

THE **AI RISK-TO-REWARD** TOOLKIT

The in-house lawyer's guide to winning with AI



About Lawyers On Demand

We help in-house counsel around the globe answer ever-increasing calls from their business to deliver more value, run more efficiently, and bring data, insights and ideas to the table. With our world-class flexible talent and legal operations solutions, we help them build legal functions that are strategic, responsive, and ready for anything.

At the same time, we help legal professionals practice law more flexibly and happily.

Lawyers On Demand (LOD) pioneered the very first alternative legal service in 2007, and we continue to lead the exciting market we created. Acquired in 2023 by Consilio, a renowned leader in legal consulting and services, we are the largest and fastest-growing flexible legal services business in the world. With over 4,500 world class lawyers, legal operations experts, paralegals, and risk and compliance professionals, we support clients in over 25 countries across the UK & Europe, Australasia, Asia, The Middle East and the US.

We find new ways to boost the value that in-house legal teams and legal professionals deliver, today, tomorrow and in the future.

The guide to winning with AI

As strategic business partners, in-house legal teams have a clear view across departments and a deep understanding of legal and ethical responsibilities. This uniquely positions them to shape how AI is adopted, not just within legal but across their entire organisation. Doing so requires them to be proactive, informed, and equipped to guide usage and mitigate risk.

Our latest Global Survey Report, The Great Reinvention, showed that many in-house teams recognise AI’s potential but struggle to move from assessment to activity. 43% of respondents report that they lack the funding, expertise, or resources needed for AI adoption.

With teams already stretched thin managing day-to-day demands, finding meaningful ways to take up AI can feel risky or out of reach.

This toolkit is designed to help you overcome that. It offers practical, actionable tools to empower you to experiment with and adopt AI responsibly and effectively, even when capacity is limited.

Whether you’re writing your first prompt or shaping company policy, this toolkit is here to support your AI journey so that it’s clearer, safer, and more successful.

#1

Let's frame the risks of AI

AI is reshaping how lawyers work. Those at the forefront are already prompting like a pro - drafting contracts in a flash, creating chatbots, running negotiation plays with their AI nemesis and even creating a virtual legal buddy to vibe with. Our Global Survey Report showed that 29% of legal professionals are seeing AI increase efficiency and productivity and 19% are experiencing automation benefits for routine tasks.

But AI also introduces new risks and considerations. Understanding these in depth will empower you to harness AI confidently and ethically. So before diving into practical tips to navigate the awesomeness of AI, let's map out the risk landscape.

You already manage many risks daily, such as protection of IP, protecting people's data, and the use of confidential information. Now it's about applying those same skills to a fresh, AI-driven context. This new environment brings its own language and challenges such as bias, hallucinations, high risk and unacceptable risk AI, and concerns around training data.

This table is a handy primer for you.

RISK AREA	MITIGATE MOVES
 Hallucinations <i>AI's potential to generate inaccuracies.</i>	Inaccuracy is not new – you've always proofread your work, so keep this up Double-check critical outputs with humans Get curious about hallucinations – sometimes they contain gold
 Bias <i>When AI systems consistently produce unfair results. This occurs because the AI learns from unbalanced data.</i>	This is a current risk in a new setting – you already seek ways to avoid discrimination and ensure fairness so apply the same rules AI literacy training for the business makes sure that people are alive to the issue of bias and can call it out If you're buying an AI tool, ask vendors how they handle bias Balance AI insights with diverse human oversight Exercise extreme caution where AI has the potential to make decisions about people without human oversight
 Using your data <i>AI is greedy for data, and some vendors may want to use your information to improve their models.</i>	This isn't a risk novel to AI. This is about confidential information, privacy risks and protecting trade secrets (i.e. the stuff of your day job that you already have the skills to manage) Free AI tools are brilliant, but is the cost of using them giving up your data as "payment"? Consider carefully how this fits with your risk appetite Check and adjust AI tool settings to prevent your data from being used for training Look out for paid-for tools and enterprise licences that allow for greater control over your data Conduct an AI audit within your business to see who is using what, and provide AI literacy training to raise awareness (see our Governance Quick Action checklist on page 6)
 Regulation <i>This is evolving rapidly with a focus on where AI use could harm individuals, infringe privacy or make significant decisions without human involvement.</i>	While this may feel complex, most of this new regulation is simply extending familiar concepts of transparency, explainability, and privacy into the AI space. Some key questions to guide you are set out on page 8 .

