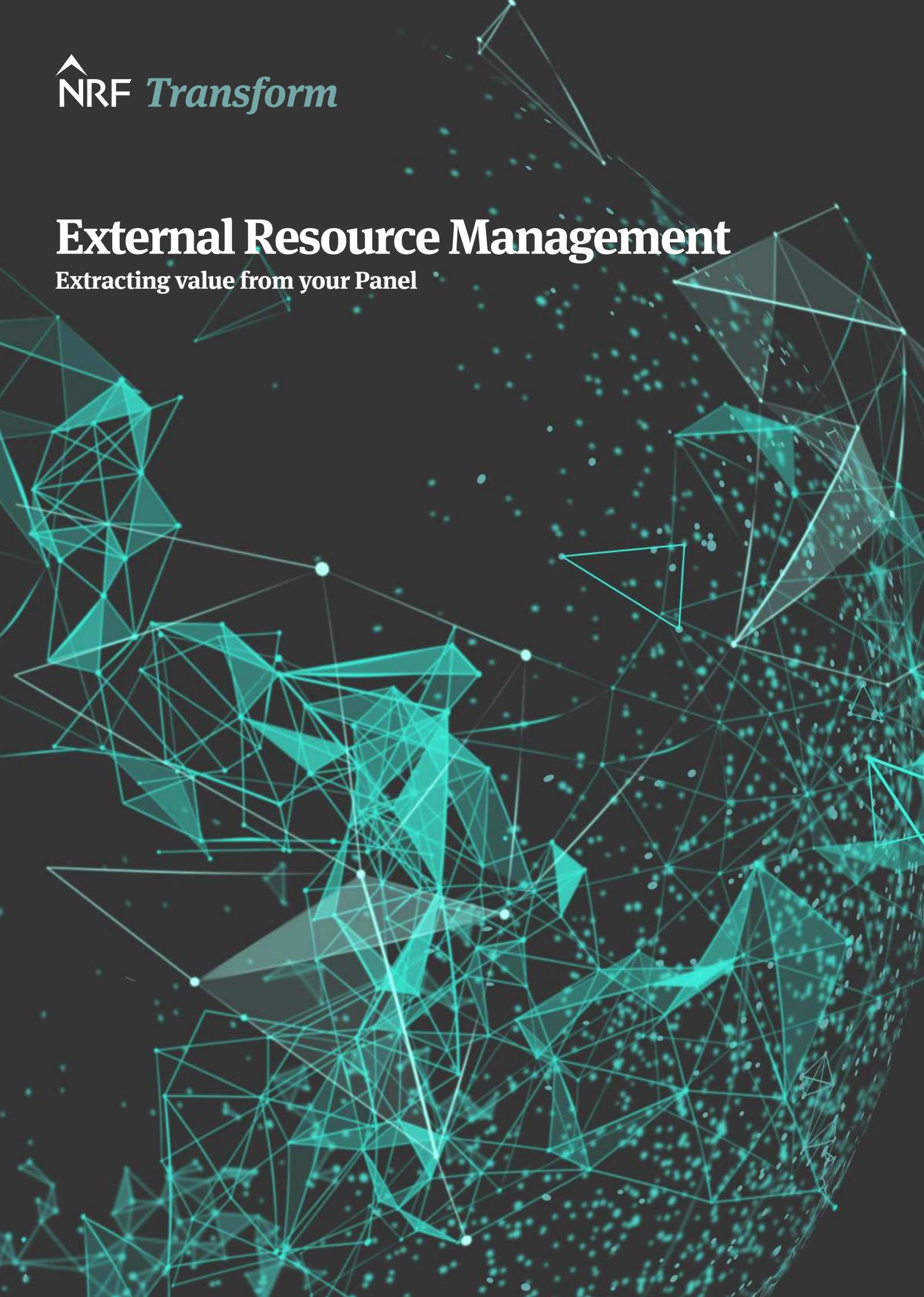


# External Resource Management

Extracting value from your Panel



# Introduction

## The challenge for in-house teams

Managing external resources is a hot topic for the vast majority of GCs and in-house legal teams. Considering that a significant portion of a GC department's budget (on average 58% according to The GC350: Benchmarking Study for the In-House Community) is spent on external legal resources, it's important for GCs to know that they're getting a return on their investment.

