



Corporate law dept metrics

Corporate Law Department Metrics 101: Enhancing your cost and efficiency metrics

April 2024

Why metrics matter

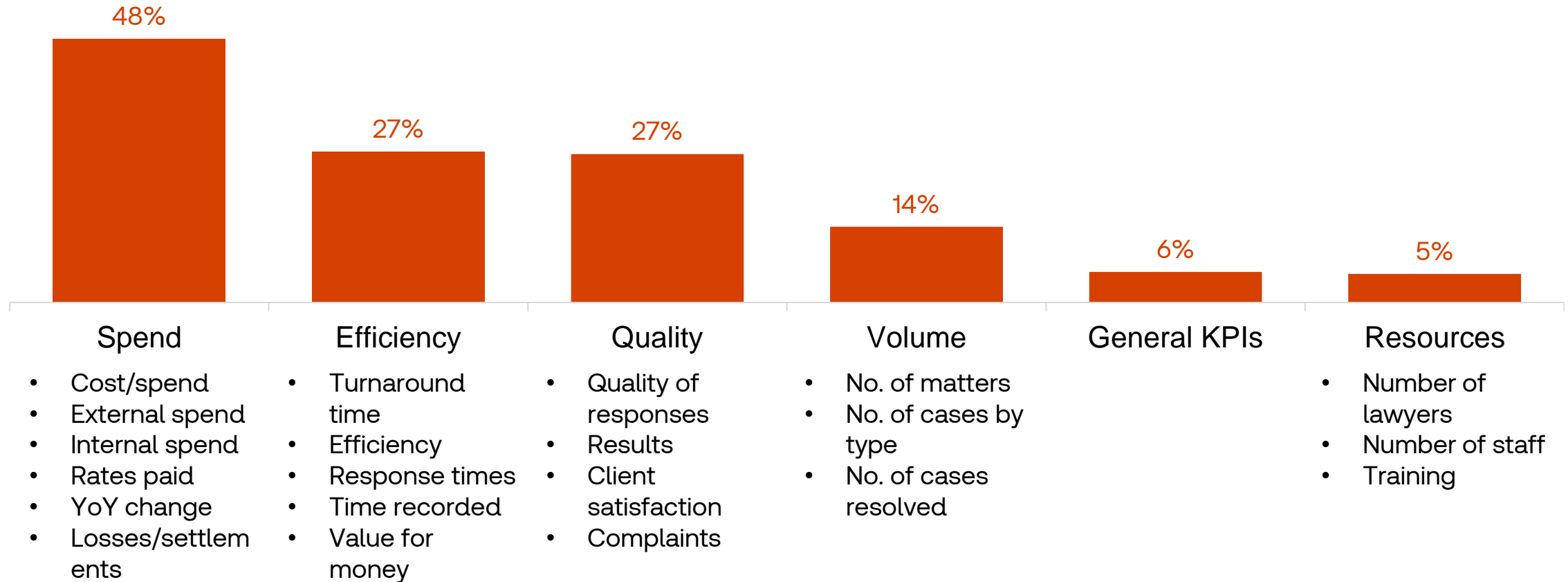
**“Strive not to be a success,
but rather to be of value”**

