

3 Step guide to accelerate contracting with legal metrics



INTRODUCTION

Let's be honest. Most non-legal executives do not care how beautifully crafted the indemnity or limitation of liability clause is. Me and your fellow contract nerds appreciate it, but your artful drafting will likely go unnoticed by the C-suite.

Here's what they do care about – speed. (I'm resisting the urge to make a Top Gun joke and the need for speed. Oh wait. Too late for that.)

In-house legal teams have a difficult job. We're asked to do our work as fast as possible and with few resources. A unifying goal is no one desires a slow or inefficient contracting process that keeps a business from meeting its growth targets. The challenge is in identifying where the inefficiencies are.

I hope you find this guide helpful.



Jessica Nguyen
Chief Legal Office, Lexion

Due to lack of visibility and data, the in-house legal team is often perceived as slowing down the contracting process. I've experienced this first-hand. In past in-house legal roles, my team scrambled at quarterend to manually populate a spreadsheet with deal statuses to share with leaders of other departments. To no one's surprise (especially on the legal team), it would show that most deals were stuck with the counterparty's legal department or another internal department's sign-off.

How was that data going to help us close contracts faster? It probably wasn't. Did it communicate much about the status of the contract or help set expectations? Not really. **Today, there are myriads of contract data points that can be collected and reported on to help accelerate your contracting processes.**

Follow these three steps and you will soon be viewed as a collaborative and strategic partner that helps the business accelerate the contracting process. The key is coming to the table with the right metrics (data is the language of business), processes, and tools in place.

Accelerating contracting = driving revenue growth

01 Know what to measure



KNOW WHAT TO MEASURE

The first step to accelerating the contracting process is to know where in the process you have opportunities to improve. As a bunch of smart people have said, **you can't improve what you don't measure**, so start measuring.

Ten metrics focused on the contracting process include:

1. Number of deals touched by legal, broken down by type of contract, annual contract value, and segment (you can link your team's work to revenue, which is key)
2. Number of deals legal works on that are third-party paper vs. your own template
3. How long it takes to complete the contract review from start to finish
4. Average ACV (annual contract value of a contract) negotiated by legal
5. How long it takes to complete the negotiation of third-party paper vs. your own template
6. How long a contract is in counterparty review, if on third-party vs. your own template
7. How long a contract is in internal legal review, if on third-party vs. your own template
8. Average time under legal review stage for a particular contract review type
9. Average time under internal business review stage for a particular contract review type
10. Average time under counterparty review stage for a particular contract review type

If you haven't been tracking and measuring this data, now is a great time to start. You can do this manually by creating a spreadsheet tracker. Though this method gets the job done, it's incredibly time-consuming, tedious, and definitely not the best use of your time. Honestly, this task often gets deprioritized for busy legal teams, and this manual tracker does not stay up to date (been there, done that). There's a better way.

Such as a flexible Legal Request Tracking system plus **Contract Lifecycle Management (CLM) solution like Lexion that automates and tracks the steps of the process for you**, saving you hundreds of hours and thousands of dollars every year (or more). It even **automates reporting on these contracting metrics** and other metrics you desire about your legal operations.

Every department of an organization (including, Finance, Accounting, Human Resources, and other G&A functions) has a tool that automates reporting for the unique needs of that department. It's time for the legal department to have that tooling too.

02 Analyze the data



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ANALYZE THE DATA

Once you have a few months' worth of data points, you'll have a great baseline of information to start your analysis.

You may not have control over how long counterparties take to review redlines, but you can at least **give the rest of the company realistic expectations of how long things do take**, improve accuracy of forecasting revenue, and offer suggestions for areas of process improvement.

Typical inefficiencies I've experienced (and so have our customers) occur during the handoff of contracts between a submitter of a request and legal. These include the back and forth flow of email or Slack messaging, the lack of visibility of tracking, and no deal status or stage reporting at a more granular level than "under review" or the like (which leads to the deal status spreadsheet scramble). When the business sees "under review," it's automatically assumed the ball is in the court of their in-house legal team.

