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## Law Firms Must Improve Transparency and Efficiencies to Meet Changing Corporate Client Demands

*New survey from HBR Consulting identifies three trends for law firms looking to better serve clients*

**November 18, 2016 (Chicago, IL)** — Law firms are seeking strategies to respond to clients' quest for value and efficiency while simultaneously increasing profitability.

Corporations decreased outside legal spend by 2 percent as law departments look to reduce costs and keep more matters in-house, according to HBR Consulting's [Annual Law Department Survey](#).

Leading law firms looking to differentiate themselves in an increasingly competitive market are paying close attention to law department trends to build strategies that drive operational efficiencies and align with client needs, including understanding how clients select and measure outside counsel. According to HBR's Survey, the top criteria for selection of outside counsel was the level of client service and engagement (79 percent). This was followed by predictability in matter handling, project management capabilities and creative staffing, and innovation in fee arrangements. The top metrics for tracking outside counsel performance are results and outcome, knowledge of company, communication and billing practice, and compliance with billing guidelines.

"Leading law firms are holistically looking at the entire lifecycle of a client relationship – from the outside counsel selection process all the way through the billing process – and are leveraging client perspectives to drive change within their organizations," said HBR president, Nick Quil. "Areas that may have traditionally been viewed as 'back-office' support functions, such as IT and procurement and billing, are becoming strategic points of differentiation for many law firms."

As corporate clients increasingly pursue strategies to do more with less, law departments are focused on optimizing internal resources and leveraging technology to increase operational efficiency, and they expect the law firms that they work with to do the same. In response to client pressures and emerging competition, almost every decision leading law firms make today is rooted in [improving service delivery and demonstrating increased value](#) for clients, including:

**Improving visibility, transparency and billing practices.** Leading law firms are prioritizing immediate visibility into the budget of matters. As law departments look to further control costs and minimize any billing surprises, corporations are looking to select law firms that are creating models that provide transparency into the billing process from the onset of matters. The role of the legal secretary and billing and collections departments are evolving, and in many cases elevating, to address increasing client demands.

**Investing more strategically in IT.** According to HBR's survey, 40 percent of law departments plan to increase their use of technology to automate routine tasks, enhance work processes and support data analytics in the near future. As law departments become more tech-savvy and use data-driven metrics to inform decision making, they are expecting outside counsel to do the same. Forward-looking law firms are elevating their IT functions to be more strategic and implement processes that support the firm's attorneys in achieving their clients' overarching business goals. For some firms, this means moving to third-party IT support in order to free IT leaders' time and allow them to better craft strategies that enable attorneys to be more effective in their roles.

**Managing third-party risk with advanced procurement capabilities.** Top firms are looking to improve operational efficiencies and reduce costs through enhanced procurement functions. But as corporate law departments continue to focus on mitigating risk, particularly third-party risk, law firms are strategically investing in support areas focused on establishing [vendor governance policies and processes](#) to ensure they are meeting evolving client demands. Additionally, firms are looking to their procurement departments to create savings to fund investments focused on transforming the operating model.

For more information on HBR's Annual Law Department Survey or to arrange a legal trends briefing, contact [HBR Consulting](#).

## About HBR Consulting

HBR Consulting ([www.hbrconsulting.com](http://www.hbrconsulting.com)) delivers advisory, managed services and software solutions that increase productivity and profitability for corporations, professional services and law firms. Thought leaders with decades of experience, we deliver value to our clients. HBR has long-term relationships working with 90 percent of Am Law 200 law firms and 35 percent of Fortune 500 corporate law departments.

## About the Survey

The annual HBR Law Department Survey is the leading source of benchmarking data for U.S. and global law departments. It gathers and reports key qualitative and quantitative metrics that assess and benchmark law department performance. The Survey, now in its thirteenth year, continues to grow its participant base and expand its focus on global legal function management. The 2016 Survey includes a total of 276 participants representing 22 industries.

Unique among law department surveys, HBR Consulting's Survey focuses on larger law departments, includes both global and U.S. law departments and emphasizes data consistency and rigorous quality control procedures. For more information about how to purchase HBR Law Department Survey reports, visit <http://www.hbrconsulting.com/lawdepartmentsurvey.html> or call 215.628.3409.