

Value Practice:***CIGNA Law Department's Budget Management Practices: 'Nailing the Basics'*****Brian Benjet*****Interviewed while Vice President and Chief Counsel – Group Law and Litigation******CIGNA Corp.*****July 2009**

CIGNA's Chief Counsel, Litigation considers budget and case management to be a core function of in-house counsel, and views in-house lawyers to be both lawyers and business people in this regard. The law department emphasizes the importance of budget management and timely and effective data entry by including these factors as part of the performance objectives for all in-house lawyers—as part of the company's imperative to “Nail the Basics.”

Within CIGNA, “Nail the Basics” is a performance imperative that spans the entire corporation. Each function defines what nailing the basics means and then sets specific tasks or objectives to drive expected behaviors and performance.

Including budget management in the “Nail the Basics” category sends a clear message about the fundamental importance of these skill sets and behaviors for all lawyers and provides incentives to achieve these objectives and drive desired behaviors.

Setting and Managing Budgets; Training; Quarterly Reports

Setting and Managing Budgets: Each budget manager within the law department is responsible for entering the budget into the matter management/e-billing system. All outside counsel bills are paid through the e-billing system, and no bills are paid without a budget.

- ***Real-case budgeting is expected-*** emphasis on setting real case budgets (and not worst-case budgets).
- ***Measure successful budget management skills-*** by determining whether budgets were reasonable; assess results compared to plan; determine who “beats” the budget and closeness to plan; also review what is being written off and timing for adjustments (e.g., is it at the end of a matter to meet the budget or are adjustments made early on based on substantive or new information about a matter).
- ***Review qualitative results-*** budgets are important but so are results; in assessing performance on managing budgets, it is also very important to assess who is getting the best qualitative results—managing to budget isn't of value if the results are not good.

Training: To further emphasize the importance of budget management as a core skill set, the Chief Counsel, Litigation meets individually with budget managers to set the tone and communicate the importance of real case budgeting. It is easy to inflate budgets to meet performance goals—but that is not what is desired, expected or rewarded.

Quarterly Reports: Each quarter, the law department's Director of Operations prints a report that shows actual spend next to the individual case budget. Budget managers are asked to re-project based on historic pulse and any changes in the case or matter. These re-projections are then reviewed with the Chief Counsel, Litigation.

Discussions with outside counsel; no surprises: For all sizable cases, the law department has a "no surprises" approach on costs and budgets. This includes up front discussions with outside counsel to set the budget based on what is understood and known, plus ongoing discussions and agreement on performance to budget and whether any adjustments are necessary.

Measuring Performance on Budget Management- CIGNA's Legal Group "Nail the Basics" Performance Objectives

CIGNA legal group's performance objectives include six key categories, each tied to a CIGNA imperative. The first performance objective for the legal team is tied to the CIGNA 'Nail the Basics' imperative and titled: "Provide innovative, strategic and practical counsel to advance the goals of the businesses and protect CIGNA's interests."

Following are some of the key "Nail the Basics" budget management objectives:

- ***Quality of Entries:*** continue to improve quality of entries for the significant litigation and PWC reports.
- ***Reserve Process:*** continue to improve knowledge of and participation in the claim and litigation reserving process.
- ***Timely and Accurate Data Input:*** fully utilize Law Manager for all appropriate matters and ensure the timely input of information that is accurate and complete.
- ***Compliance and Oversight of Billing Guidelines:*** ensure that all outside counsel bills are timely and thoroughly reviewed for appropriateness and compliance with our billing guidelines.
- ***Outside Counsel and Vendor Management:*** effectively manage outside counsel and other vendors.
- ***Cost Reduction:*** implement cost reduction initiatives.
- ***Accurate Case Budgets:*** ensure accurate case budgets in both individual matters and on an aggregate basis and appropriately manage cases within these budgets.

A sample of the CIGNA Litigation and Law Group's performance objectives, including the "Nail the Basics" budget management objectives may be viewed [here](#).



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