



My Take: Optimizing Law Department Management and Innovation

Law Department Management



As in-house counsel, we all understand the importance of a well-run and well-managed legal department. It is essential that we show the business our value, while controlling costs, continuously improving and constantly innovating. This issue of the Docket includes articles to assist you with these tasks. It explores fundamental topics from how the business makes money, and what to consider when choosing outside counsel, to new developments in contract management and intellectual property — as well as critical issues like driving change in small- to medium- sized law departments and obtaining buy-in for incorporating a legal operations function.

According to ACC's 2020 Chief Legal Officers Survey, more than half of surveyed CLOs report that their legal department employs at least one legal operations professional. While this trend is undoubtedly good news, pointing to a higher presence of legal operations professionals in the legal department than in previous years, the fact remains that according to ACC's analysis, a significant 46.2 percent of those surveyed currently have no dedicated legal operations professional on their teams at all.

Large legal departments — under the mandate to do more with less, as all business units are — may face fewer barriers to adding additional resources like legal operations. The sheer size of their departments may make it easier to demonstrate a compelling business case based on material efficiency gains. While small- to medium-sized legal departments could undoubtedly benefit from having a dedicated legal operations function, they can find it more difficult to garner support within the organization. The efficiency gains, while significant for the department itself, may not be sufficiently material to put legal at the “head of the queue” when it comes to competing for scarce internal resources. As a result, in the current “more with less” climate, it can be quite challenging (or potentially impossible) for small to medium departments to redeploy an existing team member to fill a legal operations function, let alone obtain approval for adding extra headcount to the team. What solutions exist for these departments?

ACC research shows that the best way to justify adding headcount is to show cost savings. A 2019 whitepaper by Gartner, quoted by ACC research, indicates that departments with legal operations capabilities are more cost effective than those without these capabilities. In fact, Gartner found that those with a legal operations function have 30 percent lower legal spend than those without one. ACC’s own 2019 Law Department Management Benchmarking Survey went a step further. Instead of comparing cost effectiveness by departments with or without “legal operations capabilities,” the number of legal operations professionals was calculated as a percentage of the total number of legal staff, allowing for the comparison of cost effectiveness over a range of operations staff presence.

Through this analysis, ACC found that having between 10 and 15 percent of your total legal staff being made up of legal ops professionals shows the greatest costs savings. If you employ any more than that, you are overstaffed, while any less will cause you to be understaffed. Just like any other corporate function, if you are under or overstaffed, inefficiencies will result. Therefore, it is not simply enough to have a legal ops function. To observe the greatest amount of cost savings, a legal ops function needs to be staffed appropriately relative to the overall size of the legal department.

If increasing headcount is completely off the table, try advancing operations through focused strategic initiatives. I recommend you take a look at the [ACC Legal Operations Maturity Model Toolkit](#) and Webcast series. This series leverages the expertise of ACC legal operations members to provide general guidance to our in-house members. I have no doubt you will find ideas here that you could implement within your organization today. Another option includes collaborating with innovative law firms or alternative legal service providers that offer law department management as well as operations consulting. These collaborations allow you to deploy a combination of people — both in-house and firm professionals — to address issues like process optimization and utilization of evolving technology to improve the delivery and efficiency of legal services. ACC celebrates these types of collaborations via its Value Champions program. Learn more and find concrete examples of organizations like yours that formed successful partnerships at acc.com/valuechampions.

Global business is constantly evolving. As the lawyers in the room, and as part of ensuring we earn — and retain — our “seat at the table,” we should be a driving force in promoting change and innovation within our organizations, as well as in the legal profession. To do this well, we must start with modernization of our own legal departments. I am confident that ACC’s excellent resources like the Docket, benchmarking and CLO surveys, and the Maturity Model Toolkit will help us all to advance these mission critical objectives

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