NRF *Transform*

Data analytics

How to show your legal department's value to the business

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Introduction

During conversations with multiple clients, one of the common themes emerging is the question "How can we articulate the value we are bringing to the business?" There is no silver bullet however, as the definition of value will differ from organisation to organisation. Value can – and should – be measured both qualitatively and quantitatively, to help legal departments make their case to the wider business and position themselves as a true business partner.

There is a growing trend for legal departments – just like any other business unit – to be expected to monitor and report on their performance; however, as a perceived cost centre, the need to articulate and evidence value-add to the business and a contribution to the bottom line is even more important. This makes data analytics a top priority for all legal departments.

Don't worry if you feel that you haven't addressed data analytics yet. A recent benchmarking study by Xakia technologies, in partnership with NRF Transform, found that less than a third of legal departments had defined metrics to show financial performance against budget – but none excelled in this area. 'It's abundantly clear: Legal Departments are not yet data-driven.'

What is data analytics?

Data analytics is the science of examining data sets to derive insights and trends that inform conclusions about that information. Whether it's justifying budget or deciding spend for litigation, data insights can help legal departments to make (and track) decisions which improve operational efficiency and enable them to achieve their goals.

Why does it matter?

Increasingly, businesses are asking legal departments to operate like other functions, which means more reporting and visibility of their daily work (against a set strategic framework). This presents an opportunity for in-house legal to show leadership teams how their department and outside law firms are performing, and take remediation and proactive actions to address insights derived from the analytics.

Analysis can drive intelligent decision making. The examples are numerous. By looking at historical data, lawyers can extrapolate the lessons learned and apply best practice for the future. Resourcing strategy for legal departments can be designed around key data insights. Matter progress can be tracked against timelines and spend. Legal analytics offers the chance to gain a competitive advantage, and unlocks multiple 'quick wins' and achievable long-term goals.

How do I introduce data analytics into my legal department?

1. Understand priorities and strategic objectives

To make data-driven decisions, legal departments first and foremost need to understand what their strategic objectives are, before collecting the data. This ensures that the data they collect and subsequently analyse is both relevant and insightful. Mapping out immediate business stakeholders and asking them a set of questions to identify their priorities should be the first thing to do. Never should a legal department define its strategic objectives in isolation, but always by reference to the strategic priorities and expectations of the business.

After reviewing the input, Legal can define how they can support each business priority and the ensuing demand on the legal function. This process provides stakeholders with transparency – and ownership of their expectations – from the start.

Comprehensively identifying stakeholders' priorities allows legal departments to align deliverables with their priorities, making it significantly easier to articulate value to stakeholders and identify which data will be most helpful.

2. Locate data

Second, legal departments need to identify all of the data at their disposal to understand what is readily available, the quality of the data, and what will be possible with their data sources. This does not always mean collecting new data – most of the time it can simply involve exploiting existing data sets. If there is a matter management or e-billing system, this is the perfect place to start. If not, data can be manually collated from legal documentation and invoices.

Understanding what data is available and the quality thereof, is key to ensuring that any report Legal creates will be accurate over a long-term period (i.e. the quality of data won't change).

3. Decide what to measure

Next, Legal should consider where their department has room for improvement, and ask what they can do in this area to improve operations, reduce legal risk or realise cost savings. What takes up most of the in-house lawyers' time? Is the size and composition of the panel appropriate for the department's needs? Were targets met this year? If not, why not?

At the outset, legal departments need to set simple metrics, ensure they understand the results and get comfortable with producing basic reports. These will equip legal functions with actionable intelligence to identify quick wins and other opportunities, both within the department and with business stakeholders. 'Actionable' being the key word here.

By linking chosen KPIs to stakeholders' priorities, legal departments can articulate their value transparently, directly and with clarity.

4. Report results

Once Legal have data insights that they want to share, they should think about how to present analytics in a clear, visual format. Dashboards are typically used to summarise a data set and highlight key trends; however, reports in written format may be more applicable in certain circumstances.

This may involve designing dashboards or reports for each stakeholder group to tailor the results to stakeholders' primary objectives and communicate in a language that they understand. For a finance team, this may mean financial metrics. For operations or procurement it could mean providing evidence of more advantageous commercial terms negotiated on key contracts, resulting in tangible benefits to the business or operational efficiencies.

Consider how often these dashboards should be used or reviewed; who should use them; and the forum in which they should be shared (e.g. leadership meeting only). Whilst a well-designed dashboard or report will be very easy to interpret and understand, it is important to ensure everybody receiving them is confident and comfortable doing so. By tailoring dashboards and reports to the end-users, this guarantees that end-users receive relevant information that speaks to them.

Finally this should lead to a commonly agreed set of actions. Then just repeat!

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Stéphanie Hamon is the Head of Legal Operations Consulting at Norton Rose Fulbright, a new and unique offering to clients. She was formerly Managing Director, Head of External Engagement, Legal for Barclays. She has extensive experience of both setting and delivering commercial management strategies for in-house legal departments as well as broader legal operations strategies and implementation.

Stéphanie Hamon led the Barclays team that was named "Legal operations team of the year" at the 2019 UK Legal 500 Awards, mostly due to her work around a new panel approach. She also developed new model for Barclays' law firm panel and relationship model, including the development of customised legal project management and pricing approaches. Stéphanie brings with her more than 19 years' experience working across an extensive range of legal and financial institutions, in markets including the UK, Europe and Asia Pacific. Stéphanie has extensive expertise in senior stakeholder management, business development, strategy formulation and execution and client-focused relationship management.

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