#2

Good housekeeping aka “AI governance”

AI governance sounds daunting, but it’s really about getting clear on who’s doing what, when, and how with your AI tools. Think of it as good housekeeping.

AI governance needs guidelines, oversight, and someone in the organisation to be clearly responsible. Start by identifying who owns AI-related decisions internally, set some simple guardrails around AI use, and make sure people know how and when to ask for help. Keep it light-touch and practical at first. You can evolve your governance approach as your use of AI grows and becomes more sophisticated.

This checklist will help you.

GOVERNANCE QUICK ACTION CHECKLIST

- Identify clear internal ownership.** Do you need an AI council? Who are the stakeholders and decision makers - Commercial, HR, Legal, InfoSec?
- Audit AI usage.** This helps spot unofficial tools, assess data and privacy risks, and capture insights into what tools people find useful.
- Allow safe experimentation.** Could a small team of AI champions test and explore AI safely to assess the best use cases and a return on any AI investment? How can legal be an enabler to help balance innovation and legal risk?
- Train your team and your colleagues.** Because AI is evolving faster than laws can adapt, boosting AI literacy is a great way to help identify and manage ethical, legal, and operational risks before regulatory bodies catch up.
- Transparency.** Label AI-generated outputs clearly using consistent disclaimers, metadata, or file naming to ensure transparency and encourage easier human review.
- Explainability.** Ensure you can explain AI-driven decisions. This includes understanding how and why an AI tool arrived at that particular output, so you can justify decisions to internal and external stakeholders
- Update privacy and HR policies.** They should clearly reflect your AI practices.
- AI vendor checks.** Assess how third-party AI vendors collect, process, store and use your company and personal data. Look into model training practices and how they comply with privacy regulations e.g. GDPR.
- Be human.** Make sure that critical decisions remain human-led and embed human oversight controls to catch errors, challenge outcomes, and enforce accountability when stakes are high.
- Crisis planning.** Prepare for potential incidents concerning AI. For example, use of deep fakes, AI related cyber-attacks, and the release of confidential information.

#3

AI regulation: the basics you need to know

AI regulation is a huge topic. So we're here to arm you with the right questions to ask. These reflect recurring themes across global regulations, especially the EU AI Act.

We've taken inspiration from the EU approach but make sure you check local laws and any sector-specific rules.

It's risky business

The risk doesn't lie in the AI models, it lies in how they are used. The most problematic uses are those that threaten human rights, freedom or safety.

A chatbot for general queries may be fine, but the same chatbot used for health queries will be much higher risk.

Under the EU AI Act, some use cases are banned, others are high risk. Everything else falls into limited or minimal risk use cases but don't confuse AI low risk with low legal risk. It may still raise serious privacy or InfoSec concerns. HR, recruitment and education use cases are often high risk so take extra care with these.



Always review the use case, not just the tech or the vendor.

Know your place

Your legal obligations depend on your role in the AI value chain.

- ✓ Providers - these develop, fine tune or sell AI under their own brand. Obligations are heavier and focus on record keeping, impact assessments and transparency duties.
- ✓ Distributors - a person or company that makes an AI system available in a specific market but they do not build or modify it, for example resellers or retailers.
- ✓ Deployers - these buy or licence AI and deploy within their organisations or the services they sell. This is still regulated but it is lighter touch.
- ✓ Importers - a person or company that brings an AI system into one market (such as the EU) from another country, to sell, distribute or use in the new country.



Watch out!

If you fine tune a third party's AI model, or you white-label a model, you may be classed as a provider.

Transparency and explainability

These concepts are central to many AI regulations. They demand that AI is safe, but that it must also be understandable.

Questions to ask yourself:

- How will you disclose to the business, your customers, and your partners that AI is being used?
- Can you explain in simple terms how the AI reaches decisions that affect people?



TOP TIP

To help you draft a plain English, transparent description of AI use, try sketching out the entire workflow where AI will be used so you can see what tasks are AI-driven and what are human. This will help you explain the process clearly to others.

