

# 10 Practical Tips for Starting Out—or Restarting—as an LDO

*Jill Rusk*



# 10 Practical Tips for Starting Out—or Restarting—as an LDO

Whether you've just been hired as your organization's first law department operations manager (LDO) or have been recruited into a more mature legal operations infrastructure, you're likely to face a series of challenges: a staff who resists management efforts, an aversion to change and a lack of established processes and infrastructure. Overall, you can feel like you've been assigned to herd cats! But by opening the lines of communication, setting a game plan up front and marshaling your team, you'll be able to hit the ground running with a clear vision of how you can steward the department. The following 10 steps will get you started on the right track—or help you start over if your previous efforts have fallen flat.

## 1. Define your role.

Law departments often develop the LDO role with a specific goal in mind. It could be to manage third-party vendors, implement technology or oversee the finances of the department. While the LDO role might have specific tasks for which it is responsible, the role can be what you make it. No two LDO roles are the same, given the differences in organizations and the expanding role of the general counsel. As general counsel move from reactive risk mitigation toward more proactive enterprise advising, LDOs can gain many new areas of responsibility. Therefore, it's critical that you outline and expand your responsibilities with the GC based on both what the department needs as well as what you can provide. You will be the key agent of change, all the while having to manage and overcome the resistance along the way. As you get to know your team, be upfront and transparent about

everything you are doing. Educate them on your role, explain how you can be a helpful resource and illustrate the benefits of each change that you make for the department as a whole as well as the benefits to individual team members. Establish an open-door policy and encourage your colleagues to approach you with questions, suggestions, and complaints.

## 2. Manage the relationship with external vendors.

Attorneys know how to practice law, but managing a team of external lawyers and law firms is often a new and uncomfortable skillset. Discussing budgets, creating and reviewing invoices and managing activities and behaviors can be foreign to most. Work with your attorneys to understand the process that they use to manage outside counsel and other third-party vendors. Budgeting, invoicing and reviewing and discussing costs are tasks that most attorneys would be glad to delegate to someone else.

Usually, law firms and third-party vendors have business managers who oversee their billing and collection processes. As an LDO, speaking the same language as those business managers will facilitate better communication and reduce frustration. In addition, developing relationships with outside counsel and other vendors provides a future benefit should there be a need for new technology, a change in preferred law firms, etc. Having an additional point of contact is always valuable, and this is one key area that you can identify and quickly resolve, demonstrating the value of your role and improving the law department's operations.

### 3. Get to know the department.

The law department is only as strong as its members. Get to know the team as soon as you can. Becoming familiar with the team members, including their strengths and weaknesses, their legal expertise and their willingness to engage in other initiatives, will not only help you understand your team but will also give you a broad picture of the department's capabilities as a whole. This will only make you more prepared should you need to, for instance, manage the workload by hiring personnel or understand the reporting needs of the individuals who manage particular work areas. Getting to know your team and familiarizing yourself with their challenges and successes can aid you in using your resources most effectively.

As part of getting to know your department, make sure you build relationships with your team. LDOs often take responsibility for HR work. Therefore, you'll need to understand the structure of the entire department. Understanding the team's workload and learning team members' strengths and weaknesses can help you identify ways to improve their efficiency and trim costs. Are there underused resources in the department? If so, consider redeploying them. Some tasks on overloaded staff may be handled by bringing in a secondment from outside counsel, hiring a third-party vendor or fully outsourcing some functions, such as discovery. The same applies to training, communications, and technology. Understanding your team's pain points provides guidance and insight on how you might address those issues. For instance, do you have technology in the department that is misunderstood or misused? Research the issue to determine whether additional training is all that is necessary to drive usage of these existing tools, which can provide quick and significant value to the team.

### 4. Understand the law department's legal service delivery model.

As you get to know your department, also take the time to understand how the team interacts with and serves its clients on a daily basis. Understanding how client service works will assist you in helping your team. It is part of the LDO's role to concentrate on those areas of work that allow the attorneys to focus on the law. For instance, if you understand client needs, you may be able to help your attorneys by providing tools and templates that assist clients. One example may be posting calendars, directories or basic forms and templates to an internal portal or SharePoint site that allows clients to help themselves move forward without contacting the attorneys directly. In addition, there are often financial impacts related to client service in the form of chargebacks or allocations. Understanding client service and the related financial components adds transparency for the law department and the client--leading to a better working relationship.

### 5. Look for quick wins but develop long-term plans.

Given the newness of the LDO position and the likely skepticism of colleagues in the law department, LDOs are not always welcomed with open arms. The key is to identify headaches that you can quickly resolve, demonstrating the value of your role and improving the law department's function. As you meet with your team members, ask what problems they are facing. Are there issues where you can assist? For example, are law firms submitting expenses that they shouldn't be? You can institute (or reinstitute) billing guidelines so that obvious offenses are caught and eliminated. This is a relatively straightforward approach to low hanging fruit and can return savings and reduce frustrations almost immediately.

Be sure to communicate all wins to your general counsel, leadership, and your department; demonstrating that you have implemented initiatives that have reduced costs and increased productivity will earn you goodwill and prove your value.

## 6. Strategically focus on long-term planning.

Though initial quick wins are important to gain support, you also need longer-term plans; after all, you can't accomplish everything overnight. Strategic plans govern the operations of the company as a whole, but, most importantly for LDO, the law department. It governs decisions related to finance, management and organizational decision making. External pressures on law departments continue to rise while internal pressures related, for instance, to the reduction of costs, are also increasing. Legal leaders must provide a framework which will allow the law department to meet its objectives while aligning those objectives with the corporate goals. LDOs must step up and take a leadership position in the development of the legal strategy as you are in the best position to identify and prioritize department needs. The resulting operational efficiencies gained augment the department's value by proving the whole is greater than the sum of the parts.

