

Uniform Law Department Metrics Classification System

(Draft Version Dated August 23, 2006)

The OLSI metrics focus on performance metrics – metrics that can be used to provide: (1) feedback to guide change, (2) assessment and baseline information, (3) a compelling business case, and/or (4) a diagnostic tool to identify areas for improvement and set priorities.

The lists of law department metrics are organized by two main groups of key performance indicators:

(1) Top 25 Key Performance Indicators

This is the recommended list of key performance indicators for all law departments covering several categories of metrics.

(2) Top Specialized Key Performance Indicators

This is the recommended list of key performance indicators in several specialized categories of metrics:

- (a) Top General Law Department Metrics**
- (b) Top Law Department Operations Metrics**
- (c) Top Litigation Metrics**
- (d) Top Non-Litigation Metrics**
- (e) Top Intellectual Property Metrics**
- (f) Top Knowledge Management Metrics**
- (g) Top Compliance Metrics**

Top 25 KPIs

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Following are the top 25 key performance indicators for law departments.

| No. | Suggested Key Performance Indicator |
|-----|---|
| | General Law Department Metrics |
| 1 | Law department's total budget |
| 2 | Law-related expense as percentage of total revenue |
| 3 | Expense of temporary staffing (for internal positions) |
| | Litigation Matters |
| 4 | Number of active litigation matters |
| 5 | Number of new litigation matters |
| 6 | Number of closed litigation matters |
| 7 | Average cycle time to resolve matters |
| | Non-Litigation Matters |
| 8 | Number of active non-litigation matters |
| 9 | Number of new non-litigation matters |
| 10 | Number of closed non-litigation matters |
| | Intellectual Property Matters |
| 11 | Number of active intellectual property matters |
| 12 | Number of new intellectual property matters |
| 13 | Number of closed intellectual property matters |
| | External Legal Spending |
| 14 | Law department's total fees for outside counsel |
| 15 | Law department's total fees for outside legal vendors and suppliers (excluding law firms) |
| 16 | Law department's total fees for legal research |
| 17 | Total external spending on litigation matters |
| 18 | Total external spending on non-litigation matters (other than intellectual property) |
| 19 | Total external spending on Intellectual property matters |
| | Knowledge Management |
| 20 | Estimated dollar savings through use of existing knowledge (electronic or hard copies of documents, research, know-how, etc.) |
| 21 | Percentage of legal matters that receive a KM-specific post-mortem review |
| | Compliance |
| 22 | Number of ethics line/hotline calls |
| 23 | Cycle time to resolve ethics Line/hotline reports |
| 24 | Percentage of employees who know identity of Chief Compliance Officer and Compliance Program |
| 25 | Percentage of employees to whom code of conduct/ethics distributed |

Top Specialized KPIs

(Draft Version Dated August 23, 2006)

TOP GENERAL LAW DEPARTMENT METRICS

| No. | Metric | Type of Metric |
|-----|--|--------------------|
| 1 | Time to resolve/conclude matter (transactions) | Cycle Time |
| 2 | Time to resolve/conclude matter (disputes) | Cycle Time |
| 3 | Percentage of disputed matters resolved by ADR | Process Efficiency |
| 4 | Law-related total expense relative to corporate revenues | Cost |
| 5 | Cost to resolve matter (excluding liability) | Cost |
| 6 | Percentage of matters for which budget prepared | Process Efficiency |
| 7 | Percentage of matters handled under alternative fee arrangements | Process Efficiency |
| 8 | Percentage of budgeted matters handled within budget | Process Efficiency |
| 9 | Percentage of matters handled entirely consistently with established law department procedures | Process Efficiency |
| 10 | What percentage of your legal research/writing is assigned to outside counsel? | Process Efficiency |
| 11 | What percentage of your legal research/writing is assigned to inside counsel? | Process Efficiency |
| 12 | Percentage of client reviews that rank as "very satisfied" or equivalent | Process Efficiency |
| 13 | Percentage of time devoted to review and improvement of existing practices and procedures (time approximations okay for departments that do not report time) | Process Efficiency |
| 14 | Geographic dispersion of law-related costs as compared to geographic dispersion of company revenues | Process Efficiency |
| 15 | Ratio of time devoted to substantive legal matters as compared to operational and administrative tasks (time approximations okay for departments that do not report time) | Process Efficiency |
| 16 | Percentage of matters for which prior work product located and applied | Process Efficiency |
| 17 | Ratio of non-management in-house attorneys to in-house management attorneys | Process Efficiency |
| 18 | Percentage of transactions closed with no unscheduled post-closing items | Process Efficiency |
| 19 | Average cost to resolve matter (law-firm specific) | Productivity |
| 20 | Outside legal expense per in-house attorney | Productivity |
| 21 | Percentage of in-house time devoted to counseling/proactive risk-reduction efforts (time approximations okay for departments that do not report time) | Productivity |
| 22 | Percentage of cost of resolving a matter associated with non-professional staff time (time approximations okay for departments that do not report time) | Productivity |
| 23 | Ratio of time devoted to strategic planning to time devoted to specific liability matters (time approximations okay for departments that do not report time) | Productivity |
| 24 | Percentage of matters handled purely by means of data- and information-sharing extranet (excluding self-contained communications with outside counsel and other parties, like phone calls and letters) | Productivity |

