

Career Path: Doing the Math in Your Legal Career

Career Development



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Math was my favorite subject in school. That is unusual because so many lawyers proclaim that they became a lawyer to work with words instead of numbers. I am here to tell you that embracing math in the form of budgets, metrics, and benchmarking is critical to your career development as an in-house counsel. Here are three reasons why.

1. Being accountable for your budget and staying disciplined in your legal spending shows engagement as a leader and an ability to make difficult choices.

Resources are finite in a company. A good leader knows when to say “yes” and when to say “no.” A good leader makes hard choices sacrificing an ability to spend in one area that is less important to fund another area that is growing in importance. A good leader cares more than just the substance of their legal advice, but pays attention to details like staying within budget.

2. Being able to measure your work in metrics has become a necessity and can be far more powerful than a qualitative assessment.

I have heard too many times in my career “my work cannot be measured” by lawyers. It can. You could say “my litigation prevention efforts have been successful as our litigation spend is down considerably.” Or you could say “our litigation spend is down 53 percent over the last five years due to litigation prevention efforts.” I find the latter far more persuasive as it speaks a language the business grasps.

3. If you do not benchmark yourself, someone else will.

Legal and compliance departments are constantly being measured against their peers. A forward-thinking lawyer and leader embraces benchmarking and then aggressively improves and adjusts for emerging legal needs. Having a grasp of benchmarking, and working hard to show you compare favorably — getting more legal bang for the company's buck — can separate you from lawyers who only look for trends and fixes in words.

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I asked my colleague, Ellen Hudock, vice president of legal operations at GSK, and Kelly Slavitt, general counsel at Sikka.AI, an AI-healthcare startup, to share perspectives from large and small organizations on how to best master these elements to propel your career.

Q: How have you seen lawyers hurt their careers and developments by failing to engage with budgets? What are common missteps?

Ellen Hudock (GSK): It is not uncommon for budgets to be seen as merely administrative tasks or someone else's responsibility. With ever increasing budget pressures, just recognizing that managing legal budgets is your responsibility is essential. Some common missteps that I've observed are kicking off work before confirming who is paying for it; neglecting company policy when engaging outside counsel or other vendors; failing to take the time to negotiate fees or the fee structure; and/or failing to consider whether the work can be done internally or through a less expensive resource.

Managing the budget during a matter to avoid surprises and cost overruns is also critical. And finally, understanding that there is a budget that needs to be managed is most important. Too often, lawyers focus on getting the work done without thinking about who is going to pay for it.

Kelly Slavitt (Sikka.AI): When lawyers fail to engage with budgets, business leaders do not see them as true business partners. Our business leaders are being held accountable for their P&Ls (profit and loss statements) so lawyers need to look at their advice through that lens. Lawyers can show their leadership in assessing the risk of each particular budgetary matter on the business — is this a litigation that, if lost, will kill the company?

If so, a recommendation to hire the best litigation partner at a high rate will be seen as a wise recommendation. With finite resources, a strong leader will assess which matters require what level (and cost) of legal attention and make appropriate recommendations to the business.

I have two examples of missteps that were career limiting for lawyers. First, set your department's budget realistically. I've seen lawyers "pad" their budgets to allow for the unexpected, and then when the unexpected doesn't happen try to take credit for "saving" costs. I've watched business leaders challenge this as "gilding the lily" — they're familiar with this tactic from sales department

forecasts.

Second, if you're going to exceed your budget, don't surprise your business leaders after-the-fact. I've seen junior lawyers not stay on top of the budget for outside services, and then when the invoice comes the junior lawyer is surprised to see they're over budget.

Business leaders need to meet their monthly and quarterly forecasts, and if you come in over budget it's a surprise they will not appreciate because now you've forced them to explain to others why they didn't meet their forecast.

What advice do you have to improve your fluency with budgets quickly and easily? Any advice for smaller companies that have less resources?

Hudock: Start by building strong relationships with your finance partners. Schedule regular check-ins to understand how they track and report on legal spending. Collaborate to develop user-friendly dashboards or reports to monitor expenses. Consider taking a course on financial management to enhance your skills, or ask if your finance team can provide tailored training for your function.

In GSK's legal and compliance function, we are partnering with our finance team to roll out training on finance for non-financial managers. This program will cover key topics such as understanding P&L statements, headcount reports, T&E (travel and expense), and utilizing our financial dashboards. And finally, be proactive. Discuss emerging risks and opportunities regularly to address unexpected costs and avoid going over budget.

Slavitt: When I was at larger corporations like GE and Reckitt, more resources were available. I took advantage of every one offered to me (internal or external) and then listed it on my annual review. A boss and mentor helped me improve my budget fluency by assessing the extremely business-centric culture and colleagues' attitude toward lawyers correctly. He coached me how to speak the language of my business so they would relate better to me — and then he sent me to the ACC Boston University Questrom School of Business MBA Program for Lawyers to expand that fluency.

If you don't know the difference between Gross Margin and Gross Profit, or what EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is and why it's important — educate yourself and then throw it into the conversation with your business partners the next time.

When I was at organizations with limited resources for professional development, like the nonprofit ASPCA and startups, I have been able to improve my fluency with budgets through ACC resources, legal colleagues, free or very low cost online courses, and making a friend in my finance department to go to with specific questions.

