

# Survey Of In-House Counsel Reveals Potential For Law Department Innovation

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## BUSINESS INTEGRITY

Industry questionnaires often reveal preferences and trends, but Business Integrity's General Counsel Contract Automation and Management Survey of over 400 in-house lawyers spotlights something far more compelling: possibility. While in-house counsel are forced to produce an ever-increasing volume of higher-quality work with fewer resources than ever before, innovations that foster efficiency, including automated contracting initiatives, offer them the promise of focusing on higher-value substantive legal analysis.

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Our team conducted this survey in the fall of 2011 to determine whether counsel work with inbound or outbound non-disclosure, sales, licensing and other agreements as part of their traditional initiatives, and to gauge the volume of material that each produces annually. We also wanted to learn whether law departments use Word macros, templates, clause libraries, Web-based intake forms or software designed to create and manage contracts. See Figure 1.

The results were telling in that they showed a willingness by in-house leaders to study the weaknesses in their organizations and consider strategies to strengthen their processes. A few key themes emerged as well.

### Showcase Self-Service Strategies

Although only five percent of participants characterized their business users as "very pleased" with their organization's contract request process, 28 percent felt they were, at a minimum, "pleased" with it. That number is likely to rise as protocols for contract creation change.

From records review to document drafting, automation is capturing the imagination of the legal community. It offers the hope of greater efficiency and a solution to the higher volumes of information that legal teams routinely face.

Self-service contract creation, for

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instance, empowers users to maximize their talent and minimize superfluous oversight. By utilizing pre-approved questionnaires, internally generated documents can secure legal approval without requiring specific legal advice for each transaction. It was, therefore, not surprising that 20 percent of respondents affirmed the importance of self-service contract creation and highlighted a positive trend toward leveraging automated systems.

The key challenge is that most law departments do not have a robust process in place or commercial software to support this practice. As they continue to embrace these tools, there will be a sea change in document drafting.

### Achieve Essential Efficiency

The need to streamline every aspect of modern law department operations is driving this shift. Efficiency is now the primary goal and a key issue for both in-house lawyers and their outside counsel. It is even a criterion for judging leadership, management style and suitability for a particular project.

Despite its importance, 36 percent of the attorneys surveyed were not sure if they could meet requests for contracts during peak volumes, and almost half (45 percent) admitted that they definitely could not. Part of the issue is a misalignment between the problem and simple solutions. Although, for example, volume is a key driver of contract automation and 75 percent of respondents agreed that using document templates is important, 74 percent of respondents reported that they do not have or are not sure whether they even use the very templates they value. See Fig. 2.

In addition, while 50 percent feel that self-service drafting is important, 76 percent reported that their law departments do not have any kind of self-service drafting tools or protocols in place. This is a striking inefficiency since half of the attorneys who responded want to focus on higher-value work, but 70 percent reported that lawyers in their offices still draft and review agreements that do not require negotiations or custom terms. This manual contracting dilemma is forcing skilled practitioners to devote effort on increasingly administrative tasks at the expense of more sophisticated transactions that require novel legal analysis, rather than non-legal oversight.

While many corporate legal departments draft agreements using pre-approved language from a standard "playbook," most lawyers simply cut and paste variations into that master form without implementing global changes. This forces them to repeat unnecessary effort, risk duplicating uncommon errors and create confusion rather than clarity. The survey results highlight the general preference for using automated contracting templates that allow in-house teams to make uniform changes on a system-wide basis.

### Staff Strategically

This capability permits each individual to apply his or her talent as effectively as possible. After all, increasing staff does not necessarily produce less work; it produces different work. Although adding savvy employees to continue flawed practices might accom-

plish more, it will not solve the significant underlying causes of the overflow – a manual and inefficient contracting process.