TOP LAW DEPARTMENT OPERATIONS METRICS

| No. | Metric | Type of Metric |
|-----|--|--------------------|
| 1 | Law department's total budget | Cost |
| 2 | Law department's total fees for outside counsel | Cost |
| 3 | Law department's total fees for outside legal vendors and suppliers (excluding law firms) | Cost |
| 4 | Law department's total budget for compensation/benefits/bonuses | Cost |
| 5 | Total law-related expense as percentage of total revenue | Cost |
| 6 | Inside expense as percentage of total expense | Cost |
| 7 | Expense of temporary staffing (for internal positions) | Cost |
| 8 | Outsourcing expenses (excluding outside law firms and temporary staffing) | Cost |
| 9 | Total liability of matters handled by law department | Cost |
| 10 | Budget to actual internal and external expenses ratio | Process Efficiency |
| 11 | Average time to respond to company request for legal advice/work product | Process Efficiency |
| 12 | Allocation of law department attorney time spent on following matters: Corporate governance, strategic business planning, risk management, overseeing outside counsel, compliance/ethics training, lobbying, managing litigation, learning the business, managing law department operations, providing legal counsel | Process Efficiency |
| 13 | Ratio of law department business processes undergoing automation/business processing reengineering/Six Sigma-TQM-other quality improvement | Process Efficiency |
| 14 | Ratio of law department FTE time spent on preventive/training versus other legal matters | Process Efficiency |
| 15 | Ratio of legal work awarded through competitive bidding versus non-competitive bidding | Process Efficiency |
| 16 | Technology spending per law department FTE | Cost |
| 17 | Training spending per law department FTE | Cost |
| 18 | Number of matters handled per attorney | Productivity |
| 19 | Number of matters handled per paralegal/legal assistant | Productivity |
| 20 | Legal invoices processed per accounts payable FTE | Productivity |
| 21 | Remittances processed per accounts receivable FTE | Productivity |
| 22 | Cost per invoice | Cost |
| 23 | Cost per remittance | Cost |
| 24 | Average time to process each legal invoice | Process Efficiency |
| 25 | Total external spending on litigation matters | Cost |
| 26 | Total external spending on non-litigation matters (other than intellectual property) | Cost |
| 27 | Total external spending on Intellectual property matters | Cost |
| 28 | What percentage of your total legal spend is attributable to legal research and writing? | Cost |
| 29 | What percentage of your annual legal research/writing spend is attributable to law library and online research expenses? | Cost |
| 30 | What percentage of your legal research/writing spend is attributable to the following work products: a) Pleadings | Cost |

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| | <ul style="list-style-type: none"> b) Office and court memoranda c) Trial and appellate briefs d) Multi-jurisdictional surveys e) Other (specify) | |
| 31 | What is the average hourly billing rate for outside counsel who produce legal research/writing for you? | Cost |
| 32 | What is the average hourly billing rate for inside counsel who produce legal research/writing for you? | Cost |

