

GC Thought Leaders Experiment—An Early Look

ADVANCELAW 

September 7, 2017



Panelists for Today's Webinar



Bill Deckelman
General Counsel
DXC Technology

\$26B company in 100+ countries that resulted from the combination of CSC and a key division of Hewlett Packard.



Wanji Walcott
General Counsel
PayPal

\$11B company easing money transfer, and connecting 15,000+ financial institutions in 200+ markets globally.



Scott Offer
General Counsel
Flex

\$24B tech manufacturing company, formerly Flextronics, with facilities in 40+ countries as well as 200,000 employees.



Lee Reichert
Secretary & Deputy GC
Molson Coors

\$15B global brewing company, that is headquartered in Denver, and is the largest brewer in the United States.

About AdvanceLaw

- A group of 180 general counsel and their in-house teams creating a global legal market with stronger assurance and outcomes
- AdvanceLaw staff works with these in-house teams, vetting law firms and identifying counsel for their matters, portfolios, and panels
- Firms are vetted on the basis of quality, innovation, efficiency, client service, diversity, attitude
- Feedback is shared to give clients intel and provide firms an incentive to excel (as strong feedback generates more work from the group)

About the Thought Leaders Experiment

- In collaboration with forward-thinking GCs, we are testing the efficacy of various in-house and law firm practices
- Through an intake survey, monthly evaluations, and other inputs, we'll understand which behaviors have the greatest impact on client satisfaction and lead to the strongest relationships
- A key goal is to generate industry-wide conversation and provide in-house counsel and law firm partners with a road map for success
- The general counsel will share and discuss the most salient findings with the legal community through articles and interviews

28 In-House Legal Teams Leading Thought Leaders Experiment

Avaya	Keurig	Panasonic	Shiloh Industries
Axalta Coating Systems	Levi Strauss & Co.	PayPal	Solenis
Becton Dickinson	Mastercard	Peabody Energy	Sony Electronics
Del Monte Foods	Molson Coors	Pernod Ricard USA	SPX Corporation
DXC Technology	Netsmart	Petco	The Motley Fool
Flex	Nike	PulteGroup	TriMas
Guardian Industries	Noblis	Rockwell Automation	Upwork

The Open Letter - July 11, 2017 - Excerpted

“One reason the industry has struggled to innovate is that we don’t know which management approaches work best.

Many of us have created preferred provider panels – but do they achieve the results we’re seeking? We all seem to be moving toward value billing – but does a flat fee arrangement impact service quality? Related, do firms that charge the most deliver better service? What about the practice of sharing performance evaluations?

These are important questions for law firms and clients alike, [and] we hope this effort will lead to a better conversation among leaders of the legal profession about service quality and innovation.”

An Open Letter From 25 General Counsel

Corporate Counsel

July 11, 2017 | 1 Comments

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Announcing a real-time exercise to test industry assumptions and understand how to improve the legal market and relationships between law firms and clients. Led by general counsel from Panasonic, Mastercard, Avaya, Pernod Ricard, PayPal, Flex, Keurig Green Mountain, Petco, Molson Coors, Becton Dickinson, Peabody Energy, TriMas, Rockwell Automation, DXC, Sony Electronics, and several others.

Since the 1990s, leaders of the legal profession have been talking about change and progress: the death of the billable hour, the automation of commodity work, the use of project management principles and more. Our shared ambition has always been to enhance the value and quality of advice received by clients, while rewarding law firms that understand and embrace powerful client service.

