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**Taking legal modernization to
the next level: Tools for building
a business case for change**

Legal department modernization: The challenge

For many organizations, modernizing the legal department remains a high priority. There is a recognized need to improve the legal function in order to provide guidance to growing and increasingly complex businesses. Yet the resources needed for a digital transformation are often just out of reach even though the advantages delivered by digital technology and potential gains in efficiency, cost effectiveness, resource alignment, and reduced enterprise risk are readily acknowledged. While significant strides are being made in some areas, Deloitte's interviews with legal executives indicate that the legal department is still one of the last frontiers of the enterprise to undergo operational and digital transformation.

If the need to catch up or even keep pace to other functional areas is generally acknowledged, what's holding companies back from investing in much-needed process changes and technology improvements for the legal function? In our conversations, we've discovered that making the case for change is often hampered by a lack of supporting data or ability to articulate the current state relative to market. The organization's CEO, CFO, and COO may understand the obvious benefits of compliance reporting software, for example. However, as they weigh the legal department's request against asks from other areas of the business, they lack the applicable information or perspective to be convinced that investment in the legal function could improve department performance. It is not intuitive to think of your legal function as providing a competitive advantage. It can be even more sobering to come to the realization that its processes and practices fall short when compared to competitors. Forward-thinking leaders need to understand how investment delivers value—not only to the legal function but to the broader enterprise as well.



Build a compelling case by benchmarking performance

Businesses rely on benchmarking to help them understand how they are performing and where changes need to be made to improve performance across the enterprise. It is a process for measuring specific business metrics and practices and gathering data that allows an apples-to-apples comparison with other internal functions, direct competitors, or other similarly situated organizations. The applicable data and context can provide valuable insight and help empower more strategic decision-making.

What Deloitte knows from years of in-depth conversations on this issue is that benchmarking is a valuable tool in creating a compelling business case for legal department modernization. Imagine being able to articulate a need and back it up with relevant data rather than just anecdotal rhetoric. For example, "I think we need a contract life cycle management solution. Based on the market data, we know that other firms are either exploring or having achievements by doing XYZ. In addition, when we engage our internal stakeholders, they have expressed business concerns in our ability to execute and provide deals timely and carefully, and this is putting us at a competitive disadvantage, according to those surveyed."

Benchmarking performance against a set of industry-accepted, defined criteria provides an understanding of where the department stands relative to others across a comparative analysis of people, processes, and technologies. Survey data can help legal leaders garner support for critical projects and encourages early buy-in from relevant parties.

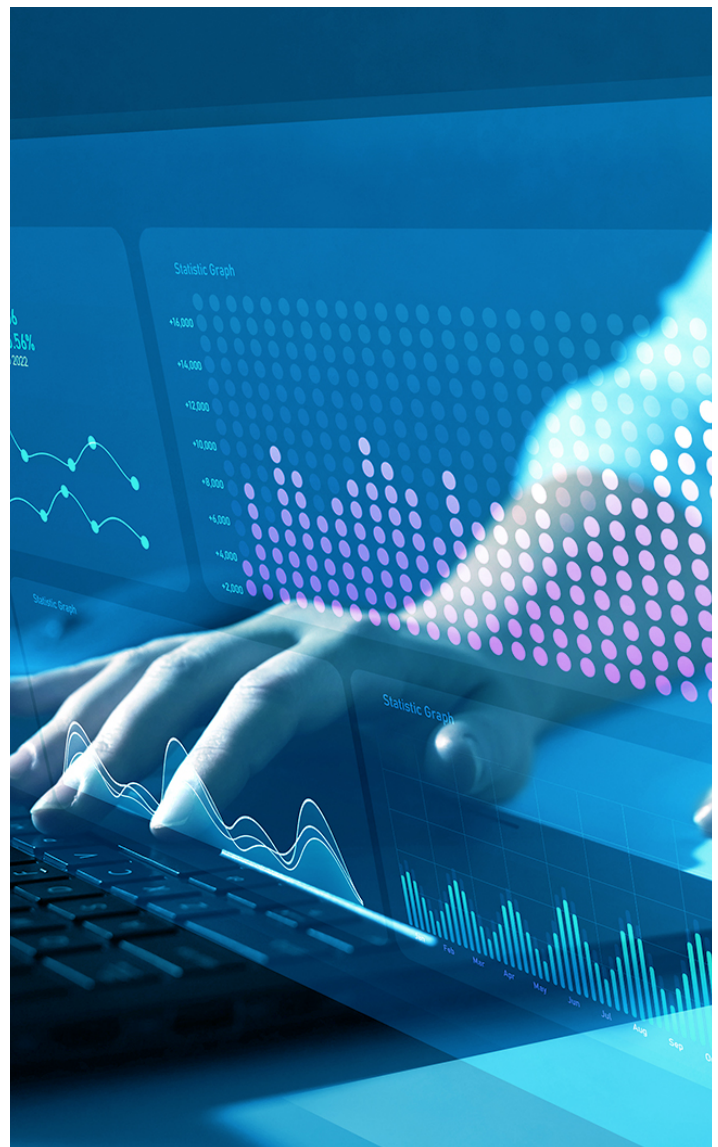
Here, we test two approaches to benchmarking that are commonly used to inform legal operations professionals and leadership within their organizations; where they lie along a legal modernization continuum compared to peers; and introduce a third approach, voice of customer (VoC), that focuses on internal observations and performance.



