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5 Proven Measures to Save 20% on Outside Counsel Costs

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Introduction

- Forecasting Demand
- Signing off with Users
- 5 Key Measures for Savings
- Negotiations
- Tracking and Measuring

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Forecasting Demand

- Poor data is normal
- Tends to be accounting (AP) based
- RFI's can be used

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Forecasting Demand

- 3-year history is useful
- Categories of legal work (15)
- Staffing practices for key firms
  - see closed files
- Convert fees to hours
- Geographic distribution
- Distribution by Department

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Getting Departments On-Side

- Consult Department heads
  - Growth / reduction in activity
  - Preferred Lawyers
  - Preferred Firms
- Allow enough time for this

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Getting Departments On-Side

- Re-calibrate Demand Projections
- Document the Results

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Five Key Measures

1° Convergence

- within regions
- for every complexity and level of work
- “Preferred” list is not optional for Departments

2° Case and Matter Budgeting

- over 50 hours

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Five Key Measures

3° Disbursements Eliminated

- all office-related disbursements

4° Pricing

- 3 years
- escalation controlled
- volume discounts (measured in hours)

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Five Key Measures

5° Administrative Considerations

- electronic billing (and possibly payout)
- annual and 3-year volumes
- speed of payment

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Law Firm Negotiations

- Poor staffing in response to the RFP specifications
- Proliferation (law firm teams too big)
- Weighted rates outside the comfort zone for the region
- Multi-jurisdictional law firms have strategic advantage

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Law Firm Negotiations

- Economic comfort zone
  - use of 0% - 10% of low bid
- Direct requests to *key* law firms to adjust their overall prices
- Visits to firms
- Sign-off letters to each firm

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Tracking and Measuring Results

- Weighted hourly rates – actual vs. target
- Reports from law firms
- Reports to law firms
- Quarterly and annual meetings