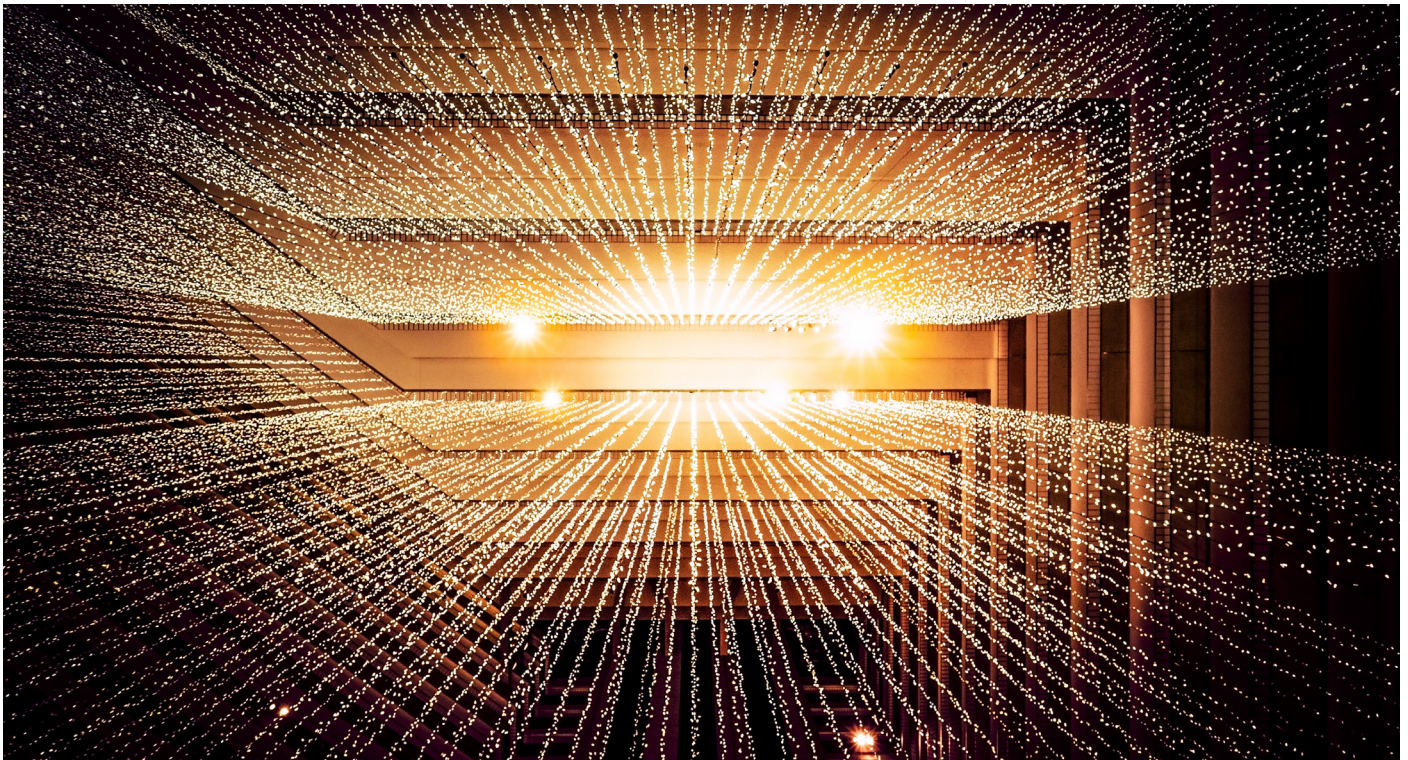


# Seeing the Light – Implementing a Metrics-Based Program in Your Legal Department

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As someone responsible for overseeing people and processes that deliver end-to-end contract management solutions involving high volumes of documents, I live and die by metrics. The value I bring to my clients and the way in which I effectively oversee a contract management engagement, is to systematically track and report on a range of quantitative and qualitative metrics including, turnaround time, responsiveness, touch-time, accuracy, most frequent clause modification, and frequency adoption of fall-back positions - to name a few.

So, you can imagine my surprise when I heard corporate counsels attending my last Association of Corporate Counsel panel discussion on metrics and best practices for corporate legal departments say that their department did not use metrics. Even one of the other panelists was a critic of metrics. Frankly, I was shocked. Though it appeared to be a tough audience, I quickly changed both my fellow panelist's and the audiences' mind.

