



The Legal Ops Maturity Model by SimpleLegal

The Journey to Legal Ops Excellence





Where Are You Now and Where Are You Headed?



Introduction

Over the years, we've gotten to know many legal ops and in-house teams, both professionally and personally. We've watched them embark on their legal ops journey, partnering with them as they've supported their growing departments and organizations while paying close attention to how they overcome a wide range of challenges as they grow and mature.

Some of the challenges, we had seen time and time again. Others were purely outliers, but still great stories nonetheless. As we began discussing these data points with individual legal teams, we often found ourselves in complex yet interesting (dare we say fun) discussions that we felt needed to be shared with the larger community – so here we are.

If you're new to legal ops, welcome!

If you're a veteran legal ops professional, you'll probably find yourself skipping through certain sections until you find the maturity level and story that undoubtedly resonates with you. Either way, we're thrilled to be sharing the legal ops adventure, not just through our lens, but through the lens of hundreds of legal departments like yourself.

The 5 Levels of Legal Ops Maturity

Our eBook is going to focus on legal ops maturity, specifically the 5 distinct levels we've identified over the years:



LEVEL 1

Gain basic transparency into spend and matters



LEVEL 2

Start to control outside counsel costs



LEVEL 3

Implement process and truly begin to manage operations



LEVEL 4

Drive efficiency throughout the legal department



LEVEL 5

Maximize overall effectiveness

These levels are based on the idea that there are many commonalities in terms of an organization’s needs, a legal department’s skills, and the overall growth in both legal operations capacity and the organization’s demand for services. Despite this common path, each company and legal department starts the journey with unique needs. No two legal ops journeys are exactly alike.

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To make this path easier to visualize, we’ll be illustrating the legal ops journey using the analogy of running races – someone who starts with a brisk power walk, but strives to complete a marathon.

Our Analogy: The Runner on the Journey to a Marathon

Just as a legal department starts with no specialized legal operations function, our eventual runner begins their journey with no fitness or knowledge around running. Over time, they gradually build their endurance, challenge themselves with increased distances and races, all while learning more about stretching, nutrition, and other key factors that will facilitate their success.

But what drives our runner – or a legal department – to continue on the journey? Why does anyone move up a level?

Motivation: Do you need to reach the next level?

We'll ask this question in each chapter. If there's not a strong motivator moving you to the next level, in our opinion, you're in the right place already. For legal departments, that motivator usually comes in the form of the company's demands. For example, if you're being asked questions that you can't answer, that might indicate that your company has jumped to the next level and you need to follow suit. The scope of the legal ops role will grow with the maturity of the legal department, which grows along with the organization as a whole.

A group of runners, including men and women in athletic wear, are jogging on a wooden boardwalk. The scene is set during sunset, with a warm, orange glow in the background. The runners are in various stages of their stride, and the boardwalk has a railing in the foreground.

The runner's group of friends represents the organization. These friends may pull the runner along to a higher level by signing them up for a race – 5K, 10K, or marathon – beyond their current level. In that case, the runner has to figure out the training plan that works for them to successfully and safely complete the next race. Training to compete in higher races is a gradual progression that takes time and dedication.

But what if you, as an individual, want to advance your mastery of legal ops beyond the level that your company currently needs? This often happens as individuals start learning more about legal ops. Perhaps you've attended a few conferences where you've been inspired to adopt more sophisticated levels of strategic planning – think Corporate Legal Operations Consortium (CLOC) or the Association of Corporate Counsel (ACC).

Sometimes a runner is self-motivated to seek higher levels. Maybe our runner has been reading online and wants to try out new equipment or an entirely new running method. This runner might explore a new level without their friends or push their friend group to a new level.

What's Next?

The majority of this book discusses the individual levels – but before we dive in, let's cover a few introductory matters. First, let's review the purpose or mission of legal ops.



The Mission of Legal Ops

What is Legal Ops?

Legal ops is a broad term that's used to describe the business activities, methods, processes, technology, and people that combine to optimize legal service delivery to a business.

The goal of having legal ops is to maximize the in-house legal department's ability to protect the company and help it grow.

To achieve that goal, legal ops focuses on a range of skills or competencies. We'll dive into competencies and roles in the next chapter, but generally speaking, legal ops encompasses:

- **Managing the legal department's finances – outside counsel spend, accruals, and budgets**
- **Tracking and managing matters, practice areas, outside counsel, and library of knowledge**
- **Preparing the legal department and the organization for change**
- **Selecting, implementing, and creating the long-term roadmap for legal technology**
- **Protecting intellectual property and controlling legal and compliance risks**

When it comes to the purpose of legal ops, it's easiest to think about what a legal department – and the organization it supports – look like in its absence. Without legal ops, we commonly see the legal department struggle to understand where their dollars are going, what matters are being worked on, and which law firms are doing the work. Not only does this make it difficult to predict what spending will look like in the future, it's nearly impossible to justify budget requests.

This also means the legal department can't identify trends, outliers, or more importantly, warning signs that something is wrong. This reactive mode and lack of visibility fuels the stereotype that the legal department is a cost center and bottleneck for the organization.

Legal ops works to reverse these worst-case scenarios.

The Value of Legal Ops

[Research from Gartner](#) has established that legal departments that don't include a role for legal operations spend 30 percent more than those departments that have incorporated legal operations.

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While it's clear that legal ops results in clear savings, the function does more than save money. In the Association of Corporate Counsel's [Chief Legal Officer's Survey](#), 70 percent of chief legal officers reported that their executive leadership frequently sought out their input and advice when making business decisions.

A legal department that has maximized its own operations can contribute meaningfully to strategic planning for the organization, with greater visibility and control over:

- **Legal spend**
 - **Individual matter outcomes**
 - **Vendor performance**
 - **Litigation readiness**
 - **Regulatory compliance**
 - **Intellectual property management**
 - **Contractual risk**
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8 Reasons to Kickstart Your Legal Ops Journey

1. Gain visibility into your department's spend
2. Create more predictable costs
3. Reduce unnecessary spend
4. Adopt technology that streamlines repetitive tasks such as billing
5. Produce data that can be used to improve results over time
6. Identify time-consuming and error-prone manual processes
7. Create smooth and consistent workflows in their place
8. Improve communication and collaboration across all of your business units

The Fully Optimized Legal Ops Function

You might expect a fully optimized legal ops function to have a robust tech stack, an enormous budget, and a team of operational specialists – an expectation that may also deter you from embarking on the legal ops journey.

But in our view, a fully optimized legal ops function provides exactly what its organization needs, at a team size and price point that works for that specific organization. If you're in a small company that doesn't have extensive legal needs, your optimal legal ops "team" might simply be a paralegal whose time is split managing e-Billing and more traditional paralegal tasks.

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A fully optimized legal ops function provides exactly what its organization needs, at a team size and price point that works for that specific organization.

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This structure isn't a bad thing. It's a reflection of the fact that legal ops is often pulled by the demands of the organization. What the company as a whole needs, legal ops will provide.

Fulfilling the Levels of the SimpleLegal Legal Ops Maturity Model

Assuming that higher is better with any type of level-based model is almost instinctual. Yet, we want to make it clear that in the SimpleLegal Legal Ops Maturity Model, reaching the next legal ops level isn't necessarily better. It could be a waste of valuable budget and legal resources to strive for a level of functioning that your organization doesn't need.

Now comes the next logical question. How do you know what you need and what you don't? That's what our maturity model is for! We'll highlight the key initiatives that should be on your mind as you progress in legal ops maturity and why. Plus, the things you simply should overlook...for the time being. It doesn't mean you won't ever need these things, you just might not need them now.

For those who fulfill each level of legal ops maturity, the skills built, the technology acquired, and the capabilities practiced in each level form the necessary foundation for your success at higher levels. Don't try to skip levels and be comfortable moving at your own pace to ensure the time, budget, and support you need.

A runner needs to proceed through the early levels if they're to have any hope of reaching a higher level. Figuring out how to train for and run a 5K is an important precursor to running a 10K, a half-marathon, or a full 26.2-mile marathon. If our runner were to jump straight from the couch to an intensive marathon-training program, they'd end up hurt, discouraged, and back on the couch before too long, because they wouldn't be ready for the challenge.



It's a Marathon, Not a Sprint

We've had customers ask for top-end functionality when they're in the early stages of legal ops maturity – and we don't blame them. Customized outside counsel guidelines or a robust panel management program provide countless benefits and bring a level of sophistication and efficiency to your department, but are you truly ready for them?

