The Three Foundations of a Legal Operating Model

A Register, a Repository, and a Methodology

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I could begin organizing a legal department with a legal pad, a filing cabinet, and a methodology. The legal pad would help me keep track of the work, the filing cabinet would preserve the information associated with it, and the methodology would establish how the work gets done. It wouldn't be particularly efficient, and it certainly wouldn't scale very well, but I would have the basic elements of a functioning legal organization.

I think that's worth considering as legal departments invest in increasingly sophisticated technology. Matter management systems, contract lifecycle platforms, document management applications, and artificial intelligence offer capabilities that would have been difficult to imagine earlier in my career. Many of these tools can improve the way legal departments operate, and I expect technology to play an increasingly important role in how legal services are delivered.

But before selecting the technology, I want to understand the work the organization needs to perform and how that work should be managed. Otherwise, we risk organizing the department around the capabilities and limitations of particular products rather than selecting products that support the department's needs.

In developing the Integrated Legal Operating Model (ILOM), I think of three capabilities as foundational: a register, a repository, and a methodology. Most legal organizations have some version of each, although they may not identify them by those names. The effectiveness of the organization depends in part on how well these elements are designed, maintained, and connected.

The Register

A register is an inventory of the work and responsibilities the organization needs to manage. At its most basic, it should tell us what we're doing, why we're doing it, who is responsible, where the work stands, and what needs to happen next.

I encountered the importance of this when I first assumed responsibility for a litigation team. We had reports identifying significant cases, but the reports were incomplete, and there was no consistent standard for determining which matters warranted inclusion. I met individually

with the lawyers and reviewed their dockets because I needed a better understanding of the work we were performing.

We eventually developed a shared spreadsheet, migrated to a database, and implemented a dedicated case management system. Each improvement gave us better visibility into the portfolio and made reporting more complete and efficient. The system also helped me identify common issues across matters and recognize when individually modest disputes collectively warranted greater attention. Having a reliable inventory of our work helped us recognize relationships that were difficult to see when matters were managed independently.

The same principle applies beyond litigation. A commercial legal team needs visibility into transactions, negotiations, and obligations. A regulatory function needs to know which developments require evaluation, which responsibilities have been assigned, and when action is required. A corporate legal function may need to track governance activities, reporting requirements, and decisions awaiting approval.

The organization should determine which activities require formal tracking and what information is necessary to manage them. I would begin with a relatively small set of fields: a unique identifier, a description of the work, the business objective, an accountable owner, current status, important dates, and the next required action. Additional information should reflect the particular responsibilities and risks associated with the work.

I would also be careful about collecting information simply because a system allows us to do so. Every data field requires someone to provide and maintain information. If the information doesn't support a decision, improve coordination, establish accountability, or satisfy an actual business or legal requirement, we should question whether we need it.

The register also needs to be maintained as part of the work itself. An inventory that is updated only when someone prepares a quarterly report will eventually become unreliable. The methodology should establish who maintains each record, what events require an update, and how the organization identifies and corrects missing or inconsistent information.

A legal pad can serve as a register for a small practice, provided it is maintained consistently and contains the information necessary to manage the work. As the organization grows, the same fundamental requirements remain, even though the tools necessary to satisfy them become more sophisticated.

The Repository

The repository preserves the information and knowledge developed through the organization's work. In its simplest form, it may be a filing cabinet containing organized paper records. In a larger organization, it may consist of document management systems, electronic archives, knowledge libraries, and other controlled sources of information. I think the repository deserves more attention than simply providing a place to store documents.

Lawyers accumulate considerable knowledge through their work. They learn how the business operates, why particular decisions were made, what problems have occurred, and how the organization has responded to them. They develop relationships with stakeholders and an understanding of institutional practices that may not be obvious to someone encountering an issue for the first time. Some of that knowledge is reflected in documents and correspondence, while some exists primarily in the memories of the lawyers who developed it.

I remember preparing to leave a position supporting several business organizations and realizing how much practical information I possessed that my successor would need. I prepared a chart identifying the stakeholders responsible for recurring issues, established common naming conventions for files, and organized important documents and communications in shared repositories. My successor appreciated the effort, and I later learned that some of those materials continued to be passed along.

That experience changed how I thought about the value of my work. I had spent years measuring my contribution largely through the services I provided, but I began to appreciate that the information, mental impressions, and institutional understanding I developed could be just as valuable to the organization.

I think legal departments should make a deliberate effort to preserve appropriate institutional knowledge. When a lawyer changes responsibilities or leaves an organization, the next person should have access to the relevant history and a reasonable starting point for understanding the work. That requires more than collecting documents and making them searchable.