Developing processes that enable legal teams to create and evaluate documents more quickly, however, makes them more dynamic practitioners. It enhances flexibility, offers the opportunity to focus on substance over form, and enables an unprecedented level of collaboration. Most importantly, it arms the law department with the right set of tools to handle any volume of contract requests and to operate as a gateway for business development instead of a roadblock.

### Proactively Reduce Risk

In sharing their responses, the survey participants universally recognized that subtle variations in terminology can change the entire meaning of an understanding between two parties. As a result, it is critical that legal teams use common phrases, industry-specific vocabulary and drafting best practices.

Lawyers, however, frequently rely on their individual experience and personal preferences, which has obvious advantages from a negotiation standpoint but also poses less noticeable risks when interpreting the language in future dis-

cussions. It also tends to slow the pace and increase the potential for conflict, both internally and externally.

Conversely, automated contracting offers risk management benefits that can positively impact the process. By eliminating the prospect of multiple lawyers providing suggested changes to the same standard document, chief legal officers can build uniformity that reduces liability.

### Accelerate Action With Automation

Although leaders on the business side of an organization often view the legal department as the proverbial "Deal Prevention Center," automating the contracting process broadcasts a user-friendly message that the legal team is available to help facilitate business transactions. It also provides an implied endorsement from the senior management team that they recommend and authorize the automation.

In fact, our survey suggests that this promotion of innovation has the potential to impact the culture beyond the legal department. The transformation is likely to improve the relationship between all of the individuals who negotiate, advocate or participate in discussions on behalf of the organization.

Figure 1

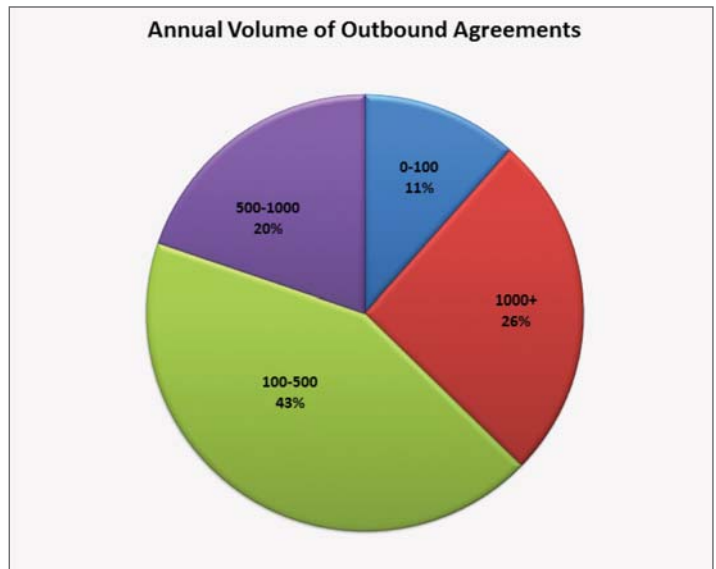
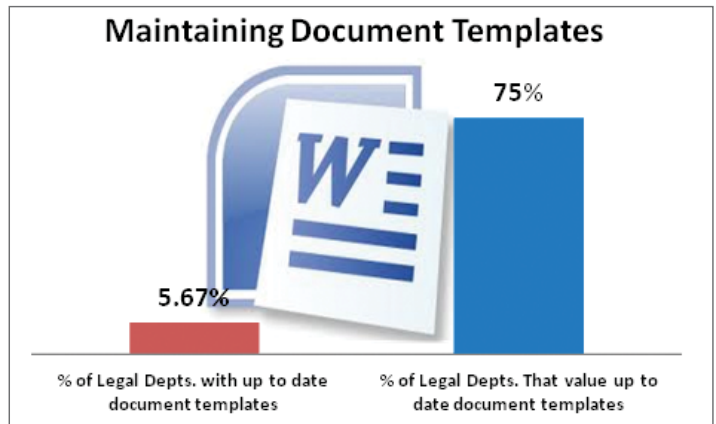


Figure 2



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