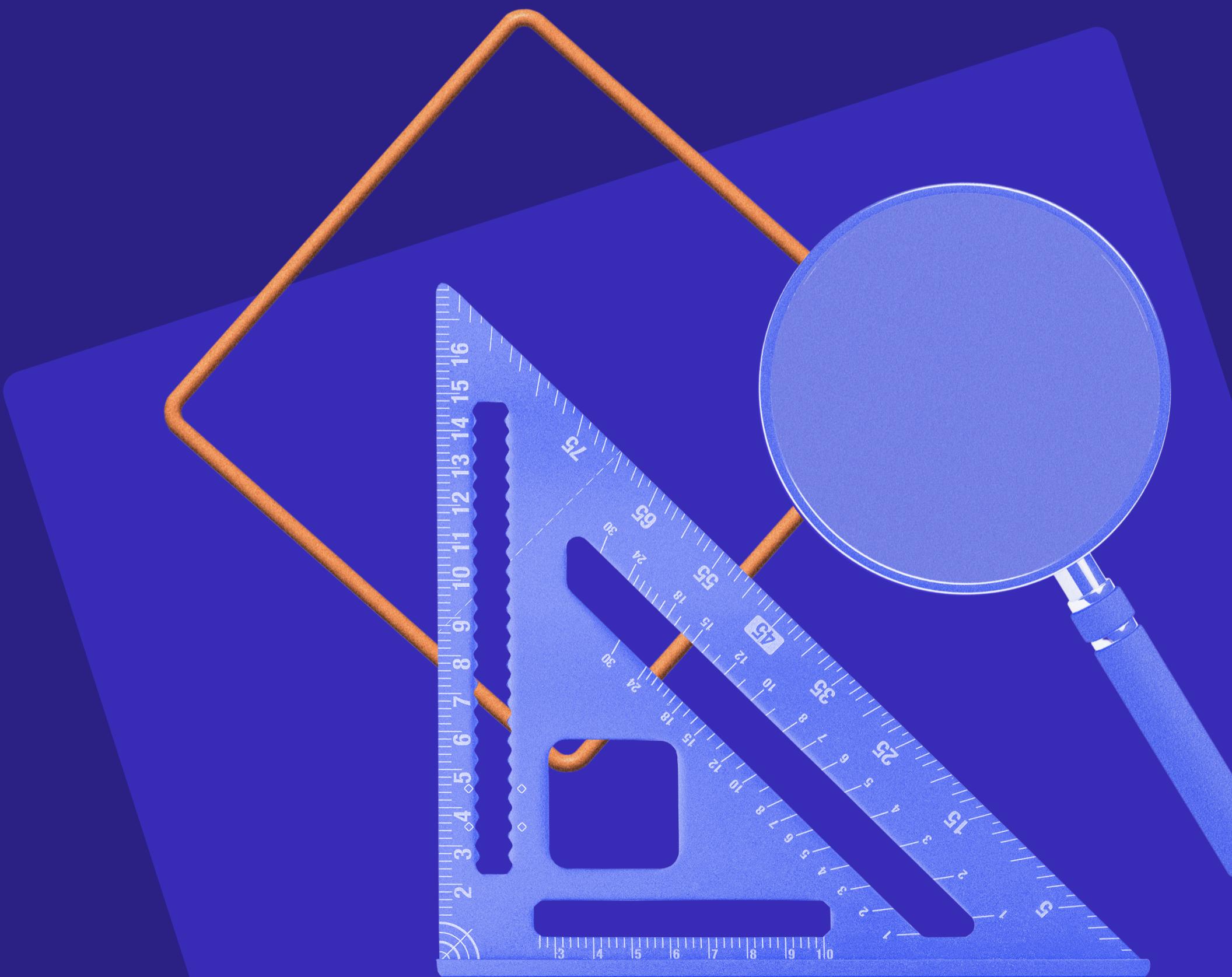


23 Key Metrics Every Legal Team Should Track



Introduction

KPIs apply to legal, too.

Most modern legal teams want to be seen as partners to the overall business, driving profits rather than just avoiding losses or adding to overhead. This means adopting business best practices to truly make an impact – and measuring and managing the key data metrics that go along with that.

You can't manage what you don't measure, and key performance indicators (KPIs) allow legal teams to precisely describe, analyze, and improve the work they do to benefit the organization. In this guide, we outline 23 key metrics that legal teams should be tracking, empowering them to account for their own business impact and improve their ability to drive profits.

