

Legal Service Portfolio Management

Towards a Proactive Management of a Corporate Legal Services Lifecycle

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‘Legal Service Portfolio Management’ empowers corporate legal departments to address their most pressing strategic business imperatives, such as velocity, resilience, and agility. Analogies drawn from other disciplines, such as Finance, IT and Marketing, help to understand the opportunities and potential of the portfolio concept and offer a roadmap for legal teams. This article is meant to open the dialogue on the advantages of service portfolio approach for the management of corporate legal function.

I. Challenges

1. Missing Each Other - Ping Pong with No Winners

Day-to-day work of corporate legal departments is commonly associated with certain established ways of doing business. Albeit well documented and rehearsed, more often than not both, employees and members of the corporate legal team, seem to miss each other in those processes.

Whilst employees may not always fully understand how to best describe their needs and submit the necessary details required by the legal team, those ad-hoc and unstructured requests via various communication channels, including many low risk, high volume requests, affect the legal team’s capacity to manage higher risk and priority tasks efficiently. Frequently, “ping-pong communication” follows with both parties spending additional time on explaining each other’s view.

The result is frustration on both sides, sometimes accompanied by unnecessary delays and occasional finger-pointing and often clearly no satisfactory, pleasant, and mutually valued relationship. To say the least: a poor (legal) user experience for both.

Anecdotal evidence tells us that productivity is severely impeded in this scenario. However, in the absence of a systemic approach, assessing consistent data for insights into the actual demand for legal services remains a pipe dream.

2. What the Company Needs - Strategic Business Imperatives for Legal

In VUCA times, legal departments have a very strategic role in keeping company's competitive advantage on the market. Legal has a pivotal mandate to promote the **velocity** and **agility** of the corporate organisation and enhance its **resilience** to ecosystem challenges. Corporate **priorities** must be reflected in the way the legal team proactively manages and prioritises the inflow of work and guides employees with respect to information needs.

3. Levers of Legal Department Elements

In the light of the stated challenges and corporate requirements, a well-performing legal department offering high-quality service and mutually beneficial user experience can utilise the following levers:

- *Operational Effectiveness*: adopting a sound delivery strategy, underpinned by a robust governance framework with real-time reporting and accurate KPI management, warrants that resources within the legal team are allocated in the most efficient way possible.
- *Process Optimisation*: critically assessing legal service delivery processes in line with proven process methodologies benefits the service quality, turnaround time and other economic considerations and avoids process wastage.
- *Intelligent Automation*: tedious and time-consuming manual tasks can be semi or fully automated in order to increase put-through rates, an appropriate allocation of tasks to the respective pools of legal expertise and make sure that lawyers can focus on more important tasks instead.¹
- *Service Delivery Enhancement*: understanding, managing and exceeding expectations of all (internal) clients and stakeholders is pivotal in strategically positioning and improving legal service delivery. Providing satisfying user experiences for all participants in the legal service delivery process, ideally 24/7, ensures an enhanced perception of the legal team's value to the business and overall, a deeper integration of the legal department within the organisation.
- *Proactive Risk Management*: just like in medicine, corporate legal function should be more about prevention and less about treatment. Having optimised monitoring and early detection processes in place promotes smooth risk control within the organisation.

¹ ['What Are the Key Challenges For A Legal Department?'](#), *PracticeLeague*. (accessed: 27 January 2021).



Figure 1: Strategic business imperatives and key legal operations elements (source: smartvokat)

II. Definition of Legal Service Portfolio Management

1. Common and Specific Purpose

'Legal Service Portfolio Management' constitutes the foundation for accomplishing the alignment of the corporate legal department with the above-mentioned strategic business imperatives.

'Portfolio Management' is a term widely used across many disciplines, ranging from IT (ITIL Service Portfolio Management) to Finance (Investment Portfolio Management) and Marketing (Product Portfolio Management).

Across all these fields, the concept of Portfolio Management encompasses the following common aspects:

- **Optimal balance between investments and value delivered to the business:** management decisions are made based on a thorough risk analysis and potential returns.²
- **Ongoing evaluation of needs and contributions:** business needs and corresponding contributions are clearly articulated for each service within the portfolio and amongst all participants.
- **Monitoring and measuring strategy and implementation against agreed objectives:** for each and every service, the evaluation takes place on whether or not said service enables the organization to achieve a specific strategy.²

² ['What is Service Portfolio Management?'](#), *Invensis*. (accessed: 27 January 2021).