TOP LITIGATION METRICS

| No. | Metric | Type of Metric |
|-----|--|--------------------|
| 1 | Average internal cost to litigate each lawsuit | Cost |
| 2 | Average external cost to litigate each lawsuit | Cost |
| 3 | Average external cost to litigate each lawsuit using alternative fee arrangement | Cost |
| 4 | Average cost to resolve disputes using alternative dispute resolution | Cost |
| | Average cycle time to resolve matters | Cycle Time |
| 5 | Average cycle time for each lawsuit handled internally | Cycle Time |
| 6 | Average cycle time for each lawsuit handled by outside counsel | Cycle Time |
| 7 | Average cycle time to resolve disputes using alternative dispute resolution | Cycle Time |
| 8 | Average number of internal hours billed for each lawsuit | Productivity |
| 9 | Average number of outside counsel hours billed for each lawsuit | Productivity |
| 10 | Average number of cases handled by each law department attorney | Productivity |
| 11 | Average number of cases handled by each law department legal assistant | Productivity |
| 12 | Ratio of hours spent per lawsuit by law departments attorneys compared to law department legal assistants | Productivity |
| 13 | Ratio of hours spent per lawsuit by outside law firm attorneys compared to outside law firm legal assistants | Productivity |
| 14 | Pre-discovery resolution rate of lawsuits handled internally | Process Efficiency |
| 15 | Pre-trial resolution rate of lawsuits handled internally | Process Efficiency |
| 16 | Pre-discovery resolution rate of lawsuits handled by outside counsel | Process Efficiency |
| 17 | Pre-trial resolution rate of lawsuits handled by outside counsel | Process Efficiency |
| 18 | Pre-trial resolution rate of lawsuits handled through alternative dispute resolution | Process Efficiency |
| 19 | Average budget to actual legal expense ratio per lawsuit handled by outside counsel | Process Efficiency |
| 20 | Average cost of legal research for each lawsuit (for matters handled internally) | Cost |
| 21 | Average cost of discovery for each lawsuit (for matters handled internally) | Cost |
| 22 | Average cost of trial for each lawsuit (matter handled internally) | Cost |
| 23 | Average cost of legal research for each lawsuit (for matters through outside counsel) | Cost |
| 24 | Average cost of discovery for each lawsuit (for matters handled through outside counsel) | Cost |
| 25 | Average cost of trial for each lawsuit (matter handled through outside counsel) | Cost |

TOP NON-LITIGATION METRICS

| No. | Metric | Type of Metric |
|-----|--|--------------------|
| 1 | Average number of general corporate matters per attorney for matters handled internally | Productivity |
| 2 | Average number of hours per general corporate matter per attorney for matters handled internally | Cycle Time |
| 3 | Average number of general corporate matters per legal assistant for matters handled internally | Productivity |
| 4 | Average number of hours per general corporate matter per legal assistant for matters handled internally | Cycle Time |
| 5 | Average number of general corporate matters per attorney for matters handled externally | Productivity |
| 6 | Average number of hours per general corporate matter per attorney for matters handled externally | Cycle Time |
| 7 | Average number of general corporate matters per legal assistant for matters handled externally | Productivity |
| 8 | Average number of hours per general corporate matter per legal assistant for matters handled externally | Productivity |
| 9 | Ratio of amount budgeted for general corporate matters versus actual costs | Process Efficiency |
| 10 | Ratio of hours spent per general corporate matter by attorneys compared to legal assistants for matters handled internally | Process Efficiency |
| 11 | Ratio of hours spent per general corporate matter by attorneys compared to legal assistants for matters handled externally | Cycle Time |
| 12 | Average number of transactional matters per attorney for matters handled internally | Productivity |
| 13 | Average number of hours per transactional matter per attorney for matters handled internally | Cycle Time |
| 14 | Average number of transactional matters per legal assistant for matters handled internally | Productivity |
| 15 | Average number of hours per transactional matter per legal assistant for matters handled internally | Cycle Time |
| 16 | Average number of transactional matters per responsible attorney for matters handled externally | Productivity |
| 17 | Average number of hours per transactional matter per attorney for matters handled externally | Cycle Time |
| 18 | Average number of transactional matters per legal assistant for matters handled externally | Productivity |
| 19 | Average number of hours per transactional matter per legal assistant for matters handled externally | Productivity |
| 20 | Ratio of amount budgeted for transactional matters versus actual costs | Process Efficiency |
| 21 | Ratio of hours spent per transactional matter by attorneys compared to legal assistants for matters handled internally | Process Efficiency |
| 22 | Ratio of hours spent per transactional matter by attorneys compared to legal assistants for matters handled externally | Process Efficiency |
| 23 | Total number of transactional matters per attorney for matters handled internally | Productivity |
| 24 | Total number of transactional matters per attorney for matters handled externally | Productivity |
| 25 | Total number of general corporate matters per attorney for matters handled | Productivity |

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|----|---|--------------|
| | internally | |
| 26 | Total number of general corporate matters per attorney for matters handled externally | Productivity |