When this happens, we have candid conversations to discuss why a specific feature is so important to the customer and the outcomes they're trying to achieve. We can then discuss how to manage the features and determine what foundational steps need to be taken to ensure success both in the short and long-term. It's not just about the features and functionality you need, but the proper team and processes as well.

We're providing the framework for legal ops maturity based on our experiences with legal ops and in-house teams. We'll do our best to illustrate the levels with case studies and real-world examples, but exactly what you learn or implement in each level may vary slightly, as will your definition of when you are "in" one level versus moving on to the next level. There's nothing wrong with that.

This journey is your own – and we're excited to show you the path.





03

LEVEL 1

Gaining Transparency

Not Yet a Run, But a Power Walk



LEVEL 1



In Chapter 1, we introduced the journey our runner would embark on to potentially become a marathoner. But to start, our someday runner isn't a runner at all. They might stroll around the block, but they don't think about more than putting one foot in front of the other.

But what if our someday runner is motivated to exercise?

It might be that someone in their friend group has asked them to join a walking club or their spouse is encouraging them to develop a healthy fitness routine. Whatever the motivation, our someday runner wants more structure around their physical fitness.



LEVEL 1



LEVEL 1 STARTING LINE

Your Current State of Legal Ops

Before we dive into what Level 1 looks like, it's important to review what a department's legal ops looks like before embarking on any formal legal ops initiatives.

- **How does it operate?**
- **What are its main goals?**

If this is where you are now, the following may sound familiar.



Legal Department Structure

Most often, an organization on the cusp of Level 1 exclusively relies on outside counsel or has a one-person legal team – an attorney might be acting as corporate counsel or this person may be a solo GC.

There's no defined legal ops role that monitors the legal department's operations – and that's okay. Tasks that'd typically fall within the scope of legal ops, like managing invoices or contracts, are likely taken on by an administrative assistant who performs additional responsibilities that span departments beside legal.



Technology

You lack specialized legal technology and are using spreadsheets or accounting programs. You may be working with inherited technology from other departments – finance's Oracle, HR's Workday, and IT's file-sharing system – even though these applications don't track the information and detail legal is interested in.





Financial, Matter, and Vendor Management

At this stage, the primary focus is providing sound legal advice to the organization.

You don't have the bandwidth to worry about invoice or vendor management. This isn't a problem as long as your organization is operating at the same level and no one is asking for additional information. You're doing great legal work and meeting the legal needs of the company.

But...what if your organization starts to ask more of the legal department?



LEVEL 1



LEVEL 1 MOTIVATION

Do You Need to Gain Transparency?

Legal teams that are ready for the Level 1 race will likely share the following challenges:

- Legal information is spread across email, multiple systems, or on desks
- It's nearly impossible to keep up with pending matters
- There's no way to find out the number of law firms you're working with at a given time

You'll also find that the legal department is lagging behind the needs of the organization, leaving you:

- Frustrated fielding questions without easy access to answers
- Tired of only being able to "guesstimate" when you're asked for quarterly legal spend
- Concerned about the status of matter X, why it's so expensive, and whether it's actually worth it
- Wondering whether law firm Y is doing enough work to justify its extensive bills

3 Key Indications You Lack Necessary Transparency

1. The CFO or CEO has questions about legal spend amounts that you can't answer
2. There's limited visibility into spend, matters, and vendor relationships
3. It's difficult and time consuming to identify spend amounts

Ultimately, there's a disconnect between what your company needs from you and what you can provide with the workflows you currently have in place.



LEVEL 1 CHECKPOINTS

Steps to Fulfill Level 1 and Gain Transparency

The primary goal in Level 1 is to start to gain transparency around your operations by tracking basic financial, matter, and vendor information without additional overhead effort.

Step 1: Identify Current Legal Ops Workflows

At this early stage, you need to identify your current legal ops processes and honestly evaluate what works and what doesn't. Some questions to ask:

- **How does the legal department receive invoices?**
- **Where is that data for those invoices being stored?**
- **What data from those invoices is most important? (We'll cover this in the following section but it's important to start thinking about it now)**
- **What operational tasks are preventing you from advising and protecting the business?**

It also means finding out what you need to know as an organization, not just as a department. Talk with accounts payable to understand:

- **What are the requirements for paying an invoice?**
- **What approvals do you need to submit an invoice?**
- **Do specific employees need to sign off on invoices above a certain spend amount?**
- **Do multiple approvers need to be involved? What does that hierarchy look like?**

A concentrated effort to obtain key data points isn't an easy task – and it's a time consuming one at that. Many legal teams haven't embarked on their Level 1 journey simply because they don't have the time to take a step back and organize their processes. However, devoting time to better understanding how things work will pay dividends in the long-term and provide a foundation to continuously optimize your department's efficiency and effectiveness.



Don't Shy Away from Leveraging Available Resources

Keep your peers in mind! There are many legal teams that have been there before and you should use them as a resource to help identify useful metrics, then work backwards to determine necessary data points.

You can even reach out to fellow business units like HR or marketing. They've likely gone through a data transformation and can provide pointers on how they determined which metrics to use to drive efficiency within their respective departments.

Step 2: Adopt an e-Billing and Spend Management Solution

Now that you have a better understanding around your organization's billing and payment requirements, you'll need to get invoice and matter information out of emails and spreadsheets and into a single, well-designed system allowing you to track spend by matter, practice area, vendor, and other variables. This is where an e-Billing or spend management system comes in.

76% of legal ops professional surveyed leverage e-Billing and spend management systems, making it the most commonly implemented technology in legal departments.

- [CLOC 2020 State of the Industry Report](#)



What About All My Contracts?

We haven't talked much about contracts, so you might be asking, "What if my main responsibility is managing contracts or controlling related risks?"

If you work in a contract-heavy industry, enterprise software for example, where a majority of legal work is performed in-house, you're going to want to adjust your Level 1 goals to include transparency around your contractual obligations. That may involve adopting a specialized contract lifecycle management (CLM) system in addition to, or even in place of, your initial spend management solution.

While your primary focus might not be around financial spend, your path will be similar to those who implement e-Billing. You'll seek visibility into your contracts (instead of spend) and begin to implement best practices for collecting that data to ultimately drive better decision making.

There are numerous e-Billing and spend management systems on the market, giving legal ops teams a variety of selection – so how do you know where to start when evaluating solutions? We recommend (and we may be biased) a solution with the following three characteristics:

3 Must-Have Characteristics of an e-Billing Solution

1. **Intuitive** – There's no point in spending the time, resources, or investment in a legal tech solution if it's not adopted by your team. Look for a solution that is easy to navigate and doesn't require hours of training. The more intuitive the solution, the higher your adoption rate, and the easier it is to realize department wide benefits.
2. **Configurable** – Look for a solution that allows you to build the guide rails that best align with your team needs. Especially for companies just starting out with e-Billing, a solution that provides you with too many bells and whistles or endless customizations can pigeon hole you into a specific workflow that may not easily



scale with your growth. Plus, the more complex, the longer the implementation and associated cost.

- 3. Innovative** – Innovation is an important characteristic of first-class legal software. Because this e-Billing solution will be the foundation of your technology stack, it's important that the vendor you select is consistently investing in their product, regularly releasing new features, and using the latest and most reliable technical protocols and standards.

CASE STUDY

Insurance Customer Saves 55 Hours in Bill Review and Reduces Legal Spend by 6%

One of our customers was a solo GC. He had no system in place to track outside counsel. Law firms would submit a bill, it'd be approved, and payment would follow – no questions asked.

After adopting SimpleLegal, he was able to create an automated process for submitting and reviewing invoices, exposing individual line items in easy to-read dashboards and reports. A streamlined process and increased visibility into spend, coupled with 100% of his law firms submitting invoices through the system saved him 55 hours in bill review and reduced legal spend by 6%!



Step 3: Start Thinking about How to Manage Change

Change management is a critical component to success – especially when implementing an e-Billing solution. At this stage in legal operations maturity, you don't need to launch a complex change management initiative, but you should have conversations with your internal team as well as your law firms.

