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A podcast for tax, legal and compliance professionals around the globe.

Episode title: LDO Index shows cost control still occupying the minds of corporate law department leaders

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Bill Josten: Back in early October, the Thomson Reuters Institute released our annual Legal Department Operations Index, which, for the first time featured a partner, the Legal Value Network. The report is an annual look at the state of affairs within corporate legal departments from those tasked with managing the operations functions. This year's report compiled responses from 107 different companies from small businesses to those making in excess of \$10 billion in revenue per year. The report covers a wide range of topics, but chief in the minds of these legal ops pros is the need to control costs. Now this is no mean feat. Matter volumes are increasing for nearly everyone and at the same time budgets are being held steady for most legal department. Few departments report adding lawyer headcount and all of this equals a situation or perhaps the only option to deal with the increased workload is to send more work to outside counsel, even as that outside counsel continues to raise rates. Now this is not an easy situation for corporate law departments. To help shed some light on some of the pain points as well as possible solutions I've invited on a panel of experts from among the membership from our partner at the Legal Value Network. For those not familiar with the group, the Legal Value Network or LVM has a mission to accelerate evolution. In the legal industry, connecting business of law professionals from across the industry who are focused on designing, building and implementing innovative models of legal service delivery. Joining us from LVN today are three of my favorites. Alex Guajardo, Justin Ergler and Keith Maziarek. Alex is a pricing and analytics officer with Shell's legal operations team, but her title doesn't really do her role justice. She has over 20 years of experience in the legal industry and really functions as the right hand of the legal ops team at Shell. Justin is the director of alternative fee Intelligence and analytics at GlaxoSmithKline. An outspoken critic at the billable hour, Justin has established himself as a thought leader and expert in the usage of alternative fee arrangements for complex legal matters. And looking at things from the law firm side of the relationship, Keith is the director of pricing and legal project management at Katten Muchin Rosenman, bringing his 20 years experience focusing on strategic growth and profitability initiatives, Keith helps bring the voice of the client into his firm and helps guide firm strategy towards sustained profitability. Now full disclosure these three are some of my favorite people to talk to, listen to and learn from so I'm really excited about this particular installment of the TRI Insights podcasts.

Bill Josten: Alex, Justin, Keith. Thank you so much for being here. It's such a pleasure to have you on the TRI Insights podcast. Joining us from the from our partners at Legal Value Network. So, this this legal department operations or LDO index report is one that I'm actually really excited to be involved with in a more in depth way this year because it speaks to an audience that I think is really a growing audience within the corporate in-house space, right? Where we're seeing a lot of discussion around legal department operations has been a concept that's existed for a really long time, but it's still kind of coming into its own in a lot of senses and being able to speak directly to that audience. And frankly, having a couple of you on the call here today to me is really interesting. So, I'm looking forward to getting your take and I think probably the place to start is with sort of the banner headline finding from the report and that is that, unsurprisingly, the biggest priority for in-house legal ops professionals is

controlling costs. Now we see increasing matter volume. Generally, budgets are pretty flat. Relatively few departments are adding headcount, although a few say that they are, and that's specifically attorney headcount, so how difficult is it going to be to achieve that goal of controlling costs, and what sort of strategies do you think that in-house teams can employ to help meet those goals? Perhaps aside from growing budget or hiring more people?

Alex Guajardo: Well, I think one of the things you know we have seen our teams are smaller this year than they were last year, right? At Shell, we've lost some people and the workload is not diminishing by any means, so of looking at cost is always a topic of hot discussion, but you know we're looking at what is high value, high risk work that needs to be handled in house, making sure that the right people are doing the right work at the right level because, you know, we do not see the work volume decreasing by any means anytime soon. And sometimes, you know, it sounds like so simplistic to say prioritizing is going to be extremely important, but prioritizing and alignment with our, you know, companies' vision and goals is important for the legal department. And if we don't do that, we're not handling the right things in house and then also leaning on our external counsel at the right times when the work volume is too much for the in-house lawyers to handle.