Industry benchmarking

External benchmarking compares metrics and practices from one organization against many others and may be conducted by a third party. In [Deloitte's State of Legal Operations Survey](#), findings are presented based on survey responses from legal departments across industries and aligned to the Corporate Legal Operations Consortium's (CLOC) Core 12.¹

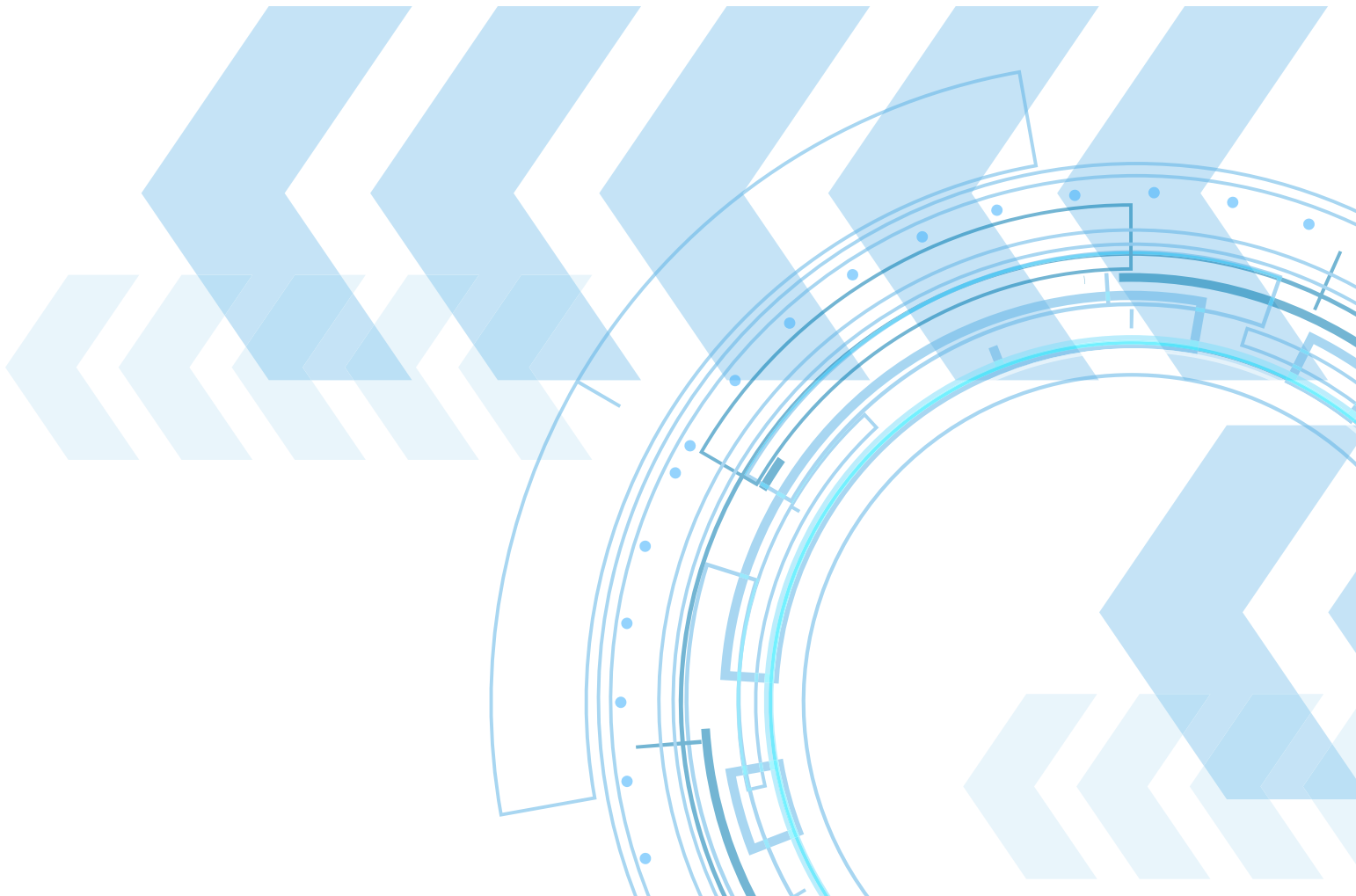
These findings consistently highlight the need for legal operations leaders to develop long-term road maps for technology modernization and project management capabilities. When developing a strategy and a road map of how to execute against that strategy, organizations should consider first having an understanding of their current state and where they stand relative to market. The State of Legal Operations Survey is a tool to help compare or contrast an organization's capabilities. Those resulting insights can then suggest actions a legal department should consider taking to effectively address the challenges of doing more with the same or, in some cases, less. For example, in the 2021 survey, 69% of respondents felt their attorneys were taking on too much administrative work, up from 58% the previous year. Yet in many organizations there has been little to no change in the use of automation, with fewer than 20% of respondents indicating they are leveraging tools to automate routine tasks. When it comes to managing the work, 63% reported that project plans are developed for new projects, up 16% from the previous year. However, 78% reported they didn't have a process to compare whether work and resources were properly aligned, up from 65% the previous year. These results seem to suggest that throwing more labor at your current processes may not have the desired effect and certainly are not the most efficient way to address capacity and quality of outcomes for the legal function.