We need to know whether a document is current, whether it reflects an approved position, what circumstances informed its preparation, and whether its conclusions remain applicable. A legal opinion prepared for a particular transaction may be useful in a later matter, but the assumptions and circumstances supporting that advice may be different. The repository should make those distinctions apparent.

The same is true of policies, playbooks, contractual provisions, and other reusable materials. Working drafts should be distinguishable from approved versions, and superseded guidance should not appear to be current simply because someone can retrieve it through a search.

Confidentiality, privilege, preservation obligations, and retention requirements also influence how information should be stored and accessed. Making institutional knowledge more accessible requires appropriate boundaries. The information available to a business stakeholder may differ substantially from what is available to the lawyer responsible for the matter.

Technology can make all of this easier. Modern search tools can locate documents quickly, and artificial intelligence may help identify relationships across information that would otherwise be difficult to discover. But those capabilities depend on the quality, organization, and accessibility of the underlying records.

Someone still has to decide what should be preserved, what constitutes an authoritative record, who may access it, and how its status will be maintained. Those responsibilities exist whether the information is stored in a filing cabinet or a sophisticated document management system.

The Methodology

Of the three elements, I regard the methodology as the most important because it establishes how the organization uses the information in the register and repository to accomplish its work. It connects the work we have identified and the information we have preserved with the decisions and actions necessary to fulfill the organization's responsibilities.

By methodology, I mean the agreed approach through which work enters the organization, is evaluated and assigned, progresses through the necessary decisions, and is brought to completion. It also establishes how the organization identifies problems with its existing practices and makes improvements.

There will always be work that requires substantial professional judgment and cannot be reduced to a predetermined series of steps. But much of the activity surrounding that judgment can be organized in a way that makes the work more consistent and easier to manage.

Consider a commercial contract review. The parties may negotiate provisions that require careful legal and commercial analysis, but the organization can establish preferred contractual positions, acceptable alternatives, and standards for determining when an issue requires further consideration. It can also identify the people responsible for decisions that fall outside agreed parameters.

I helped develop this kind of process in a commercial legal organization. We worked with business stakeholders to establish standard positions, acceptable fallbacks, and consultation requirements. Some stakeholders initially feared that additional structure would slow

transactions, so we involved them in designing the process and made clear that Legal would help navigate the requirements rather than simply create another approval hurdle.

The changes made it easier for the people working on transactions to anticipate questions and identify the appropriate decision-makers. Eventually, clients began telling us that bringing Legal into a transaction earlier helped them work through internal requirements and complete deals. The methodology helped because people understood what they could decide, when they needed additional input, and how to obtain it.

I think that distinction is fundamental to designing an effective legal organization. We should establish clear responsibilities and procedures for recurring activities while preserving the ability of qualified professionals to exercise judgment when the circumstances require it.

The methodology should also address how information is managed. When does a matter become part of the register? Who is responsible for maintaining its status? Which documents belong in the repository, and how do we distinguish working materials from authoritative records? What happens when responsibility for a matter changes? Those questions should have practical answers that the people doing the work understand.

There are also questions of authority and accountability. Who can approve a proposed course of action? What degree of financial or legal exposure requires additional review? When should a matter be escalated? How do we confirm that a decision has been carried out and that any continuing obligations have been assigned?

I would expect the answers to differ depending on the organization and the nature of the work. A routine contractual exception should not require the same governance process as a significant regulatory issue or a dispute threatening a material business relationship.

The methodology should be proportionate to the work and flexible enough to accommodate different circumstances. It should also be reviewed periodically, because a process that worked well when it was established may become inefficient or inappropriate as the business changes.

This is where I think organizational learning becomes especially important. When something goes wrong, we should determine whether the established process was followed and, if it was, whether the process itself needs to change. The distinction matters because better execution will not necessarily correct a poorly designed process.

Connecting the Three Elements

The real benefit comes when the register, repository, and methodology operate together. Consider a contractual dispute. The register identifies the matter, its owner, status, deadlines, and relevant business organization. The repository preserves the agreement, correspondence, analyses, and decision history. The methodology establishes how the matter is evaluated, what information is required, who must be consulted, and who possesses authority to make consequential decisions.

Now imagine that the dispute reveals a recurring problem involving contractual commitments that the business has difficulty satisfying. The register may help identify other matters involving similar issues or the same business organization. The repository provides the information necessary to examine those matters and understand the circumstances in which the commitments were made.