TOP INTELLECTUAL PROPERTY METRICS

| No. | Metric | Type of Metric |
|-----|--|--------------------|
| 1 | Average cost per filing to handle filings and registrations internally | Cost |
| 2 | Total cost to handle filings internally | Cost |
| 3 | Total cost to manage intellectual property assets internally | Cost |
| 4 | Total number of filings handled internally | Productivity |
| 6 | Average number of filings per responsible attorney for filings handled internally | Process Efficiency |
| 7 | Average number of filings per responsible per legal assistant for filings handled internally | Process Efficiency |
| 8 | Total number of hours to manage intellectual property assets internally | Productivity |
| 9 | Total number of hours to manage intellectual property assets externally | Productivity |
| 10 | Ratio of amount budgeted for filings versus actual costs | Process Efficiency |
| 11 | Ratio of filings and registrations versus those issued | Process Efficiency |
| 12 | Average number of hours per filing per attorney to handle internally | Cycle Time |
| 13 | Average number of hours per filing per legal assistant to handle internally | Cycle Time |
| 14 | Average cost per filing to handle filings externally using standard billing arrangements | Cost |
| 15 | Average cost per filing to handle filings externally using alternative fee arrangements | Cost |
| 16 | Total cost to handle filings externally | Cost |
| 17 | Average number of hours per filing per responsible attorney for filings handled externally | Cycle Time |
| 18 | Average number of hours per filing per responsible legal assistant for filings/registrations handled externally | Cycle Time |
| 19 | Ratio of costs of patent filings under alternative fee arrangements and those of under standard hourly billing arrangements | Process Efficiency |
| 20 | Total number of patents filed last year | Productivity |
| 21 | Total number of patents issued last year | Productivity |
| 22 | Total number of trademark registrations filed | Productivity |
| 23 | Total number of trademark registrations issued | Productivity |
| 24 | Total number of copyright registrations filed | Productivity |
| 25 | Total number of copyright registrations issued | Productivity |
| 26 | Ratio of hours spent per intellectual property matter by attorneys compared to legal assistants for matters handled internally | Process Efficiency |
| 27 | Ratio of hours spent per intellectual property matter by attorneys compared to legal assistants for matters handled externally | Process Efficiency |

TOP KNOWLEDGE MANAGEMENT METRICS

| No. | Metric | Type of Metric |
|-----|---|--------------------|
| 1 | Volume of documents entered into knowledge repositories | Productivity |
| 2 | Percentage of employees who contributed to knowledge repository | Productivity |
| 3 | Percentage of legal matters that receive a KM-specific post-mortem review | Productivity |
| 4 | Number of times distinct documents in an online knowledge repository are accessed | Process Efficiency |
| 5 | Average age of documents in knowledge repository | Productivity |
| 6 | Estimated Dollar Savings through Use of Existing Knowledge (electronic or hard copies of documents, research, know-how, etc.) | Process Efficiency |
| 7 | Estimated Time saved through Use of Existing Knowledge (electronic or hard copies of documents, research, know-how, etc.) | Process Efficiency |
| 8 | Are lawyers/legal assistants expected to engage in KM activities | Process Efficiency |
| 9 | Are lawyers/legal assistants evaluated on their KM participation | Productivity |
| 10 | What percentage of your legal research/writing is routinely and systematically reused by inside and outside counsel? | Process Efficiency |
| 11 | What percentage of your outside counsel routinely and systematically submit research to your work product database? | Process Efficiency |
| 12 | What percentage of your inside counsel routinely and systematically submit research to your work product database? | Process Efficiency |

TOP COMPLIANCE METRICS¹

| No. | Metric | Type of Metric |
|-----|--|--------------------|
| 1 | Percentage of workforce that receives Code of Conduct | Productivity |
| 2 | Percentage of workforce that confirms understanding of Code of Conduct | Process Efficiency |
| 3 | Percentage of workforce that is tested to confirm understanding of Code of Conduct | Process Efficiency |
| 4 | Spend per employee for compliance/ethics training (by subject area, geography, department, job family, and level of employee) | Cost |
| 5 | Percentage of workforce trained regarding compliance/ethics responsibilities (by geography, department, job family, and level of employee) | Process Efficiency |
| 6 | Percentage of workforce that have performance evaluation incentives aligned with compliance/ethics objectives | Process Efficiency |
| 7 | Percentage of workforce that understands how to use the hotline/helpline | Process Efficiency |
| 8 | Percentage of workforce that believes there is an open environment to raise issues and questions | Process Efficiency |
| 9 | Number of ethics line/hotline calls | Process Efficiency |
| 10 | Cycle time to resolve ethics Line/hotline reports | Cycle Time |
| 11 | Costs due to business interruption (including debarment) | Cost |
| 12 | Costs due to reputational damage (including lost sales, market capitalization affected) | Cost |
| 13 | Percentage of employees who know identity of Chief Compliance Officer and Compliance Program | Process Efficiency |
| 14 | Percentage of employees to whom code of conduct/ethics distributed | Process Efficiency |

¹ © OCEG, 2005 – Compliance Metrics were provided by the Open Compliance & Ethics Group (OCEG) and are part of the OCEG Foundation Guidelines (Beta Version Published May, 2005). A complete library of metrics can be found at www.oceg.org.