Ask questions: The reality is your business leaders don't expect you to be a finance expert so your ignorance won't be held against you. They will appreciate any lawyer who is trying to learn more!

Why have metrics become so important? How do you use them at GSK or Sikka.AI to lead the department?

Hudock: In today's data-driven world, metrics are essential for informing business decisions and highlighting the value of support functions such like legal and compliance. Metrics provide a quantifiable measure of performance, enabling departments to track progress, identify areas for

improvement, and make informed decisions.

At GSK, we've developed the GC Dashboard which is a centralized reporting tool designed to provide a comprehensive view of operational metrics of our function. It integrates data from multiple sources, including HR, finance, and risk management.

The Dashboard is accessible to the GC and the leadership team. We are continuously working to enhance the GC Dashboard to better meet the needs of our legal and compliance users. Some of the planned enhancements include integration with additional reports, such as our finance T&E dashboard, RMCB (Risk Management and Compliance Board) metrics like third-party risk management, mandatory training completion, corrective action plans, and investigations, as well as the addition of benchmarking reports and data providing year-on-year comparisons.

Slavitt: Metrics are important to show goals have been met and progress has been made — so to show “success,” however that is defined. The first step is to determine what your business sees as “success” and agree with them on that metric. Is it to settle a litigation for X amount? Is it to review contracts within 48 hours of receiving them? Is it to reduce the legal budget by Y percent?

Metrics were important when we were in law firms, where “success” is measured in terms of billable hours. When I was looking to move in-house, a colleague at a large financial institution shared with me the metrics she kept for her legal team and how she proactively shared them regularly with the business.

Over the years, I’ve modified which metrics I track for myself and my team and adjusted according to which were most valued by the business leader I worked for.

In deciding whether to litigate, one business leader found it helpful to weigh the multi-million dollar cost of litigation fees against the revenues generated by that particular brand.

In deciding whether to reduce headcount in the legal department during a downsizing or reorg, a metric that convinced one business leader not to reduce headcount was the higher hourly billable rate of outside counsel when compared to the lower “sunk” salary cost of an in-house counsel employee.

In a similar scenario, where one of my business leaders had been given a mandate to reduce headcount, I used metrics comparing the size of my legal team with that of the larger regulatory department for the same amount of workload to help the business leader decide where to reduce headcount (spoiler alert: not in legal).

What are ways companies of all sizes can benchmark their legal and compliance spend and find companies willing to participate without breaking the bank?

Hudock: You can join legal operations associations like ACC (Association of Corporate Counsel) to get access to benchmarking data. Many Alternative Legal Service Providers (ALSPs) offer free or low-cost benchmarking services to help them understand the market and build relationships.

Participation in roundtables and other networking events can help to connect you with peers who are willing to share data. You can also form your own consortium with peer companies to seek key

metrics (staff and spend) or dive into specific areas of interest (i.e., technology, tools for managing outside counsel spend, operations, and other specific function spend and structures).

At GSK, we have found that working with a trusted ALSP to conduct an industry-specific survey with peer companies has been incredibly beneficial. It allows us to shape the survey questions and scope, and dive deep into the data with the participants. We receive many invitations to benchmark which can be quite resource intensive and have found that if the results don't give you a clear, apples-to-apples comparison it's typically just not worth it.

Slavitt: There is a lot of data being provided by recruiters and legal organizations like ACC as to the average number of employees per department size by industry or geographic location, and legal department budgets as a percentage of the company's net revenue. By comparing your metrics to yours, you have evidence to make your case to your business.

The **2025 ACC Chief Legal Officer Global Summit** will be hosted in Barcelona, Spain, 21-23 May 2025.

What is the future of budgets, metrics, and benchmarking? How will we be talking about these issues in 5 or 10 years?

Hudock: Over the next 5 to 10 years, I anticipate that legal functions, regardless of size, will be leveraging advanced tools that will become increasingly accessible and user-friendly through advancements in technology and AI. These tools will offer real-time insights, enabling more proactive and strategic decision-making, while providing quantifiable proof of performance and outcomes to address budget challenges and the ever-growing pressure to do more with less.

Access to benchmarking will become even more readily available and less resource-intensive to drive continuous improvement and measure your competitiveness. Even with these powerful tools, it will remain essential to present the data in a meaningful way that tells a compelling story highlighting your function's delivery of value, effective cost management without increasing risks, and strategic investment for the future.

Slavitt: The future of budgets, metrics, and benchmarking will get more precise as more data becomes available for AI to consolidate and analyze. Predictions and forecasts will be made with more accuracy, and decision-making by humans will be less risky. Legal will be seen as even more of a business partner as the unpredictability of many areas of the law can be made more predictable, especially in the area of costs — which definitely keeps our business leaders up at night!

Staying on top of your numbers

Hudock and Slavitt have provided great insights into how to stay on top of your numbers while continuing the importance of your way with words as an in-house counsel. I encourage you to spend time demonstrating what the numbers show about your work. You should work hard to always stay within budget, prove your value through words and powerful numbers that bring home the quality you deliver, and benchmark your department or function to show you welcome comparisons and challenges to doing things better. In this way, you can go from zero to hero.

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