

Performance Management

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Session 103 (Sabine Brumme/Urs Waelchli)

Legal Matter and Performance Management commonly describes the task of organizing and systematizing the daily workload of a corporate legal practice. Having a matter and performance management in place is very important and also fundamental to further use and deploy IT solutions in the legal department. The session will address the advantages/disadvantages of a specialized legal matter management system and the potential of a dedicated legal performance management system.

Content

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- Performance Management
- Upside & benefits / downside
- Focus on the core
- Implementation
- Conclusion & discussion

Introduction

Introduction

- *Performance management and performance measurement for lawyers? Not possible!*
- *Metrics are appropriate for financial or technical performance, but not for lawyers.*
- *A useless, theoretical exercise!*
- *I do not have any time for that besides my daily business!*
- *We do not have any data at hand.*
- *What is it good for?*

Performance Management

Performance Management

- In a nutshell, performance management includes all activities to ensure that goals are consistently being met in an effective and efficient manner.
- Performance management can focus on performance of the organization, a department, processes to build a product or service and/or employees/colleagues (etc.).
- In this presentation the focus lies on increasing and improving the performance within an in-house legal department through a consistently applied performance management system.

Performance Management

- Individual: lawyers, colleagues
- Team: department
- Function: groupwide

Performance Management

Targets: ***SMART***

- Specific
- Measurable
- Achievable
- Result-oriented
- Time-based

Performance targets (examples)

- Number of contracts: negotiated / signed
- Total spend: make / buy / total
- Corporate housekeeping: number of legal entities (per country / worldwide)
- Number of emails received / answered
- Reaction & execution time in contract management and comparable matters, i.e. time between ingoing request and 1st answer/1st comment
- Level of client satisfaction (Legal questionnaire)

Upside & downside of a legal performance management system

Upside

- Focuses on results, rather than behaviors and activities
- Aligns organizational activities and processes to the goals of the organization
- Cultivates a group-wide, long-term view of the organization
- Produces meaningful measurements

Benefits

- Helps you focus on the results you really want
- Depersonalizes issues
- Validates expectations
- Supports equitable treatment of employees
- Optimizes operations through close alignment of goals and results
- Cultivates a change in perspective
- Performance reviews focus on contributions to the organizational goals
- Supports ongoing communication, feedback and dialogue about organizational goals

Downside

Concerns About Performance Management

- It seems extraordinarily difficult and often unreliable to measure phenomena as complex as performance.
- Today's organizations are rapidly changing, thus results and measures quickly become obsolete.
- In addition, translating human desires and interactions to measurements seems to be quite impersonal.

Downside

You cannot measure some core services such as

- making judgement calls
- negotiating fair positions
- selecting knowledgeable firms and effectively managing the work of those firms
- disseminating legal knowledge throughout the company
- solving, settling or mitigating law-suits and claims
- strengthening Corporate Governance and Compliance

