

Using Legal Metrics: Driving Decisions and Communicating Value

Legal departments are navigating unique pressures

Pressures on legal departments



Flat Headcount and Rising Workloads



- Despite macroenvironment trends, recent polling data shows **legal spending is expected to increase**.
- Environment of **cost consciousness vs. cost-cutting** — willingness to spend opportunistically.



Escalating Outside Counsel Costs



- **Law firm billing rates increased 3.9%** from Nov 2020-2021.
- **65%** of legal departments are **planning to keep a higher percentage of matters in-house**.



Lawyer Burnout and the Great Resignation



- **57%** of in-house lawyers are **actively looking or planning to look for a new job**.
- **54% of lawyers are exhausted**. Worse, one in five were highly exhausted and therefore more likely to underperform and quit.



Constant State of Disruption



- Legal teams are **navigating unfamiliar and complex issues** triggered by events such as the COVID-19 pandemic.
- Legal leaders must **find new ways to free capacity** to focus on these high-risk issues.

Source: Gartner analysis

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How metrics help

Identify Ways to Operate More Efficiently

- Identify real vs. perceived process failures.
- Diagnose inefficiencies and size potential impact of problem.
- Identify opportunities for automation of routine tasks.

Monitor and Manage Performance

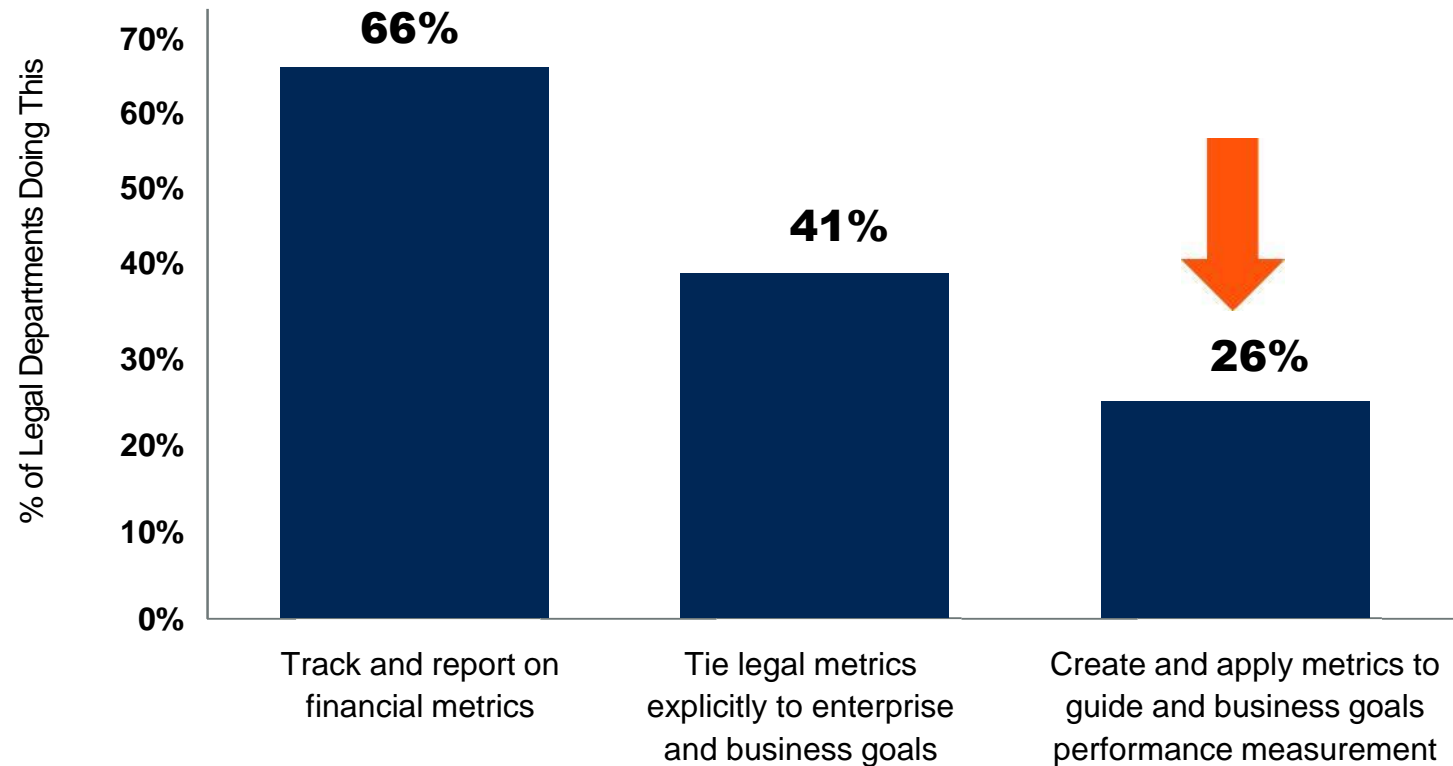
- Make smarter decisions about what work to take on, who should do it and how to execute.
- Identify lower-value work to shift or stop to ensure in-house lawyers are working at the top of their licenses and free up capacity to manage disruption.
- Manage external providers and identify opportunities for cost savings.