Bill Josten: Justin, what about you? You view from Inside looking out.

Justin Ergler: Yeah, I mean I guess, you know, my view is always as far as controlling outside legal costs. You know, you know, my position on billable hours, which I think we're going to get to, but as far as competition introducing competition, it's not enough just to have a rate negotiation to have a preferred panel and then off we go with whatever law firm is on that preferred panel. I think taking a more active role, especially in and as Alex said, those significant behind spend matters taking a more active role in properly defining scope, understanding where we are, understanding expectations as far as where our in-house attorneys want the focus of the work to be. So, not just saying OK, here's what we need you to do, but we really want you to focus on this and this other work needs to be done, but here's our focus so that a law firm doesn't go back and say, you know, hey, I build a bunch of time. We went down a rabbit hole on XY and Z and the in-house folks are like why did you do? That that's not what we wanted you to do. So, as far as communication and increased communication is key, but I also think in you know an added amount of oversight of especially large matters, and then at the outset trying to introduce competition to make firms compete for the for that work at a matter level.

Bill Josten: Yeah, you raise an interesting point there, Justin. And Keith, I don't mean to ignore you here, but I just want to explore one of the things that Justin said just a little bit. And Justin, that's the comments you made regarding scope and the law firm coming back and saying, oh, we just build a bunch of time looking into this and the clients were wondering, well why on earth did you do that? And coming from a background of a reference attorney within Thomson Reuters where I got a lot of those questions and it kind of helped to do some of that work and that that boil the ocean type work, a question that came up to me in fact earlier today, was you know, what do you see as trends for legal research time? And I think that that's going to be a key to that, right? Is how do we define that scope? What our clients are willing to pay for in terms of what they're willing to let their outside counsel research, or at least what they're willing to pay for their outside counsel to research so it's maybe less a question of we're really going to clamp down hard on rates, or that that may be part of it, but it's going to be more defining that scope, I think if I'm understanding you correctly.

Justin Ergler: Yeah, yeah. I mean I think clients have gotten around a lot more and again, I'm just speaking from macro industry perspectives here. Clients hired law firms because they're the experts in a particular space. Law firms help themselves as nobody knows this space better than I do better than we do. So, the, I think the tolerance for things like you know get up to speed and research and stuff has diminished a bit, right? It's especially if you have a long, long standing, you know panel, and these firms know you know them. You shouldn't have to get up to speed to know us, to know what we need to know we want if this is, unless this is a completely novel new space for league. You should already know this, you're the extroverted self-counted experts. How much research do you really need to do? Just generally mother or exception spaces like digital and privacy are exploding for everybody and everybody is playing catch up. But I think that kind of stuff you know as far as controlling and understanding not just what money is supposed to be spent, but where it's being spent and why it is being spent in those areas should be a much larger focus for clients if you want to control costs and make sure that money is being spent effectively.

Keith Maziarek: If I can jump in real quick as the one non-legal ops personal, legal department person on air. Just on this topic of like research right? There are a lot of options for how you execute research, but I think I mean in my opinion, it seems like that's one of those areas where there probably is a lot of improvement to be made and money to be saved right? But what I don't see happening too often is detailed conversations. about the breadth and depth of the research required. And then the means by which that research will be conducted, right? So, if I'm going to use, I'll use as a stark old school example as opposed to using first year associates in the research you could get way more bang for your buck, if you used like the library. Because those people know how to use the tools and they know where to look and they can start kind of blazing the trail. And get you know, some good I'd say productivity gains typically, you know, I really don't wanna see typically, but in many instances, but I in my experience and again, I'm not part of every conversation happening out there, but I don't really see that level of scoping or sort of an expectation setting happening. Are you guys? Am I missing something or? Do you get? I mean is that something we can move more towards explicitly defining 'cause I. That's one of the areas I think there's opportunity so.