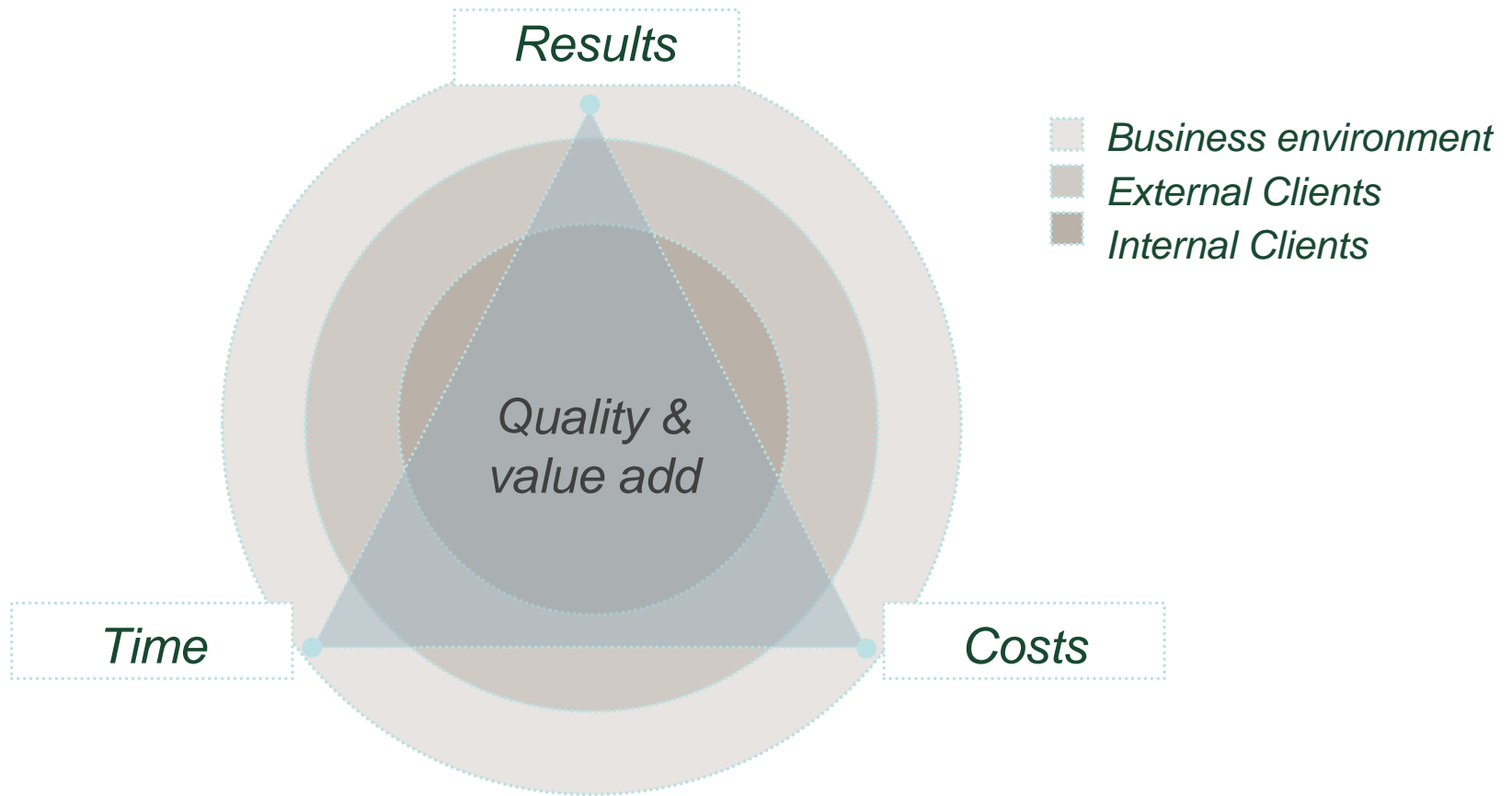
An alternative approach?

The „high performance team“ as an alternative, guided by

- simplicity
- decentralization
- customer orientation
- empowerment and leading by trust
- learning culture and feedback driven environment
- Walk the talk!

Focus on the core

Focus on the core



Focus on the core

Optimize deployment of in-house resources to highest-value functions and most cost effective usage

(source: 2011 Hildebrandt Baker Robbins)

- Analyze and differentiate the legal work
- Train non-legal resources to do routine tasks
- Reorient low-value, highly repetitive tasks to a self-serve model
- Focus more on educating and training clients to do more
- Outsource to strategically-selected outside counsel to supplement gaps in skills
- Leave routine instruction of external counsel to business managers
- reserve involvement to strategic activities

Focus on the core – risk value discussion

- No relevant correlation between total legal expenditures and reduction of legal risks.
- It is easier to reduce fix costs (in-house FTEs) than variable costs (outside counsel spend).
- It is more effective to mandate an external law firm to handle high-risk cases and non-routine/non-core cases; in addition, there is a (limited) transfer of risk to the external service provider.
- In most organisations it is quite a challenge to define the value of in-house services and of the legal department as such.

Focus on the core

Core Context Matrix & Decision Rules

(Source: ACC Annual Meeting 2008)

Mission Critical

(High Risk)

OUTSOURCE

(with in-house support
and management)

MANAGE INTERNALLY

Non-Mission Critical

(Low Risk)

