

A close-up photograph of a cheetah's face, showing its eyes, nose, and whiskers. The cheetah is looking slightly to the left. The background is blurred, showing more of the cheetah's fur.

DENTONS

# Helix

**Looking at risk differently:**  
top tips for operational change  
and cost reduction

Grow | Protect | **Operate** | Finance

October 2023



**In-house teams around the world are operating in an environment where the dynamic often expressed as doing “more for less” could not be more true. Workloads are increasing, budgets may be shrinking and it may often feel like there is just no more stretch in that band to give. At the same time, there is no margin for error and little to no margin on quality or service.**

#### **Common challenges for today’s law department**



# Legal operations and the risk balance

Operational efficiencies (looking at how the legal team functions across the people, process, data and technology spectrum) have become of critical importance as teams look to meet the increasing demand of the business, improve business outcomes and ultimately enhance the value and reputation of the function.

However, while there are many ways to optimize how you deliver legal services, it is important to keep in mind the potential and unintended risk that might result from any changes.

The challenges faced by many law departments are clear drivers for operational change, but they are very much interlinked and can create a domino effect if you do not address them more holistically. When you pull one lever to solve a particular challenge, it can often trigger another problem which can lead to additional risk in another area. For example, perhaps you are told that the legal department needs to reduce costs by 25%. One approach, while not ideal but often an unfortunate reality, is to reduce internal headcount across the legal function. With reduced FTE, existing resources can become stretched beyond capacity which may ultimately lead to attrition which, in turn, leads to operational and institutional knowledge risk. It may also lead to more work being sent externally to law firms, which ironically means that you will be increasing your external spend and therefore creating more exposure to financial risk. There is also the risk of business drag and quality of service which is often the result of having fewer resources available on the team. All these risks combined lead to overarching brand and reputational risk.

**However, the expectation for cost reduction and operational efficiency still exists. So where do you begin?**



According to a recent survey by Thomson Reuters of senior in-house counsel, the top two law department priorities are creating efficiency within the legal team and safeguarding the business.

[Thomson Reuters, 2022 State of Corporate Law Departments](#)



In a recent survey of Chief Legal Officers, 70% of respondents indicated that “legal operations” is their top strategic priority, followed by “right sourcing of legal services (45%) and cost minimization (43%)”.

[Association of Corporate Counsel, CLO Survey 2023](#)



# Developing your roadmap

## Understand your current state

As with any transformation project, you need to begin by understanding your current state, including your current capacity and capabilities. The best way to approach this is to talk to your legal team. Understand the situation from their perspective – what are the day-to-day pain points and frustrations? Are they working at their optimum level? Who is doing what kind of work? Do you have a suitable set of skills based on the workload?



## Integrate the corporate strategy

Approaching operational change within the law department should be done in the context of the overall business strategy for your organization. Aligning your legal department operating model to meet the current and future needs of the business ensures you are setting yourself up to deliver the value that is needed, while understanding and mitigating the potential risks.

In the context of our current economic situation, this is likely more important now than ever before. Will there be a focus on divestitures? Is the organization diversifying? Or perhaps entering new/retreating from markets? Do you have the skills on the team to support these goals? Are those skills being underutilized because they are spending too much time on low complexity/low risk work? Realigning your team and the role of legal against the corporate strategy is a really important exercise and will ensure you remain much more strategic, business-focused and ultimately demonstrate your value.





## Map risks and issues

As you are assessing the gap that exists between your current state and where you need to be in order to support the business strategy, it is important to also consider and assess the potential risks to the organization and whether your function is equipped to manage or mitigate those risks. Take the time with your legal team to map out current and potential risks and value those based on likelihood vs. impact. Your risk register is an important tool to support the business case for change by demonstrating that you have thought about the future and how the legal team can be a driver for successful outcomes which can completely change the narrative around the value of the function. It also allows you to mitigate potential issues before they may even occur.





# Five key tools to consider in your roadmap

It is more than likely that as you consider your operational roadmap you may be evaluating ways in which to remove barriers to revenue generation for the organization by streamlining your contracting function.

According to **World Commerce and Contracting**, the business cost for poorly managed contracts is an average of 9% of revenues each year, so it is clearly not a bad place to start. Finding opportunities to become more efficient with your contracting function, and perhaps making others in the business more self-sufficient and even having an outsourced service handle certain types of contracts, does not need to mean that you will inherently increase your risk exposure. In fact, by taking the time to evaluate some of these tools and implement them successfully, you may even mitigate overall risk.

