



Building the Next- Generation Legal Department

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Traditional legal departments
are built around lawyers and
matters.

Next-generation legal
departments are built around
knowledge and systems.

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The Inflection Point

The role of the in-house legal team is at an inflection point.

For decades, the operating model has remained largely unchanged. Legal teams respond to requests as they arise, manage risk through review and approval, and rely heavily on the judgment and experience of individual lawyers. Work flows through inboxes and one-on-one conversations. Knowledge accumulates over time, but often remains fragmented across documents, systems, and people.

This operating model has been sufficient for many organizations, but the environment around it has changed.

Businesses move faster. Decisions are more complex. Regulatory requirements continue to expand. At the same time, legal teams are under increasing pressure to do more with the same resources: to support growth, manage risk, and operate efficiently, all at once.

In this context, the limitations of the traditional in-house legal model have become harder to ignore.

A reactive, matter-driven approach does not scale easily. It depends on the availability of individual lawyers. It creates bottlenecks at the point of review. It produces inconsistent outcomes when similar issues are handled differently across different teams and situations. Crucially, it positions the legal function downstream of major decisions, rather than as a force that helps shape them.

Many organizations have responded by investing in isolated technology solutions or adding headcount. Those efforts can help at the margins, but they fail to address the underlying issue.

The challenge isn't simply a lack of tools or resources; it's the absence of a cohesive operating model for how legal work gets done.

The path forward requires a different approach.

Instead of treating each matter as a discrete unit of work, leading legal teams are beginning to rethink how they capture, structure, and apply what they know. They are building systems that make institutional knowledge accessible and reusable. They're embedding that knowledge into workflows and processes that guide how decisions are made across the business.

This shift, from reactive execution to knowledge orchestration, represents a fundamentally different way of operating.

It empowers legal teams to move beyond responding to requests and toward shaping outcomes. It enables consistency without sacrificing judgment. It creates the conditions for scale, not through headcount alone, but through systems that extend the reach of legal expertise.

This evolution is what defines the next generation of in-house legal departments.



What "Next Generation" Actually Means



The Illusion of Modernization

Most general counsel today would describe their legal departments as modern.

They've digitized their workflows. They've invested in technology. They've hired legal operations leaders to bring structure and efficiency to the function. Many have implemented software platforms such as contract lifecycle management (CLM) or enterprise legal management (ELM) systems, along with a growing set of tools for tasks such as document drafting, review, and collaboration.

From the outside, and often even from the inside, this looks like transformation. However, what most legal departments have achieved is not a fundamentally new way of operating. It is an incremental evolution of the same underlying model: one still built around individual lawyers handling matters, supported by a growing layer of tools.

If the goal is simply to work faster within the existing model, then digitization and tooling are enough. If, conversely, the goal is to become a truly strategic partner to the business — proactive, scalable, and deeply embedded in how decisions are made — then something more fundamental has to change. The next-generation legal department is not defined solely by the presence of modern tools or the adoption of new technologies, but by a different way of operating entirely.

The Legacy Model

To understand what needs to change, it's worth looking more closely at the operating model most general counsel have inherited — and, in many cases, spent years refining.

At its core, the traditional in-house legal function is built around matters.

Work arrives in the form of requests: a contract to review, an intellectual property question to answer, a privacy risk to assess, an employee dispute to manage. The team treats each request as a discrete unit of work: one task is assigned to one lawyer, who handles it from start to finish based on their individual judgment and experience.

This structure shapes everything that follows.



Knowledge, in this model, lives primarily in individual team members' heads

Your data must never be used to train the vendor's global models. Your institutional knowledge is your competitive advantage; it should remain yours.



Execution is largely manual

Even when templates or playbooks exist, lawyers frequently start from the last file they remember working with, or rely on personal precedent (or preference). They handle each matter as a unique exercise, even when the broader team has addressed similar issues many times before.



Intake is informal and unstructured

Requests come in through email, messaging platforms, meetings, or hallway conversations. Prioritization is often driven by perceived urgency and working relationships rather than a consistent framework.

The result is a function that is inherently reactive. The legal team responds to the needs of the business as they arise, rather than shaping decisions upstream. Work is driven by incoming demand, not by a proactive view of risk or opportunity.

Critically, scale comes primarily from adding more people. As the volume and complexity of the work increase, the only reliable way to keep up is to hire more lawyers and staff, or rely more heavily on outside counsel.

In this context, success is often defined in defensive terms: minimizing risk, avoiding disputes, and ensuring compliance. These are essential outcomes, but they reinforce a model where the legal team is positioned as a safeguard, not a strategic driver of the business. That, in turn, leads to the legal team being labeled as a “blocker,” with business teams seeking ways to circumvent their oversight, or waiting until the last minute — or later — to bring them in on matters that require their input.

The familiar tools of the legacy legal department, from email-driven intake, to spreadsheets for tracking and shared drives or even physical files for recordkeeping, are reflections of this underlying structure.

The tools, however, are not the root cause of the problem. They are the symptoms of an operating model built around individual expertise, manual execution, and reactive work.

The Fragmented Digital Model

Over the past decade, many general counsel have worked to modernize this legacy model.

They've invested in technology to bring more structure to legal work: CLM systems to standardize contracts; ELM platforms to track matters and spend; specialized tools for document drafting, review, collaboration, and increasingly, AI-assisted workflows. They've brought in legal operations teams to connect these systems and drive efficiency.

On paper, this can look like meaningful progress. In some ways, it is.

For most organizations, though, this approach to modernization has not fundamentally changed how the legal function operates. It has simply layered new tools onto an old model that's still built around individual lawyers, fragmented workflows, and matter-by-matter execution.

The result is what many in-house legal professionals experience today: a digital-first but deeply fragmented environment.



The tools exist, but most of them don't meaningfully connect

Each system captures a piece of the process, but no single system reflects how legal work actually moves across the organization.



Workflows exist, but they're inconsistent

Processes may be defined in theory, but in practice they vary by team, lawyer, and situation.



Data exists, but it's trapped

Contracts live in one platform, matter data in another, communications in email and Slack, and institutional knowledge in documents or people's heads. Extracting insights across these scattered systems is difficult, if not impossible.



Knowledge exists, but it's not reusable

Playbooks, templates, and past work may be stored somewhere, but they're not systematically applied. Lawyers still rely heavily on personal experience to interpret and execute.

Legal operations exists as a function, but the team exerts an inordinate amount of effort trying to integrate systems that were never designed to work together, rather than fundamentally redesigning how legal work happens.

And while AI has entered the picture, it is often applied in isolation, used to accelerate discrete tasks rather than grounded in the organization's collective knowledge, standards, and decision frameworks.

General counsel were promised transformation with all of these digital systems. Instead, many teams ended up mired in unnecessary complexity. Legal teams find themselves navigating an expanding stack of tools, each (hopefully) solving a narrow problem, but collectively creating new friction: more systems to manage, data to reconcile, and manual effort to connect the dots.

The underlying operating model remains the same. Paradoxically, however, the scattered tech stack and data silos often make it even harder to see the big picture.

The Real Problem

It's possible to look at this landscape and conclude that legal departments simply need better tools, or maybe better implementations of the tools they already have.

However, the issue isn't that legal teams lack technology in general. In many cases, they have more tools than they can effectively utilize.

Nor is the issue a lack of effort. General counsel and legal operations leaders have spent years investing in systems, refining processes, and trying to bring greater structure to the function.

Yet the core challenges persist. Work remains reactive, knowledge remains fragmented, and scale remains tied to headcount.

The reason is structural: most in-house legal teams lack a system for capturing and applying institutional knowledge.

In the legacy model, knowledge lives in people. In the fragmented digital model, pieces of that knowledge begin to live in systems. Without a unifying structure, however, it remains scattered, inconsistent, and difficult to use.

Documents are stored in repositories, but the essence of the decisions they codify is not captured where the team can easily access it later. Templates exist, but the reasoning behind them is not systematically applied. Data accumulates, but it doesn't translate into insight or guidance for the business.

As a result, even tech-forward legal teams continue to operate in fundamentally the same way: lawyers interpreting each situation individually, reconstructing context, and making decisions in isolation. They're supported by an array of separate tools, but not guided by a cohesive system.

Until that changes, adding more technology will only increase complexity. Without a way to capture, structure, and operationalize institutional knowledge, separate tools may accelerate individual pieces of work, but they don't transform how the work as a whole happens.

Becoming a next-generation legal department requires laying a new, and completely different, type of operational foundation.

The Knowledge- Powered Legal Department

The defining trait of the next-generation legal department is how effectively it captures, structures, and operationalizes institutional knowledge.

In the next-generation model, legal knowledge no longer lives primarily in the heads of individual lawyers or in scattered documents across disconnected systems. It is instead explicitly structured and codified in ways that make it accessible and reusable. That knowledge becomes a core part of how the legal department works, and ultimately how legal and business leaders make decisions.

That shift changes the character of the legal function in several important ways.



Knowledge is captured, not improvised

Instead of relying on individual memory or informal precedent, the department creates a shared institutional foundation: standards, interpretations, judgment frameworks, and decision logic that the entire team can apply consistently.



Work becomes system-driven, not purely matter-driven

The legal team is no longer organized around a queue of incoming requests that they handle one by one. It begins to operate through a more durable model, where institutional knowledge informs how the team routes, resolves, and improves legal work over time.




Decisions are standardized, not reinvented

Lawyers are no longer forced to reconstruct the company's position from scratch each time a familiar issue arises. The department develops repeatable, consistent ways of assessing common risks, handling recurring questions, and escalating only the issues that truly require expert judgment.




AI, when used, is grounded in internal knowledge


AI's value does not come from generic capabilities or knowledge baked into large language models, but from its ability to work within the company's unique standards, policies, and risk frameworks. Without that grounding, AI can only accelerate isolated tasks, at best. With it, it can extend the reach of the team's legal judgment.

 **The legal team becomes more deeply embedded in business processes.**

Instead of entering the picture only when a contract is ready for review or a problem has already surfaced, the legal team helps shape how the business operates upstream through guidance, standards, and systems that inform decisions earlier.

 **The legal team's value expands beyond risk mitigation alone.**

Risk management remains essential, but it is no longer the only lens that matters. In the new operating model, the legal team also creates value by enabling revenue, improving operational consistency, accelerating decision-making, and helping the business move with greater confidence.

 **Scale comes from systems, not just headcount.**

Lawyers are no longer forced to reconstruct the company's position from scratch each time a familiar issue arises. The department develops repeatable, consistent ways of assessing common risks, handling recurring questions, and escalating only the issues that truly require expert judgment.

This is what it means to become a knowledge-powered business partner. That's what the next generation of in-house legal teams needs to be.

The future isn't a legal department that simply works faster, surrounded by flashier tech tools. A legal function built on institutional knowledge is primed to operate with greater consistency, scale more effectively, and play a more strategic role in how the company runs.

If that is the defining characteristic of the next-generation legal department, the question becomes:

Where does your organization stand today, and what does it take to get there?



2.0

The Updated Legal Department Maturity Model






The Traditional Legal Maturity Model

For years, legal leaders and consultants have used some variation of a simple framework to describe the evolution of in-house legal teams:

Reactive → Proactive → Strategic

Most general counsel will recognize this model immediately. It appears in conference decks, consulting frameworks, and internal transformation plans. It provides a familiar shorthand for how legal functions are expected to evolve.

At a high level

-  **Reactive teams** respond to incoming requests and focus on risk mitigation
-  **Proactive teams** introduce process, planning, and operational structure
-  **Strategic teams** partner with the business and contribute to decision-making

The model reflects how many legal teams experience growth, or at least how they strive to.

However, it operates at a high level of abstraction. This model describes how the legal team behaves, and how others perceive it. It does not explain what enables that progression, or how to achieve it in a systematic way.

Where the Traditional Model Falls Short

The reactive → proactive → strategic model works as a high-level description. It does not work as a roadmap.

It tells general counsel where they want to go, but it doesn't tell them how to get there. It also ignores the underlying systems that make progress possible.

The model says nothing about how legal teams start to leverage and enhance their expertise, or how they embed it into the way they actually get work done. It doesn't account for operational infrastructure, or for AI as a structural force.

Instead, it implies that maturity comes from doing the same things better: improving processes, aligning more closely with the business, hiring the right people.

Those things matter, but they don't change the underlying operational model. That's why many legal teams stall. They invest in tools, refine workflows, and build stronger relationships with the business — and still struggle to move beyond incremental improvement.

It's not for a lack of effort or good intentions. What these teams need is better direction.

The traditional model describes ideal outcomes; it doesn't describe the system necessary to produce them.

A New Definition of Legal Maturity



General counsel need a benchmark that does more than just state the ideal — and abstract — goal of becoming strategic.



This is that benchmark: a new definition of legal maturity based on how effectively the team captures, applies, and operationalizes institutional knowledge.

A legal department does not become strategic simply by choosing to act that way. It becomes strategic when it can apply its knowledge consistently, at scale, in the moments that matter.

That requires a different kind of foundation. We refer to this foundation as the **Knowledge Maturity Model**.

Knowledge maturity depends on four closely related factors:

- 
Knowledge capture
 Whether the team has documented and shared its institutional knowledge
- 
AI readiness
 Whether systems can use that knowledge to support or execute legal work

- 
Operational consistency
 Whether the team applies that knowledge in a repeatable way
- 
Business integration
 Whether the legal team's knowledge shapes how the business operates

Together, these four factors measure how well the legal function captures, structures, and applies its knowledge. As the legal team's knowledge foundation matures, everything else follows: consistency, scalability, and the ability to operate as a true business partner.

The Knowledge Maturity Model

The Knowledge Maturity Model illustrates how legal teams evolve based on how they manage and use institutional knowledge.

Rather than focusing on simple behaviors or perceived strategic value, it tracks a more fundamental progression: how legal knowledge moves from being fragmented and undocumented, to documented, to consistently applied, and ultimately to embedded in the systems that drive how work is executed.

Each level in the model reflects a distinct shift in how the legal function operates. As teams move up the model, knowledge becomes more accessible, more consistently applied, and more deeply integrated into both legal workflows and the broader business. This progression increases not only efficiency, but also the team's ability to scale its judgment, influence decisions, and operate as a true business partner.

The model on the following page outlines four stages of maturity, along with the key characteristics that define each.

Knowledge Maturity



Level 04

Operationalized

At the operationalized stage, institutional knowledge no longer just informs legal work; it drives it. The department has embedded its standards, decision frameworks, and operating logic into the systems and workflows that govern how work moves. Routing, approvals, triage, self-service, and routine decision support all reflect the team's underlying knowledge foundation, rather than depending on each individual lawyer to apply it manually every time. At this stage, AI and automation become genuinely useful, because they can operate within defined legal standards instead of acting as generic tools detached from the organization's actual risk posture and business context. Operational consistency becomes structural rather than aspirational. Just as importantly, the legal function starts to influence how the business operates beyond the boundaries of the legal team itself. Instead of handling matters only at the point of review or escalation, legal knowledge begins to shape upstream decisions, business processes, and cross-functional execution. This is the stage at which a legal department starts to function as a true knowledge-powered business partner.

Level 03

Applied

At the applied stage, the legal department begins to use its captured knowledge in a consistent, repeatable way. Not only do playbooks and templates exist, but the team actually follows them in practice. Similar issues get handled in similar ways. Negotiation positions become more predictable. Escalation paths become clearer. The department can explain not just what it's doing, but why it's doing it that way. This creates greater efficiency, more reliable decision-making, and a stronger foundation for collaboration across the team. Still, consistency at this stage depends largely on human discipline. Lawyers, legal operations professionals, and other team members have to remember to apply the standards, follow the workflows, and enforce the process. Knowledge shapes behavior, but people still do most of the work required to keep the system running. That makes a legal team at this level much stronger than one stuck at the ad hoc or captured level, but it can still break down under volume, complexity, or organizational change.

Level 02

Captured

At the captured stage, the legal department has started to document what it knows. Templates, policies, clause libraries, negotiation guidance, playbooks, and approval rules may exist in some form, and the team has usually created at least a basic repository for storing them. This is an important step forward, because institutional knowledge no longer lives only in individual employees' memories. However, documentation alone does not change how the department operates. In many teams at this stage, the materials exist, but lawyers don't use them consistently — to say nothing of business stakeholders. Some rely on them regularly; others continue to work from habit, personal precedent, or whatever document they used last. Knowledge is available, but it has not yet become the default basis for decision-making. As a result, the department gains some efficiency, but inconsistency persists; the rest of the business still interacts with "Legal" largely as a function that reacts to requests, rather than one that guides its own work, let alone the work of other business teams.

Level 01

Ad Hoc

At the ad hoc stage, the legal department depends primarily on individual people rather than shared systems. Knowledge lives in lawyers' heads, old email threads, scattered files on shared drives and hard drives, and sometimes even in paper records stored in filing cabinets where no one can easily access them. When a new issue comes in, the team often starts by figuring out who handled something similar before, then searching for prior work product or relying on memory. Similar questions may receive different answers depending on who handles them, what context they happen to recall, and how much time they have to reconstruct the relevant background. In this environment, the team can still do strong legal work, especially if it has experienced lawyers, but that work does not scale well. The department remains highly reactive, vulnerable to employee turnover, and limited in its ability to operate consistently across matters or business functions.

What Progression Actually Looks Like

Gaining Maturity

Moving from one level of maturity to the next does not come from simply adding more tools to the tech stack, or resolving to be proactive. Progress comes from changing how the organization handles and leverages legal knowledge.

At each step, the team makes its knowledge more explicit, applies it more consistently, and embeds it more deeply into legal work processes. What begins as individual judgment becomes shared understanding. What starts as documentation becomes standard practice. What relies on human effort alone becomes reinforced by systems.

Each level reduces dependence on individual memory and increases reliance on institutional systems. That shift enables scale.

At the lower levels, lawyers spend significant time reconstructing context: searching for prior work, asking colleagues how something was handled before, or making judgment calls without full visibility into past decisions. As maturity increases, that effort decreases. The team can rely on established standards, shared frameworks, and eventually systems that guide how work is routed, executed, and reviewed.

The most meaningful progress happens when knowledge starts to shape behavior by default, first through shared standards, and eventually through the systems that govern how work flows.

Where Most Teams Stall

Most legal teams reach the captured stage and stop there. They invest time in creating templates, documenting policies, and building playbooks. They implement repositories to store that information. This requires significant effort and often appears to represent meaningful progress.