Alex Guajardo: We, I mean, when we talk scoping for us, scoping is extremely important because that is the alignment of, you know, what am I getting and what are you doing right? And if we don't have discussions, and that's why when we do RFP's we have scoping calls with our attorneys and the firms even a 15 minute call can kind of flush out this is this is what we need for this case. This is what success means for this case, and these are the items that, you know, we're leaning on you law firm to do because you have that expertise and you put the right people on the job to do it. Without that scoping, there's a huge mess, right? Because there's no way the firm can price something accordingly, or even have the right team or the right strategy, you know for the case for the outcome of the case that we want so. So, I think you know when you're thinking about any work that's going to any firm if you don't have any kind of scoping discussion, or at least an outline of what that looks like, it's a huge miss. And it's in work in this.

Keith Maziarek: I agree with you 100% on the scoping discussion as far as like what has to be done, but I guess I think the research thing just kind of got me thinking, how you're going to do it is the other question that I'm wondering how much detail you try to dictate to firms in that regard on it. Like I say on this hypothetical of, you know, research component of a matter. Like don't have first years do it 'cause you don't need to. We want you to look into these five things and give us this level of sort of an extract

or whatever. So, we have an idea what's going on, but how do you conduct that process I don't know that that's kind of where I was, what I was just curious about if you guys see that happening more than I do, or if you are looking to have that level of you know influence moving forward so you can control costs or hope to.

Justin Ergler: Yeah, Keith, as I was listening to you and Alex speak I kind of harken back to our days when we were the two of us and, you know, your prior life were forced to work with one another very begrudgingly. And what are the things we did, you know, this is in a space where we did, you know, we were doing flat fees and your former firm. You guys weren't used to that, especially in the practice area that we were talking about that we had many many many different matters as you know. And you're the partner that was the lead for your firm on those matters said to me at one I don't know cocktail or whatever she said, you know, since you guys require flash, they even require us to define scope and all that stuff I actually sat down with our attorneys for this most recent one, and we had a full-fledged OK what actually are we going to do discussion at the outset of the matter, rather than saying OK, we're just going to get into this and then figure it out. What are we actually going to do? And we know we are the experts. We should know what we are going to need to do. And so, I think you know, I, I guess I'll go back to the whole as far as communication, it's communication between the clients law firm saying here's what we need to do based on our experience. Then clients saying OK that makes sense, but we don't need you to do XY and Z, we need you to focus more on A B and C. And here is the level of focus key to your point. Here's the level of focus that we think should be going into that. I think, you know, that kind in depth communication kind of what Alex talked about as well, those calls with farms etc. 15 minutes can save 15 hours of hassle, right? As far as misalignment of scope and why did you do this? Why did we ask for that, etc. 15 minutes and I'm not even exaggerating. 15 minutes can save so many headaches, not just in terms of costs, but in terms of the actual substantive work itself. So, I highly encourage those conversations.

Alex Guajardo: And I do think that if the firms are not getting that, you know, level of information from their clients, they should be asking and saying you know what is it that you need? I actually had a GC on one of our recent calls say that firm we use dots every I crosses every T and it's amazing, but I don't need a 20 page response for everything I asked them to do. So, we actually have to go back to the firm and say, hey, you know, when we're you're working on matters it's important to align with the lawyer you're working for or with to ensure that you're providing the level of service that they need, right? Sometimes we do need a very in that we need the in depth research and sometimes we need to sometimes we need the partner. There is no question about it. You have to have the partners level of expertise. Other times an associate would do, but if you don't have that alignment there that discussion, there's no way you know to just to make an educated guess about what the client is thinking. I mean, that's just no one said no one's a psychic around here. At least, I'm not yet.

Justin Ergler: Yeah, but no and I think that's a great point, Alex and I'll add to that I think there is a fine line as I just spoke about communication understanding scope, making sure the scope is granular enough that it makes sense, there is a fine line and I recently received a proposal from a firm, not joking, it was 73 pages long. 73 pages long, right?

Alex Guajardo: And you know what happens when I get those? I called the firm and I'm like I love the fact that you guys are great I appreciate the fact that you guys put this together, but I don't love the fact

that you guys you know put so much time into this because there were quite no one going to read it like I can't, I'm not even going to lie like no one is going to read it.