Addressing Internal Change Management

When speaking to your internal team, don't confine your conversations to the legal department. Make sure to communicate changes with other stakeholders such as IT or finance. Getting their buy in early will be key for long-term success. Key talking points to consider might include:

- **Why you're implementing an e-Billing system and what problem you're trying to solve**
- **How it will affect each member of your team's day-to-day operations**
- **How team leads can communicate the changes with their law firms**

Addressing Law Firm Change Management

Law firms may need some time to adapt to process change, so it's important to communicate the benefits of e-Billing for both parties. Try to notify your law firms well in advance that they'll stop submitting paper invoices to ensure any questions are addressed in a timely manner. Additional talking points to consider:

- **What spurred the need for an e-Billing solution**
- **Benefits for your law firms including a predictable payment process, opportunity to identify errors earlier in the billing process, enhanced collaboration due to greater process visibility**
- **Expectations for billing (we'll cover billing guidelines in the next chapter, but if you don't yet have any in place, this is a great time to start thinking about some)**

Designate one person as the point of contact for your firms, ensuring they know who and how to contact when an issue arises. You'll also want to document any concerns you encounter. This will help later to work through your firms and build out a more formal change management program.



Change Management Advice for Solo GCs

If you're the only person representing your legal department, do you really need to think about change management?

Yes! You may not need to create an end-to-end change management program, but it's still important to consider the impact of any planned changes to other departments. While these changes may be disruptive, it's important to consider the additional value you'll be able to offer to your enterprise by making these improvements.

A suggested start – focus on highlighting your increased capability and demonstrate the reduction in workload for other departments, like finance, that have previously spent a lot of time sifting through financials.



LEVEL 1 FINISH LINE

What You've Accomplished

Power Walking Across the Finish Line

Our someday runner has gained comfort with a few basics. They've added some fast walking, thought about heart-rate management, and started to identify a comfortable pace and distance. They're not yet a runner, but they've conquered the power walk and are moving in the right direction. This is a terrific first step – it may be all the activity that's needed.

When your legal department fulfills Level 1, you'll have:

- **Automated many manual processes for significant time savings**
- **Invoices and associated information stored in an e-Billing solution**
- **A single source of truth for matters and spend**
- **Greater transparency and knowledge of where you stand in regards to your matters and payments**

Now that you have an e-Billing solution to readily track invoices, you can start to monitor their status. Whether you're a solo GC overseeing this new process or you have someone providing additional support, it'll become easier to answer basic questions about your organization's legal spend without undertaking an inordinate effort or having to "phone a friend" in finance. If you've gotten this far, congratulations; you should be proud! You're doing everything you need to be doing as long as your organization stays at Level 1.

Of course, if your company moves to another level or changes its expectations for legal, that's a different story. That's what we'll consider in the next chapter.



LEVEL 1





LEVEL 2

Containing Costs and Processes

Moving Up to a 5K



LEVEL 2



For some, hitting the sidewalk for a power walk a few times a week will be sufficient exercise. They're happy to keep it simple and enjoy the benefits of a regular walking program.

But what happens when our power walker is ready to do more?

Maybe their walking group has signed everyone up for a 5K, or they're feeling self motivated to take it one step further and start jogging.

Whatever the reason, our budding runner will introduce more rigor into their routine and start stretching to prevent injuries. They'll continue building their fitness and endurance, hitting their stride with an exercise plan that will prepare them for the upcoming 5K.



LEVEL 2



LEVEL 2 STARTING LINE

Your Current State of Legal Ops

We'll start Chapter 6 by briefly revisiting Level 1 to identify signs that your organization needs you to move to Level 2.



Legal Department Structure

Your legal department is small with no dedicated legal ops staff. Your legal spend has been relatively steady but you know your organization is growing, with its legal requirements increasing alongside.



Technology

You've implemented an e-Billing solution. You're using this new tool to accumulate and organize all your matter and vendor data; plus critical processes and metadata. You've been working cross-functionally across the company with departments like finance to ensure alignment.

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Metadata is data that describes data such as author or date modified



LEVEL 2



What About All My Contracts?

If you focused on contracts in Level 1, you've corralled them into a CLM system, which means your days of dumping contracts into a file drawer are over.

Increased visibility into your contractual agreements means you can start using data to think about:

- **Identifying the highest priorities for creating consistent terms and conditions**
- **Monitoring and reducing risk with more visibility into contractual obligation**
- **Gaining more revenue through better performance and monitoring**

If you haven't yet focused on managing financials, now is the time to revisit e-Billing and spend management. If you're able to, incorporate both CLM and e-Billing so that you have end-to-end visibility across your finances, spend, matters, and contracts.



Financial, Matter, and Vendor Management

Your invoices live in a single repository and you've gained transparency into your matters. The right people are being brought into the approval process at the right time and you have a list of your vendors and a much better idea of the matters they're working on.



LEVEL 2



LEVEL 2 MOTIVATION

Is Cost and Process Containment Necessary?

You can answer basic questions about who's working on what and what it's costing, but you're not yet exerting control over that spend. However, you may need to graduate to Level 2 if you're finding that:

- **Visibility alone is no longer sufficient to answer questions about growing legal spend**
- **The number of law firms being engaged starts to grow and managing the onboarding, training, and administration of this group is becoming overly burdensome**

If you manage a high volume of contracts and implemented a contract management solution in the previous level, you'll need your contract management process to progress if you see an influx of questions about obligations to customers and vendors. You'll want to start thinking about templated language and terms to reduce overall risk.



LEVEL 2



LEVEL 2 CHECKPOINTS

Steps to Fulfill Level 2 and Contain Costs and Processes

Step 1: Identify Staff to Support Legal Ops

Increasing legal spend means you're going to need at least a partial role dedicated to legal ops. Most organizations satisfy this need by hiring or repurposing an executive assistant or a contracts analyst who can focus on implementing operational improvements.

Step 2: Optimize e-Billing

You've implemented an e-Billing and spend management system to start collecting data. Now, you'll want to review whether that solution can help you further streamline processes and eliminate manual tasks. A few questions to identify optimization opportunities at this level include:

- Do you have a defined process for initiating a new matter? If not, what should the process look like?
- How can you review vendor engagements for possible savings and consolidation opportunities?
- What are your funding needs from various practice groups within legal and for work outside of legal?
- Are there opportunities to deploy billing guidelines to comply with corporate expense policies and practices?



LEVEL 2



Find an Ally in Your AP and Finance Teams

We love it when legal teams loop their financial counterparts into the evaluation process. It makes sure everyone's expectations and requirements are heard and understood, resulting in a smooth e-Billing implementation. But that relationship with finance doesn't end once you've implemented the solution.

At this stage in legal ops maturity, you'll want to set up an initial meeting to review your e-Billing system's capabilities and walk them through the system. We even recommend providing finance (or at least a primary contact in finance) with access to your e-Billing solution. This ensures that everyone is working from the same numbers, while giving you the opportunity to highlight the spend management work you've done with your financial counterparts. Depending on your organization, you may be ready to discuss integrating e-Billing with your accounts payable (AP) system for even more cross-functional visibility.

Meeting with finance will also help define how other steps in this chapter shape up, like billing guidelines and accruals collection, so more to come on these topics!

Step 3: Start Planning Your Technology Roadmap

Next, you'll start considering the business as a whole and any new technologies that would further help support the business in meeting critical needs. Which technologies you adopt next will be dependent on these organizational and departmental goals, but will also be influenced by workload, current personnel, and structure of the legal department. For example, a business that navigates a considerable amount of litigation might need to invest in legal hold, e-discovery, and document management software, but the order in which they integrate these new technologies into their process will vary.



LEVEL 2



We'll dive into technology adoption further in Level 3, where you'll translate your roadmap into a fully-functional technology stack. In the meantime, the following will help you start plan your technology roadmap by surfacing outstanding legal department needs:

- **Identify where your team is spending most of their time**
- **Think about what activities could be automated for greater efficiency**
- **Look at gaps in processes or where processes break and become burdensome**
- **Find activities requiring duplicate data entry (manually inputting data in multiple systems)**
- **See if there's friction between legal and other departments and the root of that friction**

A Caution about Legal Technology

Technology fixes all problems, right? Not necessarily. If the underlying processes for managing work are undefined or inefficient, adding software won't help. Consider the team's priorities and the business's needs before purchasing software. Even the best technology isn't one-size-fits-all; matching requirements to technology is a crucial step.