Communicate Legal's Value and Improve Business Partnership

- Show how the legal department has an impact on business goals.
- Allow legal to be more proactive in identifying sources of demand and anticipating areas of business need.
- Drive strategic focus and support continuous improvement.

Where are legal departments today with metrics?

2022 Legal Department Metrics Use



Source: Gartner Legal and Compliance Score Benchmark

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Identify metrics that matter

The Metrics Framework

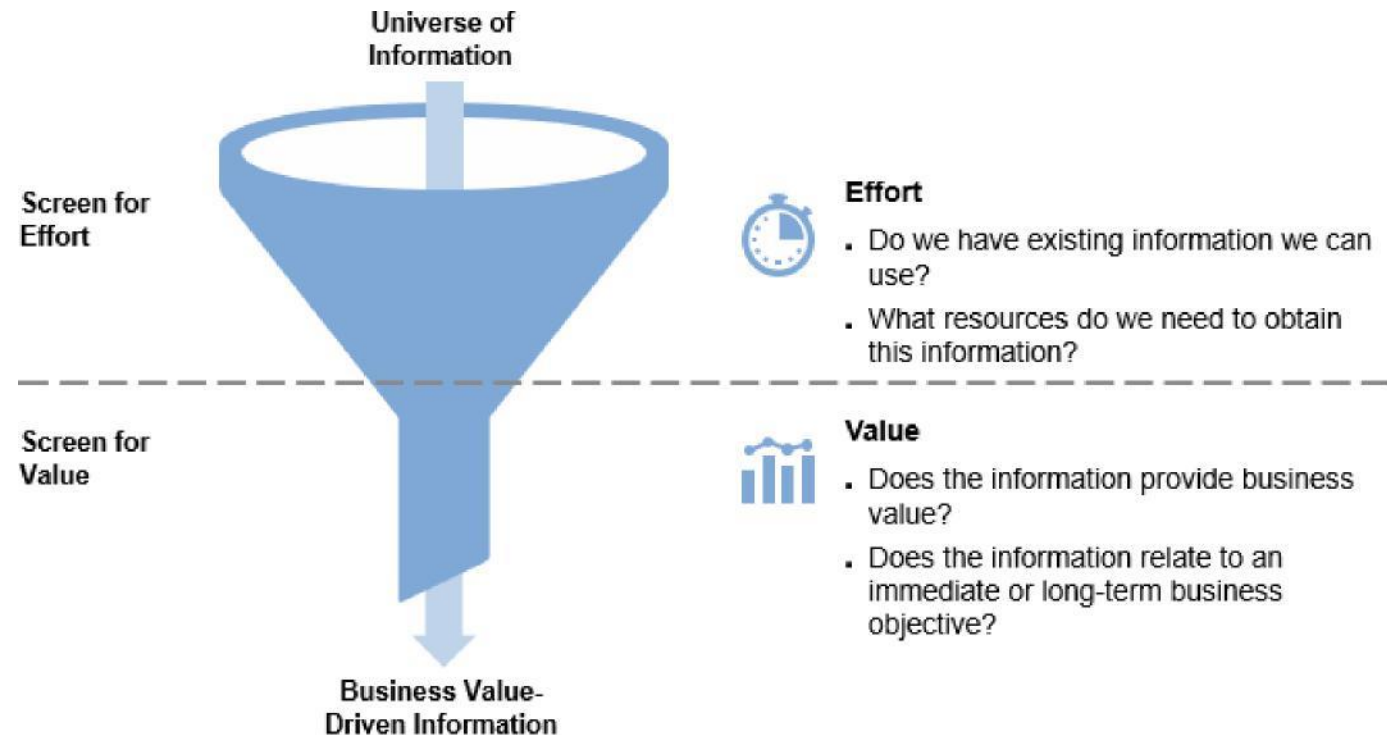


Common business value drivers

				
Business Value Drivers	Improve Efficiency	Increase Revenue	Decrease Costs	Reduce Risk
Legal Goal	• Increase legal speed to support growth at scale	• Support expansion to new geography or industry	• Reduce legal department spend	• Improve proactive risk management and mitigation
Legal Objective	• Identify bottlenecks in assigning work to legal	• Improve contracting processes to accelerate speed to signature	• Reduce outside counsel spend	• Conduct enterprisewide risk assessment