The transition from captured to applied, however, requires a different kind of change. It requires the team to use that knowledge consistently, not just make it available. That means aligning on standards, reinforcing them in day-to-day work, and ensuring that similar issues receive similar treatment across the team.

This is where many teams struggle. In stalled legal departments, knowledge exists, but it doesn't drive behavior. Lawyers continue to rely on personal judgment or past habits. Processes vary by individual or situation. Systems, if they exist, do not enforce consistency or guide decisions in a meaningful way.

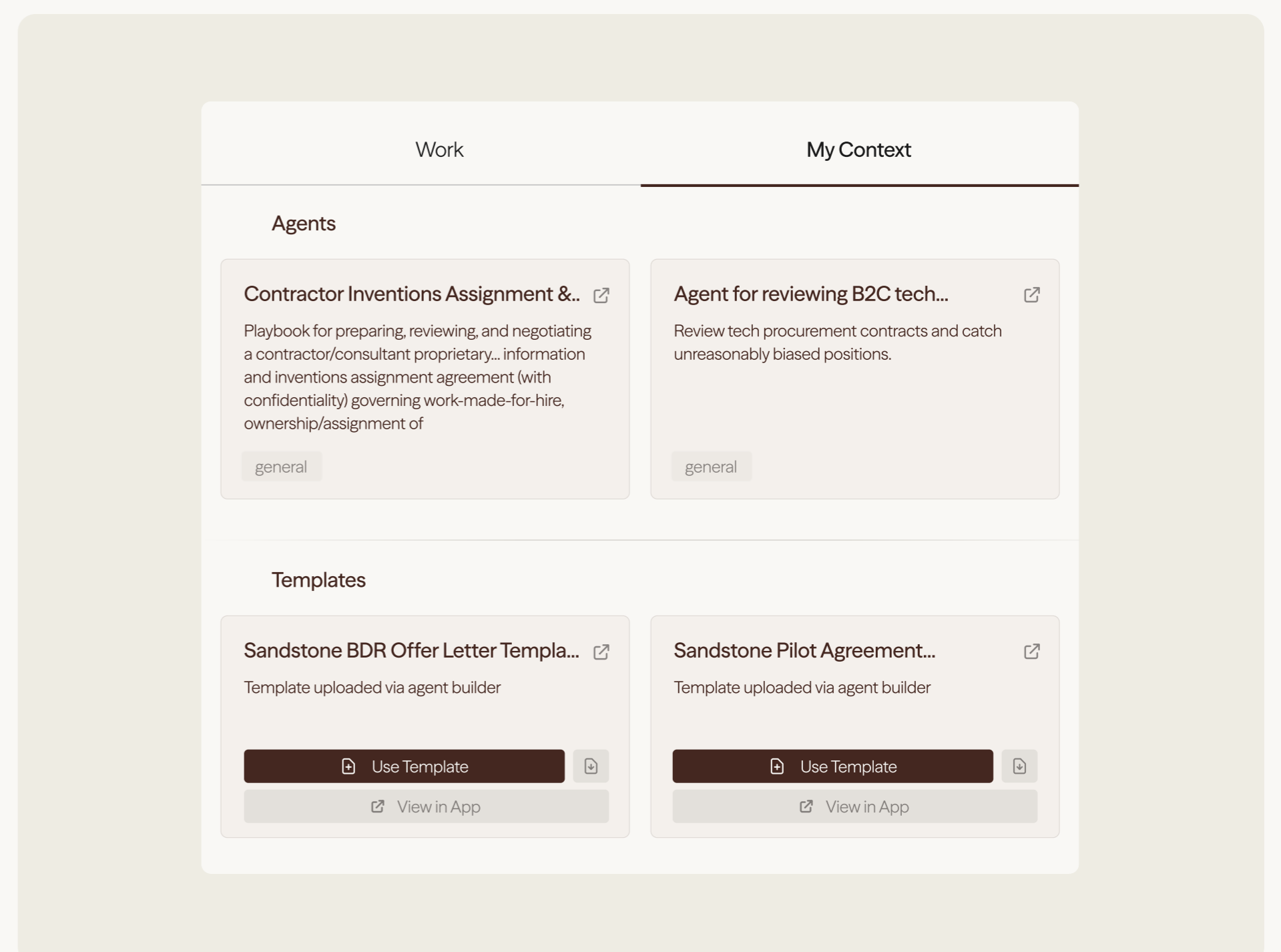
Without that consistency, AI can't operate effectively. It lacks a stable foundation to work from, which limits its value to isolated tasks rather than enabling broader transformation.

As a result, teams remain stuck between documentation and true operational change. They may be more organized than they were before, but they're not fundamentally different in how they work.

Breaking through that barrier requires shifting from knowledge as reference material to knowledge as the basis for how work actually gets done.

Sandstone Method

Sandstone automatically suggests updates to your knowledge banks, playbooks, and templates based on what's happening across your organization in real time.



Self-Assessment:

Where Do You Stand?

Most legal teams don't need a formal assessment to understand where they fall on this model. A few simple questions can usually surface the answer.

Key Questions

- How does work typically enter the team?
- How often are similar issues handled differently by different lawyers or across separate matters?
- Where does the team's knowledge actually live: in people, documents, or shared systems?
- Can the team clearly explain its own decision logic for common scenarios?
- Can AI or automation operate meaningfully within current workflows, or only at the margins?

The answers to these questions tend to cluster. Teams at lower levels rely heavily on individual judgment and informal processes. Teams at higher levels operate with shared standards that shape how the organization works, first through people, and eventually through systems.

Simple Indicators

A few signals can help pinpoint where the team stands:

Most teams will recognize themselves somewhere between these points.

Documented standards and templates

Captured
Level 2

Consistent application across the team

Applied
Level 3

Knowledge embedded into shared workflows and systems

Operationalized
Level 4

What's Next? Leveraging AI Effectively

As your team moves from captured to applied to operationalized knowledge, you create the conditions for something else: meaningful AI adoption.

This is where many teams get the sequence wrong. AI is often treated as the starting point: something that can be layered onto existing workflows to drive immediate efficiency. In practice, though, its impact depends entirely on the maturity of the underlying knowledge foundation.

Without structured, consistently applied knowledge, AI can only operate at the margins. It can assist with isolated tasks, but it can't reliably reflect the organization's standards, judgment, or risk posture.

With that foundation in place, however, the picture changes. AI becomes far more than an isolated productivity tool. It becomes a way to apply institutional legal knowledge at scale, extending the reach of legal judgment across more types of work, more consistently, and in more places than the legal team could manage on its own.

Most legal technology, including many AI tools, assumes that this knowledge foundation already exists. Very few are designed to help build it.

AI Adoption And The Shift To Verticalized Legal AI



The Knowledge Maturity Model defines how legal teams evolve based on how they capture and use institutional knowledge. The next question is what that evolution actually enables in practice.

What changes in day-to-day work when a legal team effectively captures, applies, and operationalizes its knowledge? What becomes possible that wasn't before? And where does AI fit into that shift?

Over the past several years, AI has dominated conversations about the future of law. Most general counsel have experimented with it in some form, whether through general-purpose tools, document review platforms, or AI-assisted drafting. These tools can provide real value. They can accelerate discrete tasks, reduce manual effort, and improve access to information.

In most organizations, however, their impact has remained limited. The reason is not the technology itself; it's the context in which it operates.

AI does not change the underlying model of legal work on its own. It amplifies whatever system it sits on top of. When that system is fragmented — when knowledge is inconsistent, scattered, or undocumented — AI produces similarly inconsistent results. It can assist with individual tasks, but it can't reliably reflect the organization's standards, judgment, or risk tolerance.

When that system is structured around institutional knowledge, on the other hand, the equation changes.

AI becomes a form of leverage. It enables legal teams to apply their knowledge more efficiently, more consistently, and across a broader set of activities than would be possible through manual effort alone. It extends the reach of legal judgment without requiring a proportional increase in headcount.

This distinction becomes clearer when looking at two different approaches to AI.

Most teams today rely on horizontal AI: general-purpose tools that can assist with writing, summarization, or basic analysis across a wide range of use cases. These tools are flexible, but they are not grounded in the specific knowledge, policies, and decision frameworks of a given organization or industry. As a result, they require significant human oversight and do not fundamentally change how legal work operates.

By contrast, verticalized legal AI operates within a defined domain and is grounded in the organization's own knowledge. It reflects how the company evaluates risk, structures agreements, and makes decisions. Instead of just assisting with isolated tasks, it supports — or in some cases even executes — legal work within a consistent, system-driven framework.

This shift from horizontal to vertical AI is what makes a different operating model possible.

How Vertical AI Changes Legal Work

What Work Looks Like

When AI is applied within a structured, knowledge-driven legal function, it does not eliminate legal work. It changes the nature of that work.

The shift is most visible in how the team allocates time and attention.



Legal work moves from execution to orchestration.

Instead of manually handling each task from start to finish, lawyers and legal operations professionals increasingly define how work should be done: setting parameters, establishing rules, and overseeing systems that carry out routine steps. The focus shifts from doing the work to ensuring the work is done correctly and consistently.



Searching gives way to interpreting.

Lawyers spend less time digging through emails, shared drives, and past agreements or other relevant documents to reconstruct context. Instead, they spend more time evaluating information that has already been surfaced for them, identifying patterns, assessing risk, and determining the appropriate course of action.



Drafting becomes directing.

Rather than starting from a blank page or heavily modifying prior documents, lawyers guide systems that generate outputs such as contracts, briefs, and policy statements based on established standards. Their role centers on setting the right inputs, reviewing outputs, and intervening where judgment is required.

These shifts have a direct impact on capacity. As a result, there is less “we don’t have the bandwidth to do that,” because large projects that require a lot of data to make informed decisions are now feasible.

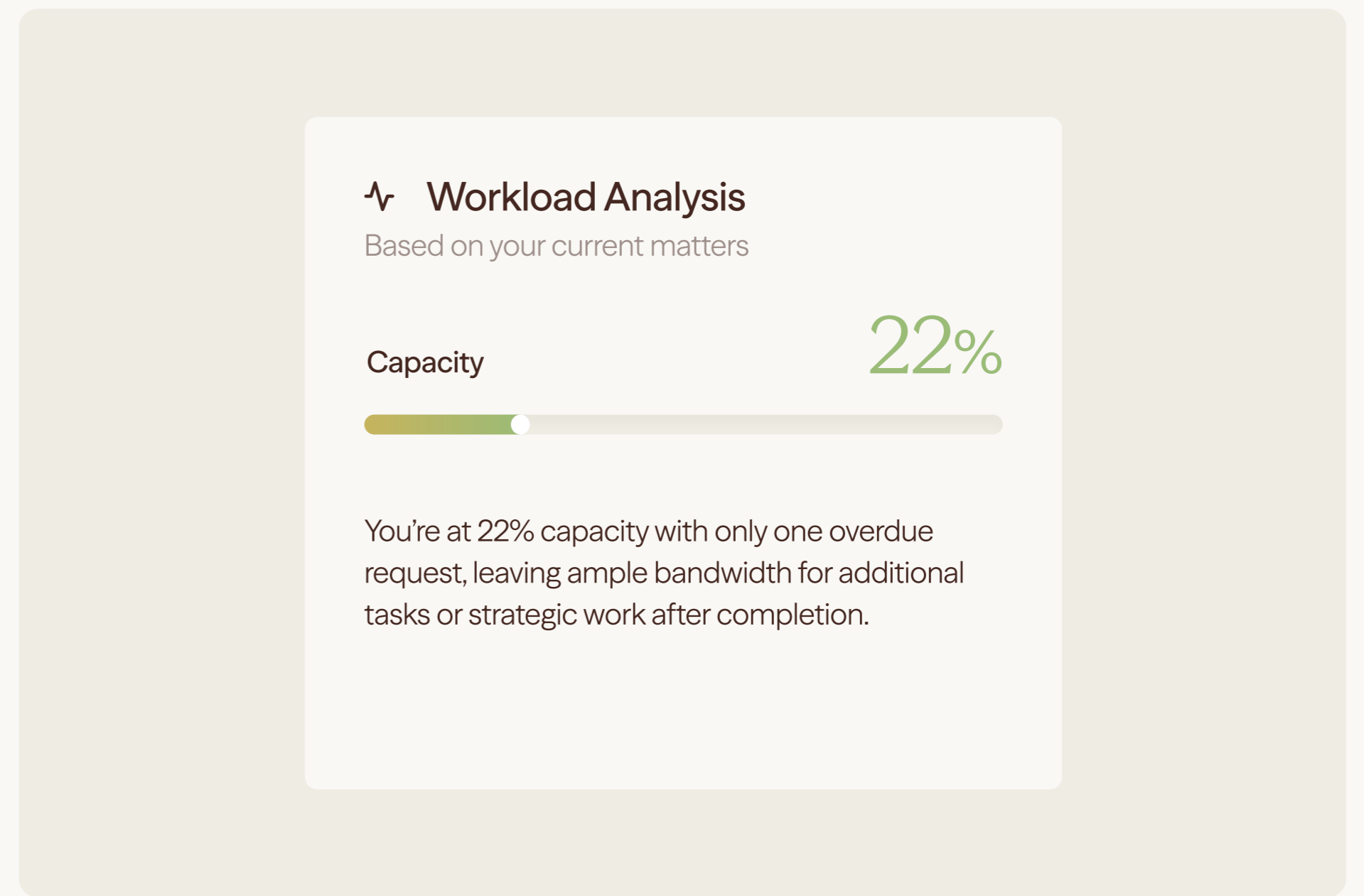
Work that would have previously required extensive manual effort — analyzing large contract portfolios, identifying litigation or regulatory compliance trends, assessing risk exposure at scale — becomes more accessible. Legal teams can engage more deeply with the business, not just at the point of execution, but in shaping decisions that depend on a broader view of data and risk.

This does not remove the need for legal judgment, as some have indicated. It changes where and how that judgment is applied.

Routine work becomes more structured and system-driven. Higher-value work, where context, nuance, and tradeoffs matter most, becomes the legal team’s primary focus.

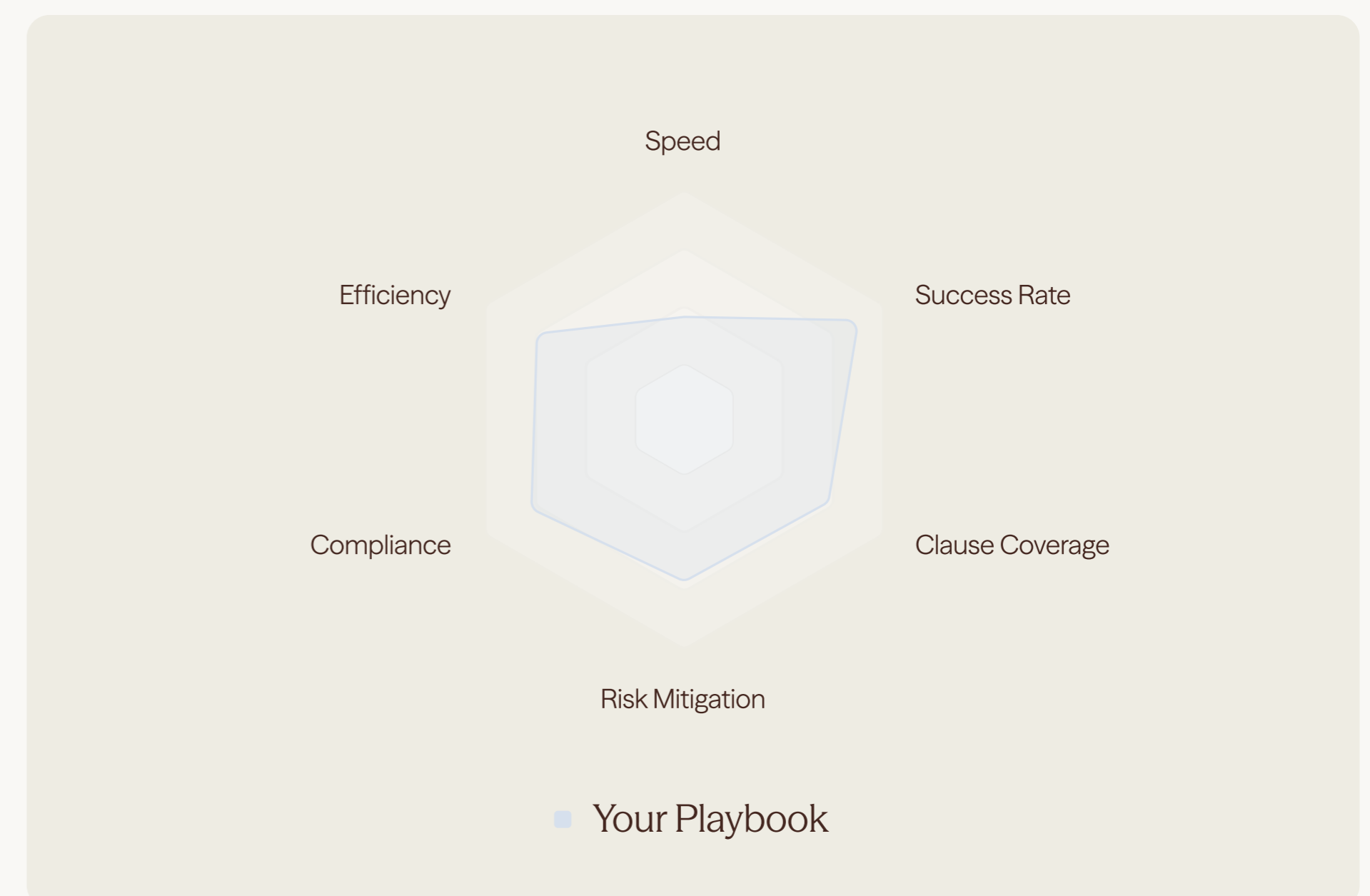
Sandstone Method

Active Requests by Team shows you exactly how many matters each business function has outstanding at any given time.



Sandstone Method

Benchmarks show you how your playbooks are performing against historical norms and peer templates.



What Skills Matter

As the nature of legal work changes, so do the capabilities that matter most.

Legal analysis remains foundational, but it is no longer sufficient on its own. Lawyers must be able to apply judgment within systems, understanding not just the right answer in a given situation, but how that answer should be reflected in standards, workflows, and decision frameworks that others (including AI systems) can follow. The skill is not just analyzing a problem, but translating that analysis into something repeatable.