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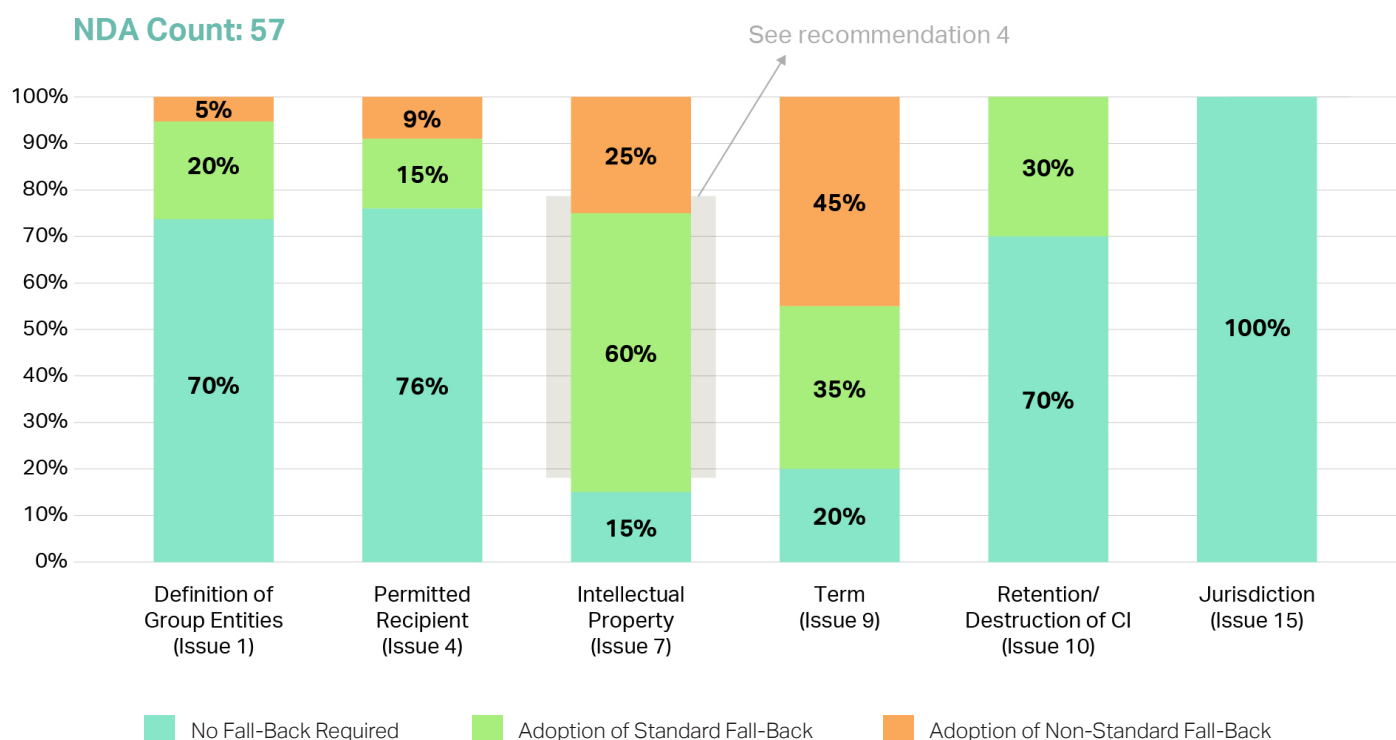
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I often hear first time attendees to my metrics panel discussions say that setting up and maintaining metrics is just too much of an administrative burden, that they don't see the obvious value, and that gathering and analyzing the data requires expensive software. This type of thinking took me back to my pre-metrics days when the department's thinking was – we're legal; legal doesn't use metrics. Truth be told, that's how I used to think until I saw the light. Now having worked in the alternative legal services industry for more than seven years, I breathe metrics to the point that I can't imagine working any other way. Metrics are what allow me to provide insight and tangible value to my clients.

The most common and flawed misconception is that metrics for legal departments do not tell a meaningful story. Nothing could be further from the truth. Capturing the right metrics can significantly inform a legal department, as well as the broader organization. Take my area of contracts, for example. Culling and analyzing data can tell you so much about activity and process including how many different contract types are being handled, the department(s) requesting the most or least contracts, where there are bottle necks in the process, how many times a clause was negotiated, and other highly useful information. With these metrics in hand, you can then identify issues and make improvements such as increased efficiency, more informed business planning, and proactive risk management. As I broke down these components and illustrated why they are important and how they can be applied, the audience began to realize that metrics are not just about how many contracts were negotiated, but how effectively legal is running their business.