Once you start to outline your needs, reach out to potential technology vendors. This is undoubtedly a time and resource investment, but keep in mind that the best technology vendors are long-term partners. If you're evaluating legal tech, the vendors you evaluate can provide you with recommendations for system design, implementation, and should even provide healthy pushback on requirements that might not align with your stated goals. They're the experts and should demonstrate that to you early in the evaluation process.



LEVEL 2



Step 4: Create Outside Counsel Billing Guidelines

Level 2 is where you'll want to sit down with your legal team to understand what you consider to be acceptable billing practices (e.g. block billing) and expenses (e.g. copying). Keep in mind, the purpose of billing guides is to strengthen the relationship between a legal department and their law firms, not to dictate terms.

5 Common Sections of Billing Guidelines

Billing guidelines can be limited to a handful of pages or they can reach upwards of 50. Common sections in billing guidelines include:

1. Purpose and Scope (Introduction)
2. Staffing
3. Billing
4. Timing
5. Signature Page

For step-by-step instructions on developing new or evaluating current billing guidelines, check out [the complete guide to billing guidelines best practices](#).

Once you've created your billing guidelines, communicate your expectations around billing practices with your law firms. Setting aside time to have a conversation will allow for an open dialogue around what you've included in your billing guidelines and why.

When it comes to enforcing your billing guidelines, the e-Billing and spend management solution implemented in Level 1 will play a key role. Modern e-Billing solutions allow you to set up logic-based rules that automatically flag or reject line items that don't comply with the guidelines you've put in place. In addition to being a highly effective cost control measure, it allows you to initiate more productive



LEVEL 2



conversations with your law firms around billing best practices and how your law firms can partner with you to provide maximum value.

Step 5: Contain Finances, Matters, and Vendors

Once you have visibility into your legal spend, you can start recognizing what's normal, what's out of the ordinary, and the differences between the two.

Specifically, you'll start answering questions like:

- **What matters are most costly?**
- **Which vendors (based on expertise, price, etc.) are best for specific matter types?**
- **Are there vendor relationships that could benefit from a fee discussion?**

Tracking your expenses and investigating line items categorized as "other" are great initial steps to further refine your data, as well as improve communication with vendors around billing expectations. The more insight you gain, the more control you'll have.

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Knowledge of your team's budget and the factors influencing vendor selection and engagement are 2 other levers that will influence how you control spend.



LEVEL 2



A Process for Collecting Unbilled Estimates

A large piece of controlling costs is predictability. When it comes to outside counsel spend, knowing what your law firms are working on and how much it will cost at the end of the project is not only important for budgeting, it demonstrates that your law firms are reliable partners and can accurately estimate the scope, cost, and timeline for a specific project.

The best way to get visibility into your law firms' work in progress is by collecting unbilled estimates, also known as accruals. Work with your accounting team to understand their requirements for processing payments. This will help you determine how your law firms need to calculate accruals accurately, as well as a window for when your law firms need to submit accruals in order for the estimates to be meaningful.

With the right e-Billing solution, you'll be able to streamline the accruals process by setting up automated emails requesting unbilled estimates from all of your firms. You can then use this data to compare accruals versus actuals to identify which firms are accurate and providing the most value.

For more information on accruals, read our [Accruals Communications Kit](#) which covers everything from how to set up accruals to having a productive conversation with your law firms.

Step 6: Expand Your Change Management Efforts

As your department, technology, and supporting processes mature, you'll need to build out your change management program. You'll want to start working more closely with the change champions identified in Level 1 to solicit feedback from those impacted by any changes – internally within your department, across the organization, and amongst your law firms. You'll also want to make sure that your budding legal ops function has the support of leadership.



LEVEL 2



Best Practices for Legal Change Management

We strongly believe in planning for change. All legal departments can benefit from a thoughtful change management program that highlights:

- **The Why** – Adoption rates will be higher if you're to clearly show the problem that you (and the department) were running into and how it was preventing you from attaining results.
- **Short and Long-Term Benefits** – Don't simply list the changes and share them with your internal team and law firms. Think about, and share, how these changes will be beneficial for all those involved (e.g. finance, IT, compliance).
- **Needs from Other Stakeholders** – We've all heard the saying, "too many cooks in the kitchen" and understand that involving too many people in your change management program can delay the project, however involving key finance and technology stakeholders will help generate excitement and buy-in while ensuring everyone is on the same page.

For more details on change management, [check out our change management white paper](#) that highlights how to create and launch a successful in-house, change management program.

Step 7: Compile Basic Reports and Analytics

Now that you've consolidated data into a single hub, you can learn how to access, search, and filter that data to generate useful visual reports. If you've been feeling pressured to be quantitative in your discussions with the leadership, Level 2 is where you'll start to gain comfort.



LEVEL 2



5 Key Reports for Legal Teams to Get Started With

As you become more familiar with your data, you'll learn to use it to "tell your story". The following 5 reports are a great way to start. Even if you haven't compiled enough data to entirely populate these, they should be viewed as both foundational and aspirational.

1. **Overall Spend by Practice Area and Business Unit**
2. **Law Firm Matter Activity**
3. **Average Hourly Rate for Outside Counsel (Timekeeper Rate)**
4. **Accruals (unbilled work; work in progress) vs Actuals**
5. **Time to Process Legal Invoices**



LEVEL 2



LEVEL 2 FINISH LINE

What You've Accomplished

The Pride of Completing Your First 5K

Going from minimal exercise to running a 5K has our Level 2 runner proud of their progress and accomplishments. They have the skills to integrate running into their everyday life – including a running routine where they can see and feel the benefits of their new, more active lifestyle. This is a significant change from where they started and it's setting a strong foundation for potential improvements.

When your department has fulfilled Level 2, you'll have a centralized list of matters that is easily sorted by practice area, vendor, etc. which gives you the ability to:

1. **Manipulate your data**
2. **Surface your department's achievements**
3. **Identify how you can better align with departmental goals and support the company as a whole**

When it comes to your vendors, you'll have a clear idea of which law firms are working on what matters, giving you insight into some of the factors driving matter assignment. Your data will reveal which firms perform similar work and their respective rates and expertise; possibly influencing a common practice of matter assignment based solely on relationship.

So long as your organization is operating at Level 2, you're in great shape. Of course, if your company jumps up a level, that's a different story. That's what we'll consider in the next chapter.



LEVEL 2





05

LEVEL 3

Managing Operations

The Level 3 Race: Conquering the 10K



LEVEL 3



Feeling stronger and in better shape, our runner isn't intimidated when their running group pushes for a major event in their area: the 10K or 6.2 miles.

The skills and abilities our runner has mastered so far serve as the perfect training for a 10K.

They've developed their endurance and increased workout intensity – and because our runner didn't jump feet first into a 10K, the race ahead seems achievable, even if it's a bit intimidating.



LEVEL 3



LEVEL 3 STARTING LINE

Your Current State of Legal Ops

We'll start Chapter 5 by briefly revisiting Level 2 to highlight key areas that indicate the need to move to Level 3. Keep in mind, the decision to move to the next level may be driven by external pressure (e.g. scrutiny of spend). It may also be driven by internal pressure to be a highly efficient legal department.



Legal Department Structure

The legal team has a general counsel, supported by a commercial contracts specialist, an admin, or perhaps a general assistant. Whatever the title, this person is handling legal ops work on a part-time basis in addition to other responsibilities. However, legal spend is on the rise and additional support will be required as the department continues to evolve.



Technology

e-Billing technology has been implemented. Depending on your organization's needs, you might have, or be in the process of, adopting solutions like e-discovery software, a document management system, or some kind of IP management tool.



Financial, Matter, and Vendor Management

You have a master list of matters with visibility into which vendors are handling those matters and which matters are pending. Because of this, you can quantify your department's overall spend and are starting to tell legal's story through data.



LEVEL 3



What About All My Contracts?

If your company manages a high volume of contracts, you also have those contracts entered into a CLM system. You're still a small organization with limited negotiating power so you're not dictating terms consistently, but you know what you've agreed to do for others and what they've agreed to do for you.



LEVEL 3



LEVEL 3 MOTIVATION

Is There a Need for Stronger Operational Processes?

Climbing spend is one indicator of underlying factors that can push a department to the next level. For instance, climbing spend may draw more scrutiny from finance which may drive upleveling. It may also foreshadow the need for more troubleshooting or vendor onboarding (e.g. training on billing guidelines, accrual posting, e-billing system use). This type of process improvement is more feasible when compared to additional headcount at this point in the team's development.

