

# 10 Steps To Improve Legal Vendor Management

By **David Cochran** (May 2, 2023)

The Blickstein Group's 15th Annual Law Department Operations Survey, which was released last year, raised the question: "What are the top three challenges you face related to managing law department function?"



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The top three responses were:

- Implementing business process improvements;
- Cost containment and savings/managing the budget; and
- Staying abreast of law department technology managing and handling IT issues.

Corporate counsel often turn to third-party vendors to meet these challenges of managing, mitigating and controlling legal spend. However, navigating the selection process can in some instances be time-consuming, challenging and frustrating for both counsel and the vendor.

From counsel's perspective, the issue comes down to how to select the right vendor at the right cost — and to maintain that cost to ensure the vendor holds to the original scope and budget it was hired for — with the proper credentials and services to meet the buyer's needs.

For the vendor, concerns include ensuring there is enough information to create and provide a cost-effective solution, hoping the buyer will appreciate the qualitative services provided and finding out if price will be the predominant factor in determining the selection process.

In other words, is it a race to the bottom? Now, to be fair, that may not be the initial intention, but at times, with the cost pressures today, the vendor may feel that is the position it is in.

Most vendors are selected through a RFX — combining requests for information and requests for proposals.

The RFI is a document that asks basic questions about the services that the vendor provides, years providing those services, quality processes, company stability, staff expertise and references. If the vendor gives a comprehensive response and meets the requirements of the company's checklist, an RFP is then utilized to focus on more detailed information and pricing.

The following items represent recommendations and considerations for corporate legal departments to make the entire process easier and beneficial for all those involved.

## **1. Plan.**

Define the goals and parameters of what needs to be accomplished.

Basically, create an analysis of your needs and what the desired outcome should be. Remember to use your selected vendor to further define this outcome through its RFX response.

Selecting a vendor with knowledge and experience will help — don't assume you know it all.

Vendors have access to many resources and they can help.

## **2. Assign a small team to manage the selection and evaluation process.**

Depending on the nature of the required services, you'll want representatives from counsel, legal operations, technology and procurement.

Legal operations should drive this process since they have the experience and knowledge. Counsel can provide the oversight, and procurement will track the necessary compliance guidance — plus, as part of the team, procurement will better understand your needs.

## **3. Do your research.**

Speak to peers in other companies to get the good, bad and ugly on the vendors you are considering. Review objective third-party sites that provide analyses of the vendors.

## **4. Interview.**

Once you have done your research, invite a few vendors to present their offerings in a controlled agenda-based meeting.

Make sure there is enough time and define what you want to see in a meeting.

For example: You might want to meet the project manager who would be assigned to the project, discuss your basic plan of what you need and get their input, understand their reporting and communication process and any other items important to you.

You will be working with this team if you select this vendor, so you want to be comfortable with the process and how they think and communicate.

Don't try to hold too many of these in one day since burnout will come on quickly and that will defeat the purpose of the interview: And, that will adversely affect the vendor you are meeting with when you hit the wall.

This process is important for vendors too. They want to better understand your needs, discuss areas where they can add value and be comfortable that they can, in fact, provide what you want.

## **5. Short-list.**

Once the interviews are done, don't send out a massive blind request to all the interviewees. Select the top three, for example, and then move forward to the RFP process.

## **6. Create a clear and concise RFP.**

One of the challenges in creating an RFP is to ensure you are receiving the information you need, and to make sure everyone on the team is comfortable with the questions and how they are posed.

Utilize an online tool that the vendors can access to complete and provide responses that can be easily evaluated.

Creating an RFP is part art and part science, and you want to make sure the vendor responses are succinct and to the point for what you are expecting.

The legal team evaluating these responses must make sure they have the time to completely assess the responses: The most important way to do that is to limit the number of words in a response.

This focuses the vendor as well. Too many times, a vendor will add so much text to a response that the actual answer can get lost. Request case studies of their clients to reinforce the response. This approach will provide the necessary background that the vendor can, and has, done similar types of projects.

## **7. Provide clear pricing instructions with assumptions in order to establish an apples-to-apples comparison.**

This is an important one.

Without a defined and concise list of assumptions — the number of documents for a litigation or data breach review, timelines for the engagement, agreement types for a contract migration project, etc. — to create pricing, the vendor is left to its own devices and will work off of its own assumptions.

This then leads to an inconsistent pricing approach across all vendor responses and will put counsel at a loss in evaluating and comparing all the vendors' pricing.

Yes, there could be some additional assumptions that a vendor will want to put in play, but the vendor team needs to know that the assumptions you provided for the pricing creation will be the criteria you will base your decision on.

Again, this is a proposal and the pricing that is provided is based on what you tell them, so it needs to be clear.

During the Q&A process for the RFP, the vendors will ask questions about the assumptions, and those assumptions may change based upon your analysis of the questions. These revisions will help the vendors and will also let you know that the respondents are taking this seriously and want to provide the best result.

## **8. Communicate.**

This can be an involved endeavor for both you and the vendor, so please provide clear lines of communication to better the process on both ends.

## **9. Measure success.**

Once the RFP has been completed and the vendor has been selected, schedule a planning meeting to drill into the details and the process for the project implementation. Make sure the vendor understands the milestones that it will be evaluated on as well as the budget requirements.

#### **10. Meet your vendor's team.**

Spend time with them.

You are making a potentially huge investment, so make sure you get to know the team you will be working with. It would also be a good idea to have a secondary vendor ready to move forward in the event your primary selection does not go well. This is just an insurance policy so that the project moves forward without an issue.

These simple steps and recommendations will help corporate counsel ensure a cost-effective and agnostic approach to selecting the right vendor for any project.

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