**Here are five key tools to consider as part of your contracting roadmap.**



## Precedents

You may already have some degree of precedents in use across your law department, but taking the time to review and incorporate best-in-class industry standards while incorporating corporate brand and values, and ultimately streamlining to reduce the number of precedents, is a fairly sterile but very worthwhile exercise in terms of return on investment.

### Benefits

- Much more time-efficient than starting from scratch
- Quicker and easier for new team members to start working
- Opportunity to streamline the number of contracts you use – smaller number of contracts become more efficient to manage
- Opportunity to achieve consistency in the clauses you use across contracts (e.g. termination, liability, boilerplate etc.)
- Enables a consistent approach across similar contracts

### Risk: likely to measurably reduce risk

- Risk that your contracts have gaps or are in poor shape is reduced
- Only well-thought-out positions are adopted
- Consistency of position across contracts means that it is easier to assess overall operational risk





## Playbooks

Going hand-in-hand with precedents, a playbook is intended to set out guidelines and educate members of your legal team (or an outsourced service) on specific aspects of your contracts, including your desired position, fallback positions and the redlines you will not go beyond without senior escalation. This is a key document ultimately highlighting your risk appetite on a particular issue with very valuable institutional knowledge about your approach to contracting in various areas. Consider having a playbook for some of your core contracts.

### Benefits

- Enables you to be much more time-efficient. No need to reinvent the wheel
- Allows you to get new team members up to speed more quickly, meaning they can work at peak efficiency sooner, requiring less time for on-boarding
- Greater consistency of approach – dealing with the same issues and the same risks in the same way

### Risk: positive impact likely

- Only well-thought-out positions are adopted
- As with precedents, having the consistency of position is helpful to be able to spot and assess organizational risk



## Contract and document automation

While we know that technology will never be a cure-all, using software to take standard contracts and enable the production of the initial draft through population of pre-populated information forms can be a worthy investment for your legal team, enabling the business to be more self-sufficient. Contract automation has been around for quite some time and there are many options available. NDAs are a common place to start for automation, but you can also apply this to short and long form service agreements, master framework agreements, various real estate documents or employment agreements. The key is to make sure you are starting with a good precedent.

### Benefits

- Saves time in production of initial contract by lawyers
- Can enable other professionals to self-serve, saving further lawyer time
- Ensures that cross-referencing and definitions are in good shape

### Risk level: neutral

- Should reduce risk by (as with precedents) ensuring that only approved precedents are used
- However, could create risk by encouraging the use of inappropriate contracts for more complex or bespoke scenarios. It is very important that clear guidance is given as to when it should be used





## Self-service tools

Enabling the business to draft contracts can be a huge operational efficiency win as it should ultimately reduce the amount of time that a lawyer needs to be involved in the process. However, most law departments have restricted this to the NDA, because it tends to be lower risk in nature. This is a great opportunity for you to think through, within the context of your risk appetite, to what you will let the business have access, provided they have support from good precedents, playbooks and automation. You can self-serve a huge number of additional documents, provided you have clear channels that highlight the limitations.

### Benefits

- Significant time savings for the legal team
- Increased speed to contract
- Empowering for the business to enable it to be more autonomous

### Risk level: neutral to increased

- Risk of issues not being spotted could lead to increased risk exposure
- Risk of points being inappropriately conceded – however, this can be mitigated by:
  - Risk assessing which sorts of contracts can be used
  - Clear guidelines on what can and cannot be changed, which can be supported by technical measures
  - Legal support given if issues go beyond guidelines



## Artificial intelligence

The good news is that robots are not likely to take over your job – at least not yet. However, artificial intelligence (AI) is developing quickly and can be helpful at speeding up the production of a first draft, giving you a head start and saving time and cost. It is important to understand your risk threshold, particularly in this context, recognizing that AI has many limitations, as it is not going to produce the same quality as a human – at least not yet.

### Benefits

- Can significantly speed up the production of work – saving time and cost
- Can take out human emotion in decision-making

### Risk: can increase if used in the wrong way

- AI is not yet well developed, so it is still inherently riskier than using humans
- Risk of things being not considered or missed
- Still need to exercise human judgement
- Overreliance will increase risks – it is not yet a replacement for humans



# Conclusion

We know that law departments around the world are faced with the incredible challenge of delivering “more for less”, but with budget pressures, expectations to exceed internal expectations and ultimately be more innovative and data-driven, it can feel overwhelming at times and difficult to know where to begin.

Taking the time to understand how much work is being done by the team, what occupies the bulk of their time and whether there are different ways to handle that work are key to becoming operationally efficient. This can have such a tremendous knock-on effect on team morale, cost savings, service and quality of legal service, and ultimately reinforce your value and contributions as a law department.





