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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Law Firms' New Person To Fear: The Legal Ops Director

By **Melissa Maleske**

Law360, Chicago (June 3, 2015, 9:26 PM ET) -- With the cost pressures on general counsel as strong as ever, corporate in-house legal operations managers recognize their mounting relevance and influence in law departments today, and GCs say they're key players in an evolving legal market.

At an Association of Corporate Counsel forum Wednesday that kicked off the organization's new legal operations section, GCs and legal ops professionals spoke to nearly 200 attendees about their role and duties within their companies and the way they're driving innovation and putting law firms under the microscope.

"With the legal operations function taking on more importance and general counsel under cost pressures, you see GCs turn [increasingly] to contract lawyers or outsourcing," said Cameron Findlay, general counsel of Archer Daniels Midland Co. "You see more disaggregation of work and a lot more alternative fee arrangements. ... I think the way the legal market is changing is going to change all of our functions, and it's going to make the legal operations role even more important."

Legal operations functions have been around for decades now at some companies, but right now the concept is enjoying something of a moment, with more C-suites demanding it at more companies and more sharp minds driving more innovations.

"We have an alignment of the stars," said David Cambria, ADM's global director of operations for law, compliance and government relations. "We have an audience that's willing to listen and understand some of the value [legal ops] can bring. We have people who are really trying to solve for different problems. And technology is catching up to help with all of that. I'm glad to be here on the wave. ... And I think as it continues to filter down through the food chain we'll see more interest."

Panelists at the ACC forum discussed various ways to define and think about legal ops. While the exact size, shape and reach of legal operations depends on a company's culture and needs, at its core are a few central tenets and the need to carry them throughout the legal department.

Adobe Systems Inc. general counsel Michael Dillon said legal ops is multifaceted.

It includes ownership of efficiency, by rolling out tools such as contract management systems or e-billing systems, and effectiveness, which is carried through the department via training, mentorship and teamwork.

Operations professionals need to approach the legal department's finances as a CFO. And they also have a more esoteric role, something Dillon called "keeper of the cultural flame." In essence, it means that the legal operations function at companies like Adobe is at the forefront of maintaining the legal department's brand — at Adobe that includes operating with humor, transparency and cooperation.

"I think of the legal operations function as a blend of a COO and a secretary of state," Dillon said. "A COO because they're the operational person. And they have to have the skills of a secretary of state in terms of influencing their peers, which is tremendously important."

On the flip side, it's the duty of the general counsel to share their vision for the legal department and to ensure everyone in it understands the important role that legal ops plays in bringing that vision to fruition, Findlay said. The general counsel should see the role as just as important as in-house counsel.

"Having legal ops people come to the leadership meetings helps them understand what you're trying to accomplish and it reinforces with the lawyers that this is an important person to work with," Findlay said.

Also at the forum were legal operations managers who spoke about what it takes to run the legal department like a business: identifying strategies, a mission statement and goals, and tracking progress through effective metrics to drive continuous improvement.

A central focus of legal operations is reining in outside counsel spending. Several GCs and legal operations managers agreed that while law firms are starting to evolve, most of them are doing so at a glacial pace. They concluded that the only way to force law firms to change their practices is to stop sending them work.

Many of the legal operations leaders shared ways they had successfully cut back on outside counsel spending.

At NetApp, chief of staff and director of legal operations Connie Brenton guided a project to develop a "rate wizard" — an automated methodology for setting fair and accurate outside counsel rates. It was a complex process, Brenton said, that involved experimenting with new tech tools and working with consultants and vendors to benchmark across the market, firms and NetApp portfolios.

Then the best and fairest rates were passed along to firms, accompanied by the request to call NetApp with any problems, which effectively moved fee negotiations from the front to the back end.

The result was a 7 to 10 percent reduction in rates for NetApp, and the whole exercise dovetailed nicely with a later turn toward fixed fees.

And, Brenton said, they only got two phone calls from firms about the new rates. The acceptance by law firms of the new rate scheme drove the project and eliminated corporate counsel's initial skepticism over the sea change.

"By then, I had enough data to tell them: 'It's OK. They're not objecting.' And that allowed us to drive the project forward. [So] use your colleagues' experience to move a project forward," said Brenton, who offered to share schematics and documents about NetApp's undertaking to anyone interested. "Don't reinvent the wheel. Use our data — it works. The law firms are not responding, and this is a way we can actually scale."

Stephanie Corey, the chief of staff and senior director of legal operations at Flextronics, told the forum about how she successfully worked with the company's procurement team to devise a unique RFP system. Running an RFP is an administrative nightmare, she said, both for the client and the firms.

"It's so bad that the last time we did this, we told our law firms, 'You can be greenlit, which means you stick to the rates you told us you'd stick to two years ago' — in other words, four years with no raise — 'and you don't have to go through the RFP process and we'll just keep everything the same,'" Corey said.

The other option was to be designated "yellow" and go through the RFP process again to request a raise.

"Guess how many firms came back and said, 'No, we want to go through the RFP process.' None," Corey told the forum attendees. "Every single one of them said yes."

Brenton and Corey's experience-sharing goes to the heart of what will continue to drive innovation as the focus on legal ops reaches a fever pitch: Groups like the ACC offer a chance to share and refine best practices and to learn from others' mistakes and achievements.

"If you're not in a networking group, try to get in one," Corey said. "They're enormously helpful. I would not know how to do my job without these groups."

--Editing by Jeremy Barker.

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