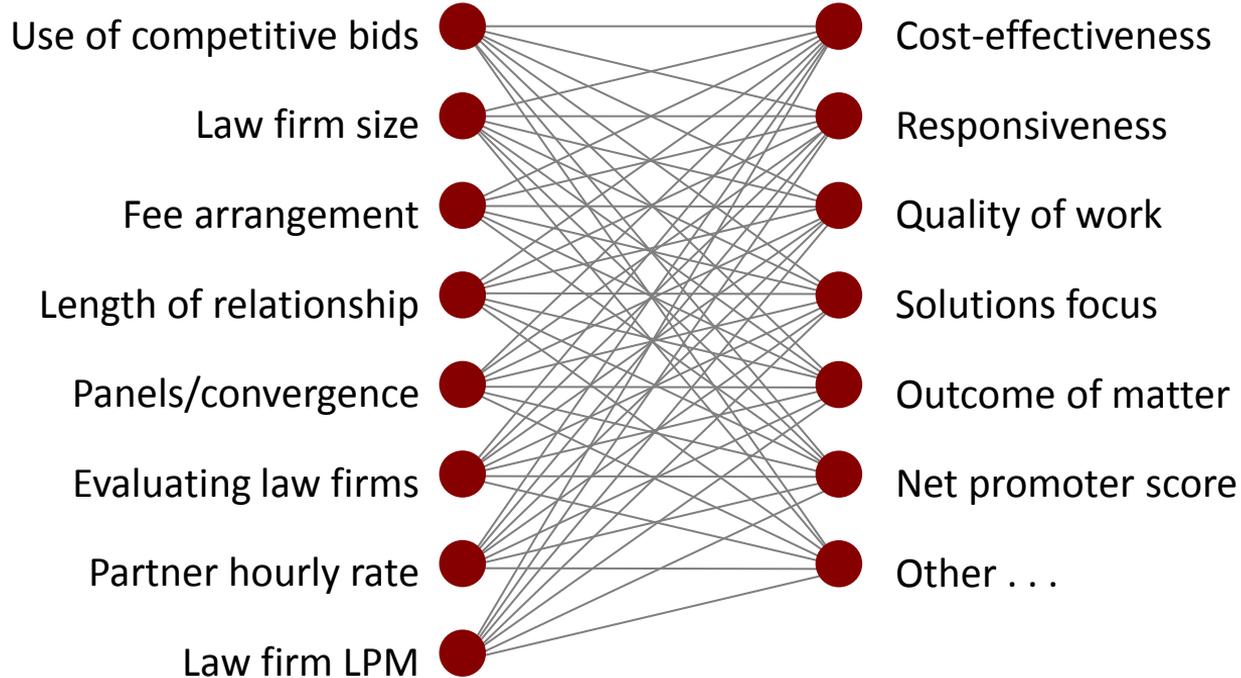
After twenty years, some changes have come but the improvements they were meant to deliver have remained elusive. Relationships between in-house clients and law firms could, on balance, provide greater value to both groups.

In our view, one reason the industry has struggled to innovate is that we don't know which in-house and law firm management approaches work best. For instance, many of us have created preferred provider panels – but do they achieve the results we're seeking? And what makes panels thrive? We all seem to be moving toward value billing – but does a flat fee arrangement impact service quality or the level of talent assigned to the work? Related, do firms that charge the most deliver better service and expertise? What about the in-house practice of sharing performance evaluations with

Methodology of Thought Leaders Experiment

How do various factors ...

... affect our outcomes?



Questions We'll Discuss Today

- Do law firm panels tend to work?
- What are some effective engagement tools?
- How helpful are law firm evaluations?
- Is there a trade-off between cost & quality?
- Do flat fees impact service quality?

Questions We'll Discuss Today ... And Across the Coming Months

- Do law firm panels tend to work?
- What are some effective engagement tools?
- How helpful are law firm evaluations?
- Is there a trade-off between cost & quality?
- Do flat fees impact service quality?
- Is there a pronounced honeymoon period?
- Do competitive bids work?
- Does law firm LPM deliver efficiency?
- How valuable is in-house legal ops?
- Does firm size impact service quality?
- What is the impact of law firm diversity?
- What is the impact of technology?
- Is hourly rate a predictor of performance?
- How valuable are post-mortems?
- What are the best predictors of trust and NPS?
- What is an effective relationship partner?