# About Dentons Helix

Dentons Helix alleviates the stress of delivering “more for less” by managing a portfolio of work for you on a fixed-fee basis, freeing up your internal resources which could otherwise be deployed on more strategic work.

Bringing the best of a managed legal service and private practice, Dentons Helix delivers high-quality legal services through a dedicated legal team, providing data to support strategic business decisions and enabling technology and process efficiencies to position the legal department as a strategic advisor and business-enabler.

Connect with us to learn more about our complimentary workshop, where we help you to understand workloads across the department and identify what work might be suitable for self-service, automation or managed legal service.

## Key contacts



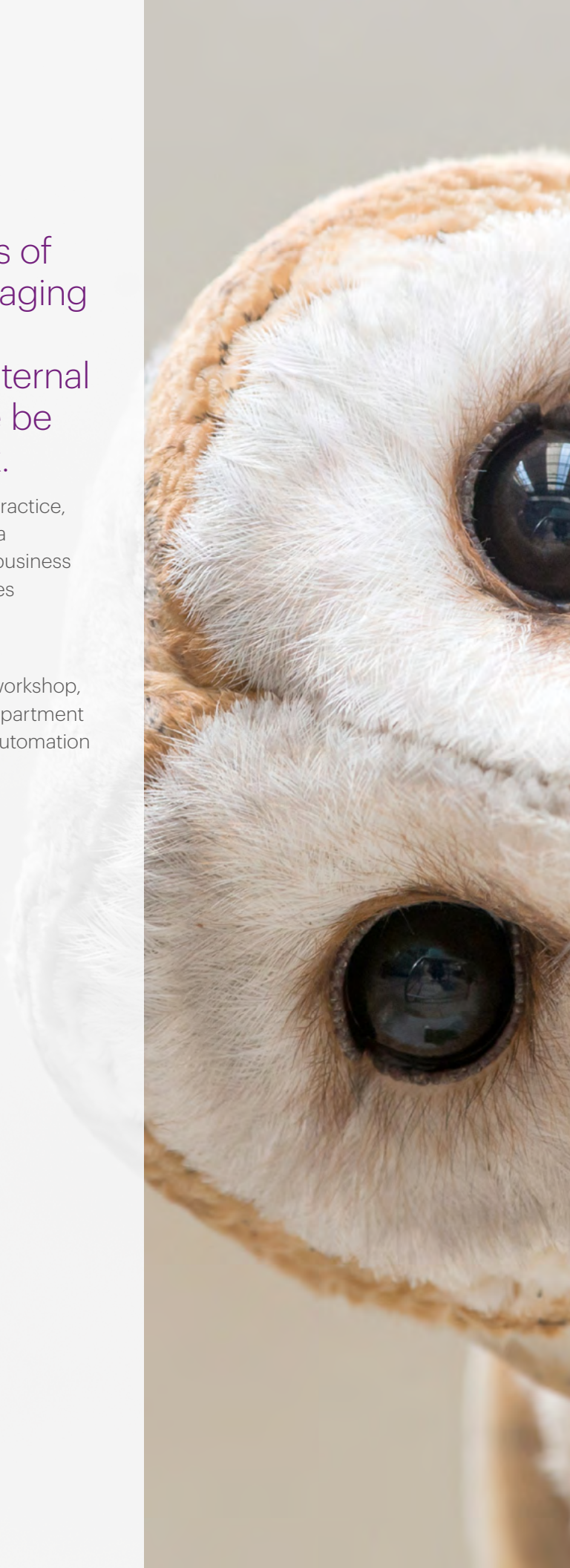
**Scott Singer**

Partner and Chair at Dentons Helix  
[scott.singer@dentons.com](mailto:scott.singer@dentons.com)



**Ash Rees**

Managing Director at Dentons Helix  
[ash.rees@dentons.com](mailto:ash.rees@dentons.com)









## ABOUT DENTONS

Across over 80 countries, Dentons helps you grow, protect, operate and finance your organization by providing uniquely global and deeply local legal solutions. Polycentric, purpose-driven and committed to inclusion, diversity, equity and sustainability, we focus on what matters most to you.

**[www.dentons.com](https://www.dentons.com)**

© 2023 Dentons. Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This publication is not designed to provide legal or other advice and you should not take, or refrain from taking, action based on its content. Please see [dentons.com](https://www.dentons.com) for Legal Notices.

CSBrand-112457-Whitepaper for Dentons Helix-03 — 13/10/2023