



Approaching the law firm panel review process

At a glance:



Define the model: Identify your collaboration model and engage key stakeholders early to align on needs.



Define value: Establish clear metrics for value—consider factors beyond low costs, like innovation, efficiency and diversity.



Focus on Innovation and technology: Ask firms to showcase tangible examples of technological and process innovations.



Billing and Pricing Strategy: Decide between fixed fees or hourly rates, and outline strategies to manage rate increases.



Stick to the strategy: Historical relationships and personal connections can drive panel decisions and derail strategy, but adhering to defined criteria and a clear vision helps ensure alignment with long-term goals.

Define the model

Before initiating a panel review, assess your internal needs: What model of external collaboration best serves your team now, and what will continue to serve it in the years ahead? Engage key stakeholders, both within the legal team and across the organisation. A lack of alignment between internal and external expectations can lead to mismatches in service delivery and expectations.

Define value

Value doesn't always mean cost reduction—it varies depending on organisational priorities. Does value, for instance, mean efficiency, access to innovative ideas, or diversity of thought? Establishing a definition of value that your team and stakeholders can agree on provides a reliable framework for assessing firms during the panel review process.

Do you want to reduce firm numbers?

If your aim is to streamline the number of firms you work with, consider a pre-qualification phase before the actual RFP process to rule out conflicts.

Is the aim to reduce costs?

Performing a detailed analysis of spending patterns can be crucial for cost-reduction goals. Ask current firms for data on hours worked and levels of engagement across matters to gain a clear picture of how resources are allocated. If cost efficiency is the priority, ensure firms remain incentivised to maintain quality despite cost constraints.

Innovation and technology

Would you like to focus on innovation and technology? As you define your model and analyse costs, consider areas where technology or creative use of resources could be applied. When engaging with firms, request specific examples of how and when they have implemented innovation.

Billing

Are you focusing on AFAs or hourly rates? How long do you plan to keep rates fixed, and how will you manage annual increases for individual lawyers (for example, as a lawyer progresses from one to two years post-qualification.)

Possible expectations

How will you manage exceptions to the panel, such as needing a partner from another firm for their specific expertise? How will you manage ongoing matters and pricing, particularly if a firm is removed from the panel? How will you assess and incorporate historic performance?

Clear criteria

Produce detailed and clear criteria. Often, legal departments find law firm responses too general, while law firms feel their clients' requests are unclear. Ensure your criteria are both clear and comprehensive to set mutual expectations.

Keep it short

Request concise responses. Many teams use templates with word limits to avoid unnecessary content and encourage firms to focus on their key offerings. Firms often spend weeks on an RFP, only to include large amounts of irrelevant, generic information.

Stick to the strategy

Historical relationships and personal connections often influence panel decisions and derail strategic change. One in-house team, during a strategic panel overhaul, asked its lawyers to define the key attributes they wanted from a law firm. When objections arose over disrupting these relationships, the lawyers were asked to apply their own criteria, revealing that many of the relationships didn't measure up. This approach helped secure buy-in for a significant panel reduction.

Based on an article written by Dr. Catherine McGregor, Strategic Consultant for the DLA Piper WIN Programme.