better managing the legal function and demonstrating value to the C-suite and business unit clients leads to more satisfying, rewarding job status. In the ACLA/CLANZ study, “Leaders” are described as “those who have the ability to influence the organisation, manage their resources to maximise value delivered, operate as strategic business advisors, and actively manage legal work using world class techniques and technologies.” (p. 3). Moreover, the key characteristics of *Leaders* include having a seat at the executive table, a multi-functional role, running a legal function that is seen as empowered and integral to the organisation, and that actively manages its own workload and internal and external relationships. Something to aspire to, right?

The Value Challenge

The Value Challenge is dedicated to equipping law department leaders, and their external counsel, to achieve better value for legal spending through strategic staff deployment, effective project management, and fee structures that align the incentives of external and in-house counsel. And importantly, not only is value improved, but corporate counsel are thereby unleashed from routine work and able to integrate with the business side – focusing on the most strategically important and complex matters.

How does it work? We provide in-depth guides to key management practices online, a multitude of examples of leading value practices legal teams are employing, and practical, hands-on training programs.

The *2012 ACLA/CLANZ In-house Counsel Report* demonstrates how the value-focused management practices that I have also seen here, contribute to attaining the influential and rewarding status of leading departments. Let’s focus on three key areas highlighted in the *ACLA/CLANZ In-house Counsel Report*: staffing, project management, and outside counsel management.

Strong Staff Support Underlies Effective Leaders

Value based staffing is a concept for performing the assessments and implementing programs to get lower value work completed less expensively by changing who does it (for example, paralegals or contract lawyers) or more efficiently through automation, and for calibrating internal resources to address high risk/strategically-important legal work. Worth noting in the *2012 ACLA/CLANZ In-house Counsel Report*, “Leaders” are significantly more likely to have support staff, and those with solid administrative support (71%), “rated themselves highly in believing they were well-resourced to undertake proactive and strategic work compared to 57% who rated themselves low on this attribute.” (p. 22). Further, 87% of *Leaders* report that they “have the ability to work on the important and not just the urgent compared to 30% for the *Tail*; and 69% are resourced to allow proactive and strategic work to be undertaken compared to 8% for the *Tail*.” (p. 36). One of the more innovative approaches to allocating work that we have seen through the ACC Value Challenge is the use of Legal Process Outsourcing (LPOs) to provide an “in-take portal” wherein the routine work is handled and the more complex work is routed with precision to the right resource, along with the relevant facts and documentation.

Project Management Impacts Resource Utilisation

Another area of resonance with the Value Challenge is the

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use of Legal Project Management. The *ACLA/CLANZ In-house Counsel Report* finds that project management is considered important across department profiles, and asserts, “As project management is strongly linked to the behavior in Leaders (especially by comparison to the *Tail*) we can conclude that project management is a more efficient way to manage limited resources.” (p. 52).

Outside Counsel Management Is Evolving

One of the key benefits of applying project management principles is the linkage to crafting value-based fees. (As an aside, we prefer that moniker to “alternative fees,” which not only implies marginal status, but also fails to point to the principle advantage of non-hourly-based fees, which is that they are based on the value to the client.) The best legal project management practices are taking the time at the outset of a matter to set forth the goals and carefully scope out the work in the “project charter” (along with key assumptions, risks, deliverables, dates and players), and the performance of “after action reviews” in which lessons are explicitly learned and quality is assessed. Put simply, the linkage to value-based fees is that well scoped/budgeted projects function as fixed fees (at least for stages of work); and assessing performance is a key ingredient in

implementing “success fees,” rewarding the behaviours and outcomes that clients value most.

If undertaking all of these management practices sounds daunting, consider the evolution described in the *ACLA/CLANZ In-house Counsel Report*, “Some organisations underwent radical transformation, yet others simply steadily increase efficiency and effectiveness by adopting more and more *Leader* traits.” (p. 14). And consider the imperative, “71% of legal functions are under some or significant pressure to reduce costs.” (p. 54).

Many companies have made tremendous strides to better manage legal costs. Take a look at the case examples in the report. And note that ACC Value Champions Medtronic and Rockwell Collins undertook two-year “re-engineering” projects, guided by careful use of metrics; and Tyco put its product liability case docket into the hands of one law firm on an annual fixed fee arrangement and then collaborated to reduce that docket by 55%. In the ACLA report and the ACC Value Challenge you will also find further examples of law firm convergence coupled with value-based fee arrangements leading to dramatic reduction of costs through preventative lawyering – and perhaps more importantly, greater predictability in legal spend. 

ACLA RESOURCES:

For more information on the *ACLA/CLANZ In-house Counsel Report* visit the ACLA website acla.com.au