Keith Maziarek: The level of granularity thing I think it's a weird, you know it's kind of one of those, you have to get a feel for it as it goes on, that that's really sort of the crux of what my question was not. Yeah, obviously scoping and all that, do those as programmatically as possible. You know within you know different clients, but it's like who's going to do what, like how much do you? How much does the client want to have to dictate versus. Look, we know when this research is what we want to pay for this and that can be done for this. So, the firm should be using, you know, different technology research solutions and people that do that full time. That are, you know, like research librarians as opposed to associates or whatever higher cost resource kind of thing, but I think it's a balance, right? 'Cause you got to go OK, well how much do I want to get in the weeds on this? 'cause then it's your time right? You have other things to do the attorneys on your team that are already. You know stretched thin so.

Justin Ergler: Yeah, no in build service one second and let me clarify that 73 pages. That was for one matter that wasn't a big huge preferred panel or a fee we haven't done one those in about a decade, that was for one matter and Alex. You're absolutely right. Nobody is going to read that thing so and so I think it's appropriate communication, appropriate level of detail, and I think that I grew doubts as well law firms should be proactively doing that and seeking that feedback as they're putting together that scope. And then clients need to provide direction. They need to say, OK, I see your scope. I see where you're going. I want to drive this car and maybe, you know, take the left lane and on this path and realize that step. I'm sorry, Bill. Go ahead.

Keith Maziarek: And that's where the relationship value comes in. Can you establish those things and it just happens naturally, but you got to invest in upfront. So sorry Bill, go ahead.

Bill Josten: No, I think that's a fascinating discussion, and I, I think, just the way that that conversation ranged highlights why that cost control is the top priority, right? There's so many different facets to it in so many different ways that that conversation can go and it's not like the components that you all are talking about are a series of nice to have every one of those things is I have to have to a certain extent right where there's got to be those components involved, and I want to take off on one of the things that you mentioned, Keith, and that's identifying the right technological solutions. And Alex, I'm going to direct this one to you. The second highest priority, identified by respondents in in the LDO Index report is using technology to simplify workflows and manual processes. Now the concern is that many lawyers both in house and within law firms might hear that as you use tech to replace lawyers, is that in fact what it means? Or is that something that's even feasible to do? And if that's not what it means, what does it mean in your eyes, and what we are, how would you define something like that?

Alex Guajardo: Right now, I think when you're thinking of, you know cutting costs and what technology makes sense. I mean look, there's a lot of great technology out there. I mean, when you know when we get out in the conference circle and you get to see some of the demos, there's a lot of people with great ideas putting great technology out there. Unfortunately, we can't use it all and I think it all starts with a little bit of leadership mandate, right? If I come into work, the only e-mail tool I can use is Outlook. During the pandemic, one of the tools that I used that we started using 100% of the time is DocuSign because people could not print at home and get their documents signed and it became a necessity, but when the lawyers start to see that technology that we're utilizing is to make them not only more efficient, but help them in their day-to-day jobs, make their jobs easier. It doesn't become a oh

technology here. It'll replace me. Technology here is to help me in my daily work activity or in the case workload, right? And there's a lot of you know when we talk about AI and the research tools and all these other things technology has to be seen as an aid and as a collaborator instead of as a replacer. And I always say that technology is not the answer to everything. You can't throw technology into a problem and hope that it works. It's the process has to be kind of assessed and addressed, and then technology comes as the kind of like the, you know, the additional piece, but if you're looking at it as a solution, the sole solution it tends to not work as well, right?

Bill Josten: Yeah, absolutely. There's another, another one of the topics that I wanted to sort of from that initial discussion that I thought was worth exploring and, Justin, I'm going to look at you for this one. As someone who's in house and also someone who I think is perhaps for those of us who know and love you so much, Justin famously opposed to the billable hour. I would imagine that you're not at all surprised to see that the vast bulk of companies report less than 20% of the matters are on some sort of an AFA. Whether that's fixed fees blended, we didn't really specify, but obviously there's a whole panoply of things that could be in AFA. Of course, AFAs really entered the lexicon during the Great Recession, you know, about eight years ago or so, given the current economic trends do you see that use of AFAs potentially changing and how big a stumbling block are some of the things that we talked about before going to be to driving some of that growth potentially?