One of the examples I shared during my last session that generated significant interest was a metric that showed how many times each clause in an agreement was changed to a different position. At first, the audience didn't see the value in this type of stat. I went on to explain that this information shows inefficiency and provides an opportunity to make an efficiency gain. If the analysis indicates that a specific clause is changed 80% of the time, perhaps it is time to change the template so that you don't continue to waste time negotiating. Efficiency after all, brings down the cost per contract.

## Illustrative Negotiation Position Fall-Back Utilization Chart



Audience members also showed great interest in hearing about metrics to identify where bottle necks in the process occur. The law department is notorious for being scapegoated as the group responsible for holding up or slowing down a deal. The reality is that legal is only one component in the overall contract creation process. Although legal is predominantly looking at and responsible for reviewing the legal terms, they are also tasked with engaging other areas of the business such as risk and finance to get their approval. The process and the people involved are all part of the contracts sausage making process that often gets overlooked or ignored. It can also be the crux of the problem and one that most companies assume is head count related. That's where good metrics come in allowing you to now pinpoint who has the highest touch time and any redundancies. With this information, you can take steps to make the process more efficient either by implementing internal turnaround times or determining that some of the process steps can be eliminated, automated, or perhaps undertaken in a different way such as parallel versus linear. This small, but impactful efficiency gain will make the business very happy as deals will get done faster.



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## Sample Contract Drafting, Negotiation and Storage Quantitative and Qualitative Scorecard

Workflow	Category	Measured Activity	SLA	Q4 Performance	Description
Negotiation and Redline	Time to Complete	Initial Acknowledgment	95% ≤ 1 hour	93.8%	Time from receipt (within working hours)
		Days to Completion (NDA and WO)	90% ≤ 24 hours	95.60%	Hours to completion minus escalation
		Days to Completion (PSA)	90% ≤ 48 hours	93.90%	Hours to completion minus escalation
	Quality	Accuracy Percentage	≥ 98%	99.6%	1 - (Number of Errors / Total Opportunities for error)
	Other	Warranted Escalations	≥ 95%	94.2%	1 - (Number of unwarranted escalations / Total Escalations)
ABC Co. NDA generation	Time to Complete	Initial Acknowledgment	95% ≤ 1 hour	96.7%	Time from receipt (within working hours)
		Hours to Completion	95% ≤ 4 hours	98.30%	Hours to completion minus escalation
	Quality	Accuracy Percentage	≥ 98%	98.5%	1 - (Number of Errors / Total Opportunities for error)



Another common misconception is that maintaining metrics can be time consuming and requires costly software. Allow me to set the record straight – neither is true. While I do leverage CLM platform technology and AI tools for some clients, that isn't essential or the case for everyone. It is possible to create powerful dashboards using the tools available within the Microsoft Office Suite such as Excel and Power BI. As an example, I have produced and delivered 30 different types of metrics on a monthly basis all from one Excel spreadsheet. If the spreadsheet is set up correctly, you can capture a tremendous amount of information that takes less than a minute to track per transaction. That one spreadsheet can also give you all the information needed to create insightful charts, graphs, dashboards, and score cards.

By the end of the panel, participants started to understand the benefits and, dare I say it, the necessity of legal department metrics. Even my skeptic panelist closed the session by declaring he had seen the light and will look to use metrics in the future. The audience members also relayed the same sentiment, but also expressed some concern about not knowing where to start.

To prepare, a suggested first step is to identify what information is important to you and the issues you are trying to resolve. My other recommendation is to engage a service provider like Integreon with deep contract management and process-engineering expertise. While this may seem like an unforeseen expense, you will benefit from their experience and ability to quickly establish the right metrics-based approach for your legal department. And, having this process in place can yield unforeseen return. Even simple metrics can completely transform your law department and organization, by improving efficiency, mitigating risk, and increasing profitability.

Like so many others I have spoken with, I encourage you to see the light and not fear metrics. Done properly, identifying, establishing, and integrating metrics into the day-to-day management of your legal department is not overly burdensome and the benefits certainly outweigh the effort.



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