The overall purpose of the Portfolio Management approach can be derived from the disciplines where it is widely used already:

In IT, Service Portfolio Management primarily serves to enable IT to function as a strategic partner for the business. This is achieved through enabling value-added services and making well-informed, transparent investment decisions.³

In Finance, Portfolio Management allows to oversee a group of investments in accordance with the investor's long-term financial goals and risk tolerance. Portfolio Management can be, inter alia, active (i.e. requiring strategic actions to beat the market) or passive (i.e. involving "set and forget" strategy).^{4 5}

In Marketing, Product Portfolio Management ensures that the company's investment in products meets all the defined objectives. In order to achieve this and optimize the product's performance on the market, the resources need to be allocated properly across the respective product lines and business units.⁶

Legal departments can benefit from the experience in these fields and manage legal services not as separate projects, but as integral parts of a unified service portfolio.

The Service Portfolio approach has an important advantage: it complements the traditional legal project management (where the project/matter ends with its conclusion) by further allowing to track the status of legal services throughout their entire lifecycle (from the initial service design to service introduction and operation, incl. already retired services). This approach ultimately enables the legal department to stay on track with the underlying corporate strategic goals, at all times.⁷ Furthermore, said unified portfolio management of legal projects within the legal department plays a key role in enabling the efficient allocation of resources and accurately setting priorities among various legal projects and matters.⁸

In summary, the purpose of Portfolio Management as applied to legal service delivery operations is to ensure that the corporate legal department has the right combination of services to meet the company's risk and compliance strategy, as well as to balance the investment in its resources (i.e. skills, processes, technology) with the ability to meet business

³ Suha Emma, '[How Service Portfolio Management Supports IT Business Goals?](#)', *GreyCampus*. (accessed: 27 January 2021).

⁴ Adam Hayes, '[Portfolio Management](#)', *Investopedia*. (accessed: 27 January 2021).

⁵ Prachi Juneja, '[Portfolio Management – Meaning and Important Concepts](#)', *MSG Management Study Guide*. (accessed: 27 January 2021).

⁶ '[Principles of Marketing: The Product Portfolio](#)', *Lumen Learning*. (accessed: 27 January 2021).

⁷ Alex Lichtenberger, '[From Project Portfolio to Service Portfolio Management](#)', *Disruptive Agile Service Management*. (accessed: 28 January 2021).

⁸ Therese Linton, '[Legal Portfolio Management vs Legal Project Management: clearing up the confusion](#)', *FilePro*. (accessed: 28 January 2021).

outcomes (corporate risk mitigation). In particular, Legal Service Portfolio Management allows to track the investment in specific legal services rendered to the business throughout their lifecycle and works with other service management processes to ensure that the appropriate returns are achieved.

This approach furthermore ensures that services are clearly defined and linked to the achievement of business outcomes, thus guaranteeing that all design, transition, and operation activities are aligned to the envisaged value of services.

2. Objectives

The following steps need to be carried out to set up and manage a well-functioning Legal Service Portfolio:

Investigate: define and run a process and accurate mechanisms enabling a corporate legal department to investigate demand in the context of organisational risks.

Decide: decide on which services to provide, based on balance between the potential value to the business and an acceptable risk level of the business.

Articulate: maintain the definitive portfolio of legal services provided, articulating the business needs each legal service meets and the business outcomes it actually supports.

Plan: provide a set of processes or framework to evaluate how legal services enable the company to achieve its strategy and to respond to changes in its internal or external environments. Control which services are offered, under what conditions and at what level of investment.

Improve: track the investment in services throughout their entire lifecycle, thus enabling the legal team and the overall company to evaluate its legal service delivery strategy, as well as its ability to execute against that strategy. Analyse which services are no longer viable and when they should be retired.

III. Elements of Legal Service Portfolio Management

Service Portfolio Management comprises the three core elements, namely the service pipeline, a service catalogue and retired services, embedded in a structured process as illustrated in Figure 2.

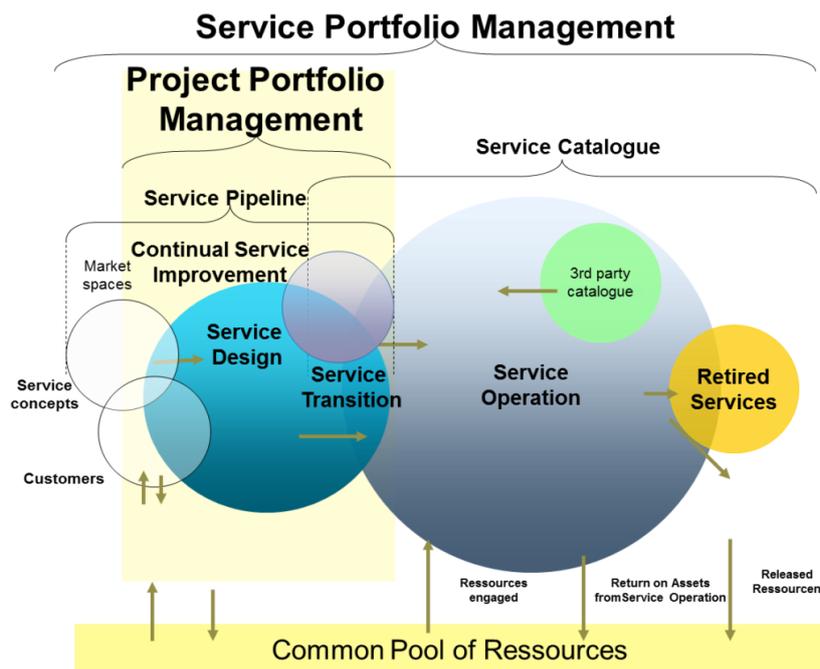


Figure 2: Service Portfolio Management (source: Alex Lichtenberger, "[From Project Portfolio to Service Portfolio Management](#)", see footnote 7)