Justin Ergler: I mean I-

Bill Josten: You just laugh.

Justin Ergler: I was surprised to see the clients willingly admitted, maybe it's 'cause it was anonymous that, you know, only 20% of their matters are on AFA. I mean, it usually would be you'd be at a client conference, right, and? Are the goal is 70% of our managers aren't AFAs and things like that then I'd go to, you know, the old P3 with my friends like Keith and Poorv and Toby and others and it be like show of hands, how many, you know, what percentage your spend of your billing is on AFAs and would be down at like 15% right? So, it's always a disconnect, so I'm kind of surprised and it speaks to your survey that you know these were honest answers, and I guess my question, as you said, it wasn't really defined, but I would imagine by and large the AFA the spend that is under AFA, they are hourly based as I call them AFAs. They're cap fees. They're, you know, if anything fixed these with callers that are still based on hourly rates, thus require hourly rate negotiations every year and they which are incredibly time-consuming from what I've been told from other clients. I would like to think, but I've been liking to think this for the last decade. I would like to think that things will start moving to pure flat fees no hours because quite frankly from the client side that is easier and from the law firm side it gives them the ability to, you know, invest in technology is I also say invest in technology and efficiency and do but clients have been telling them to do you know be more efficient but in this instance rather than just decreasing revenue by being more efficient, you are giving yourself the potential for an upside as far as profitability. And so and so, while I'm I am optimistically hoping that you're correct and that you know perhaps AFAs rather than as being a buzzword, and BS bingo, as I call it, they're going to become more than norm and non-hourly stuff is going to become more than norm. I guess I'll just believe it when I see it.

Alex Guajardo: I was actually shocked about this number too, but I also think that the definition of an AFA has changed over the years. And to us AFAs are extremely important. I mean, most of our engagements, all you know, over 80% of our new engagements, are on some kind of AFA. And to me, an

AFA doesn't mean I, just flat fees, sorry, did I mean it's not just that or you know, I think you know, or I know that the reason we utilize save face is to minimize risk and have some budget certainty, so it's just not a blank check. It's not handle the case, and we'll pay your hourly rates. It's anything but that, right? So, an AFA can be so many different things. It's not an hourly arrangement, it's really you know, a setting of expectations of how much I'm willing to pay for a specific amount work, that's an AFA, right? And I think having some flexibility in that. AFAs are not as simple as people used to think they were going to be is like oh. It's ABC, so we'll pay you X. Well, a lot of cases aren't just ABC, there's a, point one, you know point one and things morph and you have to be prepared for that. And you have to be as a client willing to have those discussions with your firms and say OK, well, you know be let's pretty proactive and making sure that we're OK with what we're going to pay for the work you're handling for us.

Bill Josten: So Keith, looking at it from the perspective of a law firm and I'm going to depart a little bit from what I told you I was going to ask you here, but with this discussion around AFAs, I liked the points that both Justin and Alex are making here, particularly around the potential for profitability in an AFA. It mitigates risk on the part of the in-house legal department. It provides some predictability, nut if done well, but also I think creates opportunity for profitability on the side of the law firm, but how much of a challenge is that really? Because at the end of the day, you're still talking largely to lawyers on the in-house side. Who may want to revert to the comfortable, you know, sort of billable hour arrangement as the default. You know you hear a lot of give and take. I know some of Legal Value Network's research has shown this and research that TRI has done has shown this you know, you ask clients why don't you do more on a phase and clients say oh well, it's 'cause our law firms don't really give us great options. And then you go and talk to the law firms and say why don't you give the clients better options and they say well the only thing they agreed to is hourly rates. So how realistic is that potential? And you know, from across control standpoint and the feasibility standpoint, you know what stands in the way of implementing more of that?

