

MANAGE LEGAL SUPPLIER PROCUREMENT

LOD Toolkit for in-house legal teams



About LOD

We help in-house counsel answer ever-increasing calls from their business to deliver more value, run more efficiently and bring data, insights and ideas to the table.

With our world-class people platform, services and tech, we help them build legal functions that are strategic, responsive and ready for anything.

Introduction

As the demand to find greater cost-saving, efficient or innovative solutions continues, so does the need to manage the army of suppliers who have risen to the challenge of solving all your problems.

While a little healthy competition can only be a good thing for you and your budget, it's easy to forget the fact that as the client, you are going to the market with the expectation of help.

Gone are the days when finding a new supplier involved a meeting and a couple of emails. In some cases legal procurement is now a team

in its own right and controlling outside counsel costs is a top priority for in-house departments. If the buck still stops with you, then what is the right way to find the right supplier and then make the most of these relationships?

If procurement and supplier management feel like monumental tasks that get in the way of the 'day job', this LOD Toolkit is designed to help. And while it might feel like additional work, having a plan in place before you sign on the dotted line can ease the pain later down the line.

Read on to find out how you can adopt some simple steps to structure your supplier management process.

5 TIPS FOR RUNNING A SUCCESSFUL PROCUREMENT PROCESS

#1

It Takes Two To Tango

This is about ensuring your values match. Your suppliers will research your business. You should be doing the same. Understanding their values and what makes them tick will help you to establish if your businesses match.

You may have sent out a complex RFI to a number of industry recognised suppliers, but if your values aren't aligned, it's never going to work.

Take the time at the meeting stage to think about what the essence of your company culture is and build your questions based on that. Not only do you need to look for people who have the expertise to help you, but you also need to like them and feel that you will be able to work well together. Shared values will engender trust and this allows a business relationship to become a partnership.

Consider asking questions to help ensure you're both right for each other:

- **Are they innovative?** What specific examples can they provide to demonstrate innovative thinking and practice? Innovation is another buzz word, yet still important. Don't just ask what innovation drives their client service delivery. Ask about how innovative the business is internally. Does it match with what your organisation is doing?
- **What about diversity?** Modern businesses are driving the demand for legal providers to break down diversity data of teams on every piece of work. Look at your organisation. If Diversity & Inclusion is a

focus for you, then you should be asking your legal suppliers to reach or better the same thresholds.

- **What does the future look like for them?** It's all well and good to hear about the provider's magnificent past, highlighted by case studies, testimonials and awards, but what about their future? If you choose them, you will be part of their future, not their past, so ask them where they see their organisation going in the next 5 years.
- **Are they collaborative? What specific examples can they provide to demonstrate collaboration?** If you look beyond appointing a supplier to perform a certain task, you will see many opportunities for profile-raising collaboration and knowledge share. Ask your prospective suppliers if they will be on-board to work on case studies, thought leadership pieces and events.
- **What's their approach to continuous improvement (CI)?** It's worth raising this question early on in the relationship - it will help you understand both whether the supplier is committed to improvement and also whether they can help you with CI. Seize the opportunity to not just follow processes but to improve them as well.

“Asking the difficult questions at this stage will help you to gauge who really stands out from the pack.”

#2

Measure Twice, Cut Once

Perhaps the most obvious consideration when selecting your legal supplier is risk.

Planning and preparing thoroughly before making a decision on what kind of service you will be using is essential. It will also help you recognise providers who have done their homework on what your objectives are.

The risks in hiring legal suppliers are no different from hiring any other suppliers. Information security, regulatory requirements, conflicts of interest, financial condition and resilience are just a few well-known considerations that you are likely already aware of.

Choosing someone to become a long-term partner isn't an easy decision to make and most definitely shouldn't be rushed. Asking the difficult questions at this stage will help you to gauge who really stands out from the pack.

Make sure you:

- **Ask around** - Make sure you have done your own research into their market. A bit

of time on due diligence here will mitigate risk in the longer term. Ask for third party referees and ask around in your own networks.

- **Build contingency plans** - Corporate data breaches are now an unfortunate fact of life. Ask for the supplier's policies on high-priority risks. Collaborate with them to understand what contingency plans they have in place. If you see a gap, work with them to establish best practice policies that match with your business.
- **Assess regularly** - Set a regular schedule for monitoring and assessment. Track incident rates and control measures to determine if they are being effective. Regular assessment will also help you review risk in the event of a change to your supplier's business, such as a merger or acquisition.
- **Feedback** - Establish a clear and regular two-way feedback channel where you exchange information on what is working and, if something is not working, what interventions are needed to get things back on track.

#3

Power To The People!

We all know that legal service delivery has evolved. Traditional law firm expertise is now joined by business operations and technology. Your pitch meetings today are just as likely to discuss artificial intelligence, machine learning or data analytics integration as they are traditional law.

While technology is vital and can be transformative, it's still important to look for someone who will offer you a people-driven solution, regardless of the technology or process engineering. Look for suppliers who will approach your work in a phased manner, starting with placing the right people to build the right frameworks and processes, that can later benefit from automation. A proper focus on all three elements of people, process and technology means your supplier is pragmatic about delivering outcomes.