Metrics

A KPI has two key components: it is both measurable and meaningful. It's not enough to put a number on something; that number has to have a relevant impact on how your legal team – and the larger business – operates. Each of the metrics below meets those criteria.

Topline metrics

The following six metrics help your legal team determine the scope of your legal portfolio as well as how quickly you execute new agreements. The latter is extremely important for any sales organization, as time-to-close is a critical metric in driving revenue and profits.

01. Total signed agreements in your CLM

How many legal agreements are in your contract repository, requiring regular monitoring and review? This metric explains the total workload of your legal staff.

02. Internal vs external agreements

How many agreements did your legal team draft, vs. how many agreements are on third-party paper? This metric explains how often you're setting terms for customers, vendors, and partners.

03. Total signed agreements by type

What's the breakdown of sales vs. employment vs. general business contracts like lease agreements and non-disclosure agreements (NDAs) in your portfolio? This helps explain what drives your legal team's work and where you need to staff up or develop expertise.

04. Average close time for all agreements

How long does it take to draft, redline, finalize, and execute any contract? If this number is large, you may need to address your process, your people, or both.

05. Average close time for internal vs. external agreements

How long does it take to close an agreement on your paper vs. someone else's? In-house close time should be significantly faster; if not, there's a problem.

06. Average close time of each agreement type

Closing a sales contract is very different than hiring a contractor, and you should be able to easily identify how long it takes to execute each type of agreement.

07. Average time spent per agreement stage

Knowing where you are spending most of your time during the agreement process (e.g. internal review, counterparty review, ready for signature, out for signature) can help you understand what's slowing down deals and identify areas for process improvement.

08. Total number of requests managed

How many requests did your team field from business stakeholders? It's important to track the work your team is doing outside of contracts, including requests related to licensing, IP, litigation, HR concerns, marketing review, and more.

Growth metrics

To plan ahead, you need to know how fast your legal portfolio is growing and in what ways. Here are some questions to ask yourself for an effective assessment:

09. How many agreements have we added to the contract repository each month/quarter?

What is your topline rate of contract growth? Understanding the volume of agreements in your repository will help you gauge workload volume and serve as a strong starting point for your contract management strategy.

10. How many new agreements became effective in each month/quarter?

How many more contracts do you have to monitor? That matters more than how many historic agreements are on file.

11. How many agreements have we added each month/quarter by agreement type?

The rate of growth of sales agreements has a different impact than the rate of growth of NDAs.

12. How many agreements had renewal dates within a set period?

How many agreements do you need to review, rather than simply allow to continue? What's the breakdown of renewals by agreement type, and how does that impact your strategy and planning?

13. How many agreements had termination dates within a set period?

How many customers do you need to win back and how soon?

Again, what's the breakdown of terminations by agreement type?

14. What types of requests did you spend the most time on?

Are you spending most of your time managing marketing, HR, sales, or IP requests from across the business? Not only does this help you report on your impact on the business, it can help you identify areas to expand headcount.



Productivity metrics

It's not enough to measure raw growth; you also have to measure efficiency so you can identify productive individuals and iron out any problem areas in your processes.

15. How many requests did each team member manage?

Understanding how many requests each member of the team is fielding can help you assign work to those with bandwidth, monitor workload, and quickly identify overworked team members to avoid burnout.

16. How many agreements were finalized each month/quarter?

How many more contracts do you have to monitor? That matters more than how many historic agreements are on file.

17. How many agreements were executed each month/quarter?

The difference between this figure and your finalization number allows you to identify if there are problems getting contracts executed.

18. How did new drafts created last month/quarter progress through internal review > counterparty review > ready for signature > out for signature > fully signed > done?

For contracts generated in-house, what is the drop-off along each stage of contract creation? This is how you identify problems specific to your contact drafting process.

19. How many new templates were created last month/quarter?

Contract templates save time and represent a refinement of known processes; understanding how templates are supporting your growing business processes is important.

20. How many new drafts were created by template?

Is your team using your templates to save time? Are your templates actually useful?

21. How many new drafts were created that include a specified agreement details field?

For example, how many agreements are you creating that include a force majeure clause; how has that changed since COVID-19? Same for Service Level Agreements, Assignment Clauses, and Pricing Terms.