Keith Maziarek: Yeah, for a lot of years it's been a lot of finger pointing on what we want to do more of what they want to do, but we want to do one thing, won't do it, and both sides are, right? To be honest, it just depends on which. The interaction between which players in the market you're talking about, right? So I mean, a lot of the barriers are related to this is a great sort of tee up from the topics we touched on already. But talking about scoping and talking about what you know, defining what risk factors may be in place, and you know how we're going to address those, being realistic on both sides of the table, right? I remember. Back in the day, getting requests for AFA sfor what we want a fixed key for every litigation case that we do. What would you offer us? It's like that's the amount of like detail we're getting from this like didn't make any sense, right? Like I can't give you a meaningful number based on that 'cause you didn't tell me what it's about. You know, likewise on the side of law firms understanding their clients may or may not be wanting to to go too far into the future where the uncertainty you know is going to be too great, so let's work together and define what we know about this scale. Like the known knowns and known unknowns right now and sort of focus where there's benefited focusing on that's the known knowns, right? So I think that those processes those exercises, those activities are not part of the reflexive sort of instinctual way that lawyers historically done their work inside or outside. So that's part of the change that we have to bring about as this whole let's sit down and talk about the scope in a detailed way. Let's understand and agree what we think is possible to predict now or possible to plan for and what is not. And let's you know, start from there, but I think that's really where you know the sort of core of what has to happen for it, you know, if it is to happen more frequently and be more

mutually beneficial at the end of the day, and. Then the other thing is, if there's a number I could talk about this forever probably, but like if you're going to go through the exercise of understanding what's supposed to happen who's going to do what when? Understanding the limit where you cannot make those predictions anymore, we're going to stop when we get to that point then. Sort of like corrupting that whole process by going oh, and on top of that I need to see how many hours each person worked every week so we could determine that that person probably worked more than we thought. That's, you know, one of the you know, back to the sort of you know, rely. And the crutch that that you know a lot of in-house attorneys will say well, I still want to see the hours so that I have something to go back and argue with you about that. That was too many hours, regardless of what we agreed. Had to be. Done, done so and again these are sort of just natural problems rather than friction points that have that that arise from when you're sort of trying to transform people's perspectives on things. In house lawyers, in many cases, you know, I'd say the majority of cases probably worked at a law firm at some point where you know law firm, we measure hours because we have to make sure people are doing something productive with their time. We're trying to optimize as much as possible, right? And what do we use to deem whether or not they're doing something productive with their time, or that they're, you know, delivering some value to clients as well, how many how much? Were you able to, you know, deploy your time your available time on something that the client found value in and paid for. So that's you know it all kind of devolves back down to that that billable hour sort of core metric, but shifting the mindsets where we don't rely on that as the as the primary thing that we use to measure and say, OK, let's look at it more and have some trust with each other and have a realistic discussion on what can be done and what needs to be done and what we know about some of the things that I think tend to inhibit the. growth, you know? You'll get it. Here and there, but it's definitely not a systemic sort of a trend where everybody? Is comfortable with. These things and I think that. You know he's improved over the years, but I think you still do get a lot of that is just sort of comforting and reassuring to go yeah, what about the hours?

Justin Ergler: Hey Keith question for you. You know how I you know where I stand as far as the you know, buyers remorse, asking for the hours after vehicle flipping, you know where I stand on that I don't like it, but would you also say that from the from our law firm listeners of this podcast, would you also say, but going back to the scoping discussion, having a good scoping discussion and focusing on what the client expects were the work or the footwear the lift if you will it should be can help law firms greatly reduce write offs, yeah?

Keith Maziarek: Yes, absolutely the value for both sides is there.

Justin Ergler: The value for both sides as far as not having work done, because as far as that right off conversations that I'm sure that those are always going to be difficult. You know what I mean like, hey, I know you did good work. I know you did it in good faith and I know you worked hard on it, but we're not paying for it on the client side. Law firm oh jeez, Susan's time that she spent is going to have to be written off? Yeah, so that's not good for anybody, so just getting back to the communication. The scoping and the focus conversations, I mean those are those are very, very important and you know, I think those need to be elevated. And I think folks in our roles like Alex and you, I think we can help facilitate the elevation that that that you know, bring those conversations to another level with our attorneys on both sides.

