OPERATIONS · A DOMAIN OF THE LEGAL OPERATING SYSTEM

Treating operations as the economic engine

Why firms with the right strategy and the right AI tools still have not moved the margin

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This pillar sits inside the Legal Operating System

Strategy decides where to play; Operations converts that choice into economic result

STRATEGY (APEX)	OPERATIONS	PAY & TALENT	PRICING & M&A	AI & TECHNOLOGY
Where to play and how to win. The partnership decision.	The economic engine. What converts strategy into margin.	The partner-pay and workforce consequences of the operating model chosen.	How work is priced; how growth decisions compose with the operating model.	What compounds on the operating base once it is in place.

Operations is the leverage spine the firm's economics and its AI programme both compound on.

Five patterns that quietly cost firms their operating lift

Each is defensible on its own; together they explain why many ops programmes under-deliver

COST-LINE FRAMING

Operations is treated as a cost line to defend. The ops conversation starts in the budget.

BENCHMARK THEATRE

The sector median becomes the target, and firms optimise towards it rather than towards the top quartile that sets the pace.

TOOL SHOPPING

AI and automation purchases run ahead of the operating base they need. Licences buy a capability the firm has no way to compound.

SILOED WINS

Each function optimises itself. The cross-function shape - service catalogue, SLAs, the ten functions as one leverage system - never gets designed.

NO MEASUREMENT

The firm cannot say what moved. The P&L lands six months late, blended with lateral revenue and discount erosion, and no attribution survives it.

The LOMM: five stages × five dimensions

Overall stage is the minimum of the five dimensions - a firm is as mature as its weakest dimension

L1 OWNER-OPERATOR	L2 FUNCTIONAL	L3 STRUCTURED	L4 MANAGED	L5 ADAPTIVE
Runs on partner effort and personal client relationships. Ops is what happens between billing runs.	Competent functions in silos. No one owns the end-to-end conversion of partner effort into margin.	Processes and matter economics exist and run to rhythm. The firm can be managed as well as led.	Live data flows against process; decisions calibrate against it. AI has something to compound against.	Live-data decisions, priced AI leverage. A posture renewed annually.

The anti-flattery rule is deliberate. Averaging lets a firm invest in the dimension it already feels competent in. Minimum forces the honest next investable move.

What the LOMM reads a firm against

The full 90-minute diagnostic unpacks ten operating sub-dimensions beneath these five

Ops function shape	Practice manager → siloed heads → COO at partnership table → strategic partner to PGLs → embedded in client engagement.
Matter economics visibility	None → retrospective top-20% → per-client / per-partner quarterly → real-time at matter / client / partner / PG → dynamic.
Standard processes	Billing + conflicts only → documented for finance → documented + enforced for pricing, scoping, staffing, WIP → playbooks by matter type → refreshed on outcome data.
Data posture	Unread → monthly packs → dashboards read monthly → data drives decisions → client-side + market blended.
AI posture	Curiosity → point tools without ROI → owner + shortlist + measured pilots → measured per matter type and priced into fees → priced leverage lever + workforce mix adjusted.

> **The 25-question self-run tool scores a stage; the 90-minute facilitated diagnostic drives engagement scope. A separate four-level Boutique Operating Maturity model carries sub-50-FE firms.**

LOMM results collapse into four recurring shapes

The move from stage N to N+1 is not the same move at every stage - the archetype scopes it

SYDNEY COMMERCIAL BOUTIQUE

BOM Level 1 → 2. Founder-dependent, high realisation, no documented leverage. The next 12 months are about documenting what the founder does without turning the firm into a factory.

BRISBANE GENERAL PRACTICE

LOMM Level 1 → 2. 3–5 partners, mixed practice, pays itself out monthly. Next move: install a Head of Operations and a reporting layer the board actually reads.

MELBOURNE INSURANCE DEFENCE

LOMM Level 2 → 3. Panel-driven, high leverage, margin pressure increasing. Matter economics, the pricing-and-scoping playbook, shared services. 9–12 months.

NATIONAL REGIONAL-LARGE

LOMM Level 3 → 4. Ops function credible; next move is live data in front of decision-makers and the AI posture that compounds on it. The firm asking why the AI is not in the P&L.

