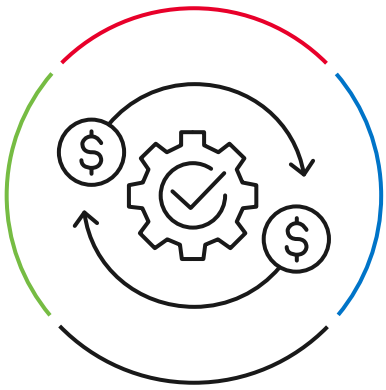
ELM Solutions

How to control legal costs in an uncertain economic environment

Law department professionals facing cost pressure from issues such as inflation, higher outside counsel rates, and increasing matter complexity can take steps to minimize the impact of these factors and better manage their legal costs. Use this checklist to ensure that your team is well positioned to address your legal spend management challenges, especially those associated with outside counsel.



Use this checklist to ensure that your team is well positioned to address your legal spend management challenges.

Transform legal bill review

Billing guideline violations can cause you to pay more for outside counsel services than agreed upon. However, many violations are subtle and easy for hurried reviewers to miss.

- ☐ Review your billing guidelines to be sure they are properly aligned with the business goals. Establish processes to collect accurate data on billing guideline violations by outside counsel.
- ☐ Consider technologies that incorporate artificial intelligence into bill review for automatic analysis of invoices.
- ☐ Incorporate human review/approval to confirm accuracy. Make sure reviewer feedback is input back into the AI for continuous improvement.

Improve panel management

For panel management to be effective, legal teams must be able to discern which firms are providing the most value and adhering best to your billing guidelines.

- ☐ Create benchmarks and compare firms to determine where they align with other panel members with similar criteria.
- ☐ Create legal scorecards to collect subjective and objective data points. Compile the data into reports to measure firms against pre-established metrics.
- ☐ Track, enforce, and report on volume discounts to strengthen negotiations with both panel and nonpanel firms.

Budget accurately for outside counsel

Many legal teams do not set outside counsel budgets; others do so but without enforcement. Technology can help by taking away much of the manual burden associated with budgeting.

- ☐ Implement predictive analytics to help identify which firms are likely to deliver the highest value on specific matters.
- ☐ Improve cost predictability by forecasting cycle times for new matters. This is one of the most reliable drivers of matter cost and can highlight potential budgetary red flags.
- ☐ Identify, enforce, and evaluate alternative fee arrangements (AFAs). To get the highest possible value, analyze results to understand which AFAs are best suited to which circumstances.

Technology can help by taking away much of the manual burden associated with budgeting.

For more information, download our whitepaper, *Managing Corporate Legal Costs in an Unpredictable World.*

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