ALBERT EINSTEIN

Law dept leaders have four plates to keep spinning



90% use metrics but few align to the full range of legal dept goals

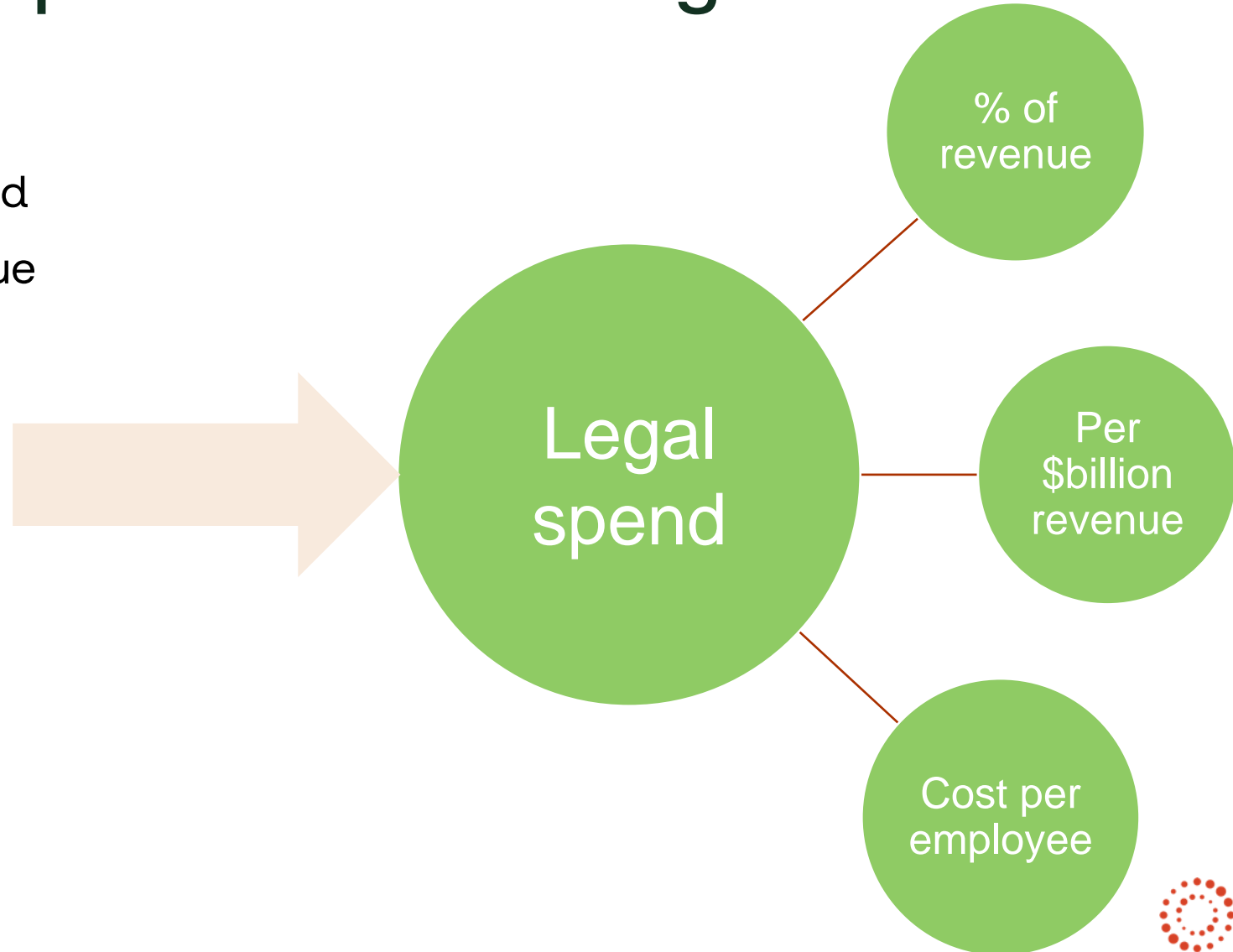


Upgrading efficiency metrics

Optimizing legal spend benchmarking

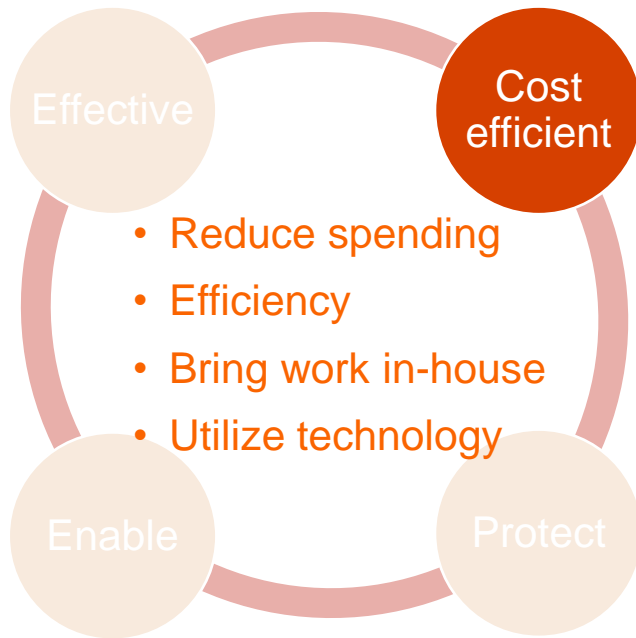
Factors affecting legal spend

- Size of company – revenue
- Number of employees
- Pace of growth
- Number of jurisdictions
- HQ location
- Industry sector
- Volume and type of legal matters



Optimizing Cost-efficient metrics

Legal function as Cost Center



Cost control

- Internal /External spend
- Legal spend by matter type
- External: # hours and average hourly rate
- % legal spend by pricing model (esp. AFAs)
- % spend on ALSPs
- Met budget

Efficiency

- Total revenue
- Revenue growth
- # employees
- # jurisdictions covered
- # lawyers, paralegals, other staff
- Staff turnover

Technology

- Volume/value of work automated (hours saved)
- Uptake of existing tools
- Skills development / training

Total legal spend as a proportion of revenue (median)

By region	By size of business		
	\$50m-\$1bn	\$1bn-\$6bn	Over \$6bn
Overall	0.83%	0.18%	0.05%
Latin America	–	0.04% ^b	
Asia Pacific	0.67% ^a	0.09%	0.03%
Mainland Europe	–	0.10%	0.02%
United Kingdom	0.50%	0.19%	0.05%
Canada	0.93%	0.23%	0.07%
United States	0.92%	0.30%	0.09%

By industry

Overall	0.26%
Consumer	0.13%
Manufacturing	0.13%
Energy/natural resources	0.23%
Healthcare/pharmaceuticals	0.45%
Financial Institutions	0.50%
Technology/media/telcoms	0.57%

*High variance of values. Median used to indicate typical values and avoid data skew by small number of very high values. ^aFigures for Australia only. ^bMedian/mean across companies of \$1bn+ revenue in Latin America.

