

# In Practice

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Outsourcing is inevitable in legal services, but it must be a decision made with care



## Finding the perfect match

Outsourcing is a growing trend in the Australian market – but choosing the right outsourcing provider for your firm is critical, writes **Craig Osborne**

**LEGAL PROCESS** outsourcing (LPO) has been active in Australia for more than 10 years. Choosing an outsourcing partner is an important decision, but managing the relationship over time and pivoting quickly to stay ahead of the game involves a solid business skill set.

LPO is more complex in some ways than other business process outsourcing, mainly because there are significant legal thinking skills that must be overlaid onto the outsourcing of law.

LPO can deliver significant benefits to law firms and in-house departments. There is significant interest in it. The rise of outsourcing is directly linked to the commoditisation of work and strain on resourcing available to do legal work. However, in the Australian context, the outsourcing decision involves sending work to India, Philippines or Africa.

We know that those who use outsourcing report that they are uncomfortable with sending work offshore. Once again, legal work is unique. Sending Australian work to non-Australian lawyers to an office overseas is a bar too high for many.

It is a challenge for many law firms and in-house teams to send confidential legal work to locations outside Australia. And as any offshore outsourcer will admit, they are not law firms and take no responsibility for the work.

Most lawyers understand the benefits of outsourcing. Partnering with a quality outsourcer can help you meet objectives such as increasing profitability, increasing efficiency or using your people in more effective ways.

However, the leadership and management skills required for

success in an outsourcing relationship are critical.

Legal process outsourcing works best when a high-quality law firm, or in-house legal team, works closely with a high-performance legal process outsourcer. Too often, however, not enough due diligence is done when choosing outsourcers.

Consider these critical issues when choosing an outsourcing partner:

- a.** What metrics/assurances does the LPO make to ensure that the work will be returned smoothly, cost effectively and at high quality?
- b.** Letting your clients and stakeholders know that it is happening. Clients and stakeholders are generally very positive about a high-quality legal process outsourcing arrangement. With legal work, outsourcing to an Australian provider will reassure them.

**c.** Use a provider that has a deep understanding of Australian law, its culture and application.

**d.** Where possible, use a provider that is a law firm governed by Australian rules and ethics.

**e.** Don't accept outsourcers who say that they take no responsibility for the work they do. Spend the time to find one that is fully insured and subject to Australian law.

**f.** Use an outsourcer that is as sophisticated as you in terms of business, change agility, leadership and use of technology.

**g.** Choose a provider that understands that not all law firms or in-house teams have the same needs. The truth is that every client in this space is very different. The approach to delivery needs to be tailored to your needs.

**h.** Use outsourcing as an opportunity to consistently overhaul and improve your internal systems.

**i.** Outsourcing does not mean you have failed – quite the contrary. You have been doing it since the day your firm began with Barristers. Accept that you don't have to have a mortgage on intelligence.

**j.** Understand the capabilities and limitations of the outsourcing service. The outsourcer does not compete with you. It is an extension of your office's back end capabilities.

**k.** Understand that there will be initial teething problems and the best way to handle them is to work in a research and development phase with your outsourcer with each side bearing its own costs of that process – start with a small part of your business as a test case.

**l.** In due course, educate your employees to use the service to get the most from it.

Outsourcing is inevitable in legal services, but it must be a decision made with care. The good news is that law firms and in-house teams using quality outsourcers will deliver their work at a higher level of performance and quality than their competitors.

It is all about continuous improvement, best-practice risk management and better outcomes. This means happier clients and higher-quality work. In the current market, who doesn't want to strive for that? ●

*Craig Osborne is the managing partner of RMB Lawyers, CEO of Unison Outsourcing and a member of the Australasian Legal Practice Management Association.*