Another indicator is the reliance of teams outside of legal on legal systems and data. For example, once legal begins to gather more data on spend, finance may see the reliability of this data over their own. For those focusing on contracts, business units like sales and customer support may come to rely more heavily on legal's contract management system data as it becomes more accurate and a "source of truth" around contractual obligations and customer agreements.



LEVEL 3



LEVEL 3 CHECKPOINTS

Steps to Fulfill Level 3 and Manage Operations

Level 3 is all about building out and managing your operations at scale. You'll also be collecting a vast amount of data, allowing you to make informed decisions that align with your departmental goals.

Step 1: Make a Dedicated Legal Ops Hire

To manage growing legal spend and ensure departmental efficiency, you'll need someone devoted to legal ops full time. This might continue to be an assistant or a paralegal rather than an attorney, or in some cases, may warrant hiring an experienced legal ops professional.

How do you know if you should promote from within or hire someone new? In our experience, we've seen both paths lead to success! Your decision will depend on the makeup and skillset of your current team and how you plan to grow the function. We love the legal ops role because it provides a great career path and opportunity for those looking to expand their role to be more multi-functional. Ask yourself:

- **Who is currently managing tasks related to legal ops?**
- **What other responsibilities do they own?**
- **How much time are they devoting to legal ops?**
- **What challenges would the team face with this candidate in a legal ops role vs. challenges faced with an outside candidate?**

Other things you'll want to think about are organizational growth and goals. If your company is quickly growing and has increasing legal needs, you may need someone with more experience in legal ops who can bring repeatable, tried-and-true processes to your department and organization.



LEVEL 3



Making Your First Legal Ops Hire: 5 Skills to Look Out For

The dedicated legal ops role requires a unique mix of talent – and has attracted a wide range of professionals both with and without a JD. When hiring for the first time, these top 5 skills are a great fit for a legal ops role:

1. **Business Acumen**
2. **Financial Acuity**
3. **Collaborative**
4. **Tech Curiosity**
5. **Willingness to Learn**
6. **Ask Questions**

You can also [download our sample job description here](#) to kickstart your hiring efforts.

Step 2: Start to Build Your Legal Technology Stack

You're seeing the benefits of e-Billing technology – automation, process improvement, efficiency, plus a wealth of data to inform decision making.

Now's the perfect time to take what you've learned and introduce additional technology to meet the specific needs of your organization. We've found that organizations typically fall into one of four focus areas: contracts, litigation, regulatory, and patent.

These four focus areas will help guide which technologies to onboard next. For instance, an organization that executes a lot of contracts will want to look into tools to like document management, eSignature, contract lifecycle management, and e-Billing and spend. On the other hand, a company that's patent heavy might benefit from a slightly different set of technologies such as an IP, e-Billing and spend management, and matter management software.

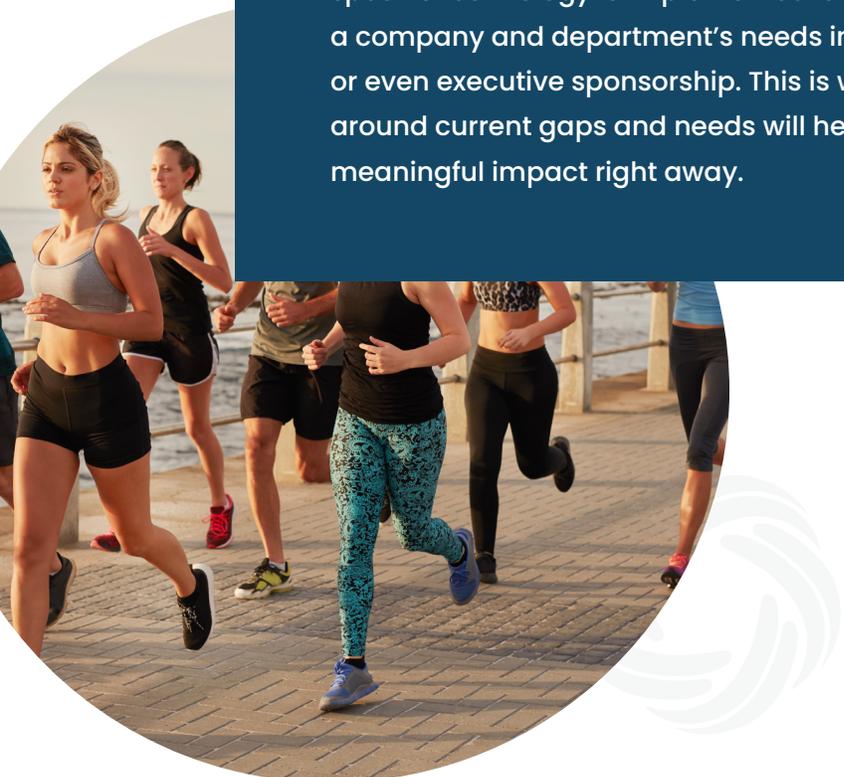


LEVEL 3



The Right Time to Onboard New Technologies

We'd love to say there's a playbook for when to introduce each of the technologies listed above because they all provide unique benefits and value. However, when a specific technology is implemented is influenced by many factors that extend beyond a company and department's needs including budget, resources, technical support, or even executive sponsorship. This is when the information you've collected in Level 2 around current gaps and needs will help you prioritize the technology that will make a meaningful impact right away.



When a specific technology is implemented, it's influenced by many factors that extend beyond a company and department's needs including budget, resources, technical support, or even executive sponsorship.



LEVEL 3



Legal Tech Documentation Results in Stronger Legal Ops

Whenever you introduce a new technology, document its:

- **Intended purpose**
- **Key use cases**
- **Noted limitations**
- **Any materials for training on the software**

Not only will this help onboard new members of your growing legal team, it will help create a view of how your department operates. This will be essential in helping you optimize your technology usage throughout the maturity of your legal ops.

The technologies you adopt will create your “technology stack”. In addition to integrating e-Billing with your organization’s AP system which we touched on in the previous chapter, you’ll start thinking about how your technologies will talk with all the other systems your organization uses on a regular basis. In addition to ensuring all users see consistent, accurate data across platforms, you’ll reduce the chance for errors and save countless hours by eliminating the need to enter the same data in multiple systems.

Step 3: Control Finances, Matters, and Vendors

At this point, you’ve collected enough data to know your spend across a full fiscal year. Because you know which firms worked on which matters and have amassed data on accruals and actuals, the next step is to create a list of preferred vendors, also referred to as a vendor panel, for each practice area.

Compare firms doing similar work to determine whether Vendor X is delivering the best value for your money and look into data around how long a matter is open to see if Matter Y needs to be wrapped up and closed out. From here, you can take the first



LEVEL 3



step in analyzing your vendors by comparing prices. This drives a discussion around AFAs and value-add services so you can start adjusting your work assignments based on what you're learning about vendor performance and matter outcomes. Ask questions such as:

- Are firms charging similar timekeeper rates for similar matters?
- Can maximum rates for different types of timekeepers be established?
- Are some outside counsel clearly overcharging? If so, are their results strong enough to justify that expense?

Start adjusting your work assignments based on what you're learning about vendor performance and matter outcomes.

Only when you're managing your affairs consistently will you be prepared to compare vendors and strategically choose the best counsel for each matter or matter type.

Improving Internal Workflow Management

When it comes to matter management, don't just focus on outside counsel matters. Matter management includes the matters you're handling internally, too! Get a better understanding of which matters are handled internally versus externally so you can make the most of your in-house and outside counsel resources.

One area to focus on when it comes to internal matters is how others in the company engage with legal services. While walking by someone's desk or sending an email can be quick and easy, it's also inefficient. Having a structured intake process for internal requests – and ensuring that everyone in your organization is aware of how to submit requests – will save time and help to establish legal as a valued partner.



Step 4: Revisit Your Billing Guidelines

Level 3 is the perfect time in your legal ops maturity to revisit which firms have been adhering to your outside counsel guidelines. We recommend meeting with your frequently used firms on a quarterly basis to review billing guidelines and discuss any outliers.

This type of frequent communication helps establish that you're actively monitoring compliance. This is a great reason to implement a vendor panel, allowing you to focus enforcement on the law firms that are highly used and invested in the long-term relationship.

Having an honest and open conversation to discuss billing guidelines with your firms demonstrates how important billing guidelines compliance is to your organization. It should also be a sign for your firms that compliance will be instrumental if they want to be a long-term partner.