Writing evolves in a similar way. Clear, precise drafting remains important, but more of the work centers on instruction and guidance. Legal professionals increasingly define how systems should generate outputs, what constraints they should operate within, and how to evaluate the results. The ability to give clear direction, whether to a person or a system, becomes as important as the ability to produce the final document.

Simultaneously, the work becomes more cross-functional. The legal team can no longer operate effectively as a siloed expert function that engages only at the point of review. To shape how other teams work upstream, legal professionals need a deeper understanding of how different parts of the business operate: their goals, constraints, and decision-making processes. This requires closer collaboration with teams across the organization, and the ability to translate legal considerations into business terms.

Finally, decision-making becomes more explicitly informed by data. Law has always relied on good judgment, but much of that judgment has historically been based on experience and intuition. As knowledge becomes explicitly structured and systems generate more consistent data about contracts, risks, and outcomes, legal teams have greater visibility into patterns and trends.

The skill shifts from relying solely on intuition to interpreting that data and understanding what it signals, where it is incomplete, and how it should influence decisions.

None of these shifts remove the need for strong legal judgment. On the contrary, they expand its scope.

Legal professionals still make the decisions that matter most. Increasingly, though, they do so in a context where systems handle more of the underlying work, and where their role is to guide, interpret, and refine how that work is completed at scale.

How Vertical AI Changes the Legal Operating Model

Increase in Verticalized Legal AI →

The Old Model

Individual, reactive, matter-based

- Intake via email and informal channels
- Lawyers handle matters end-to-end
- Knowledge lives in individual experience
- Work is reactive and request-driven
- Each matter is handled from scratch
- Outside counsel is used for overflow
- Success is measured by risk avoidance

The Current, Transitional Model

Tool-enabled, but fragmented

- CLM, ELM, and point solutions are in place
- Legal operations function has been introduced
- Some workflows and templates are standardized
- Partial automation of discrete tasks
- Systems and data remain disconnected
- Work still depends heavily on individual lawyers
- Reactive patterns persist in many areas

The Next-Generation Model

Knowledge-driven, system-enabled

- Institutional knowledge is captured and structured
- Decisions are standardized and repeatable
- Workflows and decision logic are embedded into systems
- AI executes routine work within defined frameworks
- Self-service is enabled for low-risk work
- Legal team is engaged earlier in business decisions
- Success is measured by business impact and risk insight

The Old Legal Operating Model

In the traditional model, legal work revolves around individual lawyers handling discrete matters from start to finish. Requests come in through email, meetings, or informal conversations, and the team responds as capacity allows. Each matter is treated as a unique exercise, even when the team has addressed similar issues many times before.

Knowledge in this environment remains largely undocumented and unstructured. Lawyers rely on their own experience, memory, and personal files to guide decisions. When new or unfamiliar issues arise, the team often reconstructs context from scratch, searching for prior work, asking colleagues for input, or defaulting to conservative positions in the absence of clear precedent.

This model can function effectively with a small team and manageable workload. As volume increases, however, its limitations become clear. Work becomes increasingly reactive, consistency varies across individuals, and scaling requires adding more people or relying more heavily on outside counsel.

Technology plays a minimal role beyond basic communication and document storage. There is no system enforcing consistency or capturing knowledge in a reusable way. As a result, the legal team often becomes a bottleneck, and success is measured primarily by the absence of negative outcomes: avoiding disputes, minimizing risk, and keeping the business out of trouble.

Sandstone Method

Workload Analysis helps you gauge your team's capacity so you can efficiently allocate resources.

Workload Analysis

Based on your current matters

Capacity

22%

You're at 22% capacity with only one overdue request, leaving ample bandwidth for additional tasks or strategic work after completion.

The Transitional Legal Operating Model

Most legal teams today operate in a transitional model.

They have invested in technology: CLM systems, ELM platforms, and a growing set of point solutions for document drafting, review, and collaboration. Legal operations has emerged as a function, bringing more structure to workflows and greater visibility into work and spend.

In this environment, some processes are standardized. Templates exist. Certain tasks are partially automated. Teams have made meaningful progress in organizing their work.

Nonetheless, the old operating model remains largely intact as the foundation.

Work still flows through individual lawyers, and much of the knowledge required to handle that work remains fragmented across systems, documents, and people. Documented data exists, but it's scattered. Systems capture pieces of the process, but they don't form a cohesive whole.

As a result, legal teams in this stage often experience a mix of improvement and friction. They're more efficient than before, but still constrained by inconsistency and manual coordination. Legal operations spends significant time trying to connect systems and enforce processes, while lawyers continue to rely heavily on personal judgment to navigate day-to-day work.

AI, when introduced in this context, tends to operate at the edges, assisting with document drafting, summarization, or review, but without a strong connection to the organization's underlying knowledge. Its impact remains incremental rather than transformative.

The Next-Generation Legal Operating Model

In the next-generation model, the foundation shifts from individual execution to institutional knowledge.

The legal team captures and structures its knowledge — standards, decision frameworks, and operating logic — in a way that can be consistently applied. That institutional knowledge becomes the basis for how the team routes, executes, and improves its work over time.

Workflows are no longer defined solely by who handles a matter. They're shaped by systems that reflect how the organization approaches risk, contracts, and decision-making. Routine work follows defined paths. Low-risk tasks are generally handled through self-service or automated processes. The system surfaces higher-risk, more complex issues to the legal team with the relevant context already in place.

This is where AI becomes fully effective.

Because it operates within a structured knowledge framework, AI can execute routine tasks, support decision-making, and extend the reach of the legal team's judgment. It no longer functions as a standalone tool, but as part of the operating system that governs how legal work happens.

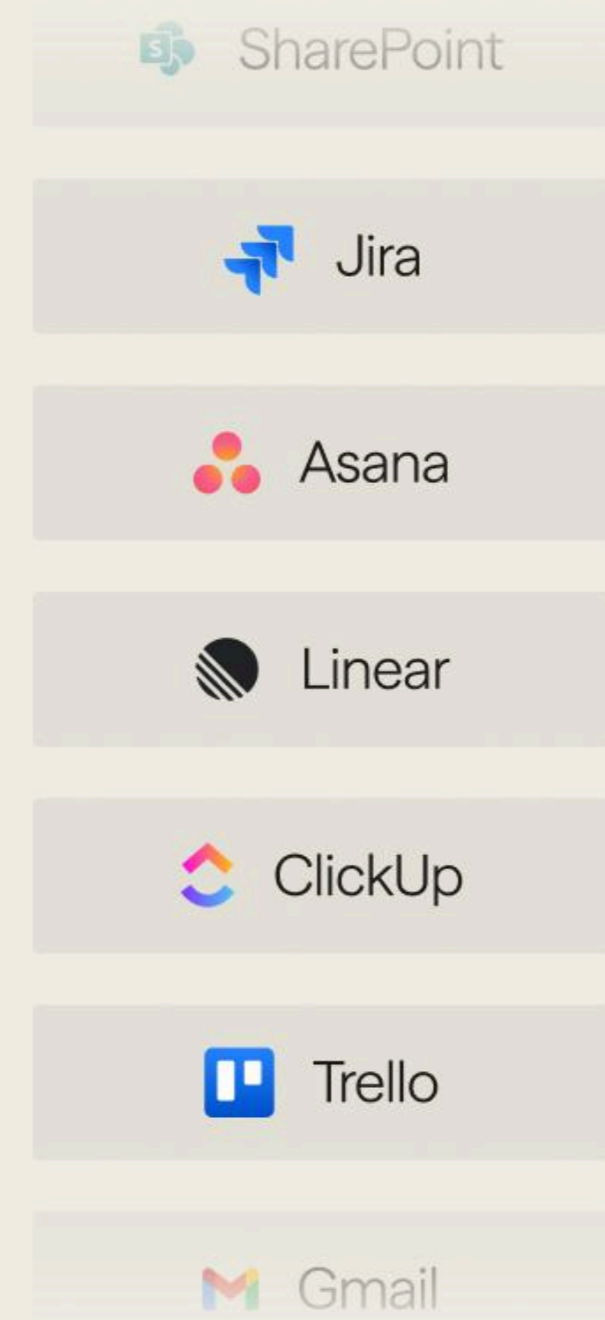
The role of the legal team changes accordingly. Lawyers spend less time on repetitive execution and more time on high-impact work, interpreting complex situations, advising the business, and refining the systems that drive legal operations.

Just as importantly, the legal team's expertise becomes more integrated into the business itself. Instead of engaging only at the point of review, legal knowledge informs upstream decisions, shapes processes, and generates data about risk and activity across the organization.

In this model, the legal function is no longer a bottleneck. It becomes a system for guiding the business: proactive, scalable, and deeply embedded in how the company operates.

Sandstone Method

Integrations with your customer relationship management (CRM), CLM, and storage systems give you unprecedented insight into your historical interactions with specific counterparties.



“Sandstone is thinking steps ahead of the market.”

“As an in-house legal department, our north star in adopting AI is to deliver services faster, more cost-effectively, and at a higher quality. But today, a good chunk of every lawyer’s capacity is drained by unstrategic tasks, synthesizing fragmented information, chasing approvals, and managing handoffs between systems. The team at Sandstone is thinking beyond the simple question-and-response of chatbots of many legal AI tools and is building the infrastructure to automate that operational friction. This allows our team to focus their expertise and human judgment on the transactions and matters of the highest strategic importance to the business.”

Enrique Colbert
General Counsel



The Legal Knowledge Layer



The Missing Layer

AI has the potential to change the nature of legal work, shifting effort away from manual execution and toward orchestration, judgment, and system design. The impact depends on the strength of the underlying operational foundation.

That raises a more fundamental question: what actually enables that shift?

The answer is the legal knowledge layer.

The next-generation legal operating model — one that is consistent, scalable, and capable of supporting meaningful AI adoption — depends on a clear, structured foundation of institutional knowledge. Without it, systems can't operate reliably, standards are applied inconsistently, and the legal team remains dependent on individual effort.

Most legal teams already have the raw material for this layer. They have contracts, policies, templates, emails, and years of accumulated experience across the team.


But that is not the same as having a knowledge system.

Legal knowledge today is typically fragmented, implicit, and difficult to access. It lives in individual lawyers' heads, in scattered documents, and across disconnected systems. Even when it's documented, it's rarely structured in a way that makes it usable at scale.

As a result, legal teams often find themselves repeatedly solving the same problems: reconstructing context, reinterpreting standards, and making decisions without a clear view of how the organization has handled similar issues in the past.

Legal teams don't lack raw data. They lack a way to capture, structure, and apply what they know.

The legal knowledge layer addresses that gap. It provides the foundation that allows knowledge to move from something individuals hold to something the organization can use consistently, systematically, and at scale.



Sandstone Method

Sandstone flags contract language that isn't addressed in your playbooks or templates for your review.

0 Ideal
1 Acceptable
1 Red Flags

Confidentiality Term (Survival)

The survival clause needs clarification on when the three-year period begins. The current wording 'for a further period' creates ambiguity about whether it runs from the end of the one-year agreement term or from actual termination. We propose clarifying that the three-year confidentiality obligation runs from the date of termination to align with industry standard practice.

Acceptable

View Suggested Pushback ▾

What Counts as Legal Knowledge

When legal teams talk about knowledge, they often mean documents.

Contracts, templates, playbooks, policies, and guidance materials form the visible layer of legal knowledge inside most organizations. These assets are important, and they're often the focus of knowledge management efforts. Nonetheless, they're only a partial view.

The most important legal knowledge doesn't live in documents. It lives in the decisions and judgment those documents reflect.

Every time a lawyer approves a clause, escalates a risk, pushes back in a negotiation, or interprets a policy, they are applying a set of underlying judgments. Over time, those judgments define how the organization approaches risk, structures agreements, and operates in practice.

That is the real knowledge of the legal function.

Legal knowledge includes:

- How the company evaluates different types of risk
- Which contract terms are negotiable and which aren't
- When to escalate an issue and when to resolve it at the working level
- How to interpret policies in real-world situations
- How to balance compliance with business objectives
- How different parts of the business operate and where legal input matters most
- How the company handles employee relations issues including discipline and termination
- How product and engineering teams evaluate compliance with external regulations
- Litigation strategy, such as whether to settle or defend a claim
- How the company customarily protects and enforces its IP

Much of this knowledge remains uncaptured in most organizations. It exists in the experience of individual lawyers, shaped by past decisions, internal discussions, and context that rarely makes its way into formal documentation.

This creates a fundamental divide between two types of knowledge:

Individual Knowledge

Individual knowledge lives in people. It is gained through experience, varies from person to person, and can be difficult to access or transfer. It enables strong judgment in the moment, but it doesn't scale.

Institutional Knowledge

Institutional knowledge, by contrast, is shared, explicit, and consistently applied. It reflects how the organization — not just any one lawyer — approaches decisions. When captured and structured effectively, it allows the legal function to operate with greater consistency, even as the team grows and changes.

Most legal teams operate somewhere in between.

They have documents that capture fragments of institutional knowledge, but the underlying decision logic remains distributed across individuals. As a result, different team members may handle the same issue differently depending on who is involved, how much context is available, and how much time there is to reconstruct prior decisions.

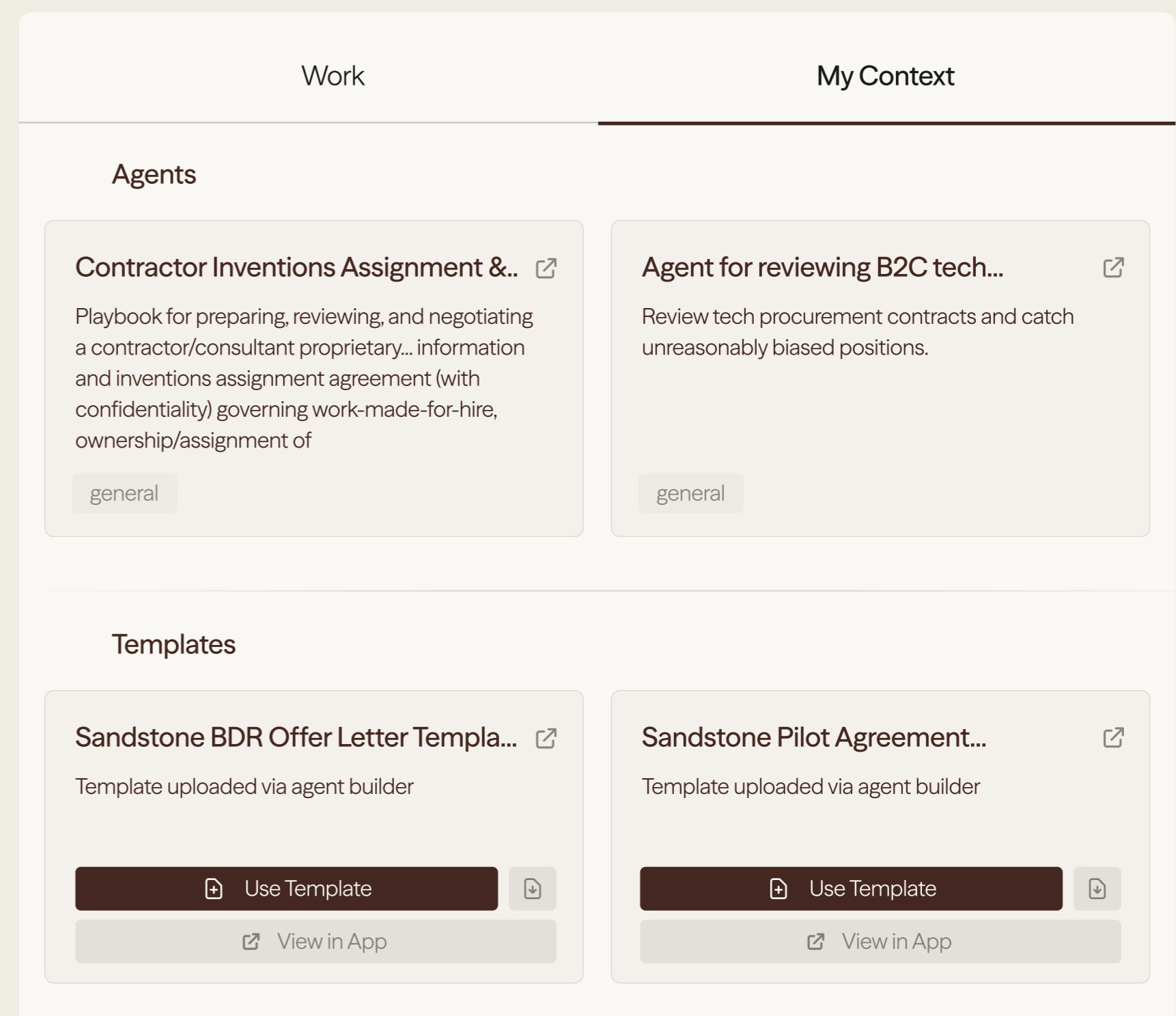
Moving to a next-generation model requires closing that gap.

It requires shifting the focus from documents to decisions — from simply storing information, to capturing how the organization actually thinks, evaluates risk, and makes tradeoffs.

That is what turns legal knowledge into an asset the organization can use.

Sandstone Method

In the contract view, the Business Context tab shows you what's going on with the agreement beyond what's documented in the contract, including who sent the request and information about the counterparty.



From Documents to Decisions

Legal teams don't need more documents. They need systems that capture and apply decisions.

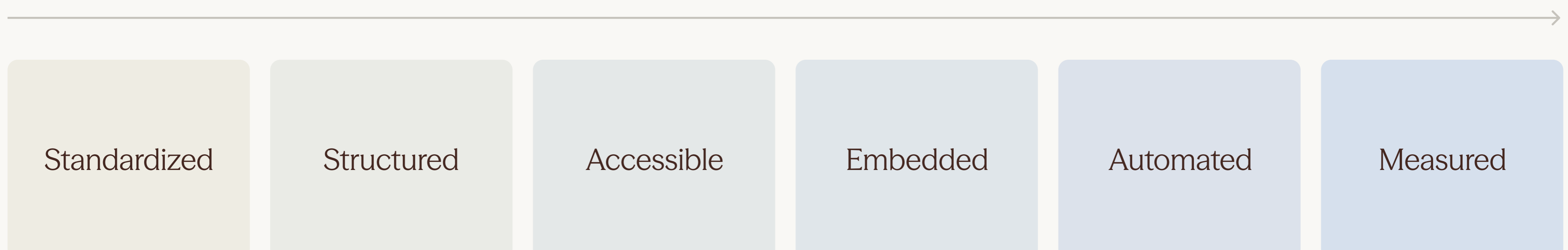
Most legal knowledge management efforts focus on creating and organizing content: templates, playbooks, policy documents, and guidance materials. These assets are useful, but on their own, they don't change how the legal function operates. Documents store information. They don't enforce behavior.

