



The World Masters of Law Firm Management

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Legal Process Outsourcing – the real story

Four Seasons Hotel, Sydney
Thursday 11 October 2012

Presented by:



Law Council
OF AUSTRALIA
Legal Practice Section

With the support of:



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THE LAW ASSOCIATION FOR
ASIA AND THE PACIFIC

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Legal Process Outsourcing – The Real Story

“LPO: Tales from the Buy Side”

Graham Jefferson
AdventBalance
October 2012

ADVENTBALANCE
Bringing new life to law

Agenda

1. Sourcing legal services
2. Define clear success criteria and allocate enough resource to be successful
3. Be honest about quality / cost trade-offs
4. Get the people right
5. Communicate clearly



1. Sourcing legal services

Outsourcing legal services (LPO) is still just outsourcing

- Reduce costs & improve costs transparency
- Improve quality & focus on key competencies
- Achieve greater scalability
- Pursue new markets / clients
- ➔ Responding to a client strategy

Sourcing, unbundling and frames of reference

- What are you sourcing – a ‘case’ or parts of a dispute?
- Acknowledging bias – briefing peers
- IT lawyers in banks cf banking lawyers in Telcos

What sourcing expertise do you really have?

Example

- In-house legal function resisting assistance from Internal sourcing (purchasing) function

	NOT TIED TO COMPETITIVE ADVANTAGE	TIED TO COMPETITIVE ADVANTAGE
HIGH RISK	WORK CLOSELY WITH OUTSIDE FIRM High-stakes litigation Reputation Compliance HR policy	HANDLE INTERNALLY Product design, build, and sell Intellectual property strategy
LOW RISK	OUTSOURCE TO A VARIETY OF PROVIDERS HR cases Smaller litigation Real estate	MANAGE VIA SELF-SERVICE, AUTOMATION, OR OUTSOURCING Routine transaction processing

Vintage Partners analysis of Cico's approach to allocating work - see: Ernie & Gordon, "Points of Law: Unbundling Corporate Legal Services to Unlock Value" Harvard Business Review July - August 2012, 126



2. Define clear success criteria and allocate enough resource to be successful

Strategy → success criteria

- Reduce costs → measurable savings from baseline costs + better profitability
- Improve quality → improvement in quality KPIs + increased client satisfaction
- Greater scalability → faster response times
- Pursue new markets / clients → expanded client list / change in revenue profile
- Responding to a client strategy → increased client satisfaction + increased 'share of wallet'

DIY, the 'planning fallacy' and 'the enthusiasm of the neophyte'

Big bang or baby steps?

Example

- Experience of 'part-time' team working for ~2 years on a project
- Pilot project to test offshoring model – success criteria was less important

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3. Be honest about cost / quality trade-offs

Does everything have to be perfect?

- How much are clients willing to pay for perfection?
- Is there an 80 / 20 approach to this issue?
- Style v substance

What quality metrics are currently applied to work?

Hard cases, concerns about quality and xenophobia

Example

- Concerns about quality in drafting project did not stand up to proper testing and 'blind' comparisons

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4. Get the people right

Your LPO partner

- Proper due diligence and avoiding the 'Halo Effect'
- 'Acceptance criteria' and parallel processing
- Options – insourcing, domestic & niche providers

Your people

- 'Fadshionistas'
- Early adapters
- Skeptics
- Luddites

Hard conversations about people – the Von Manstein

Example

- Bringing Mumbai based team members to sit with onshore team

Diligent

Source of most
organizational
problems?
(Menace)

Staff
(Most of Middle
Management)

Lazy

No harm
(Leave them alone)

Source of
Innovation &
Progress.
Real Strategic
Thinkers

Stupid

Smart

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5. Communicate clearly

A communications plan that articulates your strategy (or not)

Communicating clearly to all stakeholders

- Staff – same message for all?
- Management (in-house situation)
- Clients – not all clients are equally affected
- Regulators – get in front of them

Example

- Senior management unable to agree key messages – no real consensus on strategy

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Insourcing

How?

- Provide senior and experienced lawyers who work in-house
- More commercial focus and understanding
- 100% dedicated
- Flexible basis and at a reduced fixed cost

What?

- Executing or project managing transactions
- Managing large scale tenders or contracts
- Litigation or dispute resolution
- Implementing regulatory change
- Compliance projects
- Managing integration issues following a merger or acquisition
- Short and longer term “infill” – e.g. replacement for someone on holiday, maternity leave or assigned to a major project

Who?

- AdventBalance





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