6 Figure Savings by Enforcing Billing Guidelines

e-Billing is critical to effective billing guidelines enforcement, providing the ability to auto flag or auto reject line items that don't adhere to your guidelines. Not only does this act as a cost control measure, it becomes criteria to evaluate your firm's ability to follow your directions.

To see how important billing guidelines are when it comes to outside counsel savings and overall spend control, [check out our webinar on legal spend savings](#). We discuss how to use your data in the most effective way possible, potentially saving you six figures in outside legal spend.



LEVEL 3



Step 5: Use Data to Forecast and Budget

Now that you're more comfortable with how to review and analyze your data, use that information to bring predictability to your spend and matter management process.

Start by looking at data that demonstrates why certain law firms are included on your preferred vendor list. Because you've worked closely with your firms to communicate your expectations around billing guidelines, accruals, and overall work quality, you can be confident in your firms' pricing and ability to deliver within expected timeframes. From here, it makes it easier to forecast and budget for future matters, litigation, or even upcoming fiscal quarters and years.

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This same data will highlight the cost-saving measures you've adopted to continually control and reduce your legal spend without sacrificing quality.

While it's great to be able to forecast and budget accurately, you have to share that information with others. Schedule time with someone on your finance team – it doesn't necessarily have to be your CFO. There's likely a point of contact that you've been working with already who will be a great has gained an understanding of the nature of legal spend, perhaps your finance business partner. Share your budget and forecast and how you've arrived at these numbers.

This level of increased visibility into your financials helps your finance business partner gain an even better understanding of your departmental goals and spend practices, becoming a reliable resource for you and your team. As we've mentioned in prior chapters, meetings on a regular basis will put you on the path to becoming an instrumental partner to your finance team and a strategic partner to the wider organization.



CASE STUDY

Legal and Finance Align at Software Company for Accurate Forecasting

An example of the beneficial partnership between legal and finance was highlighted when one of our customers in the software industry split off from their parent company. During this time, outside counsel spend was through the roof. Accurate accruals and working closely with finance helped identify run rate items that legal would have otherwise had no visibility into.

Because these items would only be billed one time and booked right to the accounts, separating them would help the head of legal ops justify higher spend that wasn't part of the normal legal budget and provide accurate forecasts for the following year.

Step 6: Build a Network of Trusted Legal Ops Professionals

We know how welcoming the legal ops community is. They're constantly exchanging notes, swapping best practices, and are continually seeking information from others who've walked the path before. At this point in your journey, you may have crossed paths with other legal ops professionals like yourself, but we highly recommend joining an association. We love groups like:

- **CLOC (Corporate Legal Operations Consortium)**
- **ACC (Association of Corporate Counsel) Legal Ops Chapter**
- **ETL: ATL's Innovation Center (Evolve the Law)**

Each host in-person and virtual conferences and have a host of online resources available. These groups join like minded legal ops professionals with one another and each has grown tremendously in the past few years. Reach out, share your challenges, and we can almost guarantee that someone will have firsthand knowledge of a similar situation with advice on what to do and what not to do.



LEVEL 3 FINISH LINE

What You've Accomplished

Hitting Your Stride and Crushing the 10K

After completing a 10K, our runner will be someone that others can immediately peg as a runner. They've gained a newfound confidence in their abilities and have created positive habits around exercise. Plus, they've become a part of a community of runners that's continually offering encouragement, running tips, and opportunities for how to become a stronger runner.

Your legal department is a fully functioning business unit. You have influence over which firms are handling what matters – and you're basing these decisions on hard data and reliable trends over time. With a preferred vendor list, any new matter will be opened with the outside counsel best suited for the matter's practice area, potential value, and importance to the organization as a whole.

You've taken appropriate measures to control or limit unnecessary or wasteful spend. Your outside counsel guidelines are up-to-date and reflect your department's values and expectations – all things you've learned as you've collected data and gained more visibility.

Most importantly, you're supporting your company as a valuable partner and you're able to quantify that value to the other leaders in your organization. Your general counsel is speaking in the language of other executives and is emerging as a trusted data-driven leader.



LEVEL 3



For most organizations, Level 3 is the pinnacle of legal ops. Yet, there will be organizations that will grow to new heights and demand more of their legal departments. There will also be legal departments that become more sophisticated operationally and will start to push themselves, motivated by the aspirational examples set by their peers in other legal ops roles – all of which propell a move to Level 4.



LEVEL 3





006

LEVEL 4

Driving Efficiency

The Level 4 Race: Tackling a Half-Marathon



LEVEL 4



Our runner has hit their stride. What was once a challenging power walk around the block is now considered a warm-up, with running an instrumental part of their everyday routine. Our runner is prepared and ready to add some serious weekly distance. The logical next step? A half-marathon.

The half-marathon is a big jump in distance.

It causes feelings of both fear and excitement as the standard 5 or 6 mile run that's become comfortable is nearly doubling to 13.1 miles. That said, our runner is proud of their accomplishments so far and is dedicated to putting in the work to continually add distance. They're ready to put their endurance and strength to the test.



LEVEL 4



LEVEL 4 STARTING LINE

Your Current State of Legal Ops

We'll spend this chapter diving into the key indicators that you're ready to embark on the Level 4 race, starting by recapping where you are now.



Legal Department Structure

The legal department has a growing staff under a general counsel, including several associate or assistant general counsels (AGCs), a full-time legal operations specialist, and administrative assistants and paralegals. The department is starting to break out into practice areas or legal specialties.



Technology

You're building a technology stack around your central solution – whether that's an e-Billing system or a CLM product – and financial information is being automatically sent to your AP or ERP system.

You've got numerous tools that address your specific organizational needs. All play a role in streamlining your processes and allow your legal team to focus on higher value legal work.



LEVEL 4



What About All My Contracts?

Now that your initial deployments have taken hold and you've accumulated historical data, check in with your stakeholders to find out what you're missing and what other factors you should account for. You can also ask your vendors to give you personalized recommendations about best practices. What have they seen – at the macro level – about your team's use of the contract system? For example:

- **Are there new functions that you could incorporate?**
- **Is your clause library ripe for updating?**
- **Are there additional system integrations, such as document management or e-signature, that you now have the bandwidth to deploy?**



Financial, Matter, and Vendor Management

You have a set of go-to reports detailing which matters are pending and what you're spending on each, as well as your most expensive matter types. You have a preferred vendor list and a concrete process for handling routine inquiries such as matter requests and billing disputes.



LEVEL 4



LEVEL 4 MOTIVATION

Is Legal Positioned to Drive Continued Efficiency?

A lot of work happens prior to Level 4 to streamline processes and drive efficiency. Start by taking a step back and asking yourself where you're going:

- **What do you need – whether it's people, processes, data, or technologies – to do a better job?**
- **What else can you do to save money and level out your spend?**
- **How could you be more proactive in managing your legal needs?**
- **How could you use the data you've collected to further improve your operations?**
- **Do you feel that outside counsel can improve service delivery to your legal team?**

As you work through these questions, you'll find motivation to enter into Level 4 if you need to demonstrate the impact of your legal operations initiatives on legal service delivery.

It's important to highlight that there's a mindset shift and an accompanying cultural change that occurs somewhere between Levels 3 and 4. Rather than thinking about how to control individual rates and individual matters, there's a shift to thinking about the portfolio of vendors and how legal needs to drive efficiencies. Legal ops also has the data to drive change, for example, demonstrating the ability to report accurately on spend and save money. In the eyes of other departments like finance and IT, legal has created credibility based on past successful deployment and management of systems, data, and spend.



LEVEL 4



LEVEL 4 CHECKPOINTS

Steps to Fulfill Level 4 and Drive Efficiency

Your goal in level 4 is to drive efficiency for your legal department, removing obstacles so that your team can work effectively with both outside counsel and cross-functionally within the organization.

Step 1: Create Legal Ops Specializations

You have a substantial legal department with a general counsel and team of admins, paralegals, contract and claims specialists, in-house attorneys, and at least one dedicated legal ops hire. Now it's time to expand your legal ops team to keep up with your growing spend, matters, vendor engagements, and technology stack.