**AUTOMATE OR
OUTSOURCE**

**AUTOMATE OR
OUTSOURCE**

Context

*(Low Impact on Competitive
Advantage)*

Core

*(High Impact on Competitive
Advantage)*

Implementation

Implementation

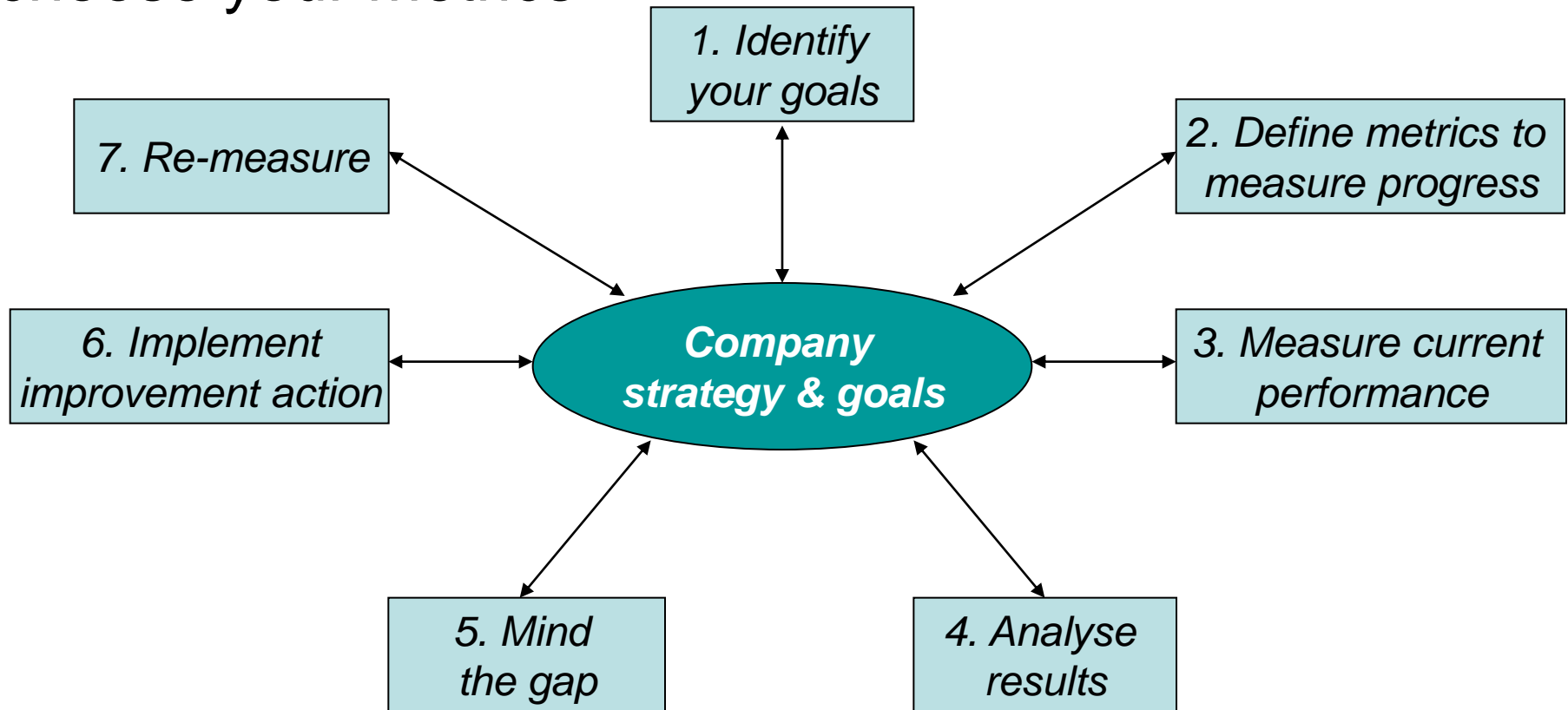
Before you start, think and ask yourself – what do you want, i.e.

1. what to change?
2. change to what?
3. how to make the change happen?
4. IT basis and system requirements

Implementation - performance measurement

- Choose integrated approach within company
- Base on internal and external views, check benchmarks
- Coordinate with other corporate functions
- Align with company's strategy and overall goals
- Look for continuity, strive for comparable data over the years
- Keep it simple!

Implementation – performance measurement - choose your metrics



Conclusion

Conclusion

If you really want to improve, you need to know ...

- are we doing better than last year?
- are we doing better than «competition»?

... and be able to provide objective evidence of problems solved & improvement reached

- assures you address the right legal challenges,
- helps you to target more improvements.

... and do not forget to effectively communicate to your management!

Conclusion – the outcome

Legal Organisation

1. Responsibilities
2. Case Management
3. Incentives



Development

1. Training
2. Exchange
3. Enlarge network



Legal Performance (Time, Costs, Results)

Company

1. Strategy
2. Short/mid-term goals
3. Environment



Technology

1. Contract & documents
2. Processes & workflows
3. Know-how management

Conclusion – the executive view

In today's challenging environment, maximizing the effectiveness and the global reach of the legal function is an imperative.

The value of the (in-house) legal function will be measured, amongst other things, by its ability to drive positive change and improvement.

The present-day legal function shall act as a catalyst for shaping a new governance, risk and legal compliance model.

And be prepared to do this in a significantly enhanced cost-value equation “better faster cheaper”!

Thank you!



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