A playbook can define how to handle a negotiation, but it doesn't ensure that the team will follow its standards. A contract template can reflect preferred terms, but it doesn't guarantee consistency across agreements after several rounds of redlining. An HR policy may define how to handle employee onboarding and termination, but it doesn't ensure that those standards are applied consistently. In practice, lawyers and business stakeholders still interpret, adapt, or bypass these resources based on context, time constraints, or personal judgment.

As a result, legal knowledge remains unevenly applied in most organizations.

To become operational, legal knowledge has to move beyond static artifacts and into the systems that govern how teams actually work. This shift happens in stages.

Operational Shift



It begins with **standardization**. The team aligns on how to handle common issues by defining preferred terms, escalation paths, and decision frameworks. This creates a shared baseline for how the legal team approaches recurring work.

That knowledge then becomes **structured**. Instead of existing as unorganized documents, it's categorized, connected, and expressed in a way that reflects how the team actually makes decisions. The goal is not just to store information, but to represent the logic behind it.

Once structured, knowledge becomes **accessible**. It's available at the point of need, whether through search, workflows, or system prompts, so that lawyers and business users can apply it without reconstructing context from scratch.

The next shift is **embedding**. Knowledge becomes part of the workflows and systems that drive execution. Routing, approvals, drafting, and review processes reflect the team's underlying standards and decision logic, reducing reliance on manual enforcement.

At that point, **automation** becomes possible. Systems, increasingly including AI, can execute routine work within defined parameters, applying institutional knowledge consistently across large volumes of activity.

Finally, legal knowledge becomes **measurable**. Because it's structured and embedded in systems, the legal team can generate data about how decisions are made, where risks emerge, and how work flows across the organization. That data, in turn, feeds back into the system, allowing the team to refine and improve its approach over time.

This progression, from standardized to structured to embedded, turns legal knowledge into something fundamentally different. It becomes operational.

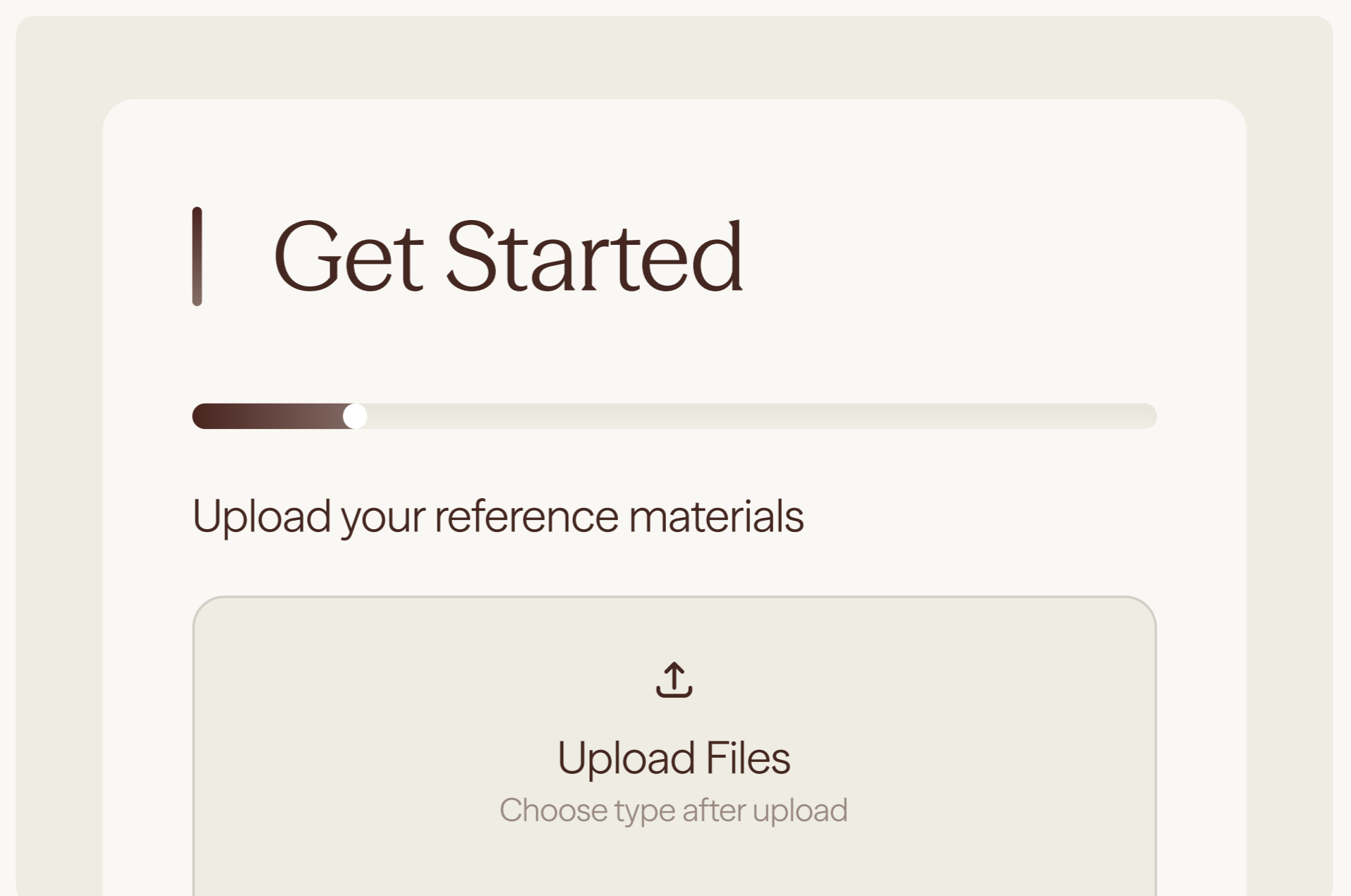
Instead of guiding work indirectly through documents, it drives work directly through systems. Instead of relying on individuals to apply judgment case by case, it enables the organization to apply that judgment consistently, at scale.

That shift is what makes the next-generation legal operational model possible.



Sandstone Method

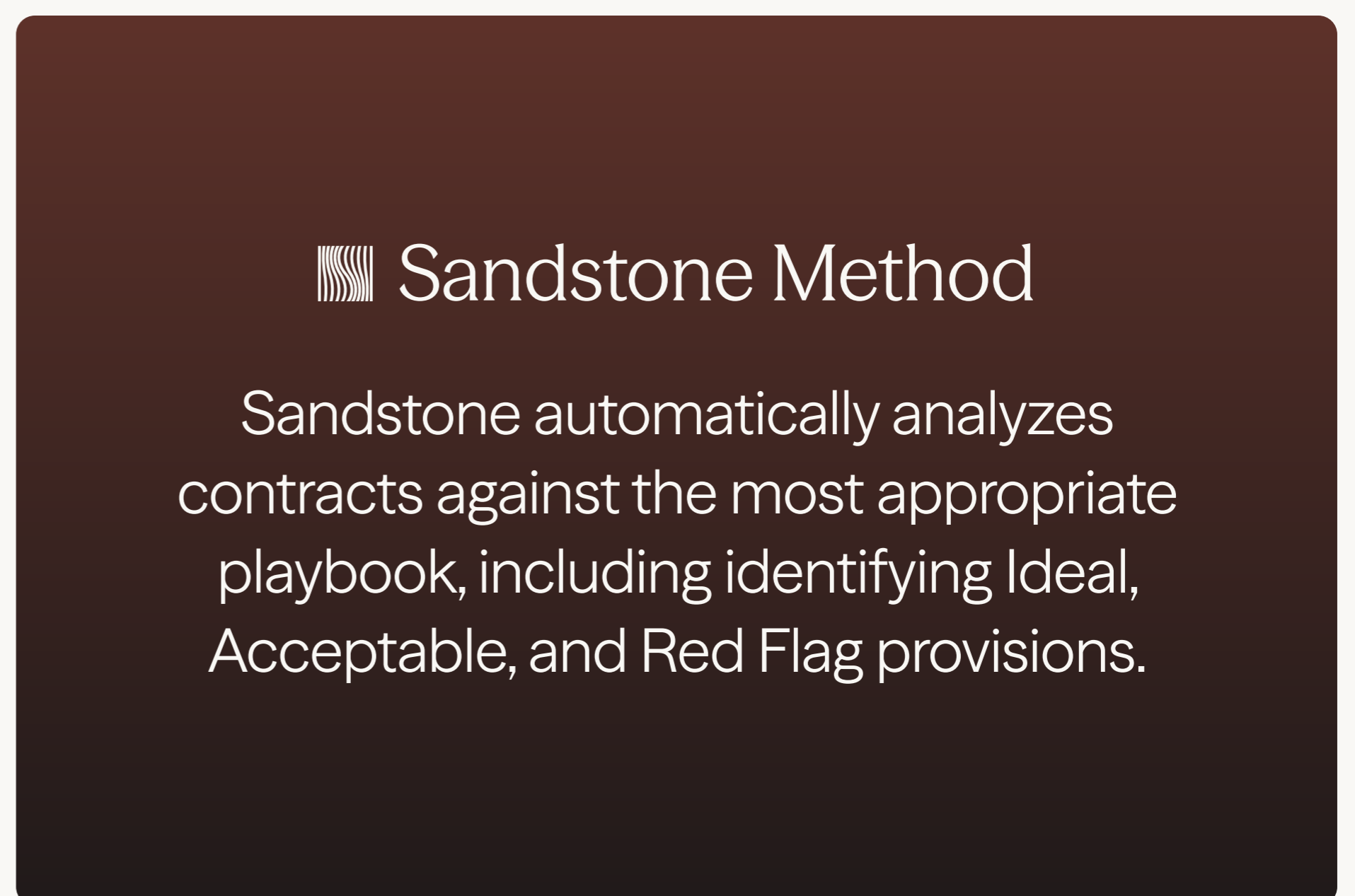
Instantly build playbooks based on existing policies, contract templates, and executed agreements.



Get Started

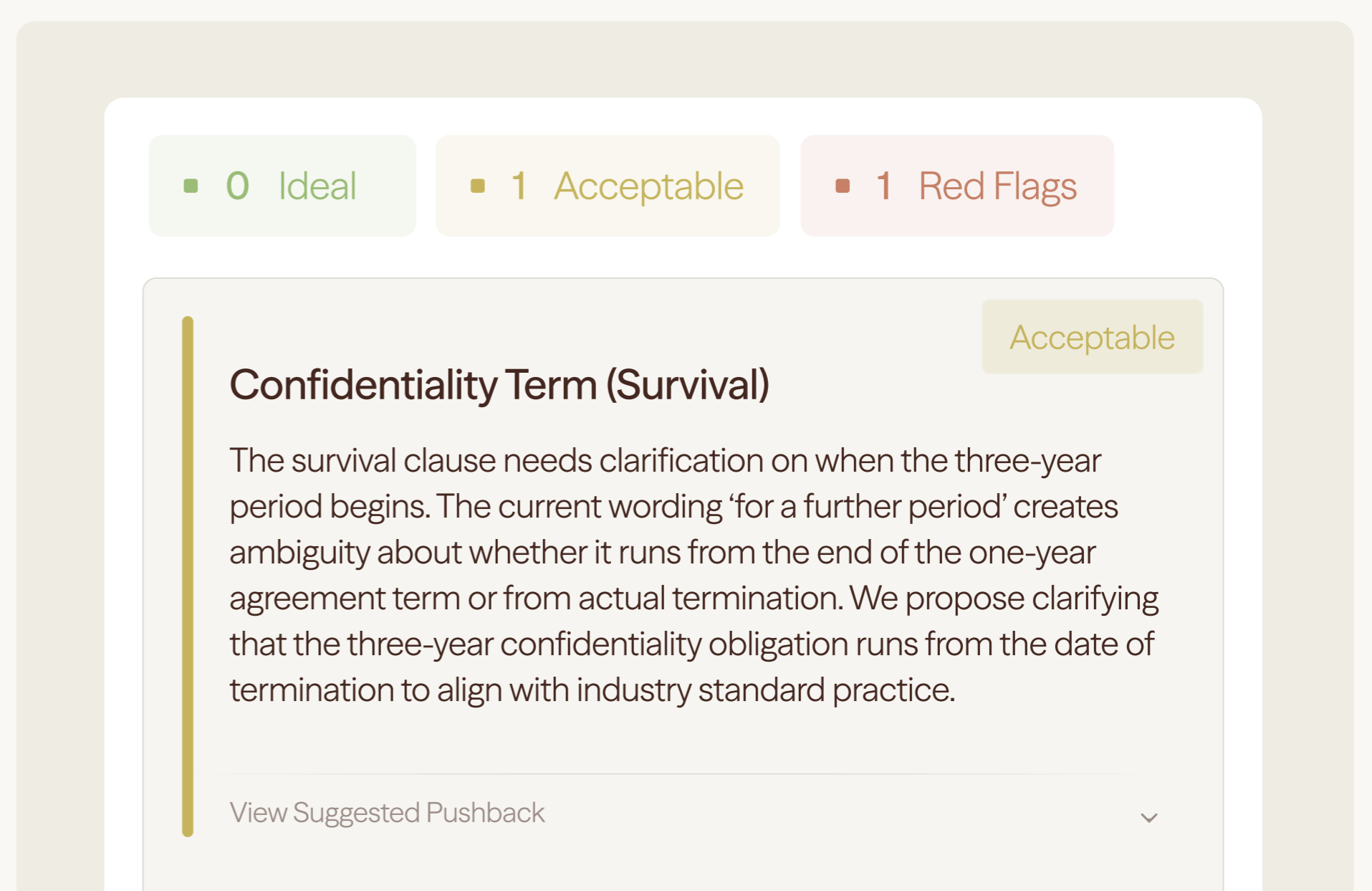
Upload your reference materials

Upload Files
Choose type after upload



Sandstone Method

Sandstone automatically analyzes contracts against the most appropriate playbook, including identifying Ideal, Acceptable, and Red Flag provisions.



0 Ideal 1 Acceptable 1 Red Flags

Confidentiality Term (Survival) Acceptable

The survival clause needs clarification on when the three-year period begins. The current wording 'for a further period' creates ambiguity about whether it runs from the end of the one-year agreement term or from actual termination. We propose clarifying that the three-year confidentiality obligation runs from the date of termination to align with industry standard practice.

View Suggested Pushback

The Legal Team as Knowledge Organization

As the knowledge layer matures, the role of the legal team changes.

Traditionally, the legal function has operated as a service provider, advising on issues, reviewing documents, and responding to requests as they arise. The team applies its expertise matter by matter, with each lawyer responsible for interpreting context and making decisions in the moment.

That role won't disappear completely, but it's no longer sufficient on its own.

In the next-generation operating model, the legal team takes on a new role: producing and operating the systems that capture and apply institutional legal knowledge.

This includes defining the standards that guide decisions, structuring the logic behind those standards, and ensuring that they're reflected in how teams work across the organization. It also includes maintaining and refining those systems over time, as the business evolves and new information becomes available.

The focus shifts from handling individual matters to shaping the execution of entire categories of work. Far from reducing the importance of legal judgment, this shift actually increases its leverage.

Instead of applying judgment one matter at a time, the legal team embeds that judgment into the systems and processes that govern how work flows. That allows the organization to operate more consistently, reduces the need for repeated interpretation, and enables the legal function to influence decisions at a broader scale.

In this model, the legal team still advises and reviews. But it also defines, structures, and operationalizes the knowledge that drives how the business manages risk and makes decisions.

That is what it means to operate as a knowledge organization.



“Sandstone embeds directly into our existing workflow.”

“Because it sits across Salesforce, Ironclad, Slack, and email, I can use it to track work across the team.

Sandstone didn't just automate our work; it gave our past data a voice in our future negotiations. We no longer look back to see what we did — we know what we should do, right when it matters most.”

Katelyn Canning
Head of Legal

 **Ocrolus**

Building For The Next Generation: Team Design And Hiring



The Talent Shift

A knowledge-driven, AI-enabled operating model requires a different kind of legal team to sustain it.

This shift is not simply a matter of adding headcount or layering new responsibilities onto existing roles. It reflects a more fundamental change in how the legal team operates and what it prioritizes.

In traditional legal operating models, most of the team's capacity goes toward executing work: reviewing documents, answering questions, and managing matters as they arise. In the next-generation model, a growing share of that capacity shifts toward designing, maintaining, and improving the systems that govern work.

The next-generation legal team doesn't necessarily use a higher number of tech tools, and it doesn't scale up just by adding headcount.

Leverage comes from its ability to capture knowledge, apply it consistently, and embed it into workflows and systems that extend the team's reach. As a result, the most important change is not in titles or reporting lines, but in how the team allocates its time and attention.

This change has direct implications for how general counsel think about building and evolving their teams. They need to focus on three key questions:

- What capabilities the team must develop to support this operating model
- How to approach hiring in a way that reinforces those capabilities
- How existing roles evolve as work becomes more knowledge-driven and system-enabled

Team Structure and Hiring Strategy

The Core Legal Capability Model

The next-generation legal team doesn't necessarily require a fundamentally different organizational chart. It does, however, require a different set of capabilities, applied consistently across the team.

Legal Expertise

The Knowledge Foundation

Legal expertise remains the foundation of the function.

General counsel, in-house lawyers, and practice area leads continue to carry responsibility for legal judgment, risk evaluation, and domain-specific knowledge. They interpret complex situations, make decisions in areas where standardization isn't possible, and define how the organization approaches risk across different contexts.

What changes is the focus of their time.

As more routine work becomes structured and system-driven, practicing lawyers spend less time on repetitive execution and more time on higher-impact work, handling complex issues, advising on strategic decisions, and refining the standards that guide day-to-day operations across the organization.

Their role shifts from applying judgment one matter at a time to shaping how that judgment is applied more broadly.