To get the most out of Level 4, your spend and organization warrant a legal ops team of approximately five distinct roles focused on legal ops. While the team will grow over time and the exact responsibility breakdown will depend on your business, it often makes sense to expand the team based functional assignments such as:

- **Vendor Management** - e-Billing and POC for firms
- **Technology Specialization** - vetting, implementing, and maintaining systems
- **Project Managers** - process improvement and strategy

Depending on your organization, you may also be looking at a Contracts Coordinator Data Analyst to support your legal ops efforts.

Based on organizational and corporate changes in priorities, now might also be the best time to look broadly at functions around the legal department such as e-Discovery, knowledge management, or shared services, to see whether or not they should be included within the ops function.



LEVEL 4



Step 2: Optimize Spend with the 20/80 Matter Rule

Your repeatable, commodity matters (e.g. IP, transactional contracts, open source review requests) – typically about 80 percent of your total matters – can be managed with high efficiency. By grouping like matters together, you can batch-assign them to outside counsel for a fixed fee or other alternative fee arrangement.

Next, you'll want to focus on the other 20 percent of matters that drive a majority of your cost, spend, company value, and risk. Start by asking yourself what you can do to maximize the value you and the legal team receive from your firms. At this stage, overall value is the highest priority and the conversation becomes less about spend.

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Focus on the other 20 percent of matters that drive a majority of your cost, spend, company value, and risk.

To improve your service delivery and pricing, you might take some or all of the following steps:

- **Negotiate or require alternative fee arrangements or fixed fees for certain matter types**
- **Arrange for volume discounts for your high-volume matter types**
- **Work with alternative legal service providers to obtain lower-cost services**
- **Implement additional supplier controls, such as fixed fees or fee caps, to manage legal spend**
- **Build structured workflows for each of your major practice areas.**

Select matters outside this criteria may also be fair game for firms that are outside the panel – we're thinking "bet the farm" matters.



Step 3: Actively Manage Terms and Vendor Engagements

Substantial legal spend has created brand equity for your organization. As a priority account supported by a library of data on your finances and matters, you can influence greater value from your vendors by closely managing your vendors via clear communication.

What can I do with this information to enhance my team's performance, whether by saving money or working more efficiently?

This is when you'll start to engage your vendors as true partners. You likely have a panel in place, but the initial asks may have been purely financial. Over time, learning how to best work with your panel firms and clearly communicating expectations around billing, service delivery, and culture will enable you to engage your vendors as true partners.

With baseline data already gathered, you can refine budgeting and work with law firms on AFAs that are appropriate and measurable, while ensuring timely identification of possible budget issues. Now is the time to introduce team scorecards and feedback loops, which are helpful to look at quality of vendor advice, timeliness of response, as well as financial reporting. The combination of qualitative and quantitative information will also play a role in improving processes around specific matter types.

You are making proactive decisions about the procurement of legal services while setting expectations with both your outside counsel and your in-house staff around how you're managing your budget.

Step 4: Take Your Data to the Next Level

Your legal technologies are integrated and sharing data seamlessly – you're not looking to add new solutions to the mix. Your current systems don't necessarily get more complex from this point forward, yet your familiarity with the data collected by these solutions will open the door for new optimization opportunities.



LEVEL 4



Shift from a focus on day-to-day operations to a higher-level analytical focus. Instead of looking at data and wondering what it means, you're asking yourself, "What can I do with this information to enhance my team's performance, whether by saving money or working more efficiently?"

What can I do with this information to enhance my team's performance, whether by saving money or working more efficiently?

To answer this question, many companies begin to think about advanced reporting tools to better visualize their data. These types of tools support complex computations, datablending, and dashboarding, creating intuitive visualizations that deliver insights that cannot easily be derived from spreadsheets. Additional functionality like data drill downs, filters, easy sharing of reports, and scheduling reports will further automate tasks involved in repeated workflows to drive even greater efficiency.

Step 5: Recognize (and Address) the Data "Speed Bump"

As mentioned in Step 4, you're diving deeper into the data you've gathered. While you have a much better idea of what drives business decisions, it's not uncommon to find that the data you've been collecting isn't providing you with the entire picture. We call this the data "speed bump."



LEVEL 4



CASE STUDY

Real Estate Company Identifies New Attribute for Greater Insights

We worked with a real estate company that had grown its business nationally. The company realized it wanted to report on legal spend based on property location at the state level. Unfortunately, their legal ops team hadn't been collecting that matter data because until now, that factor hadn't been important.

Like most companies, they'd set up their financial management system to solve the problems of paper invoices. Now they wanted and were ready to do more with their data.

Level 4 is where you'll begin a two-step process to correct this deficiency.

- **Step 1:** Focus on designing your systems around the data you need. Think about what you're being asked for. Can you produce those reports quickly and efficiently?
- **Step 2:** Review and, if necessary, clean up the data you started with to meet your newly identified needs.

As you move toward a more proactive approach to managing legal services for your organization, it's time to consider how the legal department fits into your overall company. With your newfound knowledge, you can better anticipate the demands for legal services that your company will have over the next quarter, year, or five years. That means you can start making arrangements for those services before the need arises.

At this point, it's not how legal fits into the company, but how that fit may have changed. By this time ops has empowered legal in many ways to act as a much more informed business partner and start driving efforts like efficiency and spend management. Legal is likely starting/influencing teams outside of legal – now that time from attorneys is freed up for them to “lawyer”, they can work to manage risk versus having to juggle inquiries about payments and inefficient doc storage with risk management work.



LEVEL 4



LEVEL 4 FINISH LINE

What You've Accomplished

The Rush of Finishing a Half Marathon

By finishing a half marathon, our runner has attained a level that most people don't reach or even seek out. They've invested their time and energy into optimizing their training plan and it's paid off. Along with newfound confidence, they're experiencing corresponding benefits in their health and fitness.

Our runner thrives on this new adventure. They may be completely satisfied where they're at. Yet, when the time comes, they have a great foundation to increase their distance with excitement.

You're part of a sizable, highly sophisticated legal team. Because you've streamlined 80 percent of your matters, your legal team functions at a high level of efficiency and is focused on how to identify additional efficiency and value for the 20 percent of your matters that drive the most spend. These interactions yield data points that have opened the door for greater collaboration with your service providers, allowing you to start setting the terms for how vendors work with your legal department.

You have such an in-depth knowledge of your data, you're finding new ways to mine it – and are even identifying opportunities to collect more. You're able to clearly articulate how legal is touching each part of the organization through reliable metrics and your leaders are starting to understand the true value of your department.

While you find yourself in a more strategic proactive role, you're wielding most of your influence within your own department. If you're ready to start bringing more of that influence across the entire organization, level 5 is just around the corner.



LEVEL 4





LEVEL 5

Maximizing Effectiveness

The Level 5 Race: Dominating the Marathon



LEVEL 5

Our runner has invested significant time and effort to learn more about running, training, and racing than they ever dreamed. It's become a way of life. They're looking for more opportunities to run and have created a network of runners who are pushing them to the next level, the marathon.

Our runner will need to continue to build on the knowledge, skills, and abilities they've developed up until this point, but are ready and eager to start training for the marathon because they know the impact it can have on health, wellness, and more.



LEVEL 5 STARTING LINE

Your Current State of Legal Ops

We'll end the final level by recapping where you stand at the beginning of the Level 5 race.



Legal Department Structure

The legal team has grown to 70 or more, including five or more legal operations staff. The team works cohesively to manage efficient departmental operations, with at least \$20 million in legal spend.



Technology

The legal department's technology stack has moved beyond foundational tools like e-Billing and contract lifecycle management and encompass the specialized needs of a substantial legal department, from e-discovery and IP management to advanced reporting and knowledge management tools.



Financial, Matter, and Vendor Management

The legal department is driven by data, with legal ops having complete visibility into departmental, cross-functional, and outside counsel operations. The results have been transformative, allowing for:

- Streamlined workflows for its most common use cases
- Increased collaboration and efficiency based on advanced analytics and reports
- Better relationships with other departments and understanding by speaking a common language
- Prediction and control over departmental budget



- Anticipation of legal situations to engage services in advance to cover emerging needs
- Strong relationships with vendors to provide useful guidance based on legal issues as well as knowledge of the business and culture



LEVEL 5 MOTIVATION

Do You Need to Reach Level 5?

If your legal department has grown to include hundreds of people, you've created a highly efficient engine. Your department's focus will start naturally shifting from watching the bottom line to seeking better outcomes for the organization as a whole. Until this point, you've thought about how to get more with less spend. Now, you're looking at how to get more – period.