At Lexion, we don't have these assumptions because it's always visible to Sales and other departments where a project stands, its stage, last activity, and more thanks to our use of Lexion. I'm also empowered to **proactively send out custom and weekly reports to Sales leadership** of all customer deals under counterparty review.

03 Use data insights to improve and accelerate processes



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USE DATA INSIGHTS TO IMPROVE AND ACCELERATE PROCESSES

The metrics will highlight the areas of slow down, such as counterparty review periods and the extended review time when negotiating on third-party paper. This will be an opportunity for you to collaborate with other departments to strategize on ways to create urgency with the counterparty's legal department, increase usage of your own contract templates, set realistic (okay, more realistic) expectations on sales cycle and contract negotiation timelines, and align on a prioritization framework (because everyone thinks their unique request is the most important).

You can also adopt tools to streamline and automate some of your contracting processes, metrics capturing, and reporting. The key to successful implementation and adoption of new tools are:

- 1. Minimal change management and meeting the rest of the business where they are without requiring them to learn another tool or change the way they work.**
- 2. Limited IT support required to implement the system because your IT team has a lot of projects on their plate that are a higher priority.**

Minimal change management and ease of setup are pillars of Lexion. I'd be thrilled to show you a demo of all the Lexion features that will help you accelerate the contracting process.

In the meantime, here's a glimpse of two key features:

1. **Centralized Dashboard:** All tasks (contract or other legal questions) and their respective stages are instantly viewable on a central dashboard so you have a home for all of your tasks, can quickly jump to actionable items, and don't have to waste time sifting through a patchwork of emails to find deal status or the current draft of a contract.

2. **Email-Based Task Submission and Approvals:** From email (e.g., legal@company.com), the rest of the business can kickstart a contract review request and engage with legal solely from email. Lexion also sends the approver an email and captures their emailed approval or rejection so they never have to leave email.

CONCLUSION

It's really **hard to win hearts and minds and get business support without data** to help you tell a story. Invest now in scaling your operations, including how you gather and report on what the legal team does, a tool to measure how long it takes to complete a project, and what's in your contracts, so it hurts less later (a lot less). Long and short term, time and money will be saved.

If you get one thing and one thing only from this playbook, it should be this lesson: Be a data-driven GC.

Honestly, I wish I executed my playbook more successfully in my previous in-house roles. This wish has inspired Lexion's mission to be the hub for the data-driven legal team. Learn from my experiences and do it better.

Oh, and have fun! Leading and building an in-house legal team can be one of the most rewarding jobs you've ever had.



**"It is not a job for the faint of heart,
but it's a lot of fun for the right person."**

Jessica Nguyen, Chief Legal Officer at Lexion

ABOUT LEXION

Lexion is an incredibly easy-to-use contract management system. We're on a mission to make legal teams highly productive and happy, by accelerating contract review and eliminating busywork through automation and AI. We use best in class natural language processing technologies to make it 100 times easier for legal teams to find what's in their contracts and automatically stay organized.

Best of all, Lexion's email-centric approach, and legacy contract onboarding, makes implementation and adoption easy. We built Lexion at Microsoft co-founder Paul Allen's artificial intelligence research institute (AI2) and are backed by the same investors that funded OpenAI (Khosla Ventures), helped launch Amazon (Madrona Venture Group), and have advised Google (Wilson Sonsini). With a top notch and experienced team from Microsoft, Facebook, Google, and Amazon, we built a company that CB Insights ranked the #1 most promising AI legal tech startup in the world two years in a row (2020, 2021). Lexion is a Top 40 Intelligent Application based on votes from Goldman Sachs, Madrona, Khosla Ventures, Andreessen Horowitz, Sequoia Capital, and many of the top AI investors in the world.

Most importantly, fantastic brands trust Lexion to manage their contracts: Outreach, OfferUp, Blue Nile, Brooks, and many more.