

Law Department Planning — What's on Your Horizon?

BY DEBRA L. RHODUNDA

The first quarter of 2002 is over already. General Counsel and other managing lawyers should take some time to briefly reflect on the goals and objectives your law department set in January. Is your law department focused on the right ones?

Here are a few ideas to get you thinking—and to help you continue (or begin!) planning.

On What Issues Should Your Law Department Be Focusing?

To answer this question, your law department needs to generate basic information about its performance. Without such information, prioritizing issues and developing an action plan tends to be difficult. Results from benchmarking and client satisfaction surveys can help point you in the right direction.

Benchmarking Against Comparable Law Departments

Benchmarking compares specific performance measurements to comparable law departments. It is a diagnostic tool that looks for statistically significant variance from median measurements—both quantitative and qualitative. These variations can be analyzed to determine whether your law department has extraordinary strengths, or opportunities for significant improvement in cost-effectiveness, quality, or performance.

Three methods of benchmarking used to uncover strengths and challenges include:

- **General benchmarking**

General benchmarking takes relevant data provided by the law

department and compares that data to comparable law departments from various publicly available sources, including publications such as Altman Weil's *Law Department Performance Measures Survey*, *Law Department Compensation Benchmarking Survey*, and *Survey of Law Firm Economics*. At times, the results of general benchmarking provides ample information for analysis and strategy development.

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- **Custom benchmarking**

When publicly available sources do not contain sufficient relevant data, primary research is required. Custom benchmarking requests data from your peer law department groups. A written questionnaire is often used to solicit data and after an indepth analysis, a proprietary report is generated providing each law department's data in a normalized manner to protect confidentiality. Custom benchmarking typically covers an analysis of the following:

- Ratio of total legal spending to revenues
- Ratio of dollars expended for external vs. internal work

- Size and staffing (roles) of the legal department (i.e., lawyers per billion dollars of revenue, support staff ratios, paralegal ratios)
- Internal legal spend per in-house lawyer and per legal service provider
- Outside counsel expenditures per in-house lawyer
- Average external hourly rates
- Chargebacks to business units

- **Best Practices**

Benchmarking can help spot “best practices” in other organizations that you may be able to adapt to your own. If one law department performs a particular function much better than anyone else, you probably can learn from it. Identifying best practices typically takes the form of interviews to probe into a variety of performance indicators related to internal legal department staffing, cost and functionality and external legal functions and services/outsourcing.

No matter the methodology, benchmarking and best practices results assist law departments in prioritizing issues and in developing short-term and long-term action plans.

Understanding and Meeting Client Expectations

A client survey is an important activity designed to help a law department

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understand, anticipate and meet client expectations. Besides showing a law department's concern for servicing its clients, surveys invite suggestions about other services that may be offered by the law department and frequently lead to improved working relationships.

Client satisfaction surveys are most beneficial to law departments when they are designed to determine:

- perceptions of the law depart-

ment's strengths and opportunities for improvement;

- service priorities and expectations;
- appropriate use of internal and external resources; and
- the image of the law department.

Used as a client relations tool, a client survey facilitates the law

department's planning process to:

- improve client services;
- enhance relationships and communication with clients;
- learn more about client needs and expectations; and
- prepare for future needs.

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Obtain Input from Law Department Members

In addition to client surveys, another important ingredient in the client service assessment is obtaining input from law department members. Having the clients' side of the story is critical, but talking with your law department lawyers will balance out the story. You might solicit lawyer input regarding:

- how the law department serves its clients;
- what is working well (and what is not);
- how service could be improved; and
- identification of obstacles to excellent client service.

Comparisons can then be made between what the clients actually say

and internal perceptions. A gap analysis of client feedback and lawyer input will lead you directly to potential law department action items.

Conclusion

The bottom line is that law department planning is critical. Using benchmarking, best practices and client survey tools can provide a sound information base for the law department to prioritize issues and develop an action plan for the rest of 2002 and beyond. Your planning investment will be well worth it. ☺

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