Source: Thomson Reuters 2024

Median number of in-house lawyers

By region	By size of business		
	\$50m-\$1bn	\$1bn-\$6bn	Over \$6bn
Overall	3	9	22
Latin America	–	8 ^b	
Asia Pacific	4 ^a	10	20
Mainland Europe	–	10	20
United Kingdom	4	9	30
Canada	4	7	21
United States	3	9	35

By industry

Overall	7
Consumer	7
Manufacturing	6
Energy/natural resources	6
Healthcare/pharmaceuticals	6
Financial Institutions	10
Technology/media/telcoms	10

*High variance of values. Median used to indicate typical values and avoid data skew by small number of very high values. ^aFigures for Australia only. ^bMedian/mean across companies of \$1bn+ revenue in Latin America.

Source: Thomson Reuters 2024

Proportion of internal legal spend (mean)

By region	By size of business		
	\$50m-\$1bn	\$1bn-\$6bn	Over \$6bn
Overall	47%	45%	45%
Latin America	–	46% ^b	
Asia Pacific	56% ^a	54%	51%
Mainland Europe	–	46%	47%
United Kingdom	42%	45%	40%
Canada	48%	35%	47%
United States	48%	45%	43%

By industry

Overall	46%
Consumer	47%
Manufacturing	43%
Energy/natural resources	37%
Healthcare/pharmaceuticals	46%
Financial Institutions	46%
Technology/media/telcoms	49%

^aFigures for Australia only. ^bMedian/mean across companies of \$1bn+ revenue in Latin America.

Source: Thomson Reuters 2024

Key takeaways

- Metrics should align to your department's strategic agenda and prioritise your most important goal
- Focus on outputs and results, not just the inputs
- Choose metrics that not only report the dollars spent but the value purchased and the progress made
- Ensure the metrics weave into the broader story of the value of the department – more to come on that in following sessions

**Thank
you!**