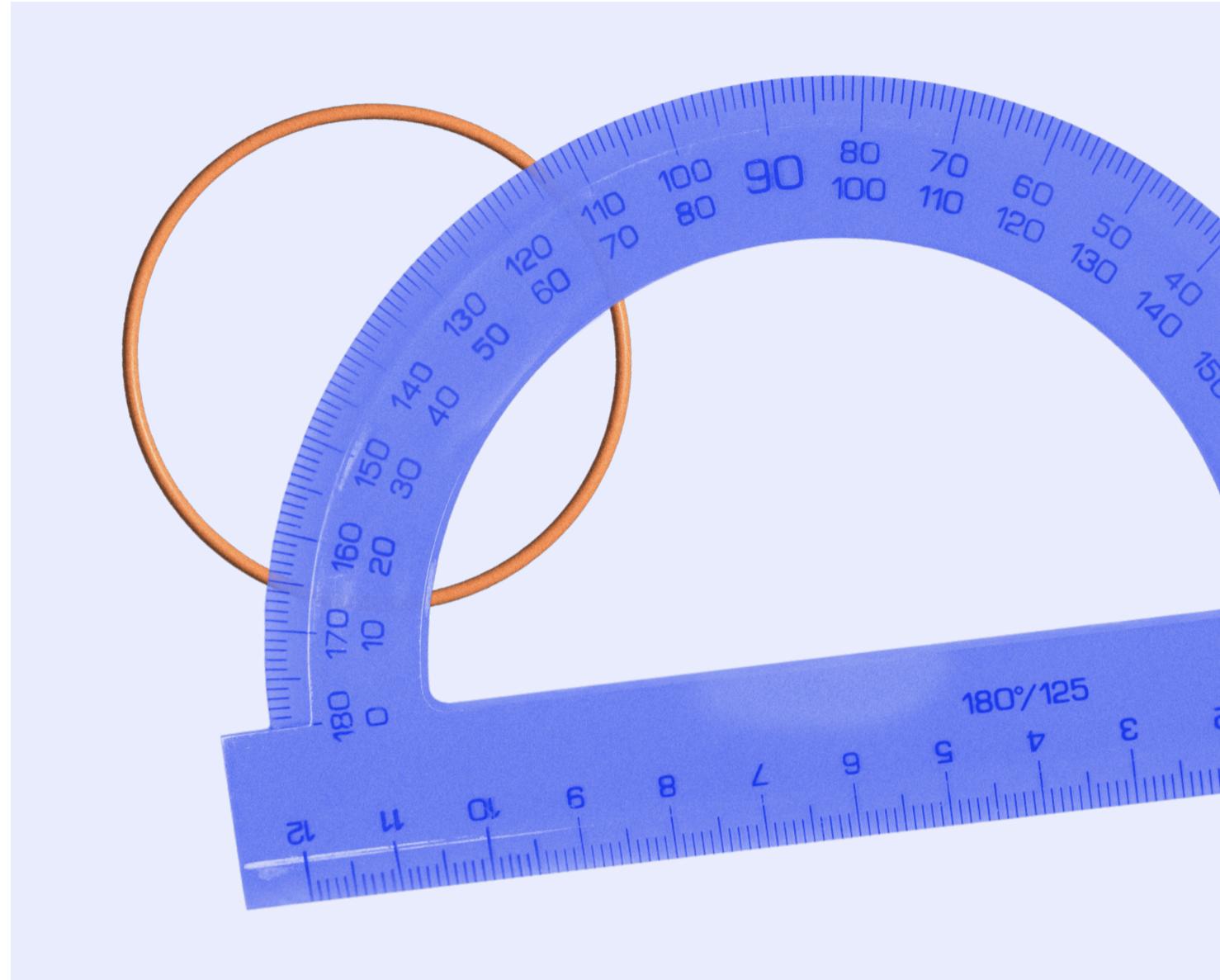
22. How many new drafts were created by each User?

Who creates your contracts and how often?

23. How many drafts were worked on by each User?

Who edits your contracts and how often?





Conclusion

If legal wants to be treated as a core part of the business, it has to be run like a business. That means adopting modern management principles, including measuring and presenting data. By tracking these 23 key metrics, you can effectively measure your team's productivity, report on the quantitative impact of your team, and help correct problems in the contract development process – so legal stays a source of revenues, not overhead.

LINKSQUARES CAN HELP

Measuring legal metrics requires modern legal software, and LinkSquares offers the [most advanced contract analytics suite on the market](#). LinkSquares gives legal professionals the tools and data they need to work efficiently and effectively with leaders across the company to move the business forward, faster. With solutions for contract management, eSignature, and legal intake and requests, LinkSquares is the central place for all your in-house legal needs.

If you're ready to start your journey towards a metrics-driven legal team, [contact LinkSquares today](#).

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