

Legal In-house Process Landscape: why do we need it & how to get started?

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Executive Summary

The mandate for Legal In-house functions has evolved. An originally limited “keep us out of trouble” approach has turned into a business enabling partner role. As such, Legal In-house functions are integrating more and more into the business processes. LLI proposes to respond to this development by defining proper Legal In-house function processes. These seek to facilitate integration with business, support continued digitalisation of the Legal function and thus help to deliver legal services in the most value adding way.

Why do we need it?

Economic pressures not only created by new business models, but inherent in every organisation demand recurring efficiency gain across all types of functions. **Legal functions of enterprises often respond with straight forward cost reductions**, namely outside counsel cost, travel restrictions, less or delayed hiring and (even) less continued professional education. **Investments in its own capabilities**, be they people or resources including IT, **are often deprioritised**. And: digitalization, which should be a top priority, is deemed to be difficult and costly to do. **Firefighting, focussing on legal transactions and litigation thus determine the business urgency, and drive the day to day reality of a lot of legal functions.**

The In-house Legal function is in the unique position to be the enabling business partner and guardian of the law at the same time. To be effective and efficient in fulfilling this dual mandate, an integration into the business process landscape is needed.

To remediate the described status quo, this **LLI paper addresses an underlying dimension of In-house Legal functions: their own recurring activities and their interaction with the business process landscape**. Whenever recurring activities can be standardised and subsequently digitised, energy and capacity to do the work most valuable from a legal and business point of view is freed up.

We are convinced a process model for In-house Legal functions is helpful. Consequently, we will create several sequel of this paper to describe such a model. We expect the Legal In-House Process model to become as standard as the process model of an accounting, logistics, procurement, human resources, quality or other enabling/backbone function.

Our **Legal In-house Process Landscape** thus serves as **starting point for organising the Legal function with an eye to on standards for content generation and delivery**. This should foster efficiency and effectiveness of In-house Legal services, and thus help to focus on mitigating risks and creating opportunities early on.

It is worth the effort!

Based on the process model, economic pressures can be addressed in a more sustainable and forward looking way than mere cost containment. Understanding which processes of content generation and delivery are the most or least strategic will help to decide **which ones to spend most time on to continuously standardise, digitise or, if suitable, out-source altogether.** This will delineate the work that is really value-creating.

The **typical In-house Legal function provides governance, advice and, if need be, defence** for an enterprise. Often Legal In-house functions have not clearly defined how they deliver their services, unlike HR, IT and Procurement functions. Now, you may ask, why is that necessary at all? Legal In-house functions have delivered their services ever since without in abstract defining their processes: instead, they have defined them on a case by case basis. **So why bother?**

The first answer is business integration. Legal and other functions are collaborating more and more, namely for risk mitigation. To secure the efforts of business as first line of defence against risks, the backbone—or so-called enabling functions—make efficient use of the same or parts of the same review and approval processes. This helps to align review and, if need be, approval processes while agreeing on and monitoring the key performance indicators.

Another answer is IT. Legal In-house functions are making more and more use of IT to fulfil their function. Electronic file management, contract/document generation, signing and management, e-billing tools, know how management, document approval workflows, compliance case management, data privacy management and IP management are examples. In order to make IT introduction less painful and more effective, identifying and defining legal work processes is just as key as having the content to be processed with the IT clearly laid out.

Furthermore, based on self-defined legal work processes and interfaces with other business processes, **Legal can use and share data about its work products.** Joint steering parameters and goals are more easily traceable and attained.

If we agree transparency is a *conditio sine qua non* of efficiency, then we should make the effort, and it is clearly worth it. You can only measure and then steer what you know. Thus, knowing where and how you use your resources is key to delivering legal services wisely.

It may have been cumbersome in the old paper world, but nowadays generating data on the work the Legal function performs can happen as a function does its work—if a **legal data strategy is well thought through and implemented.** For many years, Legal In-house functions have shied away from capturing data about their work. The only means they knew—and often despised—was time keeping. Today, with electronic file management, request and approval management as well as portals used jointly by clients and Legal, data can be generated as the work happens. And it is data, which is beyond time spent, does not require the use of time sheets at the end of a busy day or long night shift.

Solid procedural modelling helps to improve interfaces to other functions enhancing the **customer experience** of these partners. Analysing and streamlining the Legal functions' processes strengthens them by providing clear evidence of the Legal In-house impact on the company success.

Last but not least, greater use of technology for legal purposes allows attorneys to delegate tasks which today are still in their hands, but which they would not mind getting rid of. **Based on clear process design and content standards, certain legal tasks can be routed to the appropriate professionals working in**

the Legal function. Supervision by an attorney may be reduced to the minimum and only occur if absolutely necessary.

How to get started?

Regardless of the company size, developing a Legal In-house Process Landscape poses a challenge and requires a structured, long-term approach. Usually, lawyers do not have the training to analyse and design processes for their own legal work, since they have been trained to analyse and assess individual legal cases for decades and centuries. However, a Legal In-house Process Landscape is not meant to renounce the legal principle of the assessment of individual cases. Rather, it gives legal professionals a structure in which the effort for recurring and standardised tasks can be minimised to free up time for core legal work.

So, how to get started with this project?

First, by acknowledging that it is a project, which requires dedication, resources and skills. Therefore, it is essential to ensure that there is a project group with clear capabilities and the dedicated resources crucial for the project's success.

This project will regularly encompass the following phases:

- **Analysis**
A process analysis is a structured capture of the legal work done in the departments and the touch-points with business functions of the company.
- **Consolidation**
Creating common legal standards across the legal function and the company.
- **Optimization**
Finding approaches for improvement of internal legal function processes, legal standards and interaction with business functions.
- **Implementation**
Legal In-House Processes can be implemented by different means, such as operation procedures, legal management tools or the company IT infrastructure.
- **Life cycle management**
Legal In-House Processes are naturally subject to life cycle management and as such are reviewed and amended on a regular basis.

More detailed information on the specific steps, templates and helpful hints will be provided within in the following sequels to this Liquid Legal Institute paper.
