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Law Departments Are Adding Lawyers, Legal Ops While Cutting Budgets

A new report indicates that cost control continues to be a high priority in the law department.

By Stephanie Forshee | October 25, 2017



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The amount of legal work that many companies are engaged in is growing, a new report says, but legal departments' budgets aren't.

So unsurprisingly, roughly three-quarters of all legal departments say controlling outside counsel costs is a high priority, according to the [latest research](http://legalexecutiveinstitute.com/thomson-reuters-legal-tracker-LDO-index-fall-2017/) (<http://legalexecutiveinstitute.com/thomson-reuters-legal-tracker-LDO-index-fall-2017/>) from Thomson Reuters released Monday. This has resulted in adding in-house lawyers and legal

operations staff in some cases.

“More legal departments are taking an operationally focused approach to optimize processes, rather than relying solely on blanket approaches such as fixed fees or matter budgets,” said Mark Haddad, head of the corporate segment for Thomson Reuters. “This is helping legal departments more effectively manage their outside counsel spend. And this approach will benefit those firms that adopt a proactive strategy in delivering and demonstrating their value.”

The Thomson Reuters Legal Tracker LDO Index draws from data generated by more than 1,100 legal departments and from surveys regarding cost control measures that include more than 155 separate legal departments.

According to the latest report, 65 percent of departments said the volume of legal matters they are handling increased in the past six months, but only 30 percent of department budgets increased.

In order to keep legal spending down, departments are focused on enforcing billing guidelines, reducing invoice expenses and working with law firms that “proactively show their value,” the report said.

The renewed focus on controlling costs is resulting in more in-house work, with 85 percent of departments stating it is a priority to handle more matters internally. Thirty-four percent of companies added in-house lawyers in the past six months.

Additionally, the legal operations function within legal departments is growing, mainly in larger departments. Seventeen percent of survey respondents indicated an increase of staff on the legal ops side in the past six months. Only 5 percent have cut back on staffing for this function.

Thirty-eight percent of large legal departments—categorized as those with \$50 million or more in external spend per year—added staff for legal operations in the past six months.

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