

From Cost Center to Value Engine: How Legal Departments Can Generate Measurable Business Impact

Law Department Management



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For years, in-house legal departments have been asked to do more with less – more work, more complexity, more risk – while budgets tighten and headcount is scrutinized. Data from ACC's 2024 Chief Legal Officers Survey shows that 42 percent of CLOs face intense budgetary pressure to cut costs, while 59 percent report a growing workload year over year, even as they absorb significant external rate hikes and cost mandates. Legal leaders today are no longer evaluated solely on whether they "kept the company out of trouble." In fact, ACC's flagship survey insights underscore a broader shift: legal departments are expected to justify their spend as business units do, accelerate speed-to-decision and speed-to-cash, and demonstrate measurable enterprise impact beyond "we avoided litigation."

The challenge is not ambition. It's infrastructure.

Many legal departments understand, at least conceptually, that they should contribute to revenue protection and recovery. In fact, nearly a decade ago, ACC explored how affirmative recovery could turn legal into a profit center. The idea was sound, but at the time, most legal teams lacked the systems, data, and cross-functional alignment required to execute it at scale.

That gap still exists. But today, it's solvable.

The shift: From risk mitigation to value translation

The legal departments that succeed in today's environment are not abandoning their fiduciary or compliance responsibilities. Instead, they are building operational systems that translate legal work into business outcomes that leadership recognizes as profit-driving:

- Improved collections and affirmative recovery;
- Reduced revenue leakage;
- Faster contracting cycles;
- Fewer write-offs; and
- Higher recoveries with lower dispute costs.

This shift does not happen through heroics. It happens through design.

A practical framework for Legal-led value creation

Accelerate payment enforcement and affirmative recovery

Affirmative recovery is not about being aggressive; it is about being systematic. Leading legal teams partner with finance to identify recoverable revenue streams early, establish standardized escalation thresholds, and deploy fast, enforceable dispute-resolution mechanisms before balances become write-offs. The result is higher recovery rates and faster cash realization – outcomes CFOs understand immediately.

Reduce revenue leakage upstream

Legal has enormous leverage before disputes arise. Smarter contract structures and enforcement (especially when paired with AI), clearer payment terms, enforceable remedies, and earlier escalation triggers reduce leakage long before invoices age. When legal owns these controls and integrates them into contracting workflows, the impact compounds across the enterprise.

Own "value metrics" legal can defend

Avoided litigation is not a metric executives can model. Leading teams define and track value metrics that legal can own, such as:

- Affirmative recovery rate;
- Cash velocity from dispute initiation to resolution;
- Dispute cycle time; and

- Gross write-off reduction.

When legal reports these metrics consistently, the conversation shifts from cost to contribution.

Modernize dispute resolution systems

Traditional litigation is slow, expensive, and unpredictable – and often misaligned with the business objective of getting paid. Modern dispute resolution systems emphasize speed, enforceability, and cost certainty through flat fees. By shifting appropriate disputes out of court and into structured, enforceable alternatives with ROI measurable pre-filing, legal reduces cycle time while improving recovery outcomes.

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Standardize playbooks to scale without headcount

Legal departments cannot grow linearly with the business. Standardized playbooks – such as clear escalation paths, decision frameworks, and self-service tools – allow business teams to act quickly while staying within guardrails. This reduces bottlenecks, preserves privilege, and prevents legal from becoming a throughput constraint.

Apply operational AI where it actually drives value

AI does not replace judgment, but it dramatically improves scale. High-impact use cases include:

- Contract review and enforcement triage to accelerate cycle time;
- Dispute intake automation to surface recoverability early;
- Invoice and pattern analysis to identify leakage; and
- Workflow intelligence that shortens resolution timelines.

These applications free legal teams to focus on profit-driving decisions, not administrative drag.

Align legal, finance, and operations around cash outcomes

Legal becomes a growth enabler when it aligns tightly with finance and operations. Shared dashboards, common recovery targets, and coordinated escalation strategies ensure legal action translates directly into financial results that leadership can measure.

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Preserve governance while proving value

None of this requires compromising ethics, privilege, or compliance. Strong governance models – clear authority lines, documented procedures, and defensible controls – allow legal to demonstrate value while preserving its core responsibilities.

The bottom line

Turning legal into a profit center does not mean abandoning risk management. It means building systems that convert legal expertise into measurable business outcomes. Legal departments that do this are no longer asked to justify their existence. They are invited into growth conversations, where they belong.

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Shane Mulrooney



Co-Founder and General Counsel

New Era ADR

Shane Mulrooney co-founded New Era ADR, where he serves as general counsel. ?Before that, he ?served as vice president and head of legal at Home Chef, a leading US meal kit delivery company.? He began his legal career in the corporate tax group at Kirkland & Ellis LLP