



## 202 Small Law Department Metrics

**Justin H. McCarthy II**  
*Senior Counsel*  
DENTSPLY International Inc.

**Albert C. Peters II**  
*Assistant Chief Counsel*  
Pennsylvania Turnpike Commission

**Michael Reilly**  
*Vice President & General Counsel*  
Spang & Company

## Faculty Biographies

### Justin H. McCarthy II

Justin McCarthy is senior counsel for Dentsply International Inc., the world's largest professional dental products company, in York, Pennsylvania. His responsibilities include providing a full range of legal services to all divisions of the company around the globe. Mr. McCarthy's practice emphasizes all aspects of business law, including commercializing new products and technologies, mergers and acquisitions, formation of foreign ventures, company commercial and corporate matters, labor and employment matters, as well as supervision of major litigation and dispute resolution, risk management, and employee benefit issues.

Prior to joining Dentsply, Mr. McCarthy served as the chief legal officer of The Vartan Group, a commercial development and investment group in Harrisburg, Pennsylvania, and previously, as an associate with Drinker, Biddle & Shanley, in Morristown, New Jersey.

Mr. McCarthy is a member of the Pennsylvania and New Jersey bars, and is a member of the Pennsylvania Bar Association, the ABA, and ACC, serving as project coordinator for the National Community Service Day project for ACC's Central Pennsylvania Chapter for this year and last.

Mr. McCarthy received a B.A. from Franklin & Marshall College, and his J.D. from the Villanova University School of Law.

### Albert C. Peters II

Albert C. Peters II is assistant chief counsel with the Pennsylvania Turnpike Commission in Harrisburg, Pennsylvania. His primary practice areas include litigation management, contracts, and labor and employment. He also conducts training programs in labor relations and supervisory development.

He is former president of ACC's Central Pennsylvania chapter as well as former chair of the ACC's Small Law Department Committee. He is currently vice chair of ACC's Law Department Management Committee where he is leading the metrics and processes working group, and he is also contributing to the open legal standards initiative for the law department metrics track and the alternative billing working group. Mr. Peters has taught at Penn State Harrisburg on business environments and decision-making.

Mr. Peters received a B.A. from the University of Virginia and a J.D. from the University of Pittsburgh School of Law.

### Michael Reilly

Michael J. Reilly is the vice president, general counsel, and corporate secretary of Spang & Company. Headquartered in Pittsburgh, Spang is a century old privately owned and family controlled manufacturer of soft magnetic electronic components, power control, and drive control systems. Spang operates manufacturing facilities in Pennsylvania, Ohio, Arkansas, and China and sales and distribution centers in Hong Kong and the Netherlands.

Prior to joining Spang, Mr. Reilly was a management labor lawyer at Cohen & Grigsby, a firm he helped to found and served as vice president and member of the executive committee. He also served as chief counsel and chief of staff for an investigation conducted by the Pennsylvania House of Representatives into organized crime and public corruption and was first assistant district attorney of Allegheny County, Pennsylvania.

He has chaired the Pennsylvania Crime Commission and the Housing Authority of the City of Pittsburgh. He has served on the board of St. Edmunds's Academy including some time as board chair. He serves as vice president of the board of the Community at Holy Family Manor.

Mr. Reilly received his B.S. from Georgetown University and his J.D. from Duquesne University School of Law.



SLD Metrics:  
Where we've Come From . . . Where we're Going

- What's happened in the last two years?
- What works?
- What doesn't?



Conflicting Quotes We've Heard About Numbers  
(Metrics)

- "There are three kinds of lies: lies, damned lies, and statistics."
- AND
- "The numbers don't tell the whole story."
- BUT
- "Numbers don't lie."



### Recent sample of business magazine articles/references to metrics

- Interview of GE CEO Jeffrey Immelt, 84 Harvard Business Review 60 (June 2006):
  - Find the right metric – one that fits your culture
  - Define a process, set the right metrics



### Recent sample of business magazine articles/references to metrics:

- Quantifying what's difficult to measure [e.g., Business Week article on innovation, 4/24/06, p. 68]
  - Which metrics should be used?
  - How best to use them?
  - How many metrics to follow?
- "Giving the Boss the Big Picture" ["dashboards" for CEO's], Business Week, 2/13/06, p. 48ff
- AND the following subtitle: "In a knowledge-based world, the traditional measures don't tell the story" (emphasis supplied) appeared in an article in the same issue ["Why the Economy Is a Lot Stronger Than You Think" in Business Week, 2/13/06, p. 63]



Standardized metrics:  
Open Legal Standards Initiative (OLSI) project

- ACC and Corporate Legal Standards, Inc. are the founding partners of OLSI
- The mission of OLSI is to set the standard for quality and efficient legal services through the development of business process and metrics classification systems for the legal industry, benchmarking surveys, and various industry events and publications
- For more details, go to [www.openlegalstandards.org](http://www.openlegalstandards.org)

ACC annual meeting programs on metrics [last two years]

- “Best Practices for Preventing Litigation”
- “How to Measure the Effectiveness / Value of the Legal Department”
- “Litigation Management – Using Metrics to Demonstrate Value”
- “Metrics Methodologies”

(See appendix for summary of these programs and other ACC materials)



### Why this program?

- What's been covered?
- What's not yet covered?
- Metrics: trendy and passing . . . or something that will "stick"?



