

Gartner for Legal & Compliance Leaders

# Guide to Creating a Sustainable Cost Optimization Roadmap for Legal



Use this step-by-step guide to identify and prioritize cost optimization initiatives and create a sustainable roadmap to build a foundation for effectively communicating and implementing planned initiatives.

## Steps for creating a cost optimization roadmap

### Plan the cost optimization initiative:

- Lay the groundwork for creating a cost optimization roadmap for legal and ensure all stakeholders understand their responsibilities, process timelines and expected project outcomes.

### Identify areas for cost optimization:

- Interview legal leaders, business unit heads and outside counsel representatives to assess the function's performance and identify areas of potential cost optimization.
- Draw on the results of your interviews and your benchmarking exercise to prioritize the areas for cost optimization. **Essential**

### Prioritize cost optimization initiatives:

- Review the list of cost optimization initiatives for legal, determine what initiatives are available and how they can drive service efficiency, then create a list of potential initiatives for your function.
- Prioritize and validate the feasibility of the selected cost optimization initiatives. **Essential**

### Build and communicate the cost optimization roadmap:

- Design workstream profiles to detail the implementation steps of each cost initiative (key activities, short- and long-term success metrics, define timelines and required resources (FTE, methodologies and technology). **Essential**
- Create an overview of the planned cost optimization initiatives and implementation details. Present the roadmap emphasizing how it supports the mid- and long-term functional goals of the legal department. **Essential**
- Define a review process to track the implementation progress.
- Communicate the approved roadmap to legal staff and outside counsel and outline steps required from their side to make the cost optimization initiatives a success.

### Monitor the progress of the cost optimization roadmap:

- Review the progress of the cost optimization initiatives against your targets and modify implementation plans based on changing business conditions.

## Six Things Cost-Effective Legal Departments Do Right

Proven tactics that progressive legal departments adopt to optimize costs:

1. Standardize legal work
2. Hire dedicated legal operations specialists
3. Invest in training
4. Consolidate law firms
5. Allocate more work in-house
6. Consider Alternate Legal Service Providers (ALSPs)

## Pitfalls

### Disproportionate Focus on Financial Savings

Due to extreme time pressure, general counsel or legal operations managers disproportionately focus on financial savings when selecting and prioritizing cost optimization initiatives. They may neglect other criteria such as time or the degree of risk for the function, resulting in a lack of stakeholder buy-in for these initiatives.

### Siloed Selection of Cost Optimization Initiatives

Often representatives from assurance functions or legal staff are left out of the decision process and only informed once a cost optimization initiative has been implemented, resulting in legal failing to consider the impact of an initiative on the business's day-today work.

### Viewing Cost Optimization as a Point-in-Time Activity

Legal leaders often treat cost optimization initiatives as projects with start and end dates that only need to be implemented once the organization faces budget cuts, resulting in knee-jerk cost-cutting efforts that don't support long-term functional goals.

## Keys to success

### Evaluate Using Multilevel Criteria While Planning Cost Optimization Initiatives

Consider an expanded set of criteria beyond cost savings, such as strategic relevance, time investment or risk to legal service delivery when analyzing and prioritizing potential cost optimization initiatives.

### Engage Stakeholders Early to Secure Their Buy-In

When designing the cost optimization roadmap for legal, include legal staff and stakeholders from other relevant functions (e.g., finance) early in the process. Base your cost optimization approach on the best way to support business strategy.

### Embed Cost Optimization as a Continuous Discipline

Create a culture of continuous cost optimization by rewarding cost optimization ideas from the legal staff, adding cost optimization metrics to the function's dashboards and including cost optimization metrics in employee objectives where relevant.

## What this means for you

Like our best practice insights, this intuitive, step-by-step guide contains the necessary steps to plan, build and evaluate the effectiveness of cost optimization initiatives, allowing legal teams to get started quickly and execute at quality.

## Use our Guide to Creating a Sustainable Cost Optimization Roadmap for Legal to:

- Create a cost optimization roadmap that indicates specific year-over-year activities and plans.
- Identify and prioritize legal cost optimization initiatives that best support the organizational objectives.
- Secure stakeholder buy-in, and continually validate and advance the proposed cost optimization initiatives.
- Build the foundation to establish a culture of sustainable and ongoing cost optimization.

## Learn more

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