Legal Activity	• Implement data tracking exercise to identify process failures	• Develop centralized intake process for contract requests	• Analyze outside counsel spend to identify areas to bring work in-house or shift to ALSPs	• Develop risk-tolerance training for business partners
Metrics	• Percentage of process issues by type (data hygiene, not enough information from business, etc.)	• Percentage of intake through prescribed channel	• Ratio of in-house vs. external spend • Percentage of low complexity matters currently with outside counsel	• Number of risk incidents by type (e.g., policy violations)

Prioritize metrics investments

Screen for relevant and attainable information: Metrics are an investment, and you will not be able to track everything all at once. Once you have identified the metrics that matter most to your audience, you will need to prioritize using criteria such as effort and value.



Source: Adapted from one technology company; Gartner analysis

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Two audiences: Legal and the business

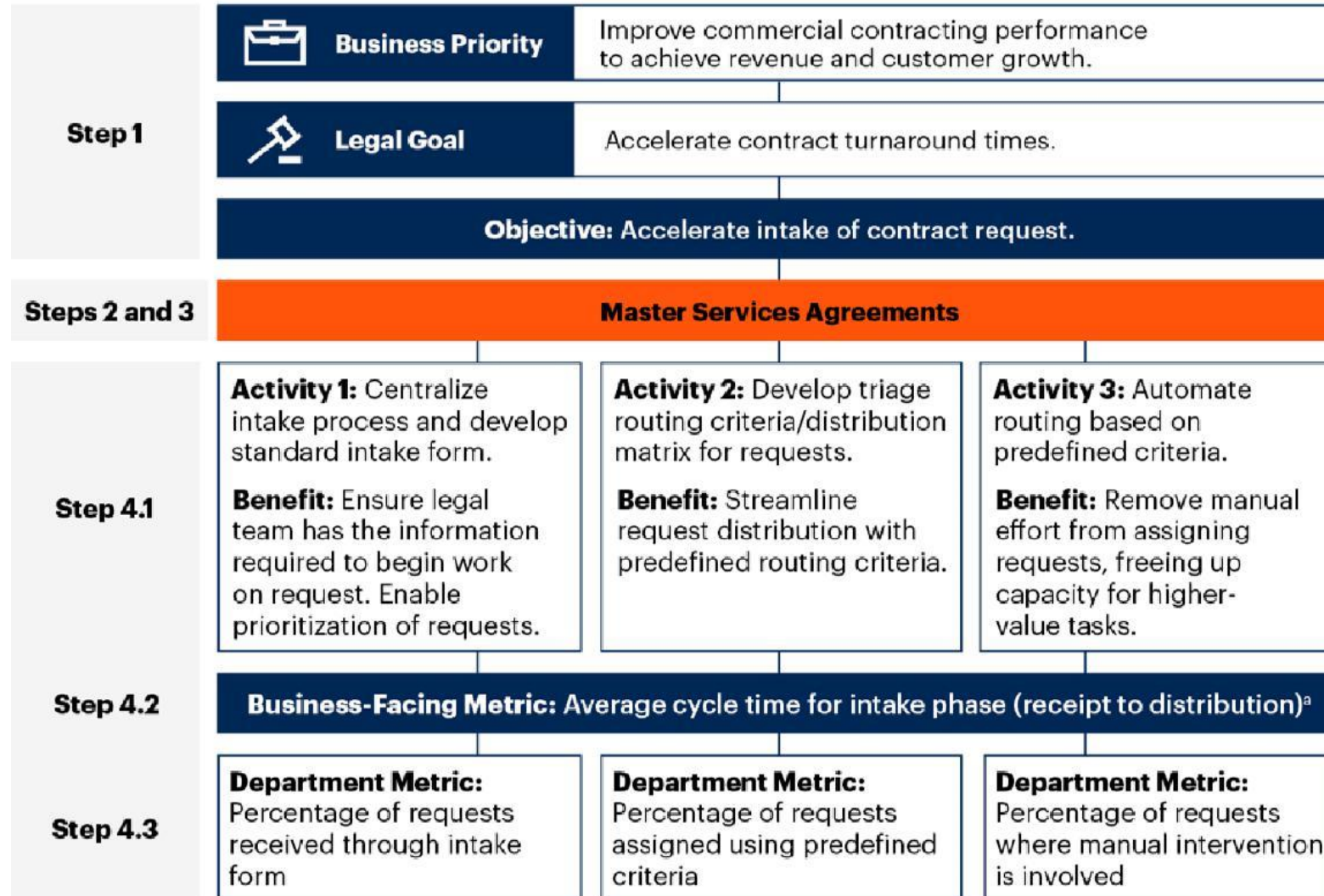
Legal-department-facing metrics measure how the department runs:

- Spend
- Resource allocation
- Adherence to processes
- Solution effectiveness

Business-facing metrics measure high-level outcomes that matter to the business:

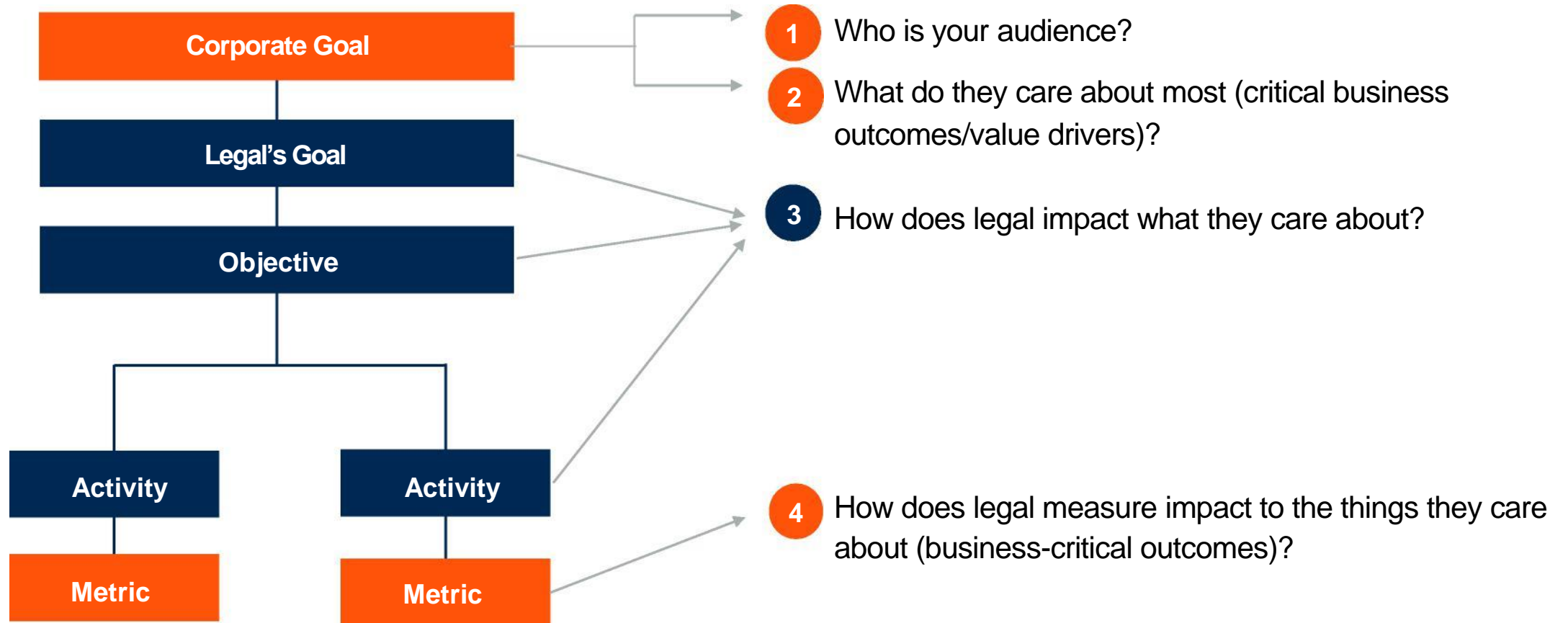
- Speed
- Reduced cost
- Increased revenue
- Risk reduction
- Customer satisfaction/experience