### Context for metrics: Managing the Legal Function

- Annual Meeting theme: The Road to Effective Leadership
- Drucker has generally defined "effectiveness" as "doing the right things"  
= [see Drucker, The Effective Executive]
- Cycle of aligning with the company, strategic planning, organizing legal department resources, reporting to management
- Preventing / effectively resolving disputes and violations



### Moderated Discussion Questions: General

- What information do you need to know?
- What information do you need to share?
  
- Application of Drucker to managing the legal function
  - How does the legal department defines results?
  - What will legal dept. customers [e.g., internal clients] “pay for”?
  
- What is the story that YOU want to tell?
- What do YOU want to measure?
  - Metrics are a foundation of advocacy
  
- Are metrics necessarily different for SLDs than for larger departments?



### Moderated Discussion Questions: Showing the Value Added by the Legal Department

- Does the reason for the dept.'s creation make a difference for metrics?
  - Does your company still consider this the primary reason for your department?
- What are the learning and deciding styles [e.g., numbers, budgets, narratives] of your business colleagues, and do these make a difference for metrics?
- How do you show that your department prevents disputes and violations?
- How do you show that your department resolves disputes and violations effectively?
- Other questions



Moderated Discussion Questions:  
Operating the Legal Department

- How do you spend your time, resources, and money?
- How do you categorize your work?
  - strategic / important / commodity
  - legal vs. non-legal
- Any 80/20 projects?
- Are any tasks recurring, repetitive, or unnecessary?
  - Standardized procedures / documents
  - Can work be assigned to a lower cost resource?
  - Can a lower cost resource be developed?



Moderated Discussion Questions:  
Operating the Legal Department

- Which metrics are effective?
- What benchmarks are appropriate?
- How do you show emerging trends with smaller samples?
- Other questions





Moderated Discussion Questions:  
Working with Outside Counsel

- Could new processes [e.g., early case assessment] be implemented?
- Can metrics help with alternative billing such as flat fee billing?
  - By showing a predictable amount of work, you may be able to promote alternative billing arrangements
  - Are the billings consistent with the metrics?
- Other questions



Moderated Discussion Questions: General [Reprise]

- What information do you need to know?
- What information do you need to share?
- Application of Drucker to managing the legal function
  - How does the legal department defines results?
  - What will legal dept. customers [e.g., internal clients] "pay for"?
- What is the story that YOU want to tell?
- What do YOU want to measure?
  - Metrics are a foundation of advocacy
- Are metrics necessarily different for SLDs than for larger departments?
- Other questions



## Going forward

- What do you want to see from ACC [in general] and the Small Law Department Committee [in particular] on this topic?

ACC's 2006 Annual Meeting: The Road to Effective Leadership

October 23-25, Manchester Grand Hyatt

### SLD Metrics Written Materials

John Ogden, "Synchronizing Business and Legal Priorities – A Powerful Tool," ACCA Docket October 2000

Richard Hurford, Eric P. Tuchman, and Mark Wolf, "Attitude Adjustment: Eight Leading Practices in Building a Dispute-savvy Organization," ACC Docket November-December 2005

James R. Buckley, "Escape from Lawyerland: How the Right Business Tools Can Cut Litigation Costs Down to Size," ACC Docket April 2005

Stephen D. Butler and Eric P. Tuchman, "Handling Disputes Wisely: How to Maximize Business and Legal Department Performance" ACC Docket July-August 2004

### SLD Metrics - Appendix

#### Metrics

"Best Practices for Preventing Litigation" [2005 Annual Meeting Program #804] – comprehensive process from "preventive efforts" through "after action reviews" with examples of metrics to show lower costs and reduced handling times

"How to Measure the Effectiveness / Value of the Legal Department" [2005 Annual Meeting Program #705] – comprehensive starting point; connects Ogden "Synchronization" article, OLSI, and list of metrics

"Litigation Management – Using Metrics to Demonstrate Value" [2004 Annual Meeting Program #304] – practical, easy-to-implement measures

"Metrics Methodologies" [2004 Annual Meeting Program #209] – general introduction of typical litigation financial, litigation operational, and transactional metrics

Law Department Metrics [Leading Practice Profiles]

Open Legal Standards Initiative (OLSI) website: [www.openlegalstandards.org](http://www.openlegalstandards.org)

#### Disputes, Outside Counsel Relations, and Alternative Billing

Alternative Billing InfoPAK

"Benchmarking Outside Counsel Performance - A Roadmap" [2005 Annual Meeting Program #305]

“Managing Outside Counsel: Getting Off on the Right Foot – And Staying in Step,”  
January 18, 2006 Web Cast

**General**

Adding Value and Moving Beyond the Cost Center Model [Leading Practice Profiles]

Crowley, Peters, and Morrison, “Triple Time” [strategic planning, management principles, client self-service] ACC Docket May 2006

Interview of GE CEO Jeffrey Immelt by Thomas A. Stewart, “Growth as a Process,” 84  
Harvard Business Review 60 (June 2006)

“Law Department Alignment with Company Goals” [2004 Annual Meeting Program  
#905]

Pol, Hansen, and Hansen, “Increase Legal Department Value: Establish a Goal Focus”,  
ACC Docket October 2003

SLD InfoPAK

Strategic Planning InfoPAK

Thomas L. Sager and Scott L. Winkelman, “Six Sigma: Positioning for Competitive  
Advantage,” ACCA Docket January 2001

Value of the Law Department InfoPAK