Make sure your potential supplier can:

- **Identify trends and patterns**
A leading supplier should be able to use a combination of people and analytics tools to track and categorise the types of work being done by your team. Once the data has been collected, you should expect them to provide insights on the trends and patterns - all to help you better manage workstreams.
- **Recognise clear and emerging problems**
This is about getting you better visibility on any bottlenecks or other areas for improvement - the earlier the better. Once trends have been identified, problems should become clear. Any dips in productivity or other problem areas can be addressed quickly.
- **Include data analytics and visualisation**
There are now advanced tools in the areas of contract management, document management and project management. Once your new supplier has been in place for a while, tools like these will help you make informed decisions with a solid historical base behind them to decide what works and what doesn't.

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#4

Don't Be Shy About The Money

You might be familiar with the slightly stressed feeling of listening to a pitch and just waiting for the final reveal – the cost.

But getting clarity on pricing shouldn't be awkward, or a reluctant delayed enquiry. It should be an easy, open and transparent exercise. Because let's be honest, often the budget is one of those factors where you have the least wriggle-room.

Potential suppliers will often keep the price to the last turn, so they've had their chance to lay out their brilliant vision. But if you know you've got a very strict budget for this work, you might want to make that known upfront. This will help steer the conversation in a more pragmatic way. There are many other levers apart from money, so understanding budget earlier rather than later will keep both parties focussed on the art of the possible.

Here are some tips when dealing with the money:

- **Cost doesn't equal value** - This cuts both ways – the most expensive might not be the best and the cheapest might not be worst. While cost might give you

a general steer, it is a one dimensional view. Value, the ever elusive final metric, involves a more complex consideration of direct and indirect costs, as well as direct and indirect benefits.

- **Ensure "like for like" comparisons** - At the risk of stating the obvious, ensure that you're comparing like for like when contrasting different legal providers' costs. Some providers will provide a holistic figure, while others might take a more "nickel and dime" approach. Further, basic things like whether tax is included in the quote are important to check.
- **Grasping the nettle** - Don't wait until the very last moment to get pricing. Ask them to be upfront. You can encourage transparency by also being clear on your budget – this might be a banding if you want to give yourself a bit more leeway.
- **Ask for cost certainty** - You're accountable for your cost to the CFO so the way they expect certainty from you, you should expect it from your supplier. Expectations and practices in billings have changed over time, many providers will now provide fixed fee work – you no longer have to be in the dark about the real cost for your project.

#5

Rethink How You Collaborate

Your supplier is most likely ensuring that you feel loved. They're inviting you to their events and socials, they're sending you their thought leadership, they want you to be involved.

The biggest benefit for you is to make this a two way street.

Your suppliers should be part of your wider team, not an opposing team. Your relationship should not end with a financial transaction in exchange for services. Keep them informed about upcoming changes - they may share an angle you haven't thought of before. By viewing them as a partner and sharing information such as your commercial roadmap, you will engender an environment of trust that can help you take the relationship to the next level.

Your supplier should also want to improve. They know that if your relationship goes stagnant, you will walk away. So they will ask you for feedback both from a financial perspective and on service delivery. Try to respond

whenever you can. This will allow the supplier to understand how things are shifting in your team and in your business, and to adjust their approach towards you to fit your needs.

Make sure you:

- **Invite your supplier to visit your offices** - Stay engaged on a regular basis. Include your suppliers in some strategy planning meetings where their feedback and experience may help you plan better. Make them really feel like part of your in-house legal team.
- **Recognise difference** - If your supplier is based in another country, take this into consideration. There may be language and cultural differences as well as a different attitude towards work. You may be the client, but a good relationship goes both ways and if you're in it for the long term, it helps to understand what makes them tick.
- **Collaborate on wider initiatives** - Collaborating with your supplier should be viewed with as wide a lens as possible. You might work together on complementary projects, such as case studies, industry events and award submissions, where you both benefit from positive recognition and public accolades.



Conclusion

Finding the right fit with suppliers can be hard and most definitely isn't a quick job that stops the minute you sign them. However, suppliers that fit become true and valued partners of your business, offering trusted insight and leading change.

At the end of the day, all suppliers should make your life easier. Despite the time and effort involved to find them and then manage them, it's a relationship that should allow you and your team to:

- **Demonstrate value** – you know your team works hard, but sometimes it is difficult to track value add. Working with the right supplier will result in doing more with less.

- **Save money** – more efficient tracking will allow you to cut or reduce wasted resources in your team, focusing their work on high-turnover projects.
- **Produce regular and in-depth reports** – at matter level and across the board to help you report and prioritise.

You're a leader. You know that managing your in-house legal team requires mutual respect and hard work. Hopefully, this toolkit will also help to show that managing an external legal supplier is not much different. If you can do this internally, you can do it with an external supplier as well.

Same approach, different scale.

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5 tips for managing change better

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A guide to improving your contracting

GET IN TOUCH

ABU DHABI

dubai@lodlaw.com
+971 4 4019968

HONG KONG

hongkong@lodlaw.com
+852 3511 6217

PERTH

perth@lodlaw.com
+61 8 6380 7600

BRISBANE

brisbane@lodlaw.com
+61 7 3221 2906

LONDON

info@lodlaw.com
+44 20 3642 0000

SINGAPORE

singapore@lodlaw.com
+65 6326 0200

DUBAI

dubai@lodlaw.com
+971 4 4019968

MELBOURNE

melbourne@lodlaw.com
+61 3 9639 1733

SYDNEY

sydney@lodlaw.com
+61 2 8014 5110