Operational Backbone

An Expanded Role for Legal Operations

Legal operations becomes a central driver of how the legal team functions.

Rather than just supporting work at the margins, the legal operations function designs and maintains the systems that govern how work flows through the organization. This includes defining workflows, implementing and integrating systems, and ensuring that processes operate consistently at scale.

This role extends beyond process management. It includes:

- Designing and optimizing workflows to handle recurring work
- Implementing and integrating systems that support those workflows
- Driving consistency across matters, teams, and business units
- Leading change management to ensure adoption across the legal team and the broader organization

In this model, legal operations does not just add marginal efficiency gains. It enables the operating model itself.

Knowledge and System Ownership

Embedded Capability Across the Organization

The ability to capture, structure, and apply institutional knowledge becomes a core capability of the legal team.

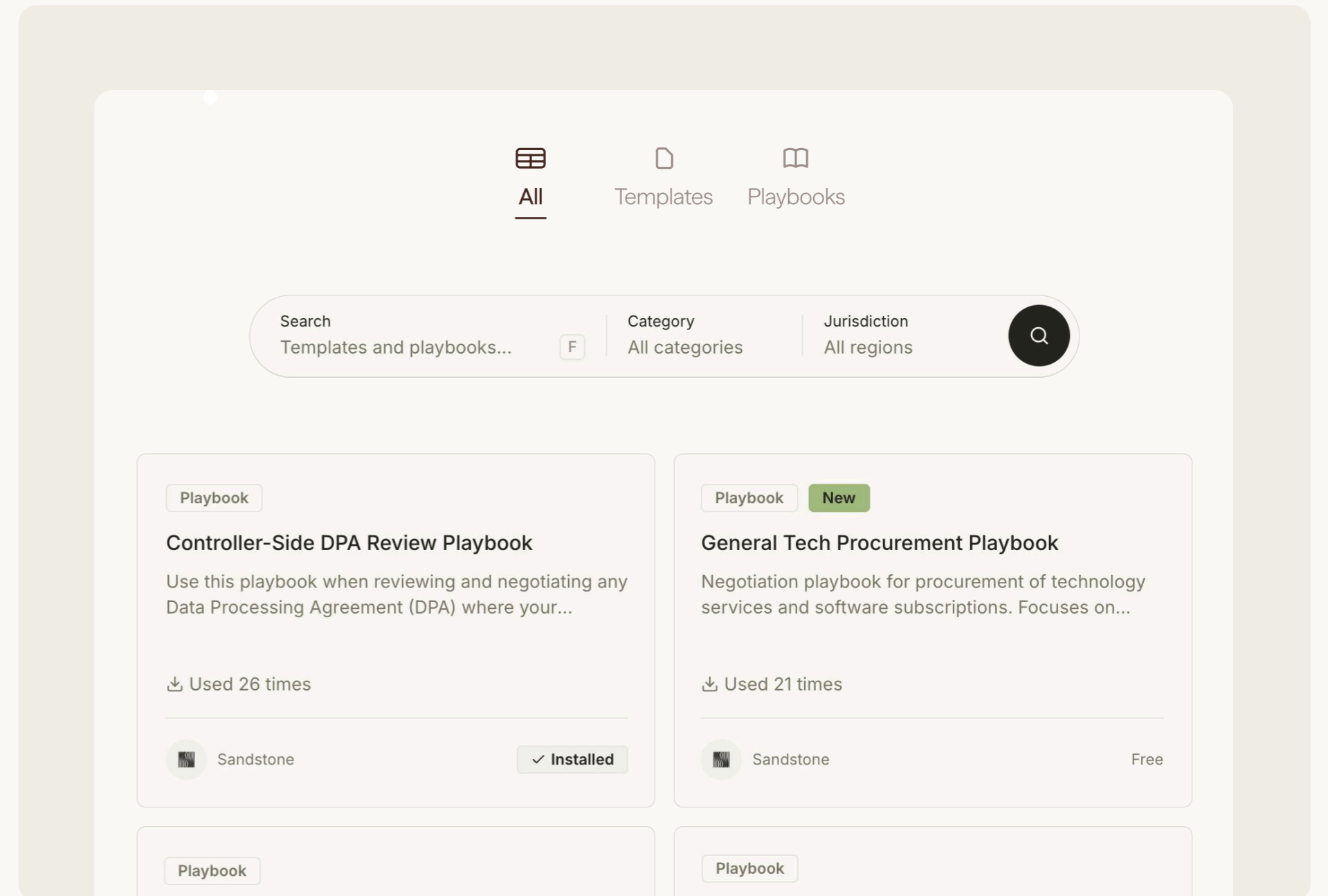
This responsibility does not sit in isolation. It's typically anchored within legal operations, but it requires active participation from lawyers and practice leads, who define the standards, decision frameworks, and risk thresholds that shape how the organization operates.

The focus is on turning individual knowledge into institutional capability. This includes:

- Capturing the decisions, standards, and policies that guide legal work
- Structuring that knowledge so it reflects how decisions are actually made
- Ensuring that it's embedded into workflows and systems
- Maintaining and refining it over time as the business evolves

When this capability functions effectively, knowledge no longer sits in documents or depends on individual experience. It becomes part of how the organization executes work and makes decisions.

Together, these three capability areas define how the next-generation legal team operates. They don't replace existing roles, but they do change how those roles contribute to the overall system, shifting the focus from individual execution to coordinated, knowledge-driven performance at scale.




Hiring Implications

These shifts have direct implications for how general counsel approach hiring. The goal is to build a team that operates effectively within a knowledge-driven, system-enabled environment.

That starts with how the team defines and evaluates capability. Legal expertise remains essential, but it's no longer sufficient on its own. The team must also be able to translate that expertise into systems that operate consistently across the organization.

This requires a different set of strengths.

**The ability to translate legal judgment into repeatable standards and frameworks.**


Lawyers and legal operations professionals need to move beyond resolving individual issues and toward defining how similar issues should be handled in the future. That means capturing decision logic in a way that others can apply.

**Strong cross-functional collaboration.**

The legal team's role expands beyond reviewing work at the point of completion. It requires ongoing engagement with business teams to understand how they make decisions, where risks arise, and how to embed legal guidance earlier in the process.

**Adaptability**

As work shifts from manual execution to system-driven models, roles will continue to evolve. The team must be able to adjust how it operates, take on new types of work, and contribute to an environment where change is continuous rather than episodic.

**Comfort working with systems, workflows, and structured processes.**

As more work becomes system-driven, the team must be able to operate within defined workflows, contribute to their design, and understand how systems shape outcomes.

**The ability to interpret and use data in decision-making.**

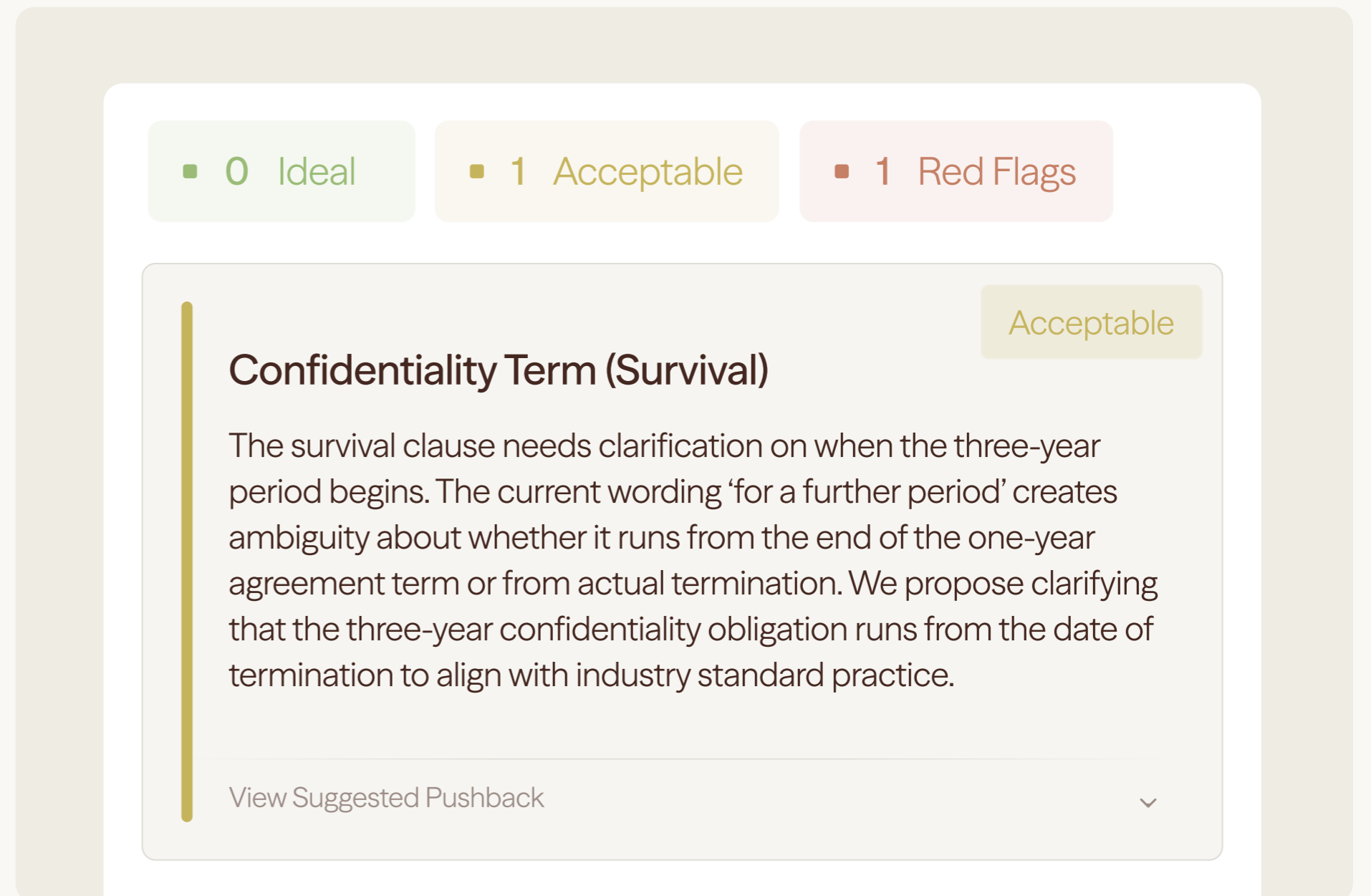
As knowledge becomes structured and systems generate more consistent data, the team must be able to understand what that data represents, where it is useful, and how it should inform legal and business decisions.

These are not entirely new capabilities. Many legal professionals already demonstrate them in parts of their work.

The difference is that in the next-generation model, these traits become central to how the team operates, and therefore to how hiring decisions must be made.

Sandstone Method

The Legal Analysis tab gives you a comprehensive risk assessment for the contract under review.



0 Ideal 1 Acceptable 1 Red Flags

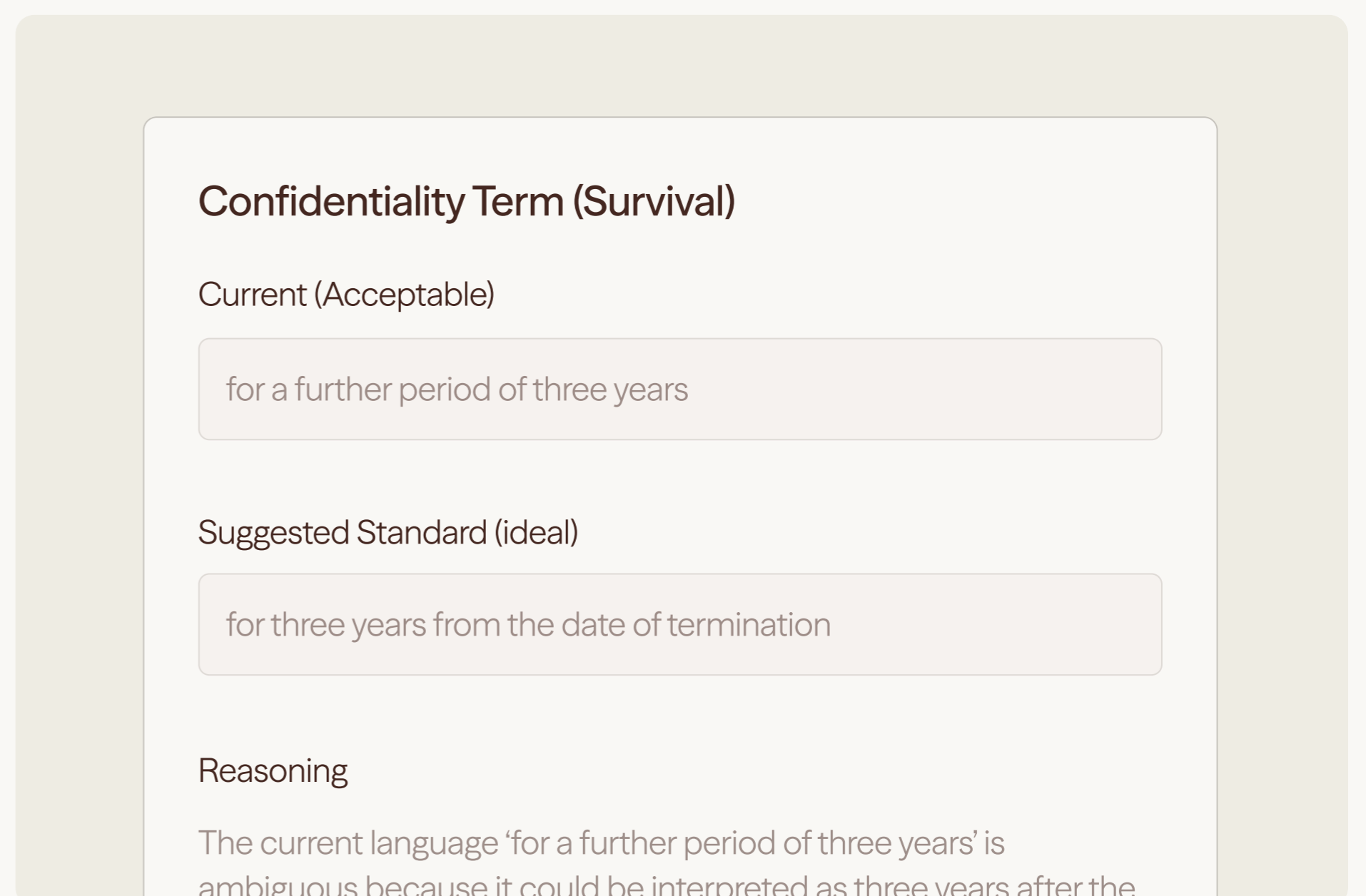
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[View Suggested Pushback](#)

Sandstone Method

Sandstone proposes actions based on your playbooks to get contracts in line with your organization's ideal positions.



Confidentiality Term (Survival)

Current (Acceptable)

for a further period of three years

Suggested Standard (ideal)

for three years from the date of termination

Reasoning

The current language 'for a further period of three years' is ambiguous because it could be interpreted as three years after the...

How Roles Evolve

As the operating model changes, the roles within the legal team evolve with it.

This is not a wholesale reinvention of the team. The same core functional roles remain in place: general counsel, in-house lawyers who report to the general counsel, practice leads, and legal operations managers. What changes is how each role contributes to the legal function as a whole.

General Counsel

Key Role

Sets the system boundaries

Shifts From

Matter-level reviewer and escalation point

To

System-level decision-maker and architect of legal strategy

Focus

- Defining risk frameworks and decision principles
- Setting boundaries for standardization versus escalation
- Guiding how institutional knowledge is structured and applied
- Ensuring alignment between legal systems and business priorities

In-House Lawyers

Key Role

Apply and stress-test the system

Shifts From

Handling matters end-to-end

To

Applying, interpreting, and refining system-driven workflows

Focus

- Managing exceptions and complex, high-risk work
- Applying standards in ambiguous or novel situations
- Contributing to the development of repeatable frameworks
- Identifying gaps and edge cases in existing systems

Practice Area Leads

Key Role

Define domain logic

Shifts From

Subject matter experts

To

Owners of domain-specific knowledge and decision frameworks

Focus

- Defining how recurring work is handled within their respective domains
- Establishing escalation paths and risk thresholds
- Maintaining consistency across teams and matters
- Evolving standards as regulations and business needs change

Legal Operations Leaders

Key Role

Build and run the system

Shifts From

Process and tooling support

To

Architect of the legal operating model

Focus

- Designing and maintaining workflows and systems
- Integrating tools into a cohesive operating environment
- Driving consistency and scalability across the function
- Leading change management and adoption across the team

Positioning the Legal Team for This Shift

Becoming a next-generation legal team enables a different way of operating, built on institutional knowledge, supported by systems, and designed to scale legal judgment across the organization.

When the right capabilities are in place, structure becomes a reflection of how the team works, not a constraint on it. That shift extends beyond the legal team.

As legal knowledge becomes operational and systems shape the execution of legal work, the legal function's role in the business begins to change as well, moving from a reactive service provider to a more integrated, forward-looking partner in decision-making.

That evolution starts with how general counsel define their role within the business, and how they position the legal function to guide, rather than just respond to, the decisions that matter most.

“Sandstone acts like an additional team member.”

“As a small legal team, managing requests across the entire business via various channels can be daunting and inefficient. Sandstone acts like an additional team member, handling the initial intake and routine redlining so I can focus on strategic decisions. By organizing our precedent, playbooks, and business context in a single platform, Sandstone gives me holistic visibility and ensures that projects are tracked and completed without wasting precious time.”

Adam Greenberg
General Counsel

CREXI 

The GC As Strategic Executive



Earning a Seat at the Strategic Table

For many general counsel, the aspiration to “earn a seat at the table” has been a longstanding goal.

In practice, that seat has often depended on timing and circumstance. The legal team is brought in when risk becomes visible: a deal reaches a critical stage, an employee hires a lawyer to represent them in a workplace dispute, or some other problem emerges that requires escalation.

That dynamic isn’t necessarily about respect, or a lack thereof. It’s largely a function of how the legal team operates: downstream of key decisions.

Traditionally, the legal function engages the rest of the business through individual matters. It responds to requests, interprets issues in context, and provides advice based on the information available at that moment. That model can produce strong legal outcomes, but it limits the function’s ability to shape decisions before they’re made.

The next-generation operating model changes that dynamic.