The BOM: ten functions, one leverage system

Mid-market sector median total business-services ratio is 8.5–9.5% of fees

FINANCE	HR / PEOPLE	IT	BD & MARKETING	RISK & COMPLIANCE
1.8% of fees midtier · lockup days the leading indicator	1.3–1.7% midtier · attrition and partnership mix the second indicator	2.0–2.5% midtier · composition inside IT is the AI readiness tell	1.4–1.8% midtier · panel and account coverage the output measure	1.2–1.6% midtier · regulatory load the lower bound

FACILITIES & ADMIN	SECRETARIAL	KNOWLEDGE	PROCUREMENT	COO / PMO
Office portfolio at lease events · EA pool migration	The 1:4 → 1:4.5 EA leverage shift is a 2026 flagship intervention	RAG-based AI search · KM lawyer model · precedent automation	The under-played lever: spend optimisation across the long tail	The leverage layer that holds the other nine together - or does not

Ten work the cost base; the eleventh works the margin

The Benchmark names the two or three largest-opportunity levers for the firm's specific shape

Organisation design	Delayering, span-of-control, consolidation. HR, COO/PMO, Secretarial, Facilities. 5–15% savings.
AI-driven automation	Document AI, pre-billing, time-entry. Secretarial, Finance, HR, KM. 8–20% savings.
Shared services	Finance, HR, IT at scale. The institutional lever when size permits. 8–18% savings.
Outsourcing / managed services	IT, Facilities, Finance. Proven patterns; sometimes over-sold. 15–25% savings.
Offshoring / nearshoring	Highest-saving lever available; largest change-management ask. 30–55% savings.
Process improvement (Lean, RPA)	Cautious adoption; works best where processes already exist. Finance, HR. 10–25%.
Technology consolidation	IT, Procurement. Licence rationalisation + architecture simplification. 10–20%.
Spend / procurement optimisation	The under-played lever on the long tail. 8–15% savings.
Demand management	Workforce planning; HR, COO/PMO, BD. 3–10% savings.
Benchmarking & diagnostics	The lightest-touch starting lever. 8–15% savings.
Pricing, profitability, LPM	The margin-side lever. 1–3pp realisation uplift - the equivalent of a very large cost-side programme.

The interventions that tend to apply, where they tend to apply

The Benchmark picks the levers; the engagement runs the named interventions underneath them

Finance	Time-entry AI · pre-billing automation · matter profitability programme · pricing capability build · partnership reporting modernisation
HR / People	HR-ops centralisation with AI · HRIS data quality · lateral integration model · partner promotion process redesign · EA pool / secretarial workforce evolution
IT	AI governance framework · service-desk Tier-1 conversational AI · application rationalisation · PMS upgrade and decustomisation · KM / search platform
Marketing & BD	Pitch automation and AI drafting · CRM data programme · key account governance · VoC programme · lateral BD integration
Risk & Compliance	AML / KYC document AI · conflicts process automation · AI governance framework · risk register modernisation · client take-on framework
Knowledge Management	RAG-based AI search · KM lawyer model · precedent automation · matter knowhow capture · the “KM as the AI-readiness tell” conversation

Three cross-function themes travel alongside the function menu: the Service Catalogue + SLA model, AI Governance as a cross-function council, and the EA / Secretarial Workforce Evolution.

The Process Discovery & Evaluation Engine

For the one or two processes a firm needs to see at depth

What it is

A consultant-run tool, not a web form. Transcripts, SOPs, Visio or drawio, swimlane spreadsheets and whiteboard photos go in; a structured process model and a deterministic metrics engine come out.

- A - Capture: transcripts, audio, SOPs, drawings → structured model
- B - Evaluate: cycle efficiency, handoff density, rework loops, control coverage, variant count, automation candidacy
- C - Mine: PMS / DMS event logs reconciled against described process - surfaces phantom steps, dark activities, forbidden transitions

What it produces

A six-dimension process profile and the evidence beneath it. Rated against the process's own achievable state, not a cross-firm norm.