Note About Webinar's Findings

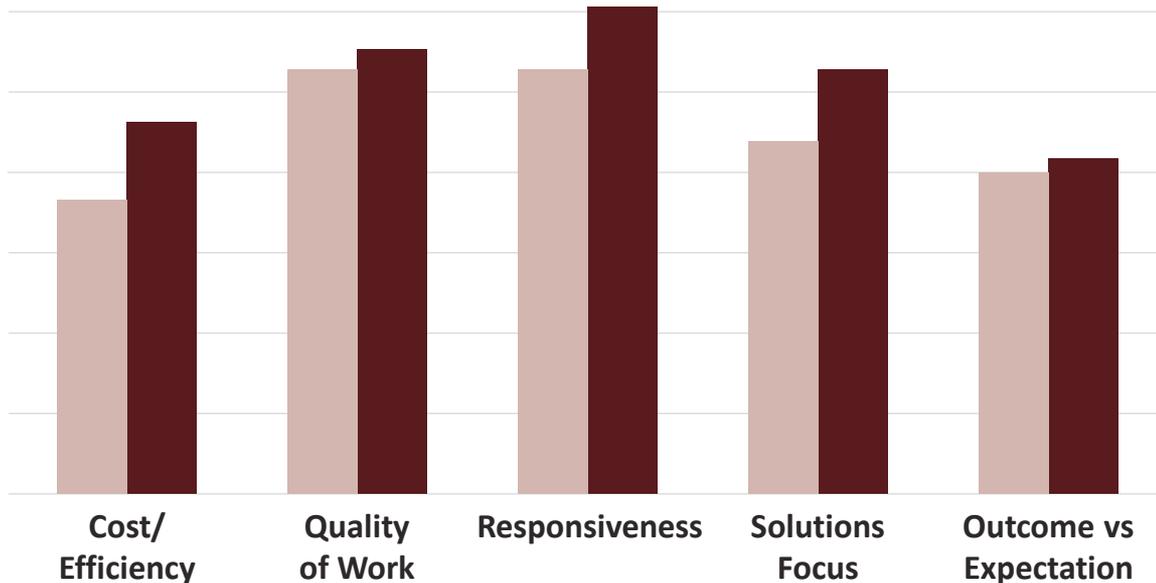
We are 8 months into an 18-month data collection experiment. These high-level findings and observations are **preliminary**, and we will provide greater detail across the next several months. The goal today is to pull forward industry discussion.

Preliminary Finding #1: Are Law Firm Panels Achieving their Full Potential?

Performance of Panel and Non-Panel Firms

Panel Firms Non-Panel Firms (Incl. Matters Where No Panel Exists)