When the legal team captures and structures its institutional knowledge, and embeds it into the systems that guide work for different teams, it creates a new kind of capability. The legal department no longer participates only at the point of review. It influences how business leaders make decisions upstream, through the standards, frameworks, and workflows that shape behavior across the organization.

This shift changes the role of the general counsel. The GC moves from serving primarily as a reactive

advisor, to acting as a source of insight and guiding important decisions. Instead of responding to individual requests, the role expands to defining how the organization evaluates risk, structures transactions, and balances legal considerations with business objectives.

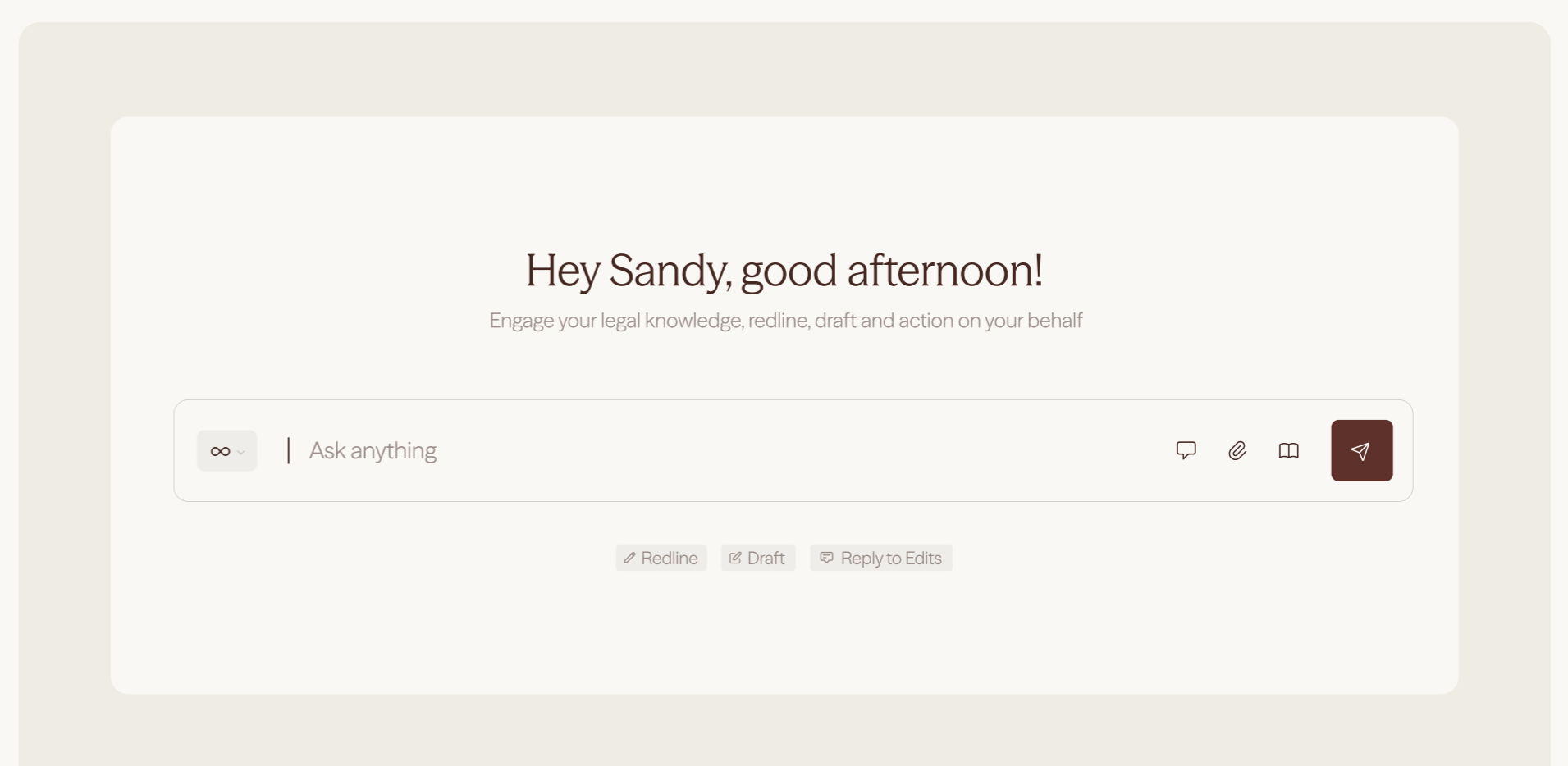
Proximity to leadership is important, but it’s only part of the picture. Exerting true influence depends on the ability to provide consistent, data-informed perspectives on how the business operates.

As knowledge becomes operational and systems generate more reliable data, the legal function gains visibility into patterns that were previously difficult to see: how contracts are negotiated, where risks accumulate, which customer data retention policies have required revision in response to evolving data privacy regulations. That visibility allows the general counsel to move beyond case-by-case advice and contribute to broader strategic discussions with a clearer view of the organization as a whole.

As a result, the “seat at the table” is no longer something the general counsel needs to ask for; it’s a natural outcome of how the legal function operates, and the value it provides to the business.

Sandstone Method

Use the chat function to get quick answers about your entire contract repository.



Building the Business Case

Getting a seat at the business table requires demonstrating the legal team's added value with a clear, credible business case.

It can be difficult to translate legal work into business value, especially when so much of the value lies in having prevented negative outcomes. It's difficult to quantify the impact of something that didn't happen.

Many general counsel instead report on the volume of work completed, using it as a proxy for value. However, that's not enough to build credibility and trust. Making a business case for the legal team entails focusing on outcomes that business leaders care about.

At its core, a knowledge-driven, system-enabled legal function delivers value across three dimensions that are key to the business: risk, revenue, and efficiency. Together, these factors enable the business to pursue opportunities that were previously out of reach. The combination of better risk management, accelerated revenue, operational efficiency, and additional opportunity capture creates a competitive advantage relative to organizations that haven't built a comparable knowledge foundation.

Risk

On the risk side, the impact is straightforward but often underappreciated. When an organization captures and applies legal knowledge consistently, it reduces variability in how it handles legal issues. Similar risks receive similar treatment. Escalation happens more predictably. Policies are enforced more uniformly. Over time, this consistency leads to fewer surprises and a more controlled risk

environment, not just at the point of review, but throughout the business's day to day operations.

Revenue

On the revenue side, the impact is less direct but just as important. Legal work no longer sits solely at the end of the process, with attorneys reviewing and approving decisions that have already been made. Instead, legal guidance becomes embedded earlier, shaping deal structures, product decisions, and how business teams operate. This proactive involvement in the business reduces friction in execution, shortens deal cycle times, and allows the business to move faster with greater confidence. In some cases, it also enables opportunities that would have been too complex or resource-intensive to pursue under a purely manual model of legal operations.

Efficiency

Efficiency gains are often the most visible, but they shouldn't be the primary focus. A more structured, system-driven approach reduces the amount of manual effort required to handle routine work. It enables the team to do more with the same resources and scale without a proportional increase in headcount or outside counsel spend. Efficiency alone, however, may not justify the investment it takes to transform the legal function's operating model. It's a supporting benefit, not the central argument.

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investment it takes to transform the legal function’s operating model. It’s a supporting benefit, not the central argument.

Opportunity Cost

Traditionally, the legal team’s capacity is constrained by the time and attention of its people. Work that requires significant data gathering, cross-functional coordination, or repeated analysis often gets deprioritized or deferred. The team focuses on what is presently most urgent, rather than what is potentially most valuable.

That constraint limits the role that the legal team can play in the business. When knowledge becomes operational and systems handle more of the underlying work, however, that constraint begins to loosen. The team can engage in broader, more proactive efforts: analyzing contract portfolios, reviewing product compliance history, identifying patterns in litigation exposure across separate jurisdictions, and supporting strategic initiatives that require a comprehensive view of legal and operational data.

At that point, leadership is less likely to keep asking how efficiently the legal team can respond to requests. The more important question becomes what the team can do that it could not do before.

This is where the competitive implications become clear.

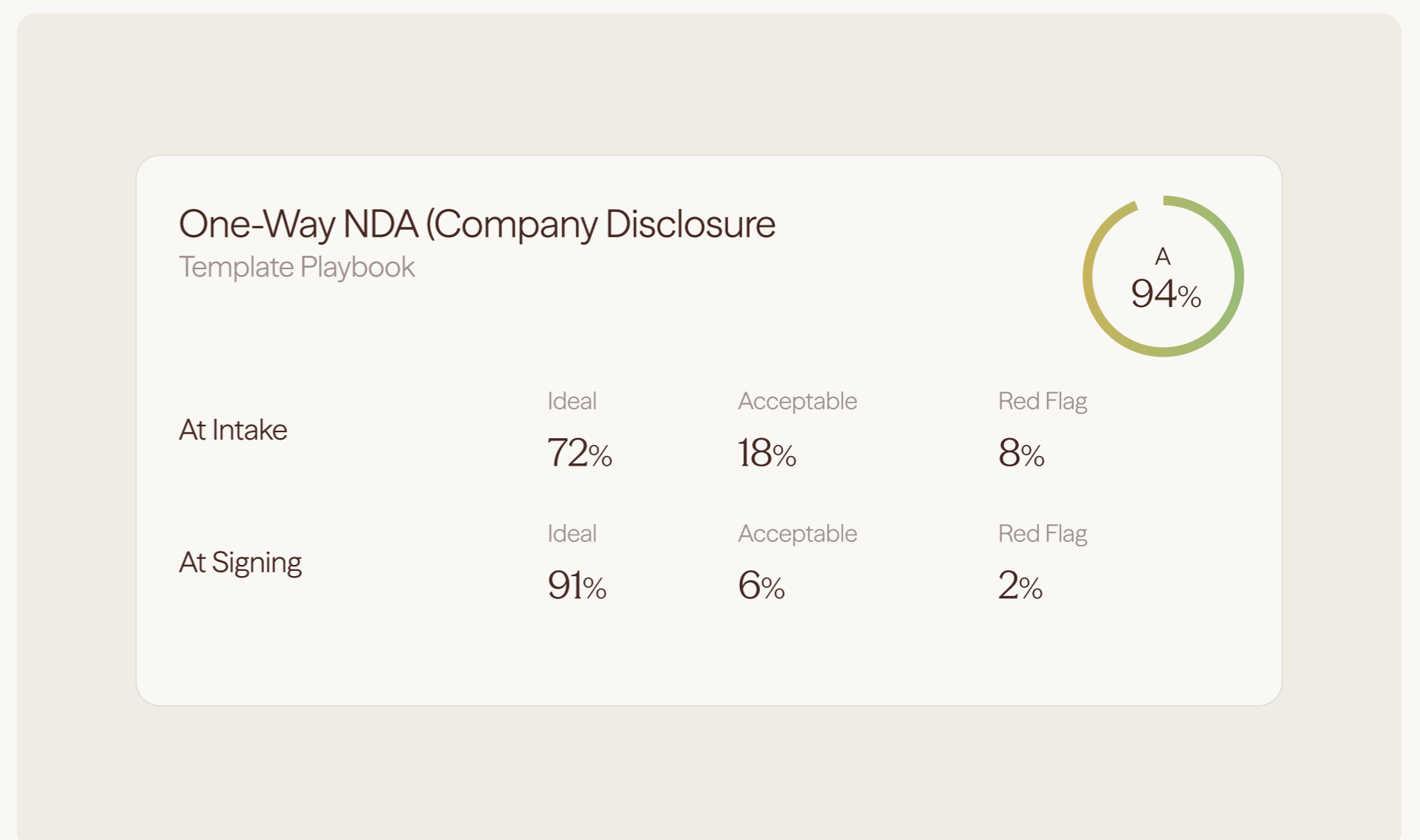
Businesses that operationalize legal knowledge and apply it through systems gain an advantage in how they manage risk, execute transactions, and support business growth. They move more consistently, make decisions with better information, and reduce the friction that often slows down execution.

Organizations that don’t make this shift continue to rely on manual processes and fragmented knowledge. Over time, that gap compounds.

Framed this way, the business case centers on enabling the legal team to operate as a more effective, scalable partner to the business, and the cost of failing to do so.

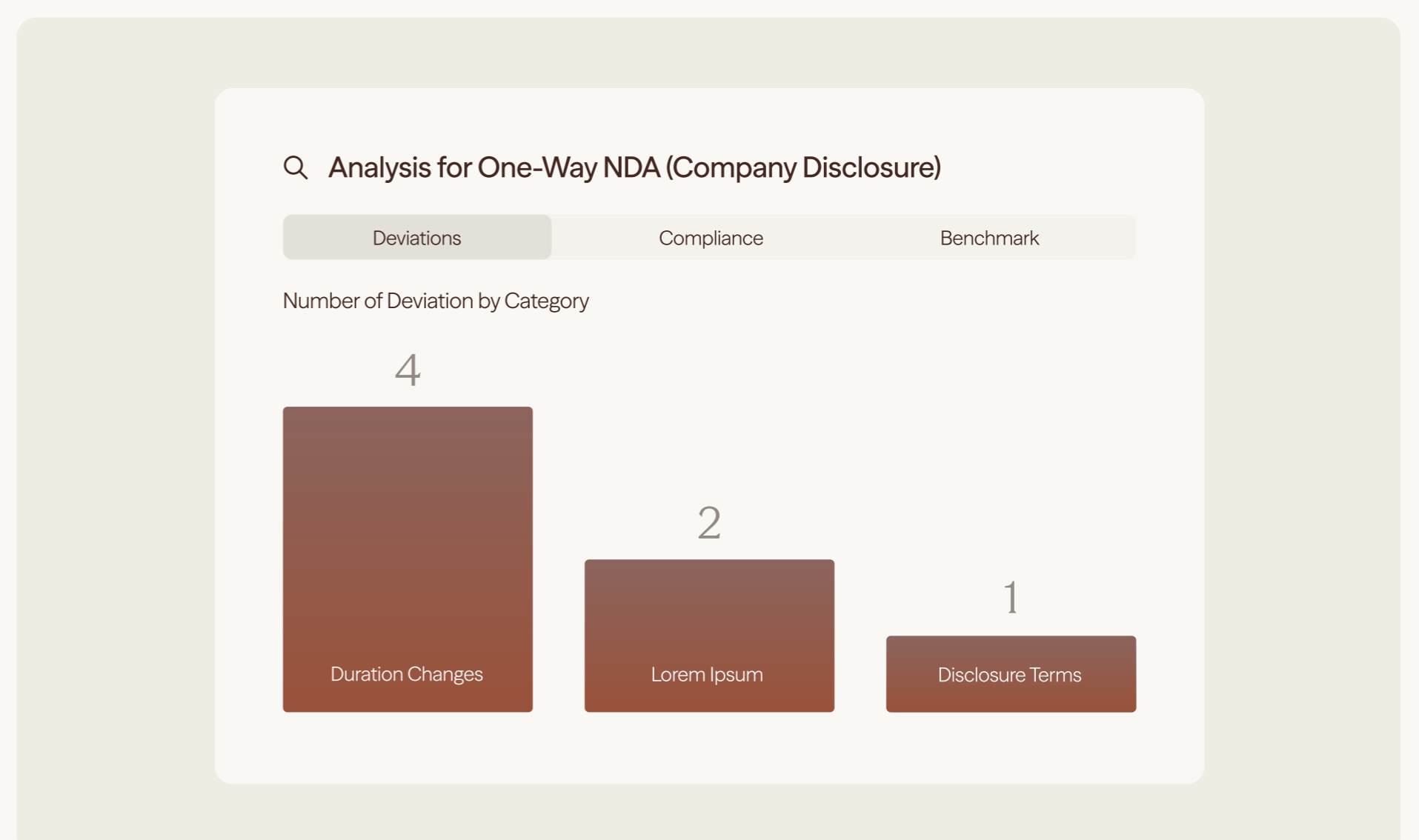
Sandstone Method

Playbook Insights shows you how your playbooks are actually holding up in real time to the rigor of real contract negotiations and redlines.



Sandstone Method

Deviation Analysis drills down into precise clause types so you can see where your business is receiving the most pushback in contract negotiations.



Redefining Success Metrics

The business case for the next-generation legal function depends on outcomes. Demonstrating those outcomes requires measuring the right things.

Traditional legal metrics tend to focus on activity: how much work the team completes and how efficiently it moves. These indicators remain useful from an operations standpoint, but they provide an incomplete picture. They say little about how the legal team contributes to broader business performance.

A knowledge-driven legal function requires a different lens.

It shifts the focus from activity to impact: from how work happens to what that work enables across the organization. The metrics below reflect that shift, providing a more direct view into how the legal team manages risk, supports revenue, drives operational consistency, and delivers value to the business.