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Until this point, you've thought about how to get more with less spend. Now, you're looking at how to get more – period.

This change in mindset necessitates a behavior change in how the department approaches legal work.



LEVEL 5 CHECKPOINTS

Steps to Fulfill Level 5 and Maximize Effectiveness

The key goal within Level 5 is to maximize effectiveness of the organization – not just the legal department – by changing behaviors.

The size of the business will inherently require and indicate that the legal team must adopt and implement new operational processes. For instance, more attention from the SEC based on the organization size and possible monopoly with acquisitions would indicate the need to uplevel operations. Perhaps legislation within your organization's business vertical will require a pivot – think CCPA or GDPR. These efforts are likely further specialization of existing programs but will be early signs that level 5 is on the horizon.

Step 1: Expand Your Legal Ops Team Further

By Level 5, your legal department will have taken another big step, growing to 200 or more people and managing a budget that likely exceeds \$50 million. Your legal operations team has probably grown organically along with the overall department; you should have 10 or more full-time legal operations specialists by this point.

Step 2: Take a Procurement Mentality to Your Finances

With a \$50 million-plus annual budget, issues will continually emerge, making it important to establish strong relationships with an elite group of vendors, both legal and non-legal. This is a shift, where the legal team becomes a “legal services connoisseur” so to say – an informed buyer of legal services. The legal department



knows how to balance traditional procurement practices (valuing the lowest price) with business requirements and other services that can add value to the team and support premium spend when necessary.

For instance, a “bet the company matter” may not go to the lowest priced firm. Instead, the better tactic may be to select the firm that demonstrates experience with similar business matters and has a strategy that offers informed alternative courses of action for the business to consider based on past data and outcomes.

Formalized relationships with your select panel of outside counsel ensure that your vendors understand your business requirements, culture, and practices to provide sound advice on next steps. With a trusted panel of outside counsel, a \$5 million dispute won’t be a multiplier or game-changer. To some degree, it’ll be business as usual.

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Step 3: Build Workflows for the Entire Matter Lifecycle Across All Practice Areas

Your business likely started out with a single focus whether that was contracts or intellectual property. As the legal department and organization have grown, you’ve mastered additional practice areas. Now is the time to integrate those different specialties, designing and perfecting mature workflows for the entire matter lifecycle across all practice areas.

Coordinating these many efforts requires proactive planning for matters. This involves asking a few questions:



1. After a matter concludes, what could you change about your business practices to ensure that you're better prepared or able to avoid that issue in the future?
2. If the issue is unavoidable, how can the process be improved to more effectively handle that issue?
3. How does legal handle its presence within the company such as outreach and workflows for work that is required by other teams outside of legal?
4. Is there constant integration and consolidation of systems so you're not going from system to system searching for data?

Also ask what your data can tell your organization as a whole. How can you improve your outcomes as a business based on what you've learned on the legal operations journey? Your answers will be highly specific to your unique circumstances, but now is the time to start asking those questions and strategizing about where you're headed as an organization.

Step 4: Optimize Your Vendor Relationships Through Continual Engagement

At this stage, your legal department is a more sophisticated business partner, able to provide functional metrics around your vendor relationships, anticipate events based on data, and drive decisions proactively instead of just reacting to outside forces.

..... **Your focus is on how the legal department can help the business achieve better results.**

While you no doubt have a preferred list of vendors, there are still optimizations you can make to enhance the relationship with each vendor you work with.

- **Review your vendor management program.** See where you might create a more structured set of criteria or a more definitive process for vendor selection, review, and renegotiation.
- **Consider hosting a summit for your vendors.** Have your vendors meet to discuss expectations, share learnings, and deepen everyone's understanding of what works and what doesn't. Encourage and expect your vendors to learn about the business – through these summits but also via their own research!
- **Encourage vendor collaboration.** Reward efforts by firm to handle matters together and to play to each other's strengths throughout the process. Reward vendor referrals to other panel members and value opportunities where your firms demonstrate that they are truly representing your best interests.



- **Look at ongoing communications with your vendors.** If you're still outsourcing some individual jobs, is there a way you could collaborate on that work through a shared platform instead?

Step 5: Review Your Process for Contracts and Document Storage

Make sure that all of your commonly used contractual clauses are up to date and accessible. You should also revisit the process by which you assemble and draft contracts to see whether there are ways to make that process easier or make the results more consistent.

Similarly, you should by now have a central repository for all of your documents. Review your library to be sure that you have any necessary templates for commonly created documents and that your templates are current and correct.

Step 6: Create a Formalized Risk Assessment Process

Early on, every matter and every contract posed a risk – but those were the only risks you could comprehend and they were largely outside your control. You've taken the steps to severely curtail the risks presented by any individual matter or contract.

Because of this, you've formed a new understanding of what truly represents a risk and can create a more formalized risk assessment process. Through this process, you can capture and evaluate more subtle, higher-level risks, such as the cost of employee attrition or the lack of visibility across practice groups.



Defining a More Formalized Risk Assessment Process

Risk assessment may be a possible settlement amount, but it may also involve a more complex evaluation of incalculable loss. A more mature risk assessment can strive to measure the “unmeasurable” including things like brand equity or customer confidence to support a more informed evaluation of next steps. In addition, a more mature assessment may require broader reach and involve teams outside of legal to identify the correct course of action.

Step 7: Look for Opportunities to Share Knowledge

In Level 5, you should ensure that any personal knowledge your employees possess becomes institutional knowledge. That means externalizing information repositories and formalizing everyone’s processes.

In addition, you can take that wealth of knowledge and experience to support other legal ops teams and the legal community at large. You could think about things like:

- **What best practices have you identified that you could share?**
- **Where have you been able to achieve excellent results for your organization, and how did you get there?**
- **What strategic initiatives have panned out for your business?**

Finally, consider speaking at legal ops conferences, writing case studies or thought leadership articles, participating in regional and national legal ops organizations, and formally or informally mentoring those new to the legal ops role.



LEVEL 5 FINISH LINE

What You've Accomplished

Our runner is at the absolute top of their game. Now, they sit down periodically to plan out their running and races, and much of their life revolves around their running.

The Level 5 runner is also well-known in their local running communities, with other runners looking up to them and asking them for advice. They enjoy the thrill of setting and achieving goals, traveling to new locales to try different races, and mentoring enthusiastic newbies who are just starting on their own journeys. They've worked hard for their success and they appreciate just how far they've come.

The Level 5 legal department and specifically the legal operations team is a well-oiled machine that's operating at maximum efficiency and effectiveness.

While you've spent much of your journey hyper-focused on your department's finances – first gaining visibility into your spend, then controlling your costs, establishing a budget, and finding ways to stretch that budget almost to the breaking point – by Level 5, you're asking bigger questions. Now is the time to take a deep dive into your data and figure out what you could do to obtain better outcomes not just for your department but for your entire organization.

As you broaden your horizons in Level 5, you're also finding ways to look outward, considering how you can work more effectively with your outside counsel and how you can share the best practices and insights you've accumulated over the years with a wider audience of legal operations professionals.

Reaching Level 5 is a tremendous accomplishment. We can't wait to hear what you've learned along your journey.





The Path You've Traveled

Where Are You On Your Journey to Legal Ops Excellence? Did You Run a 10K? A Half-Marathon?

Whatever level you're operating in, we hope you're proud of your accomplishments. We truly believe there's value inherent in the journey and in overcoming the obstacles that you're sure to encounter along the way. If you're meeting your company's needs – or moving in the direction of meeting them – then you're doing a great job.

Legal ops professionals have come together to create a wonderful community to promote their shared vision of the future. We know that legal departments can be challenging places to work. The stakes can be high. Much of legal work is reactive, driven by the actions of others inside and outside the company. Lawyers have not always been amenable to changes in their tools or their processes. Legal ops face all of these challenges typically without peer groups in their own company.

The community of legal ops professionals provides support for each other where learnings can be shared across industries or among competitors. The legal ops community has fostered a culture of sharing to help push the industry forward – and we're thrilled to be a part of it.





About SimpleLegal

SimpleLegal provides a modern legal operations management platform that streamlines the way corporate legal departments manage their matters, track and interpret spend, and collaborate with vendors and law firms. SimpleLegal combines e-Billing and spend management, matter management, vendor management, and reporting and analytics into one comprehensive application to optimize legal operations and the management of the entire legal department.

For more information visit: www.simplelegal.com