The methodology should provide a way for Legal to communicate its observations to the appropriate business stakeholders and for those stakeholders to decide whether changes are warranted. If the business adopts new contractual standards, the approved materials should be preserved in the repository, and any continuing responsibilities should be reflected in the appropriate work records. The methodology should also establish how the changes will be implemented and evaluated.

The organization should then examine whether the changes produced the intended result and whether further adjustments are necessary. That information should become part of the next evaluation rather than disappear when the immediate dispute is resolved.

I encountered a version of this problem early in my career when a contract dispute revealed recurring commitments that had been made without sufficient consultation with the people responsible for fulfilling them. The issue ultimately led to discussions among the affected business organizations and their lawyers, resulting in revised contractual standards and consultation practices.

The important development was that information arising from one dispute helped the business identify a broader operating problem. Addressing that problem required the appropriate people to understand the issue, agree on a response, and incorporate the resulting decisions into how future transactions would be handled.

A connected register and repository can help make those observations possible. The methodology determines how the organization evaluates them and translates appropriate decisions into action.

The relationship also works in the other direction. Experience may show that the register lacks information necessary to understand a recurring problem, or that the repository makes important material difficult to locate. The methodology should provide a process for

evaluating those deficiencies and determining whether changes to the system are warranted.

I think this is an important characteristic of an effective operating model. The organization should be capable of examining and improving the methods it uses to perform its work, rather than treating established practices as permanent simply because they have become familiar.

Choosing the Technology

I think technology selection should begin with an understanding of the work, the information it requires, and the decisions the organization needs to make. Before implementing a new platform, I would want to know what problems we're trying to solve, what information must be maintained, which responsibilities need to be coordinated, and what reporting or oversight requirements the organization must satisfy.

I would also want to understand what systems the business already uses. There may be opportunities to integrate with existing tools, reuse information maintained by other functions, or improve current processes without introducing another application.

The technology should support the methodology and make the information in the register and repository more useful. It should also accommodate reasonable changes as the business evolves.

A legal organization should not have to abandon its underlying management principles because it changes software vendors. It should be able to preserve its records, maintain important relationships among them, and continue performing its responsibilities through a different technical implementation.

That requires attention to data portability, security, system integration, access controls, and the practical cost of maintaining the technology. Those considerations become particularly important in larger enterprises, where legal systems may interact with Finance, Compliance, Human Resources, Sales, and other business functions.

I also think we should be careful about automating processes before we understand them. Automation can improve consistency and reduce repetitive work, but it can also perpetuate unnecessary steps or make a poorly designed process more difficult to change.

The same concern applies to artificial intelligence. I see considerable potential for AI to improve information retrieval, analysis, and workflow execution. Its effectiveness will depend in part on the reliability of the information available to it and the clarity of the responsibilities and controls governing its use. If we cannot explain how a process is supposed to work without describing the software, I would question whether we have sufficiently considered the process itself.

Building an Organization That Can Improve

I think the register, repository, and methodology provide a useful starting point for designing a legal organization because they address responsibilities that exist at every stage of its development. A General Counsel needs to understand the work being performed, the obligations and risks the organization is managing, and the decisions that require attention.

The General Counsel also needs confidence that relevant information is available to the people responsible for the work and that the organization has reliable ways to carry out its responsibilities. These needs become more complicated as a department grows. Informal arrangements that function adequately among a small group of experienced lawyers may become difficult to sustain when the organization adds people, expands into new business activities, or assumes additional responsibilities.

I've seen how capable professionals compensate for weaknesses in the systems around them. They remember important details, track down information, follow up on unfinished work, and maintain relationships that help the organization function. Their expertise is valuable, and I want the operating model to support it rather than depend entirely upon their individual efforts.

The three foundational elements provide a way to make that expertise more useful across the organization. The register makes responsibilities and work visible, the repository preserves the information and knowledge developed through that work, and the methodology establishes how people use those resources to make decisions, fulfill obligations, and improve their practices. Together, they form an important part of the Integrated Legal Operating Model, which also addresses how Legal connects its responsibilities to enterprise objectives, risk governance, business decision-making, and institutional learning.

I would begin with these fundamentals even if the only tools available were a legal pad and a filing cabinet. I would want to understand what work we had accepted, where the relevant information could be found, who was responsible for decisions, and how we expected the work to proceed.

Once those questions are answered, we can make informed decisions about the processes, controls, and technology necessary to support the organization. And as the business changes, we should revisit those decisions to determine whether they continue to serve their intended purpose.

The goal is to build a legal organization that understands its responsibilities, performs its work consistently, preserves what it learns, and remains capable of improving. Technology can help us accomplish that, but the foundation is the way we organize the work and the judgment of the people responsible for it.