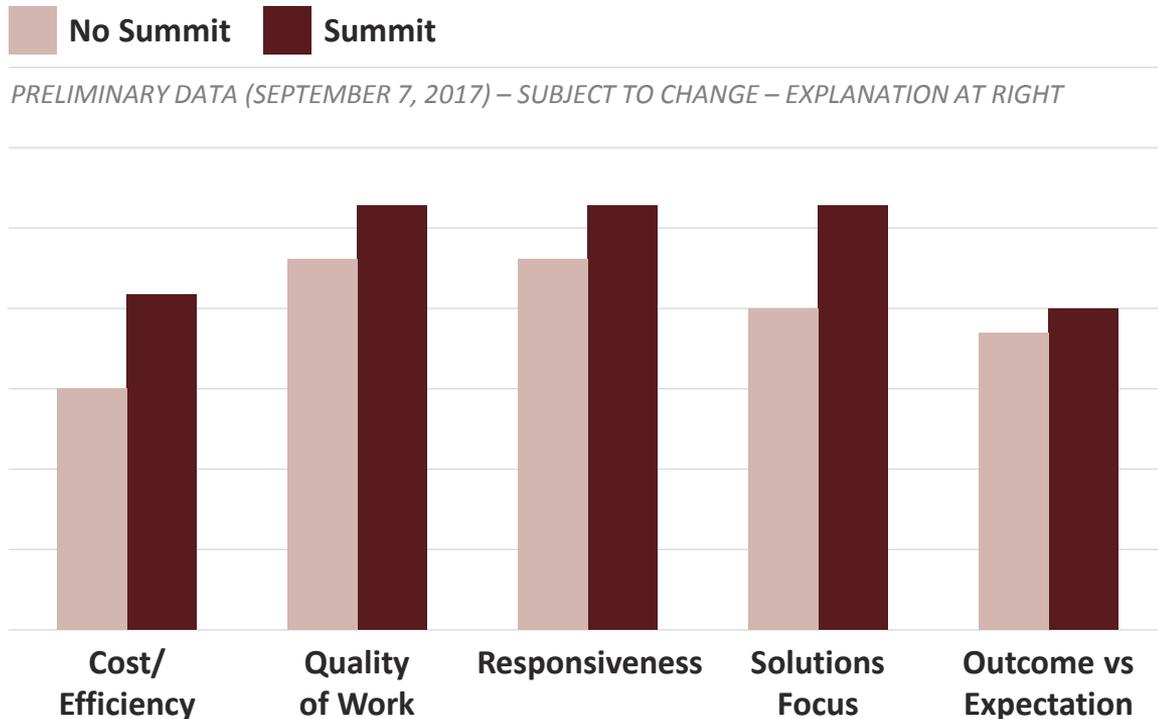
PRELIMINARY DATA (SEPTEMBER 7, 2017) – SUBJECT TO CHANGE – EXPLANATION AT RIGHT



- This does not mean panels are not helpful – we see a lot of variability, with some panels delivering results, and others failing to do so.
- The key takeaway is that, in the aggregate, panels are underperforming, and how they are constructed and managed matters a lot.

Preliminary Finding #2: What Are the Most Effective Engagement Tools?

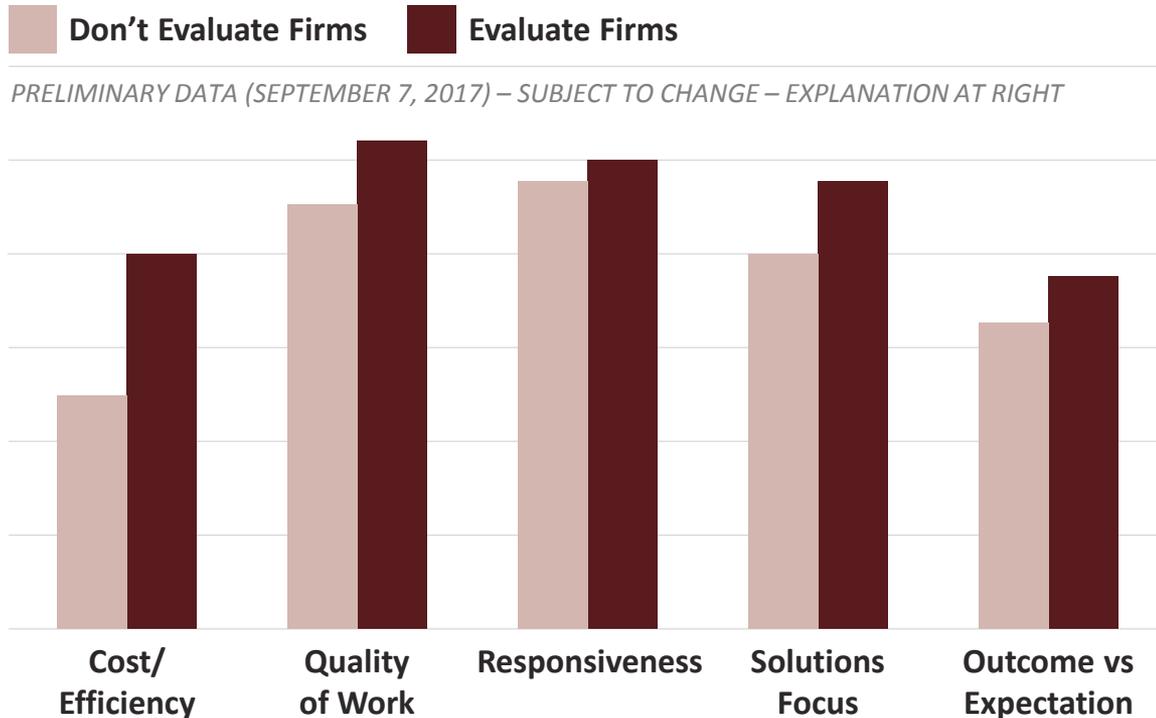
Example: Firm Performance With or Without Client-Firm Summit



- Client-firm summits are one method to drive stronger firm performance on several criteria.
- Beyond summits, other ways to enfranchise firms and help them learn the business are likely to drive better performance.

Preliminary Finding #3: What is the Value of Performance Evaluations?