What this looks like in practice



Build your value narrative with a message map

The Metrics Framework The Message Map

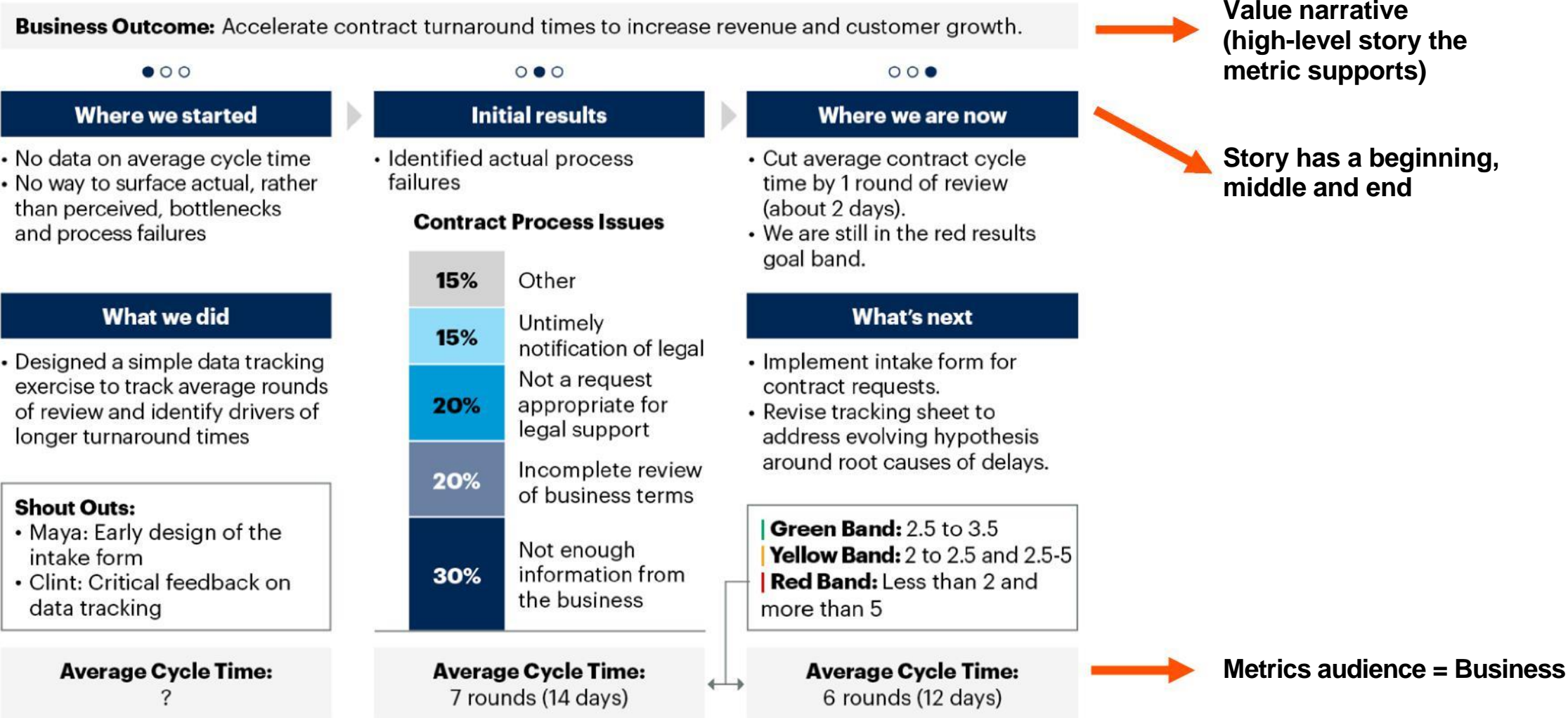


Metrics help tell a story

The metric is not the story.
It supports the narrative of the story.
Here is a metric without a story:



Here is a metric with a story



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How Gartner Can Support You

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Gartner's Budget and Efficiency Benchmark

Use Gartner's best tool to benchmark staffing, spending and structure and make effective resource allocation, organizational structure and staffing decisions.