1. Corporate Legal Operations Consortium, [What is legal operations](#), September 10, 2020.

Peer comparative analysis

How does your legal operations team compare to others of similar size or in your specific market? These short, targeted studies focus on a tight grouping of peers with a tailored survey to identify trends, progress, and opportunities. This data helps organizations understand how their legal department stacks up and where investment may be needed. An important element of this analysis is understanding what benchmarking categories are most relevant to your organization and recognizing that it is not necessary or even desirable to be in the top-performing category of each of the market indicators.



Explore a different type of benchmark: Voice of customer

As legal operations functions are being asked to evolve and become more strategic partners to the business, it is often unclear what that means to internal stakeholders. VoC initiatives can be used to obtain candid, detailed feedback from internal customers in the areas of service delivery, collaboration, efficient use of technology, and satisfaction of outcomes. Well-designed VoC initiatives help legal teams enhance relationships with business partners and gain quantitative and qualitative information to spark action and level expectations. They can also help legal operations teams articulate value through a defined feedback loop.

Such initiatives provide an opportunity for legal operations to promote interaction vs. introspection. VoC initiatives can help better position the legal department's role as a gatekeeper to an active strategic business partner. Perhaps most importantly, they can help identify and prioritize opportunities to modernize legal operations that directly support business growth.

Before kicking off a VoC initiative, be prepared to manage stakeholder expectations. Tactical consideration needs to be given to how the discussion is handled politically, logistically, and in terms of accountability. Start by identifying hypotheses and issues, and position VoC as a tool to engage in open and honest discussions given the context of the organization's culture. It is critical to know the "why" that is driving the need for VoC insight (e.g., "How do other departments feel about the services provided by our legal department?" "How can our legal department improve communications and response times?") and make it the focus of communications.

Specific considerations for a VoC initiative include the following:

- **Set clear objectives.** Are you trying to gauge current performance or identify ways to improve a service? Know the questions or issues you're trying to address upfront so that the study is designed to provide the relevant information.
- **Choose the applicable methodology.** A variety of tools and techniques are available for gathering VoC data, and your choice may depend on your selected objective and your company's culture. Will you conduct interviews, send feedback surveys, host focus groups, or use email or internal communications boards? These are only a few of the options available.
- **Assess the customer experience.** Once the data is gathered, identify both positive and negative experiences and analyze common themes.
- **Define the disconnect.** Examine these themes to define the disconnect between what the business expects from legal and how legal currently engages with the business.
- **Recognize the obligation it creates.** Engaging in this type of exercise will create an obligation to communicate back to stakeholders and advise what if anything is being done as a result of the feedback.

7 tips for effective Voice of Customer benchmarking

1. Define the appropriate objectives for your organization.
2. Don't go it alone; gain support from your leadership team.
3. Obtain the necessary buy-in.
4. Consider the need for confidentiality and trust.
5. Deliver on the promise.
6. Stay consistent with communications and messaging.
7. Move from absorbing benchmarking insights to taking action.

Build a business case for change

These tips above can help you build a business case for investing in legal operations modernization. They can help reframe the conversation from “I need more budget” to “Investing in the legal function can be a competitive advantage.” Gathering data from external resources and peer comparisons helps decision-makers understand where your organization stands relative to industry. Being transparent and introspective through VoC research helps pinpoint ways that investing in the legal department could help improve the performance, perception, and results of the organization. Once armed with these insights, legal leaders are in a better position to build a case for investing in a modernization program that aligns with the business strategy of the enterprise and delivers on expectations for service excellence, cost efficiency, and resource optimization.



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