However, industry data shows that in-house legal teams tend to favour familiarity over change, opting to deepen existing relationships with law firms and legal service providers rather than regularly refreshing their panels.

## The result?

Many in-house teams are unable to clearly articulate to the wider business how well their panel firms are performing against business objectives. They may not have visibility over which firms are doing what work or for how much, and as a result, they cannot be sure that they are getting value for money.

The RFP process and review cycle can be time consuming and resource intensive. Failure to measure and analyse performance after the initial implementation phase, and to hold external legal service providers accountable, can lead to complacency or missed opportunities. Taking back control by having more visibility over the panel landscape and the performance of firms enables GCs to identify quick wins and embed a culture of continuous improvement.

## Did you know?

More than 50% of Legal Departments\* do not currently:

- Use quality and cost/value metrics to regularly review panel performance; or
- Refresh their panels and external legal service provider arrangements every 2-3 years

\*Results from the Legal Operations Health Check benchmark (contact us for a copy)



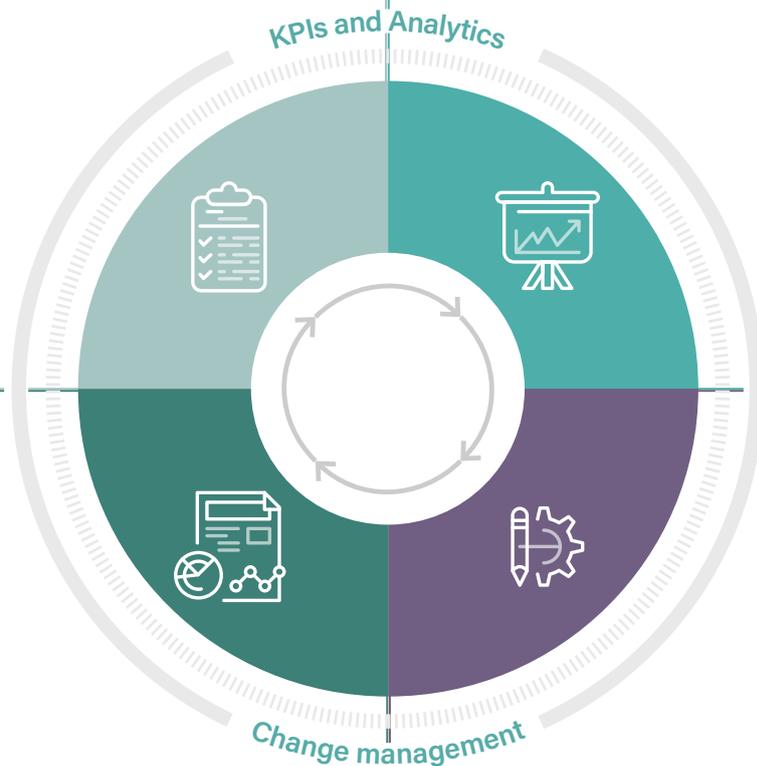
# External Resource Management Roadmap

## Panel Management

- Develop governance framework for relationship management and continuous improvement
- Track & measure performance against KPIs
- Implement remedial actions and manage performance
- Undertake regular relationship building activities

## Landscape Mapping and Review

- Map current landscape (internal capacity, external spend, panel size, matter type, volumes and geography)
- Engage with internal stakeholders to understand future departmental and business requirements
- Agree criteria for future panel structure and membership



## Panel Implementation

- Prepare RFP documents, create project plan and set up panel review team
- Invite shortlisted services providers to tender
- Conduct due diligence and panel interviews
- Select panel & onboard firms

## Strategic Design

- Rank existing firms against agreed scoring criteria
- Identify gaps in panel based on future operational and strategic requirements
- Identify additional service providers to close gaps
- Consider technology or other processes needed for RFP and panel management

# External Resource Management Implementation Case Study

## Embracing the relationship management model

**A global financial services provider undertook a complete overhaul of their panel strategy and RFP process, evidencing how effective panel implementation and management can result in improved performance, stronger relationships with panel firms and increased return on investment.**

Their strategy was to embrace a relationship model. Not only was it important to select panel firms who could provide superior legal advice for the right price, but also to identify firms who could deliver superior service levels. The company wanted to measure and manage service delivery, improve collaboration with panel firms and enable all parties to share in the successes. It was also important to reduce the number of external suppliers, whilst ensuring that in-house teams were still able to instruct their preferred firms.