Context is key

AI laws sit within a wider regulatory framework. An “ok” use under AI regulations, might still breach data protection laws, intellectual property rights, or internal security policies.

Build your reviews of AI contracts or tools around these four lenses

- Use case - what are we using it for, could this evolve over time?
- Risk category - how serious is the impact of AI?
- Role in the value chain - what are our compliance obligations?
- Transparency and explainability - can we explain what the AI is doing and why?



#4

Achieve more with powerful prompting

When using AI tools, the key to success lies in the power of your prompts. Using clear and concise instructions:

- Boosts quality and relevance
- Improves speed and accuracy
- Saves valuable time

Remember: *better prompts means better outputs.*

Things to remember:

1. Prompting is personal. The style and tone that works for you won't be the same as everyone else's. Treat everyday tasks as your playground. Ask AI to summarise documents, plan a meal, brainstorm ideas for nights out, explain your child's physics homework. Then tweak your instructions until the output starts to sound like you.
2. Adopt an AI first mindset, not for high stakes legal advice, but for day-to-day tasks where it's safe to experiment. Build your confidence now, so you are ready for whatever direction legal AI tools take.

**TOP TIP**

The single best way to get good at AI? Play.

✓ Do's

Prompt like a pro

- Use conversational language - talk as you would to a colleague
- Go hands free and try speaking to AI, it's a game changer

Iterate and refine

- Ask clearly for multiple attempts in one go, e.g. "Give me three alternative wordings"
- Specify formats, e.g. "Rewrite in 100 words," or "Use bullet points"

Experiment with formats

- Ask AI to express its responses as formulas or checklists
- Ask AI to structure answers in tables or decision trees

Use personas to guide outputs

- "As a UK-qualified lawyer, simplify this indemnity clause"
- "Explain an indemnity like I'm five years old"
- "I represent a small widget company with limited buying power"

✗ Don't's

- Don't worry about politeness. AI has no feelings and is not paid by the hour, so it doesn't mind multiple rewrites
- Don't treat AI as a search engine. In many AI tools the search functions are getting better but you won't get the full benefit of the tool if you only ask it to conduct a web search
- Don't give vague requests as you'll get vague answers
- Don't forget context as without it outputs will be less relevant
- Don't confuse AI by overloading prompts with multiple unrelated tasks. Instead, break tasks down into chunks

#5 Keep learning

It's no secret how fast AI will continue to develop. You don't need to take a deep dive every day but being able to keep up really matters, especially if you want to grow your skills and stay ahead.

Here are some further resources to make it easier for you:

[How to shine when AI is changing the game](#)

An on-demand webinar sharing how to work hand-in-hand with AI to become the ultimate dream team for your business.

[The 3C Formula](#)

Following on from the webinar, this resource introduces The 3C Formula. This framework will help you stay confident, clear, and in control by leaning into your uniquely human strengths while AI changes the game.

[Beyond The Prompt – How to use AI in your company](#)

Jeremy Utley's podcast is a great non-legal resource for tips and tricks on how to get the best out of AI.

[Generative AI: the essentials](#)

The Law Society's guidance on AI, looking at its challenges and opportunities.

[The BrainyActs Blog](#)

This is a great resource to gain further insight and tips on AI use in legal services.



GET IN TOUCH

ABU DHABI

dubai@lodlaw.com

LONDON

info@lodlaw.com
+44 20 3642 0000

SINGAPORE

singapore@lodlaw.com
+61 8 6380 7600

BRISBANE

brisbane@lodlaw.com
+61 7 3221 2906

MELBOURNE

melbourne@lodlaw.com
+61 3 9639 1733

SYDNEY

sydney@lodlaw.com
+61 2 8014 5110

CAPETOWN

info@lodlaw.com

NASHVILLE

usa@lodlaw.com

WASHINGTON D.C.

usa@lodlaw.com

DUBAI

dubai@lodlaw.com
+971 4 4019968

NEW YORK

usa@lodlaw.com

HONG KONG

hongkong@lodlaw.com
+852 3796 3195

PERTH

perth@lodlaw.com
+61 8 6380 7600