1. Service Pipeline

The service pipeline includes all proposed services as well as the services that are in development, i.e. these are the offerings that are not yet available to the business users.⁹ On this stage, the team develops concepts of the (legal) services aligned with the company's business needs and designs them in collaboration with its business counterparts.

The services are being built on the so-called "service transition stage", e.g. a new document generation process rolled out to a test audience, and once they are fully developed and tested, they are added to the service catalogue¹⁰:

2. Service Catalogue

Service catalogue is the listing of all currently available services. A unified catalogue allows to streamline the way business users interact with the legal department as well as to efficiently track its performance.⁹

A service catalogue comprises all services, their corresponding processes, activities, and tasks. For instance, the legal & compliance team recognises a sub-portfolio called "Regulatory & Compliance" which houses the Gifts process. That process is sub-divided in three major

⁹ Joe Hertvik, '[Service Catalogs vs Service Portfolios: What's The Difference?](#)', *bmc blogs*. (accessed: 28 January 2021).

¹⁰ Drago Topalovic, '[ITIL Service Portfolio Management Process Overview](#)', *ITIL & ISO 20000 Blog*, (accessed: 28 January 2021).

activities: identification, review and approval. Again, each activity has two tasks associated with it.

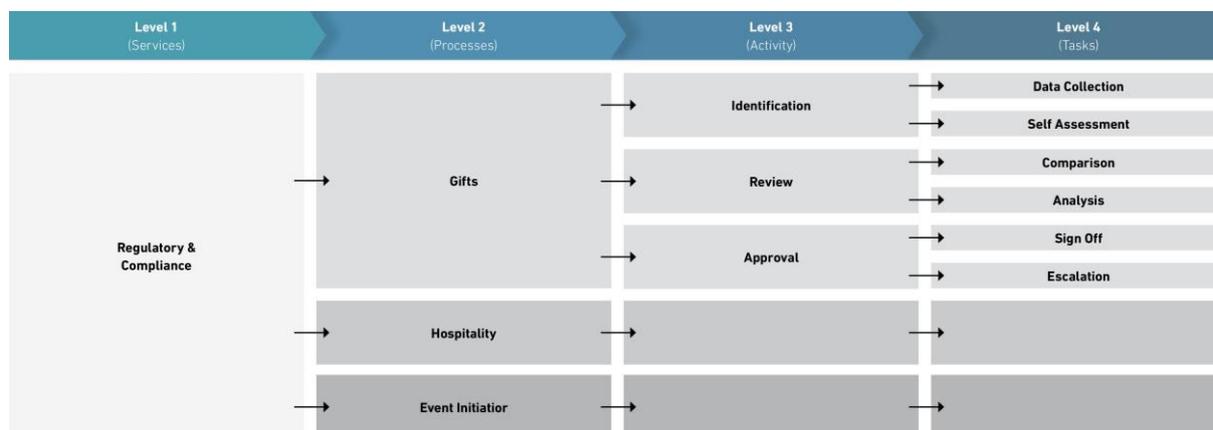


Figure 3: Example for a service catalogue structure (source: smartvokat)

The logic of a catalogue structure down to the most granular level enables the allocation of responsibilities, resources and KPIs to manage each delivery process.

Please note that services and processes listed in the catalogue may also be operated by outside counsels, following a thorough make-or-buy assessment.

Larger legal departments have started establishing portals in order to communicate the service catalogues to their business communities and, if backed by workflow systems like ServiceNow or smartvokat Workflows, to initiate request or enquiry forms.

3. Retired Services

Retired services are no longer available to business users. This stage of the service lifecycle is very important, as the data from phased out services is useful for the legal team's knowledge management and benchmarking exercises related to existing processes.

IV. Conclusion

In summary, the Legal Service Portfolio Management approach allows corporate legal departments to proactively monitor all past, present and future legal service delivery offerings as well as the introduction of timely adjustments to the legal department's activities based on latest business needs and strategic goals.

Management of legal service portfolios empowers corporate legal departments to operate in an agile way and be a strategic partner for their organisation. Current COVID-19 circumstances clearly promote the transition of mainstream corporate legal function management to a Legal Service Portfolio approach.