The company understood that in order to realise the benefits of what would be a rigorous review process, it was necessary to have:

- a robust relationship management framework in place,
- clearly defined and communicated KPIs,
- resources allocated to ongoing management and assessment of panel performance, and
- a culture of continuous improvement supported by regular feedback mechanisms

All of the above was underpinned by objective selection criteria and a scoring system linked to the strategic and operational objectives of the business.

### Successful Implementation

Not only was the company able to reduce its panel size by two-thirds, but they were also able to measure service delivery on a continuous basis, virtually eliminating the need for laborious and costly bi-annual review cycles. The panel process shifted from what is often perceived in a negative light by panel firms, to a tool for all parties to achieve success; firms received an increased share of wallet, while the company received better service delivery and value for money.



# Next Steps

## How we can help you

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### Consulting projects may include:

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<b>Landscape Mapping and Review</b>	<p>Conducting an assessment of your current External Resource Management landscape, including the number and type of service providers, a historical spend analysis, identifying potential savings and opportunities for improvement.</p> <p>Conducting stakeholder interviews and reviewing your departmental and wider business strategies to understand your future panel requirements.</p>
<b>Strategic Design</b>	<p>Designing a panel strategy and blueprint including appropriate criteria and scorecard to inform panel selection.</p> <p>Drafting tender documentation for the RFP process.</p>
<b>Panel Implementation</b>	<p>Running the panel process on your behalf. This turnkey solution would include the deployment of a multi-skilled team including Legal Operations Consultants, Paralegals, Data Analysts and Technologists. We can undertake due diligence, attend interviews and presentations, support the assessment of tenders and onboarding of new panel firms.</p>
<b>Panel Management</b>	<p>Develop governance framework for relationship management, collaboration and continuous improvement.</p> <p>Providing guidance with respect to the management of your panel. This may include designing a governance framework to support remediation actions and a regular review process.</p>
<b>KPIs and Analytics</b>	<p>Building automated KPI dashboards and reports.</p> <p>Performing quarterly reviews to assess panel performance and continued alignment with commercial objectives and strategy.</p>
<b>Change Management</b>	<p>Facilitating or supporting the change management process to build consensus with stakeholders and embed new processes, tools and technologies. Often overlooked, effective change management can increase the likelihood of a successful outcome. This may include designing a change management roadmap, conducting workshops with impacted employees, helping you communicate the benefits of the change to the wider business or creating feedback mechanisms.</p>
<b>Advisory Retainer</b>	<p>Providing strategic advice to support you across a diverse range of matters, when you need it most. This can be delivered via a hotline or through regular calls with you and your team, offering you a high degree of flexibility along with budget certainty.</p>

## Top Tip!

*“Don’t stop once your panel is in place.”*

Would you buy a shiny new car and never service it? Probably not!

Investment in relationship management and regular reviews of your panel will ensure that you realise the benefits of the RFP process.



## Stéphanie Hamon

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Stéphanie, Head of Legal Operations Consulting, was previously at Barclays where she headed up what would become the Legal operations team for over three years. Under her leadership the department won "Legal operations team of the year" at the 2019 UK Legal 500 Awards. When transforming your in-house legal function, Stéphanie is ideally placed to advise on improving the management of your legal department.



## Tammy Heydenrych

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Tammy, a Legal Operations Consultant, was formerly the Group Company Secretary and Senior Legal Advisor for Zurich Insurance's Southern African operations. With 17 years experience within the professional services, corporate and start up environments, Tammy has extensive expertise in corporate governance, stakeholder management, strategy formulation, operational design and delivering business transformation projects.

## NRF Transform

**NRF Transform is our global change and innovation programme. It aims to make how we deliver traditional services more effective and efficient, and to provide entirely new solutions to our client's most pressing business problems. It has over 150 staff in offices around the world, as well as 3 dedicated Hubs, and includes teams focusing on Applied Technology, Innovation, Legal Design, Legal Project Management, Legal Operations Consulting, Resource Management, and Commercial Management.**

**The Legal Operations Consulting Practice helps General Counsels and in-house legal teams optimise the delivery of legal services to their organisations, enabling them to go beyond managing legal risk and become a strategic business partner, supporting the wider objectives of the business.**

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