

A common CEO refrain is for all departments to cut budgets by 10 or 20 percent. A full list for the legal department might have 50 or more ways to save costs. Here are a few:

1. Talk with outside counsel. If outside counsel are your biggest cost,

ery improved so much that we refocused our efforts on more forward planning, saving more than expected. The best firms also improved their positions as others dropped away; they earned more while we saved money and got better results.

lawyers have prodigious “to-do” lists, yet seldom have a “not to do” list. Ask outside counsel what elements they can leave out to still achieve the same outcome. Do they really need to make that application or do that research? Then do the same internally. After a series of conversations like this, I’m constantly surprised how quickly lawyers start actively identifying and eliminating the things that don’t really need to be done after all. You’ll ultimately improve focus and save costs.

Ten Quick Ways to Cut Costs

BY RONALD F. POL

this is where you usually get the biggest savings. If they’re doing a good job, instead of an expensive and time-consuming tender process, share with them the need to save money. They tell you how innovative and client-focused they are, so let them show you exactly how they’ll do it.

- 2. Review inside-outside mix.** When a general counsel approached one firm as in #1 above, they replied “we just deal with the legal issues you bring us as efficiently as we can. So we can’t really help much — sorry.” The company then grew its legal team to five times its original size and total legal costs plummeted. The firm’s short-sighted response resulted in much higher revenue loss than a more constructive engagement, and illustrates the power of the “make or buy” decision.
- 3. Measure it.** Cost-saving initiatives should be measurable and monitored. I once identified 10 value criteria, which we monitored and assessed monthly with law firms. Within just six months, firms’ demonstrable value deliv-

- 4. Benchmark.** Buy a legal department benchmarking report relevant to your jurisdiction and check your metrics. If you’re ahead of market, it’s a great way to demonstrate the value of the legal function. And if not, choose benchmarks relevant to

- 7. Share costs.** In litigation, do all the parties on one side really need separate representation? Sure, conflicting interests might arise, yet dealing with them and sharing costs in the meantime can boost the bottom line. The concept also

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your operations and develop strategies for meeting them. Savings will follow much like night follows day. An investment of a few thousand dollars can generate benefits of hundreds of thousands or more.

- 5. Checklists.** Beyond the formal benchmarks, most good benchmarking reports have plenty of checklists on the various methodologies and strategies of your peers. The ideas that even a simple checklist generates can also add tremendous value to your operations — select what works for you and do it.
- 6. Decide what not to do.** Most

applies generally. If you know someone who’s developed great debt-collecting processes, for example, why keep spending half the value of each debt with law firms delivering bespoke solutions? Share the resources and both of you can increase your savings in that area.

- 8. Outsource.** Decide what the team does best (e.g., top-level strategic advice) and outsource the rest. Can you really do C-suite legal strategy work and draft the simplest contracts as cost-effectively as a specialist firm or document assembly technology?



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9. Operational practices. Focus on what's important — not just urgent — and live by the 80/20 rule for everything that doesn't require the over-investment in time to make 'perfect.' You can get better results more quickly at less cost. You may also get to keep those extra couple of years to your life that constant stress otherwise erodes.

10. The small stuff counts, too. One day as I was heading for the airport cab rank as usual, an express airport city bus arrived. Curious, I boarded and got to my meeting just as quickly (thanks to priority bus lanes). It was a better trip (big leather seats and free wifi), and at \$15 instead of \$80, I saved \$130 on the return trip. Checking into a hotel, I also accepted \$40 off

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the room rate (paid by the company) in return for no air points (which would have been for my benefit). Later, I wondered how many managers would have waived their air points and how many other lawyers would even consider taking a bus, even if it was faster and cheaper?

In other words, are we too self-important to save money or lead by example? There's no need to wear a hair shirt (don't wait an hour and miss your meeting to save a few dollars). But if we consistently act

sensibly and moderately, some of our colleagues and outside counsel might do likewise, systemically locking in a savings mindset and in some small way, helping to maintain our profession's reputation.

If instead we emulate the in-house counsel who tried to charge the estate of a woman who died of lung cancer for a pack of cigarettes added to his hotel bill in defending her litigation, we can hardly complain when law firms bill us likewise, and we should tell the CEO "we just deal with the legal issues your actions bring to us, so we can't really help reduce costs much — sorry." See how well that works sometime. 🚩

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