Alex Guajardo: Well and this is something that I always say we are looking for something that is not only reasonable but also realistic, right? So, if the proposals aren't realistic and you're just trying to get it just to get the work and it's you know, and at the end of the day, you're not going the firm not going to hit the budget. It's not going to help in the relationship, it's not going to help and you know and the profitability of the firm. It's not going to help on the client side with kind of the visibility of the firm. It's just going to create more issues than not, so when our firms are putting together proposals, I really push on, you know, for the scope that we're asking for is a proposal you playing for together or a realistic one? Is it, you know, as a reasonableness or realistic? And is it realistic? Because if it's not, then don't put it in front of us, because I'm, you know, I'm leaning on the firm's expertise to say based on the strategy and based on the outcome we're seeking, this is what we can do within our means, right? Because with our with our team and that's where we lean on that expertise and that that area of practice. But without that, you know, trust in that relationship, you know both sides start to question. Am I getting the best value for my money or am I? Am I getting paid the right amount and that's what we're all trying to avoid? And I think that's why we're all here, right?

Justin Ergler: Hey hey Alex, I know what the answer is from me, but just to emphasize this for the firms, how bad of a look is it on the firm if we get to a point where we realize this firm bought the work they just tried to come in to get the work they knew this was going to be going to be a budget that was going to be able to be capped or hit. And now they're asking for more money. How bad of a look is that internally with the folks at your company?

Alex Guajardo: Well, I mean look. Scope changes happened, delays happen, you know, cases go in different directions. We know that and we try to be very fair about that. I, I mean, I our attorneys don't like surprises. We don't like surprises. No one likes surprises, especially you know you always more money surprise, so a proactive discussion actually helps, but when that happens and it's after the fact, I mean, I've actually had firms were like, oh, we went over by X amount of dollars, you know, after the fact, well, when this there no one raised the flag in between when things were going in a different direction. That's problematic, but they I don't want. The firms to be like OK, we're gonna take and we're going to take a hit. It should never be that. But I always tell them if you come back and use their prices, it's gonna hurt and it's going to hurt both of us and there's going to be two unhappy parties, so let's be proactive in the discussion and say, you know, things are going in a different direction, but it's it comes out very clearly when things have been underbid and then you start to see that the scope hasn't changed. Nothing sending different than what we expected. The alignment calls happened and then there,, you know a firm is asking for more money. Internal discussions happen and guess what? Next time there's another RFP that firm is, you know if there's a heavy discussion around should we invite them or are we at risk of having another scenario where, you know, where we they're going to ask for more money if they're selected, and that's not where any firm wants to be. And as a client, we don't want to be the client that says, hey, you know we don't believe in your proposal like that's not that's not good business. On our side, either.

Keith Maziarek: Well, the thing I was going to say look like the fundamental and, Justin actually Alex, we both heard me say this probably a billion times, but like honestly with the fundamental elements that help create better success I think in these in on across all these topics or transparency and communication, right? So, and that's from both sides of the table, without both of those things yeah, you run into a situation where, hey, we had transparency upfront we define the scope as X, but we didn't have communication to say that scope change that's why you got to build its usual. What happens

the clients going to be upset, right? So, those are the I just, they're very simple principles that I you know, I think, need to be more sort of ubiquitous across all the work that everybody does, and that, interestingly, I know when I first started doing this the first time I had to do a budget, I was like well, what's going to happen? Yeah, I don't know. We haven't really talked about it too much like so how do you start a project when it comes? Well, you know we call a couple of associates they do some research. Then we check in with them and see you know, kind of other directions going like you don't talk with the client world with team. That's not what the expectations are or I definitely know I'm not really doing that stuff too much, I think that's changed, I don't think anywhere near where we need to be as an industry? Yep, I think. It's changed a lot since those early days. But that was always pretty bad. Umm, but it just again it underscores like I think you can avoid a lot of these problems AFAs. Work so much better with transparency and communication. Even not only both, you know you do an hourly build matter that's kind of budget. Same time, you're not going to have as much trouble so.

