

QuisLex
Legal Process Excellence

Web: www.quislex.com

Legal Process Outsourcing: Efficiency and the Knowledge Worker

Adam Beschloss, Director, Client Solutions and Philip Algieri, Associate Vice President, Legal Services, at QuisLex, tell us why process discipline in delivering legal services matters – and how legal outsourcing can help.

Highly trained professionals such as lawyers do not tend to view their work in terms of efficiency. The focus is on effectiveness – outcomes. Attorneys are not typically appraised on the processes that produce those outcomes. It can even be a particularly distasteful concept to the specialist. The individual who through years of specialized study, practice, and experience compiles a curriculum vitae that demonstrates notable achievement and success – how does one value such expertise? Certainly not in six minute increments.

Efficiency, then, is thought to be the province of labor, supply chains, manufacturing, and assembly lines; of rote repetitive work that does not require solving the complex problems legal counsel must master to properly advise their clients and effectively mitigate risks that involve threats to reputation, finance, and even survivability. So how can legal advisors look to concepts such as process efficiency to meet the challenges of a legal market that has become cost conscious, but is unwilling to sacrifice quality results? Does efficiency matter in the realm of legal advice?

Even a good legal outcome, if executed poorly, carries costs that can have negative impacts. The imputed cost of a service delivered inefficiently is tantamount to a hidden cost that in today's economy and scale is no longer hidden. Legal actions that involve e-discovery, M&A due diligence, large scale response to regulatory requests, or managing the compliance and business risk inherent in inefficient contracting schema for example, have amplified and spotlighted this effect. Process discipline in delivering legal services matters. While expert legal advice is not a function of efficiency per se, the effective delivery of that advice is dependent on myriad functions and operations that benefit from efficiency. And cost matters.

How Legal Outsourcing Can Help

Delivery models that do not optimally organize intellectual capital, time, and resources create challenges (whether involving efficiency or effectiveness) that will assert themselves, particularly as a function of scale and increasingly unhappy CFOs. Inefficient systems do not scale well. The tendency is to address these issues when and where they become apparent. We fix them at the point they become visible, rather than addressing the systemic failure – the root cause. This effect is clearly seen in legal services as the attempt to drive down costs through methods such as alternative fee arrangements, fixed fees, or simply heavily negotiated discounts continue to frustrate providers and clients alike, much as budget cutting and headcount constraints have impacted corporate legal departments. In the end, no one is happy: clients still pay “too much,” staff are overworked, and client satisfaction falls.

As a result, it is not enough to just lower the unit costs (e.g., hourly rates). The increasing volume of transactions for a global business, and the enormity of data involved in litigations and investigations far outpace the reduction in billable hours or other volume-based costs. New models are required to create a sustainable and positive cost/benefit equation. A process-driven perspective leveraging technology (not merely applying new technology to current methods) can lead to new models that do more than lower cost; they can improve services, enable new opportunities and create value.

Hyderabad is fifth largest contributor city to India's GDP with US\$74 billion

SNEHIT / Shutterstock.com



Outsourcing, while commonplace in the business world, is a relatively new model for legal services. It has demonstrated an ability to not only reduce cost through wage arbitrage, but to significantly improve legal functions that rely on operational expertise. These include M&A due diligence, contract lifecycle management, compliance, and eDiscovery, among other functions.

Legal Process Outsourcing (“LPO”) firms have successfully applied the concept of process improvement to legal services for more than a decade using the well-proven methods of Lean (process efficiency) and Six Sigma (process effectiveness) to reduce cost and improve quality. While both have their roots in manufacturing, they have been widely used in many service sectors, and more recently have gained traction in corporate legal departments. There are many benefits to utilizing these disciplines – reduced error rates, faster cycle times, and better management of resources to name a few. The compelling proposition of all successful outsourcing engagements, however, whether it is the delivery of legal services or the manufacturing of widgets, is the improved alignment, allocation, and use of resources that leads to delivering higher quality services at reduced cost.

The unique benefit of LPO is that with a deep expertise in process discipline and extensive legal knowledge, they are well positioned to help corporate legal departments improve operationally and law firms manage for the price competitiveness that has entered the legal market with ferocity. The emphasis on efficiency and effectiveness enables a solution for legal services delivery in a market where conditions continue to, in the case of law firms, push operational cost back to the firm, and in the case of corporate legal departments, demand “doing more with less.” Outsourcing legal services has proven to be effective in optimizing resources and rationalizing budgets for corporate legal departments and law firms that have chosen to outsource legal work that benefits from process expertise, improving their competitive positioning, and allowing counsel to focus on the higher value strategic work for which clients (internal and external) gladly pay.