- Flow efficiency · Handoff burden · Control integrity
- Data friction · Variation · Automation headroom
- Deliverables: structured process JSON · Mermaid + drawio renders · client review spreadsheet · validation-questions pack · process report PDF
- Usual candidates: matter opening + AML · billing and WIP-to-cash · file closure and archiving

AI stalls on a Functional operating model

The AI dimension sits at the top of the LOMM for a reason

- Without matter economics, there is nothing to measure what AI has moved. Pilots end on anecdote.
- Without standard processes, AI accelerates whichever version of the workflow the lawyer happens to be running today.
- Without a data posture that puts live information in front of decision-makers, pilots cannot be credibly scaled.
- A firm installing Copilot on top of a Functional operating model is paying for a capability it has no way to compound.
- IT composition: a firm with IT at benchmark but concentrated in licences, with little in architecture or data engineering, will not see the AI investment case land.

> **The firm asserts Adaptive on AI and reads Functional on the four dimensions beneath it. The overall maturity is the minimum. That is the honest answer to "why isn't the AI in the P&L".**

Twelve weeks, four phases, three workshops

Reference shape of a full Operational Review; lighter shapes compose from the same spine

Weeks 1–2 · SET-UP	Sponsor scope · governance (steering, comms) · data request pack · the ten function-specific interview guides prepped
Weeks 3–5 · DIAGNOSE	Diagnostic + Benchmark + interviews run against the ten function guides · maturity assessment · WORKSHOP 1 (end of week 5) tests findings against leadership
Weeks 5–9 · OPTIONS & DESIGN	Service-delivery decision framework · lever-selection prioritisation matrix · target operating model · WORKSHOPS 2 and 3 land in this phase
Weeks 9–12 · BUSINESS CASE	Board pack · implementation methodology · PIR calendar at 6 and 12 months · handover to in-house ownership

SNAPSHOT DIAGNOSTIC

3–4 weeks against 3–5 functions. The scoping-conversation accelerator.

OPERATIONAL REVIEW

12 weeks across all 10 functions. The reference engagement shape.

OR + ORG DESIGN

16–20 weeks. Review and organisation redesign in one scoped piece of work.

The Benchmark result for Ashcombe Verity LLP

Invented firm · 280 FE · £62m fees · UK midtier benchmark set · five of ten functions scored

What the firm entered

280 fee-earners · £62m fees · six offices · 2025 lateral programme + 11 partners

- Finance 24 FTE · £1.78m · 2.87% of fees
- IT 20 FTE · £1.72m · 2.77% of fees
- HR 14 FTE · £1.05m · 1.69% of fees
- BD / Marketing 16 FTE · £1.22m · 1.97% of fees
- Risk & Compliance 11 FTE · £895k · 1.44% of fees

What the Benchmark says

Total business-services ratio 10.75% of fees against midtier median 8.5–9.5%. Finance and IT the two over-run functions.

- Three headline levers surface: process redesign; shared-services or offshoring; AI/automation targeted at the over-runs
- Likely annual saving band ~£700k (Conservative £374k · Likely £701k · Stretch £1.2m)
- The point of the output: a specific thing to open the first scoping conversation on

The Diagnostic result for the same firm

Overall Stage 2 (Functional), gated by Data posture

OPS FUNCTION SHAPE	MATTER ECONOMICS	STANDARD PROCESSES	DATA POSTURE	AI POSTURE
L3 · Structured. COO owns the conversion end-to-end.	L3 · Structured. Visibility exists; write-off discipline inconsistent.	L3 · Structured. Processes written; some drift at the matter-type level.	L2 · Functional. Data in silos; no live management dashboard. GATED.	L2 · Functional. Licences bought; time-saved not measured.

The thirty-day priorities the Diagnostic generates are specific to Data posture. The engagement shape surfaced is a scoping conversation: scope and investment set with the firm.

The AI & Operations Readiness Report

The scoped paid deliverable at the next layer - a different shape of artefact

- Seven domains: strategic context · operating model and leverage · matter economics · data · technology · AI · people and partnership.
- Scored against a published benchmark set, and - where the direct-peer cell has enough firms - against a direct-peer comparator.
- 66 intake fields (10 profile + 56 scored), four firm owners, ~75 minutes of elapsed intake time.
- Output is a 25–40pp A4 PDF with band-level scores, prioritised recommendations and an ROI roll-up.
- The sample pack carries a worked example (Calder Rowan LLP, synthetic). Different firm because the Readiness Report is a different shape - a scoped paid deliverable, not a self-run tool.

How much of your business-services spend is buying leverage that compounds?

And how much is just paying for the lights to stay on?

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