Justin Ergler: And that that kind of communication, I mean, keep again, I remember. When we worked together extensively, your lawyers as well as mine were thankful that you and I had a personal relationship. We're thankful that you knew my son, Leo. They were thankful that we were able to have candid discussions and so I think you know as far as organizations like LVN and I, I think that's what we're trying to develop and any clients listen to this call, listen to this podcast. There aren't members, it's free. We love free so please come join.

Alex Guajardo: Well, and I do think that I when I always think of legal operations and our legal operations as it came to be, right? It's really like we are always a work in progress, right? We're looking for better and how to be more efficient and how to capture more value, and the right way, and I think you know, with a community, you're able to kind of, you know, pick up the phone and ask other people like hey, are you stuck on this? Is this working for you? Is this new technology you're trying? You know what you thought it was going to be? Same thing with AFA. Same thing with panels. When we were able to exchange ideas and think and walk through, you know there's so many benefits to it, but at the end of the day, I think you know everyone in legal office is in a different level, you know based on where they work, right? So the maturity levels are different, but they're still going through some of the same issues, and the only way to move is to move the community as a whole, and that's why there's so much value in in organizations like Legal Value Network and you know meeting other people with the same mindset as all of us, right?

Justin Ergler: That's right, yeah. And I mean even for those of us that you know maybe a bit more chore in our in our in our evolution, right? There are so many things and I'm sure saying the same with you Alex and you Keith that I wish I knew then what I know now, right? Oh my God. I wish I knew then what I know now would have made my life so much easier, right? So basically as far as it's something like LVN that's giving folks that even if you don't have that mature of an organization, will offer more client side the ability to know what we know now. Rather than looking back and going through these trials and tribulations and then knowing you get to know it in advance. And if the community that supports you and can answer questions, leveraging things like the Thompson Reuters, as far as this report for stats and data to help arm you to present internally on why we should do XY and Z. I don't know I'm just, Bill, this really happy for this partnership, 'cause I think our two communities really marry well together.

Bill Josten: No, I totally agree with you, Justin. And I mean one of the things that I love about anytime we're able to get together is just how easily the conversation flows and I think the fact that we filled as

much time as we have this afternoon as quickly as we have is testament to that I was going to ask sort of a final question of you know, what do you think the sort of watchwords are the steps should be going forward, but I think we sort of focused in on a few of them. Transparency, communication and relationships. I mean, I think that that's really sort of the key takeaway from this this conversation, and that extends to, you know, buy side and sell side. Building a network, you know, both within your sort of peers, whether you're on the in-house side or the law firm sides that you've got people viewing things from the same side of the Ledger that you can sort of help. Check your perspective on and then having those relationships across the spectrum where you are more comfortable being transparent. There's not any sort of sense of competition. I mean, obviously it's still a business relationship, but there's that sense of you know we are working towards a common goal in that we want to come up with the right solution, a good outcome we want to do it in a way that's cost effective for the client, and yet, you know, reasonably profitable for the law firm. And all of that requires that level of trust, transparency, communication and then somehow, we managed to throw in the idea that Justin Ergler is mature too, which was really kind of a left turn for me. But all kidding aside, I this has been.

Keith Maziarek: He is a hard left turn for me, Bill, if that helps.

Bill Josten: No, all joking aside, this has been a great conversation and I hate to bring it close to it, but I do have to just for the sake of time. But you know, I would love to pick this up. You all know me any time, every time, any time the opportunity presents itself. It's just so fun to know all of you and. To spend a little bit of time chatting through all of all of this with you, we so appreciate your time. Your partnership. Having LVN's expertise on this report and access to that network, and we look forward to you know, more opportunities to not only discuss what we've learned from this report that we've partnered on, but just other things that that we can do to bring the industry forward.

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