

MITRATECH

Outside Counsel  
Acuity ELM Essentials  
White Paper

# 5 IMPORTANT METRICS TO REVIEW AND MANAGE YOUR OUTSIDE COUNSEL

Acuity ELM Essentials

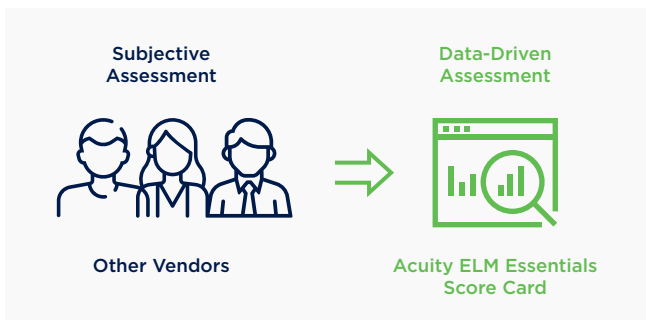
# INTRODUCTION

Corporate legal teams and insurance departments rely on outside law firms to manage much of their legal work, whether due to the necessity of jurisdiction, specific expertise, or internal bandwidth.

With so many options of so many firms, teams must determine how to benchmark their firms so they know how to encourage more efficiency and better outcomes. Ultimately allowing the legal teams or departments to choose the best firm to handle specific matters in specific regions.

Historically, the assessments have been based on personal relationships, word-of-mouth, or surveys - collected subjective assessments from matter managers as to how “responsive” and “efficient” each firm is. Worse, assignments may be handled based on gut instincts and matters given to the firms perceived as best performers or a lack of work to those firms perceived to have issues (whatever those may be) and not with data or empirical support.

The problems associated with this approach are obvious. Reviews are subject to personal bias and may have nothing to do with the firm’s actual performance and feedback is required by matter managers in a timely and constructive manner.



# IT'S TIME TO REVIEW - WHAT METRICS SHOULD YOU CONSIDER?

We believe that a better firm evaluation begins with an objective data-based assessment that compares firms to one another and highlights the important differences between firms working on similar matters or in similar regions.

Optimizing the selection of law firms as a cost can save you 2% of legal spend. If you're looking at \$10M in legal spend, then optimizing with your data can net \$200K in savings. How do you get there?

Here are 5 of the most important data points to drive your outside counsel decisions:

- Average Fees Per Matter
- Average Total Case Cost
- Billing Compliance
- Cycle Time
- Resolution



# IT'S TIME TO REVIEW - WHAT METRICS SHOULD YOU CONSIDER?

## 1. Average Fees Per Matter

Fees per matter reflects the firm's work effort. It boils down to the time and resources invested to reach the final outcome by finishing work against a matter.

## 2. Risk-assess your CECL spreadsheets

Total case cost reflects the amount of time the firm worked and the firm's attention to and containment of expenses. The idea is that firms should be the experts in resolving the issue in a manner that is financially efficient. For example, in contract terms, fees/fines, and settlement payments.

Total case cost is especially helpful when looking at a firm's performance compared to other firms where both data sets include the same type of work, matters, regions, and/or specialization.

“A client didn't realize that her favorite, go-to firm was charging her department \$10,000 a year for copy charges alone”

## 3. Billing compliance

Do you find outside counsel firms following your billing guidelines consistently or do you have a team reviewing, adjusting, and correcting non-allowable line items and expenses?

The whole purpose of billing guidelines is to ensure that firms performing your work do so as efficiently as possible and within contracted terms. It's not enough to set a budget and restrict firms to those limits.

Being under budget is not a free pass on compliance. What about the firm who is under-budget but is still including costs for secretarial work or first-class travel? Or a firm whose new associate is spending hours researching legal precedent that you already know?

There are many horror stories, including one where a client didn't realize that her favorite, go-to firm was charging her department \$10,000 a year for copy charges alone.

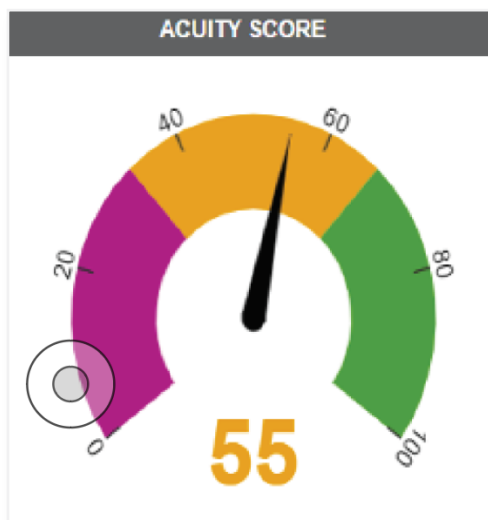
Instead, it's better to be proactive and continue working with the firms that are providing high-value output, with high success rates, and who comply with your billing guidelines. That's a win-win.



# IT'S TIME TO REVIEW - WHAT METRICS SHOULD YOU CONSIDER?

## 4. Cycle Time

Do you know how long it takes a firm to manage and complete your matters? This is a crucial metric that not only lets you know a firm's averages, but also allows you to compare firms working on similar matters to one another. Longer cycle times often leads to higher costs (fees and expenses) and consumes more of your time and resources.



## 5. Resolution

The goal of using these metrics and comparisons is to better understand your matters and the firms you've hired to complete the work. How you define success is dependent on your internal needs, but setting expectations and relying on data-driven decisions to choose your experts is preferred. Setting up a system that allows you to compare your firms across similar matters within practice areas and to predict outcomes and the costs associated with a favorable outcome.

Key metrics to keep in mind include while managing to matter resolutions:

- average timekeeper rate or a blended rate
- average number of timekeepers per matter
- average number of partner hours (or non-partner hours) per matter
- number of matters with budgets  
average hours per task per matter

Subjective measures are not quantifiable but are important too. Make note of those performance comments and use them to complement the data.



# CAPTURING METRICS WITH A FIRM SCORECARD

The Acuity ELM Essentials Firm Scorecard makes capturing and analyzing this data easy. Once your eBilling system is configured, you will select attributes to include on the scorecard and determine the order in which the attributes are ranked so that the most significant metrics are given the largest weight. The Scorecard returns the values for each attribute you select and will provide an overall score.

The score is the product of an algorithm that compares the selected firm against its “cohort,” other firms included in the filtered group. Dynamic filters such as region, state, and type of legal work allow you to narrow the results to provide a more focused comparison.

Here are a few examples of how your team can use the firm scorecard:

- **Annual meetings with your firms**, encouraging best practices and highlighting areas for improvement
- **Panel counsel selection**, ensuring your highest performers are assigned the work best suited to their strengths
- **Matter assignment**, determining which counsel is most appropriate and most efficient for specific matters going forward



## CONCLUSION

With rising legal spending and liability increasing every year, it's more important than ever before that you have insight into the true value your outside counsel brings to the organization. Predicting costs for both legal expenses and monetary responsibility and weighing those factors against the likelihood of successful and prompt outcomes is key to managing your legal department.

It's our job to give you the data and the tools to drive those decisions. Firm Scorecard is configurable, so your analysis reflects the attributes most important to your organization. Our team of experts are specifically trained to consult and offer solutions that pair our technology with your data, making your decision process easier and more successful.

# ABOUT MITRATECH

Mitratech is a proven global technology partner for corporate legal, risk & compliance, and HR professionals seeking to maximize productivity, control expense, and mitigate risk by deepening operational alignment, increasing visibility, and spurring collaboration across their organization. That helps them rise to the challenge of serving the evolving needs of the modern, dynamic enterprise.

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