Firm Performance Based on Whether Evaluations Take Place



- In-house teams that evaluate and share firm performance information achieve greater returns across all metrics.
- Allowing for two-way exchange of feedback further improves returns.

Preliminary Finding #4: Is There Always a Trade-Off Between Cost & Quality?

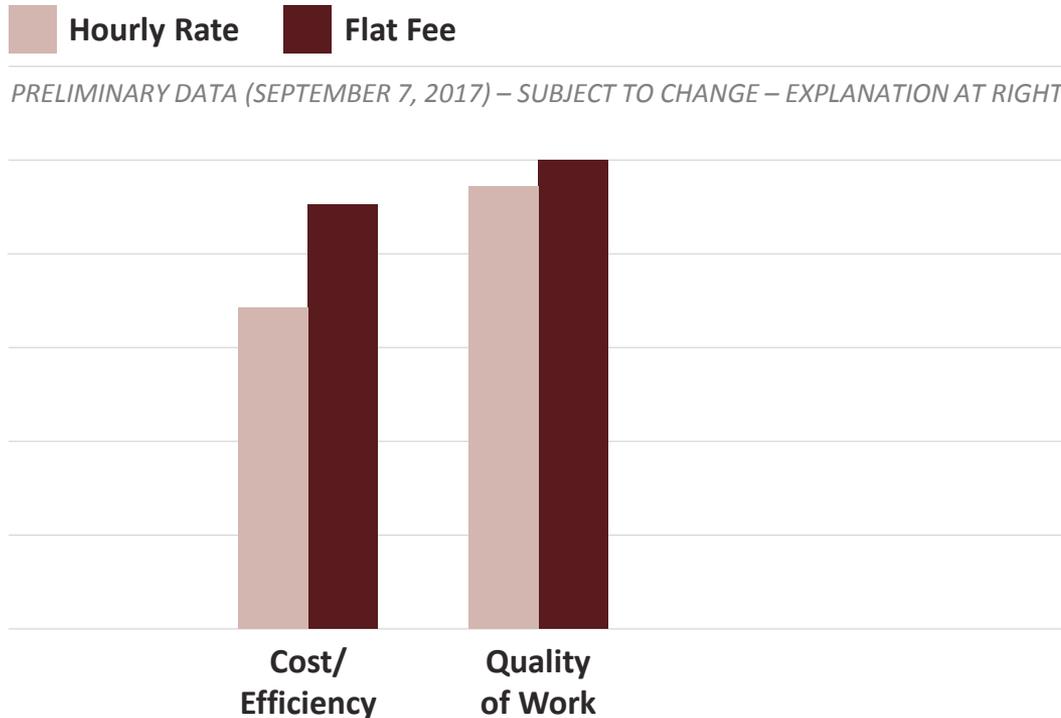
Average Performance By Lawyers in Largest Cities vs. Other Cities



- This does not mean lawyers at the largest U.S. cities under-perform; there is high variability – it depends on the firm or lawyer.
- That said, lawyers across the U.S. spike on efficiency, responsiveness, solutions-focus (and in some cases, quality and outcome).
- Independent of geography, lawyers who receive the highest scores on quality also tend to receive higher scores on efficiency.

Preliminary Finding #5: On the Whole, Do Flat Fees Hurt Quality?

Performance on Matters Under Hourly and Flat Fees



PRELIMINARY DATA (SEPTEMBER 7, 2017) – SUBJECT TO CHANGE – EXPLANATION AT RIGHT

- While general counsel focus on flat fees for their cost savings or predictability, in the aggregate, flat fees don't appear to hurt quality.
- We don't suggest flat fees work in all situations. We are examining in which areas flat fees achieve strongest ROI, and how flat fees per matter differ from flat fees for a portfolio (on quality, etc.).

Next Steps For GC Thought Leaders Experiment

- 3-4 findings to be published each quarter, with 12-15 major findings overall
- We'll also talk with forward-thinking managing partners to incorporate their ideas
- We'll convene roundtable discussions with GCs and MPs across 2018
- Final study to be published in late 2018 with salient findings, charts, and tables
- If you have questions or thoughts you may email info@advancelaw.com