Prioritize your opportunities. Whether it's implementing new technology, streamlining processes or resizing the preferred law firm panel, ensure that you create short- and long-term milestones and budgets to achieve those goals. As with any corporate function, most initiatives require funding. Building the appropriate business cases may take time, but will prove effective in the end. And, as technology becomes obsolete so quickly, a three-year technology plan will prove essential.

## 7. Understand how the legal budget fits into the company financials.

The LDO's first responsibility is often financial management. An essential aspect of your role will be to spot financial issues, troubleshoot them and advise the general counsel. But to do this, you'll need to understand exactly how the law department's budget fits into the corporate financials. First, because legal is a cost center, you need to understand how the legal budget is calculated. Where do certain types of spend that are more global in nature, such as settlement amounts, reside? Is the law department responsible for those? Is the law department compensated for client work with chargebacks or allocations? How do these adjustments work? You need to understand the law department budget inside and out – and remember, the more you can consolidate global legal spending under the general counsel, the bigger the potential value you will be able to provide as LDO. The more you can strategically assist the general counsel with managing the financial operations of the law department, the more you can prove and enforce your value as LDO. The goal is to provide the necessary data for items that make the law department operate more efficiently, such as the funding of initiatives, support for additional headcount and proposals for new or additional technology and to be able to answer questions from finance before they are asked.

In addition, you need to understand the reporting requirements. What does the general counsel want to see? What does the CEO want to see? What do the individual attorneys want to see? You need to have this information at your fingertips. Setting up reporting schedules is one way to eliminate being caught off guard. If the general counsel wants weekly reports, establish a schedule to deliver the reports weekly. Since reporting is so crucial, examine what is and is not being measured currently

## Takeaways

1. As an LDO, you can learn to speak the same language as law firm and third-party business managers, which facilitates better communication and reduces frustration.
2. Getting to know your team and familiarizing yourself with their challenges and successes can aid you in using your resources most effectively.
3. It is part of the LDO's role to concentrate on those areas of work that allow the attorneys to focus on the law.
4. Understanding the team's workload and learning team members' strengths and weaknesses can help you identify ways to improve their efficiency and trim costs.
5. The key is to identify headaches that you can quickly resolve, demonstrating the value of your role and improving the law department's function.
6. Prioritize your opportunities. Whether it's implementing new technology, streamlining processes or resizing the preferred law firm panel, ensure that you create short- and long-term milestones and budgets to achieve those goals.
7. The goal is to provide the necessary data for items that make the law department operate more efficiently: funding of initiatives, support for additional headcount and proposals for new or additional technology.

and set up a user-friendly system for tracking and reporting metrics to improve decision-making. Establish a set of key performance indicators to track, whether weekly, monthly, quarterly or annually, so you can compare where you've been and where you're heading. Consider creating a periodic report of these measurements so that the entire organization can see the value the law department provides.

## 8. Build an internal network across the enterprise.

Your role touches every function of the law department, from finance to human resources to technology and more. Although your primary contacts will be in the law department, you'll also need to build relationships with stakeholders in other departments to support your team's needs. Reach out to staff in accounting and finance, internal auditing, human resources, risk management, compliance and other departments. Building relationships with individuals from other corporate functions will provide a point of contact when you need data to support your law department decisions, financials, strategy and the like. You may also gain economies of scale from working closely with other functions. Additionally, interaction with other corporate functions can serve as evidence that the law department provides value to the company and operates in a way designed to minimize cost and increase efficiency while supporting corporate objectives.

## 9. Form external alliances.

Learning from the experiences of others in your field is a great way to avoid hazards in the minefield of law department management. Organizations such as the Corporate Legal Operations Consortium (CLOC) and the Legal Operations section of the Association of Corporate Counsel (ACC), as well as informal networks, can be great resources for brainstorming new industry tools and trends and troubleshooting existing processes, helping you to be prepared for what is coming up next in the industry. Getting together to discuss the issues that other companies face and sharing what has worked or hasn't worked under similar circumstances can be a useful benchmark to gauge your department's progress. However, you should know your resources and capabilities well enough to recognize when you need help. Seeking out industry consultants who specialize in legal operations, can be very useful. Consultants often help navigate more effectively, reduce risks and maximize value and adoption.

8. Building relationships with individuals from other corporate functions will provide a point of contact when you need data to support your law department decisions, financials, strategy and the like.

9. Getting together to discuss the issues that other companies face and sharing what has worked or hasn't worked under similar circumstances can be useful benchmarking to keep things moving ahead. Don't be scared to seek out industry consultants who specialize in legal operations.

10. You should be the first person the law department thinks of when they need something from the department—funding, headcount, technology, training or financial information—whatever it might be.

## 10. Be the go-to person.

Remember that you are the one who connects the dots within the law department. Most lawyers aren't used to managing their work as a business, while some attorneys are less tech-savvy and don't appreciate the benefits of adopting a more streamlined, technological approach to legal work. Forcing these lawyers outside of their comfort zone can breed resistance. Make sure that each member of the law department knows exactly how expansive your responsibilities and reach have become. You should be the first person they think of when they need something from the department—funding, headcount, technology, training or financial information—whatever it might be. Your goal is to let the law department practice law, while you provide what it needs to do so.

## Shepherding Your Flock

No matter which approach you take to your role, perhaps the best advice for a new LDO is to focus on one team member at a time. By building a strong structure, establishing a strategic plan and opening a channel for clear team communications, you'll find that the team will start cooperating with your mission! Meanwhile, remember that change management initiatives progress slowly; Rome wasn't built in a day, and neither is a successful LDO initiative. Following these 10 tips can help you develop, and follow through on, your long-term strategy.