Traditional KPIs

Activity-Focused

- **Volume of Work Completed:**
Number of contracts reviewed, matters handled, or requests processed
- **Cycle Times:**
Average time required to complete specific tasks or workflows
- **Outside Counsel Spend:**
Total spend on external legal resources

Next-Generation KPIs

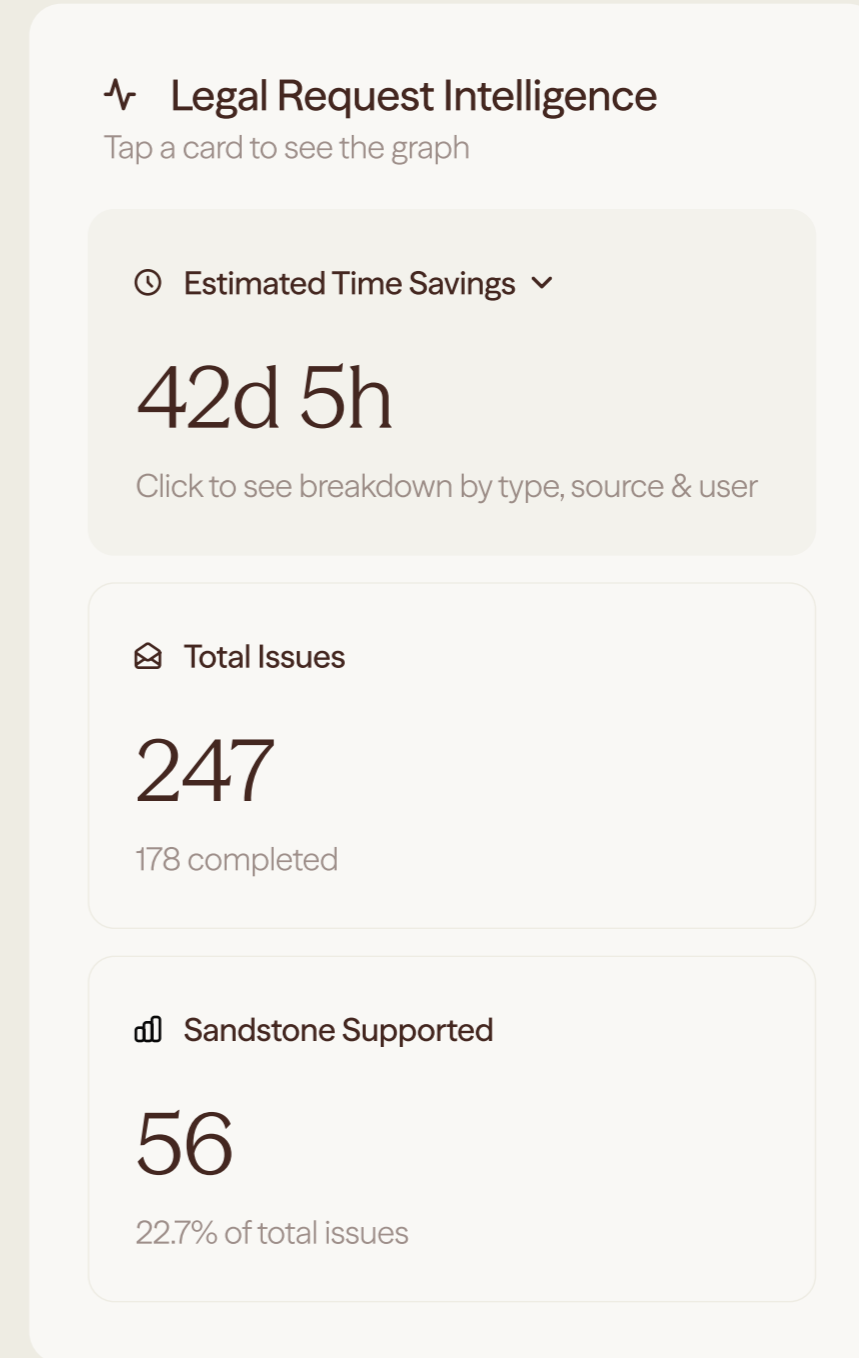
Impact-Focused

- **Risk Reduction:**
Reduction in variability, exposure, or unaddressed risk across the organization
- **Revenue Impact:**
Contribution to faster deal execution and support of revenue-generating activities
- **Operational Consistency:**
Degree to which business teams follow defined standards, playbooks, and policies
- **Automation Rate:**
Percentage of eligible work handled through automated or system-driven processes
- **Stakeholder Satisfaction:**
Perception of the legal team's effectiveness as a partner in decision-making

Tracking these metrics is critical, but realizing their impact depends on the legal team's ability to drive adoption across the organization.

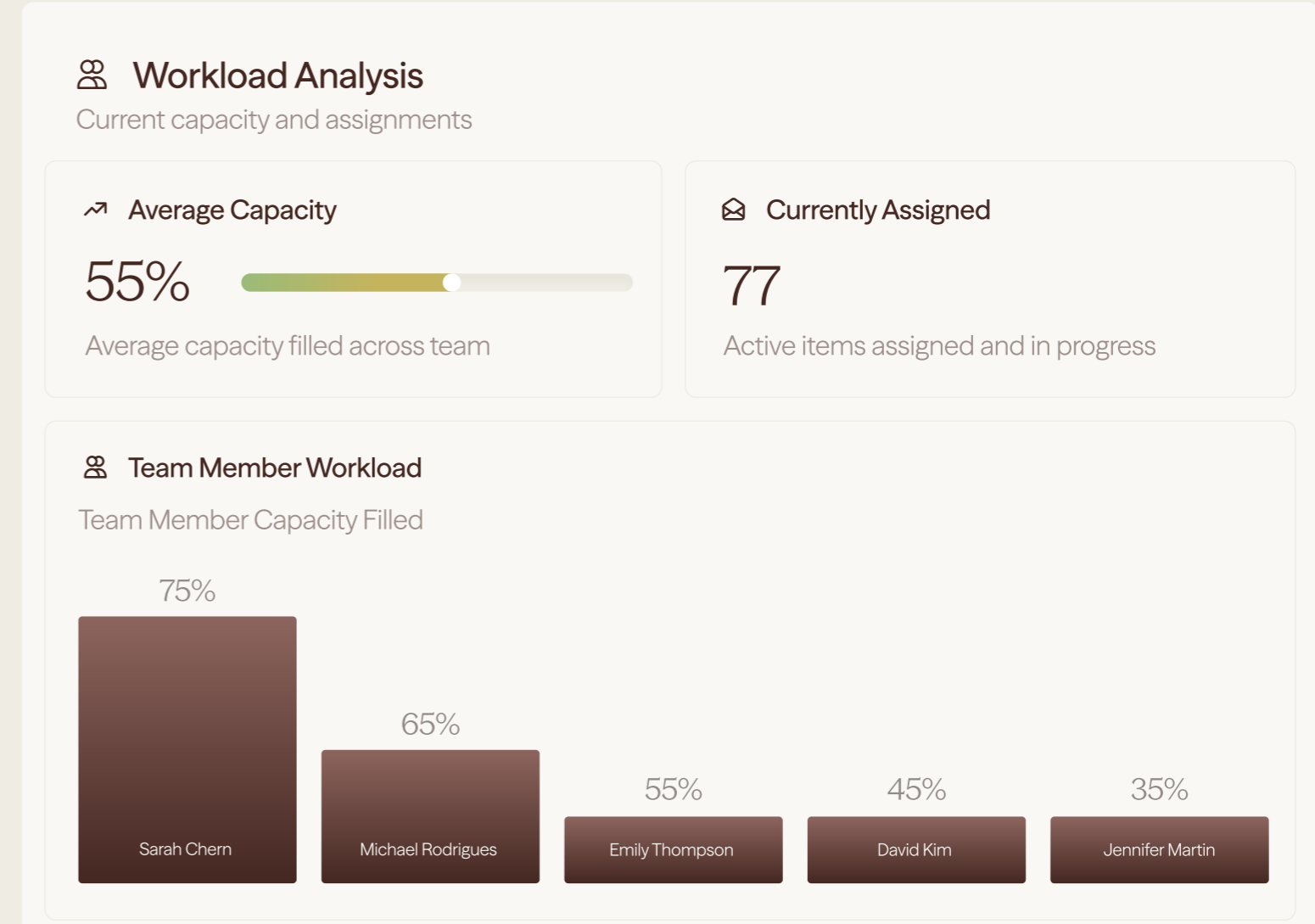
Sandstone Method

Go to the Legal Insights dashboard to get an instant view of Estimated Time Savings by request type, source, and user.



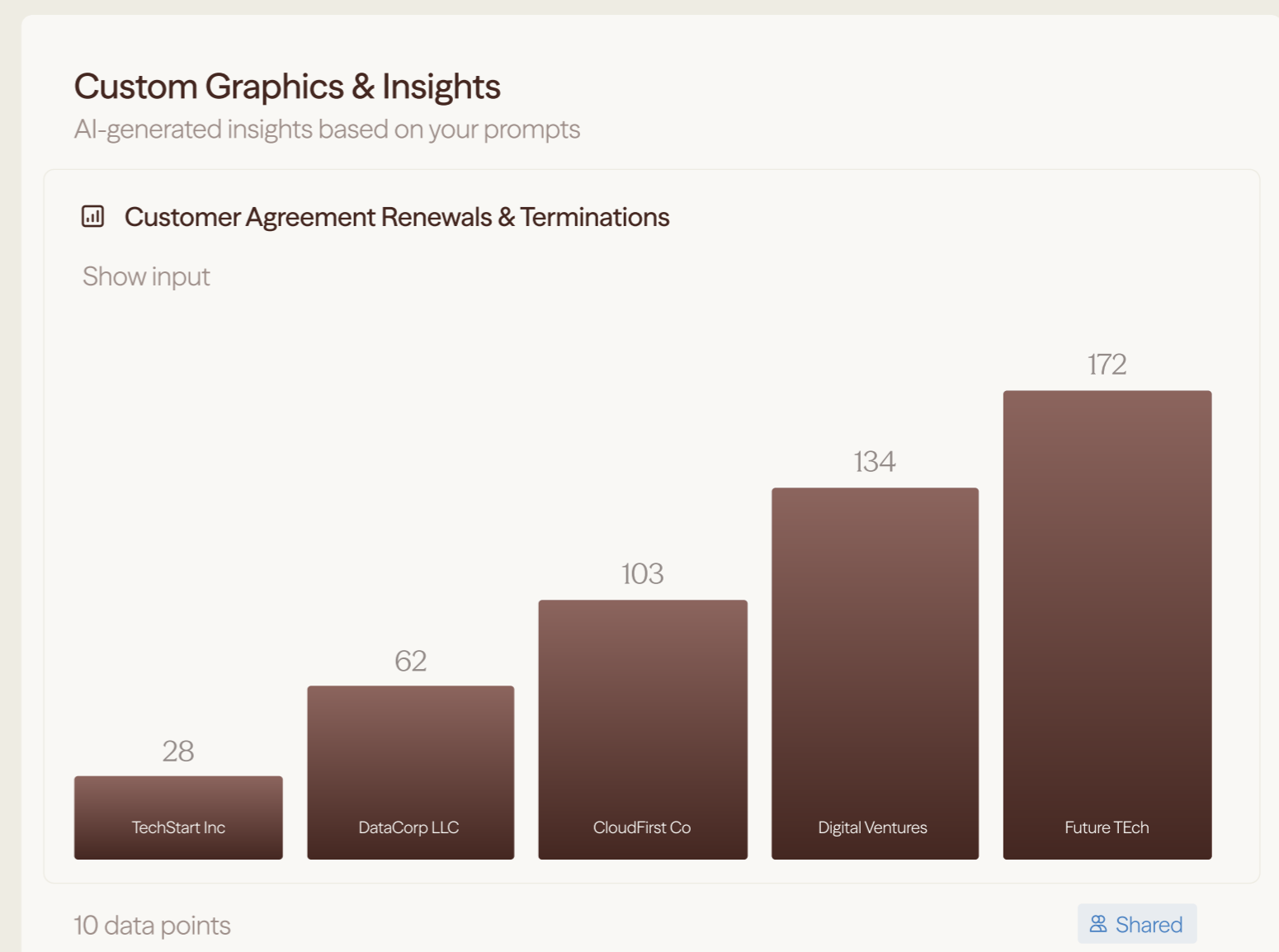
Sandstone Method

The Legal Insights dashboard instantly shows you the total number of legal issues handled across the organization.



Sandstone Method

Create custom charts, tables, and graphics to track the specific data points your organization needs to track. Want an instant view of upcoming high-risk renewals? You can do that.



Managing Change Internally

Defining a new operating model is relatively straightforward. Implementing it is not.

The shift to a knowledge-driven legal system requires changes in how people work day to day. It affects how requests come in, leaders make decisions, and individuals apply their expertise. That makes adoption a central challenge.

Tools and frameworks don't drive transformation on their own. People do. For that reason, change management has to start early.

Bringing stakeholders along from the beginning is critical — not just within the legal team, but across the business. Business partners need to understand how the new operating model will affect how they engage with the legal team. Internal alignment can't be an afterthought, introduced at rollout. It has to be built into the process from the outset.

Equally important is making the value of the change clear to the people expected to adopt it. For lawyers, this often means demonstrating how a more structured, system-driven approach reduces repetitive work and allows them to focus on higher-impact issues. For legal operations leaders, it means reinforcing their role as a central driver of how the team operates. For business stakeholders, it means showing how earlier access to legal guidance and more consistent processes reduce friction and enable faster decision-making.

Without that transparency, resistance is predictable.

Some comes from habit. Lawyers are trained to rely on individual judgment, and system-driven workflows might feel restrictive at first. Some resistance comes from skepticism about whether new processes will actually save time, or simply introduce additional steps. In other cases, it stems from a perceived loss of autonomy.

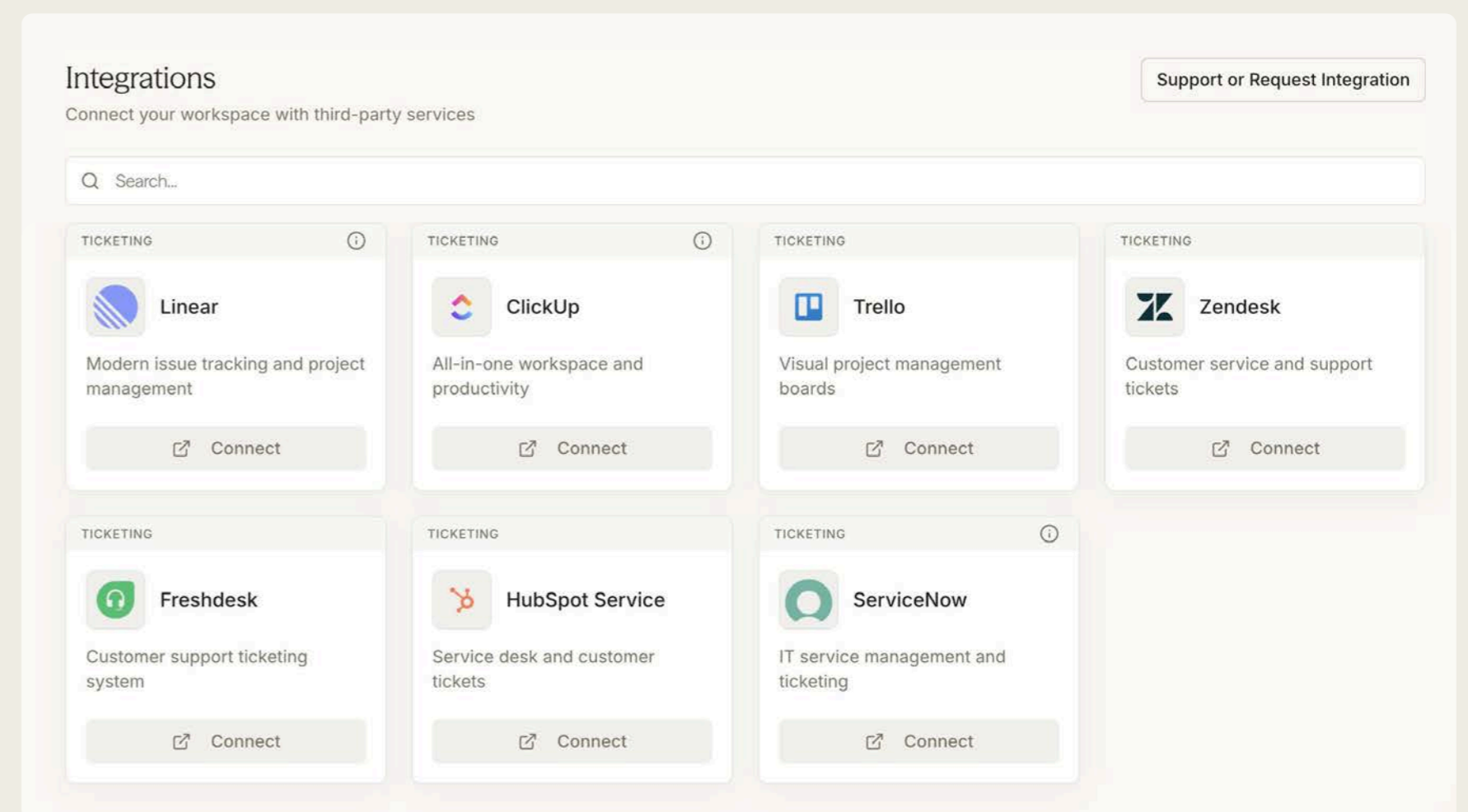
Addressing that resistance requires demonstrating that the system works in practice. Early wins matter. When stakeholders see that structured workflows reduce turnaround time, that standardized approaches simplify decision-making, or that self-service tools eliminate unnecessary back-and-forth, adoption accelerates. The model becomes tangible, rather than theoretical.

Over time, consistency reinforces itself. As more work flows through defined systems, expectations become clearer, outcomes become more predictable, and the benefits of the new legal model become more visible across the organization.

Once the business reaches that point, the question is no longer whether to move forward with the new model, but how quickly it can be expanded.

Sandstone Method

Sandstone integrates seamlessly with your existing business systems to surface data-backed insights from across the organization, preempting the need for dedicated change management initiatives for business users.



“For the first time, I have real-time insights into our entire workload, context and data”

“Before Sandstone, our legal inbox was a black box of low-value, high-volume requests that drained our team’s focus and left us with zero visibility into our actual output. Sandstone will completely rewire that dynamic. By automating the routine intake and tracking of those daily questions and agreements, it’s clearing the 'noise' off my team's desks. For the first time, I have real-time insights into our entire workload, context and data I simply never had access to before. We aren't just working faster; we’re finally able to manage our department with the strategic precision the business expects.”

Stephen Ucci
General Counsel

Hypertherm®



Business Collaboration And The Legal Department As Partner



From Service Function to Business Partner

The legal team doesn't operate in isolation. Its effectiveness depends on how deeply it's embedded in the business.

In many organizations today, that integration remains limited. Business teams engage the legal function when they need something reviewed, approved, or resolved. The legal team steps in at key moments — often late in the process — applies its judgment, and returns an answer.

That model creates predictable friction. Because the lawyers enter the process downstream, they often encounter decisions that have already been shaped by commercial, operational, or product considerations. The legal team is forced to react, doing what it can to identify risks, suggest changes, or, in some cases, push back on decisions that are already in motion.

Business teams, in turn, learn to anticipate that friction. They delay engagement. They work around the legal team when possible. They bring issues forward only when they believe it's necessary, or when risk becomes unavoidable. Over time, this dynamic reinforces itself: the legal function becomes associated with delay, and the business treats it as a checkpoint (or an obstacle) rather than a partner.

Most legal teams aim to be proactive. Most general counsel want to engage earlier and contribute more strategically. The limitation is structural. When the operating model centers on handling individual matters in response to requests, the legal team can engage only when other people bring those matters to them.

The next-generation legal operating model changes that dynamic by changing how the legal department connects to the rest of the business. When institutional knowledge is captured, structured, and embedded into workflows and systems, legal guidance no longer depends entirely on direct interaction.