10 use cases for the Budget and Efficiency Benchmark

Inform Structure and Resourcing Investments	Reallocate Outside Counsel Spending	Compare Staffing Models to Peers	Build a Business Case for Technology	Benchmark Resourcing of Legal Practice Areas
Build a Business Case for a Function	Redistribute the Portfolio of Outside Counsel Work	Assign, Expand or Change Risk Ownership	Rebalance Portfolio Mix of Law Firm Support	Inform Expansion of Liaison Programs

Our Legal Budget and Efficiency Survey is available now!

Benchmarking topics available

To streamline our Legal Budget and Efficiency Survey, we have aligned the question set to focus on the most critical benchmarking elements for legal and compliance leaders.

Participants receive online, interactive reporting and a PowerPoint summary that displays their responses benchmarked against their closest peers, as well as an advisory walkthrough of key findings.

Legal	Corporate Compliance and Ethics and Privacy	
<ol style="list-style-type: none">1. Spending2. Staffing and Staffing Structure3. Legal Operations4. Resourcing by Activity/Practice Area5. Technology (Deep Dive)6. Outside Counsel Management7. Structure and Effectiveness8. Corporate Compliance and Ethics Resourcing (Optional)9. Privacy Resourcing (Optional)	Corporate Compliance and Ethics <ol style="list-style-type: none">1. Spending2. Staffing, Reporting Lines and Liaisons3. Technology (Deep Dive)4. Risk Ownership	Privacy <ol style="list-style-type: none">1. Spending2. Staffing, DPO Staffing, Reporting Lines and Liaisons3. Technology(Deep Dive)4. Activity Ownership and Functional Involvement

Executive summary: Strategy for 20xx

Legal Strategy

To help achieve company goals of improving profitability and customer loyalty by providing streamlined legal services and innovation that reduce legal risks and enable cost and operational efficiencies.

State of Legal in 20xx

- Legal cost as a % of revenue: 1.2%
- Percentage of contracts turned around within designated time frame: 87%
- Increase in client satisfaction score relating to contract turnaround year-over-year: 0.5 pts
- Total outside counsel savings due to department inefficiencies: \$200K
- Decrease in percentage of code violations year-over-year: 7.5%
- [Metric] [Current State]
- [Metric] [Current State]

Top Urgency Drivers

1. [Urgency Driver #1]
2. [Urgency Driver #2]

Legal Initiatives

1. Establish a global outside counsel shared services center to reduce overall costs.
2. Implement a contracts management system to enhance functionality and improve efficiency of key business processes.
3. Develop no less than three contract templates for commonly used agreements.
4. Work with IT to create a breach response plan that fits within the current incident response plan.
5. Develop a training calendar for key regional and compliance risks and roll out no less than two new trainings by the end of 20xx.

Critical Underlying Beliefs and Assumptions

1. The company will achieve x% revenue growth in 20xx.
2. The regulatory environment will not change considerably.
3. There are no plans for acquisitions or divestiture that will shift current priorities.

State of Legal in 2026

- Legal cost as a % of revenue: 1.0%
- Percentage of contracts turned around within designated time frame:
- Increase in client satisfaction score relating to contract turnaround year-over-year: 0.5 pts
- Total outside counsel cost savings due to department efficiencies: \$100K
- Decrease in percentage of code violations year-over-year: 5%
- [Metric] [Target]
- [Metric] [Target]

Actionable, objective insight

Position your legal and compliance organization for success.
Explore these additional complimentary resources and tools:

Research

Develop a Legal Strategic Plan You Can Use

Put your legal strategic plan on one page with this template.



[Download Now](#)

On-Demand Virtual Briefing

Legal Operations – Using Metrics to Drive Decisions and Value

Define a set of metrics that enables clear, visual communication of legal's strategy and impact.



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