

PART 1: FOREWORD	10
PART 2: DEDICATION AND ACKNOWLEDGEMENT	11
About this report	13
What's new?	14
PART 3: RESPONDENTS	17
1. Overview	17
2. Public/private sector	17
3. Industry sectors	18
4. Annual revenue/turnover	19
5. Fulltime equivalent employees	21
6. Numbers of lawyers and non-lawyers	22
7. Head office locations	23
8. Respondent organisations	24
PART 4: ROLES AND RESPONSIBILITIES	25
9. Legal department size	25
10. Relative legal department size	26
11. Chief Legal Officer reporting	29
12. Chief Legal Officer management responsibilities	31
13. Organisational levels	32
14. Chief legal officer titles	33
15. Lawyer position titles	34
16. Non-fulltime lawyer roles	35
17. Legal department reporting structures	37
18. Legal department geographic structures	38
19. Legal department structures matrix	39
20. Legal department seniority	40
21. Specialisation by area of law	40
22. Alignment by work-type/business unit	43
23. Workloads	45
PART 5: LEGAL SPEND	47
24. Internal legal spend	47
25. Direct costs	47
26. Indirect and allocated overhead costs	49
27. Timekeeping and charge-backs	50
Time recording	50
Charge-backs of internal legal costs	51
Charge-backs of external legal fees	52
28. External legal spend	53
29. Hours represented by legal fees and effective hourly rates	55
30. Specialisation by area of law (external legal fees)	56
31. Total legal spend	58
32. Relative total legal spend	59
33. Legal department growth	60
34. Business drivers affecting legal department growth	62
35. Limits on hiring more lawyers	64

PART 6: PERFORMANCE MANAGEMENT	65
36. Most pressing issues facing legal leadership	65
37. Inside/outside mix for complex legal work	67
38. Inside/outside mix for routine legal work	71
39. Legal department technologies	73
Case study: Managing for outcomes, efficiently	76
40. Legal department monitoring practices and metrics	78
41. Legal department audits	81
42. Fully loaded internal costs per lawyer	82
43. Fully-loaded hourly in-house counsel cost	83
Total worked hours	83
Chargeable hours	84
44. Legal department financial indicators	85
Lawyers – standardised measures	85
Legal costs – standardised measures	86
Legal costs – internal/external ratio	87
45. Pressure to reduce costs	87
46. Cost reductions achieved	89
47. Improving legal department effectiveness	90
Legal department and Chief Legal Officer role	90
Resources and systems	90
People	90
48. Demonstrating legal department value	91
No formal systems or process	91
Expertise and knowing the business	91
Effective service delivery	92
Proactive service delivery	92
Identifying value – satisfaction and feedback	92
Comparisons with external counsel	92
Demonstrating and communicating value	92
Business outcomes/results	93
Combinations	93
PART 7: EXTERNAL LEGAL PROVIDERS	95
49. Law firms used	95
50. Legal spend concentration	97
51. Law firm arrangements	99
52. Selecting panel firms	100
53. Types of law firm used and expected change	103
54. Selecting firms – top seven criteria	106
Top three service selection criteria	106
Top four relationship selection criteria	107
Bringing it all together – the top 7 criteria	108
55. Lead law firms compared with their competitors	109
56. Terms of engagement	111

57. Value add benefits	115
58. External legal spend controls	117
59. Incidence of matter budgeting	119
60. Budget compliance	121
61. Rebates and discounts	122
62. Hourly billing	124
63. Use of alternative fee arrangements	126
64. Success of alternative fee arrangements	130
Case study: Retaining value relationships	132
65. Expected non-hourly rates	134
66. Barriers to alternative fee arrangements	134
67. The last word on alternative fee arrangements	135
68. Law firm transaction management	136
69. Litigation management challenges	139
70. Reviewing law firm relationships	140
71. Barriers to changing law firms	141
72. Terminating law firm relationships	142
PART 8: IMPROVING LAW FIRM RELATIONSHIPS	143
73. Most impressive things to see from law firms	143
Case study: Collaborative panels	145
74. Most important things firms can do to improve working relationships	146
75. Pressure on firms to reduce costs	147
76. Improving the quality of requests for proposals	149
77. Law firms serious about change	151
78. The value challenge	152
79. Law firms exceeding expectations	155
80. The 'A team' – great lawyers	156
81. Helping law firms deliver value	156
82. Conclusion	158
APPENDIX	159
1. Overview	159
2. Benchmarking benefits	159
3. Using key performance indicators and metrics	159
4. Methodology	160
5. Australia/New Zealand and public/private sector	161
6. Confidentiality	161
7. Interpreting the data	161
8. Producers and sponsors	162
9. Disclaimer	162
10. Continuous improvement	163