It becomes part of how the business operates. Standards, decision frameworks, and policies shape behavior before anyone ever submits a request.


This allows the legal team to influence decisions earlier, without needing to intervene directly in every case. In this model, the goal is not simply to be invited to the table sooner; it's to ensure that legal insight is already factored in when decisions begin to take shape.

The difference between reactive, matter-focused and proactive, knowledge-based legal departments is therefore integration. When the legal team integrates its knowledge into the systems and processes that drive the business, it moves from a function that the business routes around to one it actively relies on.


 **Sandstone Method**

Get instant answers about your organization's policies by pinging Sandstone in Slack.

Thread ✕

 **Oliver Pour** 11:55
@Sandstone-Legal Do I need consent to record customer calls?

1 reply

 **Sandstone - Legal** APP 11:55
TLDR: Yes, you need informed consent before recording customer calls. You must notify participants clearly, explain how recordings will be used, and obtain verbal or written agreement before proceeding.

According to your Legal FAQs, recording or transcribing meetings (including customer calls) is considered "data"

 **Sandstone Method**

Save answers to the questions that get asked over and over again in your knowledge banks.

Knowledge Banks 🔍 Search banks... ⌵ Display + Create

Manage knowledge in Sandstone and integrations which will be used in queries and non-document requests from the business

GLOBAL BANKS

- Global Policies**
Global policies not set to a specific team or restriction — always on
- Signing Policy**
Signing rules and escalations to automate signing flows using SandSign or DocuSign
- Q&A Pairs**
Review approved, rejected, and pending Q&A responses
- Default**
📅 Default Feb 23

+
Create Knowledge Bank

Embedding Legal Judgment into Business Workflows

Becoming a true business partner requires more than just stronger person-to-person relationships. The legal team must change how it engages with the rest of the organization as a whole.

In most corporate environments today, that engagement is informal and inconsistent. Requests come in through email, messaging platforms, meetings, or ad hoc conversations. The legal team triages each request, assigns it to a lawyer, and handles it as a discrete matter.

This operating model depends on the business knowing when to involve the legal team, and choosing to do so at the right time. In practice, that rarely happens consistently.

The next-generation legal team replaces this ad hoc approach with structured, system-driven engagement. Instead of relying on unstructured intake, the legal team defines how work enters the function. Requests flow through standardized intake points that capture the information needed to assess risk, route work appropriately, and apply consistent decision frameworks.

From there, workflows drive how work progresses. Rather than each matter being handled from scratch, systems guide routing, approvals, and execution based on the organization's underlying standards. Similar issues follow similar paths. Escalation happens according to predefined thresholds. Routine work moves forward without requiring constant manual intervention.

This dynamic changes the nature of legal engagement with the business. Legal involvement becomes event-driven, not request-driven.

Instead of waiting for someone to send an email or schedule a meeting, the legal team is engaged automatically when certain conditions are met: a contract exceeds a defined threshold, a new type of data is introduced into a product, or someone requests a policy exception. Systems determine when legal input is required and how to route the work.

At the same time, legal guidance moves closer to where decisions are made. Standards, policies, and decision frameworks are embedded directly into business processes: contract workflows, procurement systems, product development lifecycles, and HR operations. Business users interact with legal guidance in context, rather than treating it as a separate step.

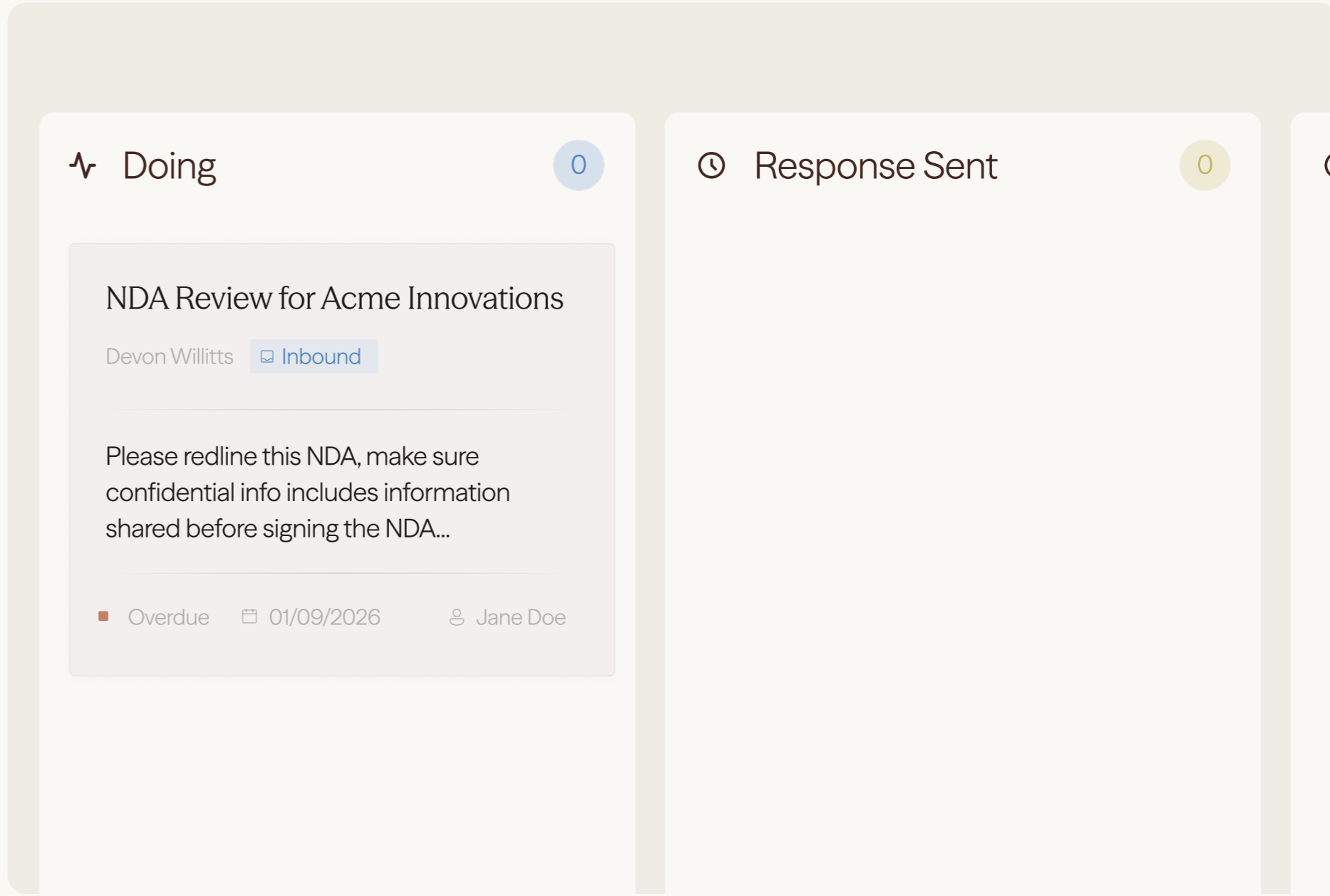
This setup reduces the need for constant back-and-forth and empowers the legal team to influence decisions earlier, often without direct involvement in every case.

These capabilities depend on the knowledge foundation. The knowledge layer makes consistent engagement possible by capturing and structuring how the organization evaluates risk and makes decisions. Without that foundation, workflows can't reliably reflect legal judgment.

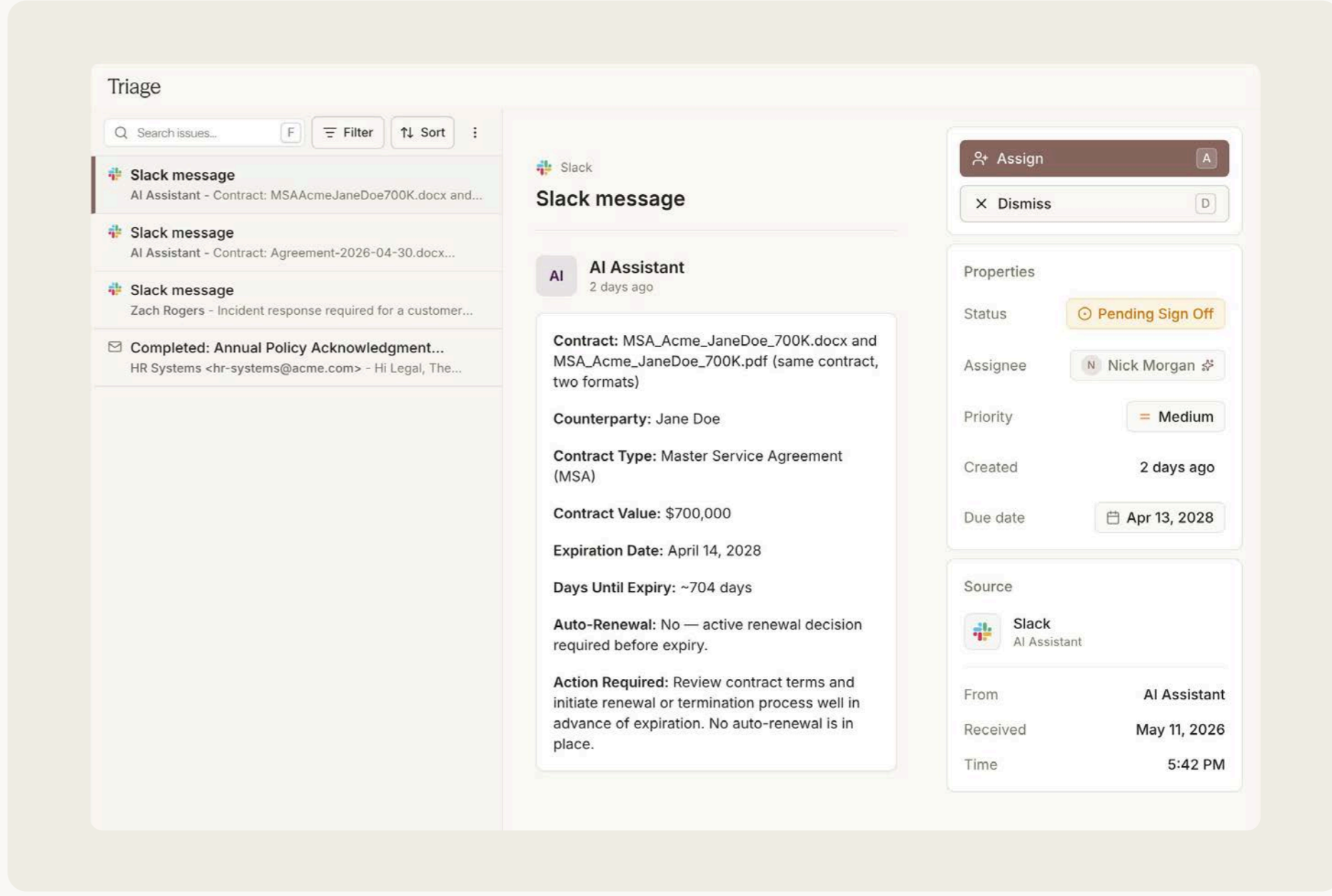
AI and automation extend that capability at scale, allowing systems to apply institutional knowledge across large volumes of work and enabling the legal team to focus its attention where it matters most.

Taken together, these shifts move the legal team from the edge of the business to its core, embedded in the processes that drive how other business teams work and make decisions.

Sandstone Method
 Centralize requests from email, Slack, Microsoft Teams, and more in the Triage tab.



Sandstone Method
 Sandstone automatically makes routing suggestions for new requests based on their contents.



Practical Models for Business Collaboration

The shift from reactive support to embedded partnership becomes most visible in how the legal team engages with different parts of the business.

While the underlying principles remain consistent, the way they take shape varies by function. Finance, HR, Product, and the executive team each operate with different workflows, risk profiles, and decision-making processes. Embedding legal judgment effectively requires aligning with those realities.

The following examples illustrate how the legal operating model changes in practice, moving from late-stage review and escalation to structured, proactive engagement built into how each function works.

Finance

Typical model today

- Legal reviews contracts late
- Engaged on escalations

Next-generation model

- Predefined approval thresholds
- Risk frameworks embedded in deal structure
- Legal input built into financial workflows

Outcome

- Faster deal cycles with higher compliance rates
- Fewer late-stage blockers

HR

Typical model today

- Legal engaged on sensitive issues (terminations, disputes)
- Policy interpretation varies

Next-generation model

- Standardized policies and escalation rules
- Self-service for common scenarios
- Legal involved in policy design, not just enforcement

Outcome

- Consistent handling of employee issues
- Reduced risk from inconsistent decisions

Product

Typical model today

- Legal reviews features late in development
- Compliance issues discovered reactively

Next-generation model

- Legal guidance embedded in product development lifecycle
- Clear standards for data use, compliance, and risk
- Early-stage input on design decisions

Outcome

- Faster launches with fewer compliance surprises

C-Suite / Executive Team

Typical model today

- Legal consulted on major decisions
- Input often reactive or risk-focused

Next-generation model

- Legal provides ongoing insight into:
 - Risk exposure
 - Operational patterns
 - Contract trends
- Data-informed participation in strategy

Outcome

- Legal becomes a consistent voice in strategic decision-making

Across each function, the pattern is the same: legal engagement moves from a point of intervention to a source of embedded guidance, shaping decisions before risk materializes.

How Knowledge Infrastructure Enables Proactive Engagement

Embedding the legal team into business workflows depends on the fundamental ability to capture and apply institutional knowledge consistently. Without that foundation, proactive engagement does not scale.

In environments where knowledge remains fragmented across isolated experts, scattered documents, and disconnected systems, the legal team has no reliable way to guide decisions outside of direct involvement. Each new situation requires interpretation. Each request becomes a separate matter. Engagement remains reactive by necessity, not by choice.

This limits both reach and impact. Even when the legal team aims to engage earlier, it lacks a mechanism to do so consistently across the organization. The result is uneven involvement, inconsistent outcomes, and continued dependence on manual intervention.

A knowledge-driven legal team changes that dynamic at its root. When institutional knowledge is captured, structured, and made usable, it creates a shared foundation for how decisions are made. Guidance is no longer tied to individual lawyers or buried in documents. It becomes explicit, accessible, and repeatable.

That shift enables a different kind of interaction with the business, and it enables scalability. The legal team extends its influence across a broader set of decisions without direct involvement in every case.

Without the knowledge foundation, this embedded legal operating model can't happen. With it, proactive engagement becomes not just possible, but standard.

The Structural Shift

The move to a next-generation legal department can be easy to underestimate. It might sound like a simple set of improvements on the existing model: better knowledge management, more consistent processes, more effective use of technology.

It's more fundamental than that, though; it's a structural shift. It changes how the legal function operates within the business.

Work no longer depends primarily on individual matters and manual intervention. Instead, decision-making is shaped by systems grounded in institutional knowledge, allowing the organization to operate with greater consistency and predictability.

The role of legal expertise changes as well. Lawyers spend less time reconstructing context or reworking familiar problems, and more time applying judgment where it has the greatest impact: navigating ambiguity, advising on strategy, and shaping outcomes that can't be standardized.

The relationship between the legal team and the business also changes. The legal function is no longer positioned primarily as a downstream reviewer or gatekeeper. It becomes part of how decisions are made upstream, influencing outcomes through standards, frameworks, and guidance that shape behavior across the organization.

Even the definition of value shifts. Success is no longer measured primarily by how efficiently the legal team manages volume or avoids risk. It's reflected in how consistently the business operates, how confidently leaders can make decisions, and how effectively the legal function enables better outcomes.

Ultimately, this changes what a legal department is. In the legacy model, the legal function operates as a service provider: a group of lawyers responding to requests and applying judgment case by case. In the next-generation model, it operates as a system, built on institutional knowledge, capable of guiding decisions at scale, and embedded directly into how the business runs.

That shift, from service function to knowledge system, defines the next generation. The next-generation legal function doesn't sit alongside the business; it operates within it.



“Sandstone helped me turn scattered precedent, inbox history, and team knowledge into context-based playbooks that reflect how our business actually operates. Instead of static documents, we now have living guidance that adapts to real scenarios, helping the team move faster, stay consistent, and apply better judgment with far less effort.”

John Mills
General Counsel

connexly

The Compounding Value of Getting This Right

The shift to the next-generation legal operating model doesn't happen all at once. It builds over time.

At first, the changes may appear incremental. Knowledge begins to take shape in more structured ways. Processes become more consistent. Systems start to reflect how the legal team thinks and operates. The immediate benefits, including faster execution, fewer bottlenecks, and improved visibility, are tangible, but they only tell part of the story.

The real impact emerges through compounding. As institutional knowledge is captured and applied consistently, it becomes more valuable. Each decision reinforces the next. Each improvement to a workflow makes the system more effective. Over time, the legal team builds a foundation that allows it to operate with increasing consistency, scale, and precision.

That foundation is difficult to replicate. Organizations that invest early in structuring and operationalizing their knowledge accumulate advantages that extend beyond efficiency. They develop a clearer understanding of their own risk posture. They generate data that informs better decisions. They build credibility with business stakeholders by providing consistent, reliable guidance. And they expand their ability to influence outcomes across the organization.

Those advantages reinforce each other. Greater consistency leads to stronger trust. Stronger trust leads to earlier engagement. Earlier engagement leads to better outcomes. Better outcomes generate more data and insight, which further strengthens the system.

At the same time, organizations that don't make this shift will face increasing constraints.

As complexity grows, reliance on manual processes and fragmented knowledge becomes harder to sustain. Work becomes more difficult to manage. Decisions become less consistent. The gap between what the legal team is capable of doing and what the business requires continues to widen.

This gap creates a clear choice. General counsel can continue to invest in incremental improvements — adding isolated tools, refining individual processes, and gradually expanding teams within the existing legal model. Or they can focus on building a different foundation altogether: one that captures and applies institutional knowledge in a way that enables the legal function to operate as a true partner to the business.

The difference between those paths will become more pronounced over time.

The general counsel who define the next generation will be those who recognize this moment for what it is: not a gradual evolution, but an inflection point — and an opportunity to build an in-house legal function that's more consistent, scalable, and deeply embedded in how the business operates.



Ready to move
your legal team
into the next generation?

[Book a demo](#) to see how Sandstone helps you lay the knowledge foundation you need.