



The In-House Counsel Role in Optimizing Business



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How to Boost Efficiencies, Avoid Profit Leakage and Protect Cash Flow Through Challenging Times...

1. Brief intro as to why this is important
2. Main areas that cause value leakage and when
3. Solutions!

In the Current Climate, Cash is King...

“Businesses do not have legal issues. They have business issues that have a legal element to them”

Unknown



Question...

What is the main priority for your business at the moment:

- (a) Guarding cash flow
- (b) Avoiding profit leakage
- (c) Streamlining to boost efficiencies
- (d) All of the above

Everything is rosy in the garden.....

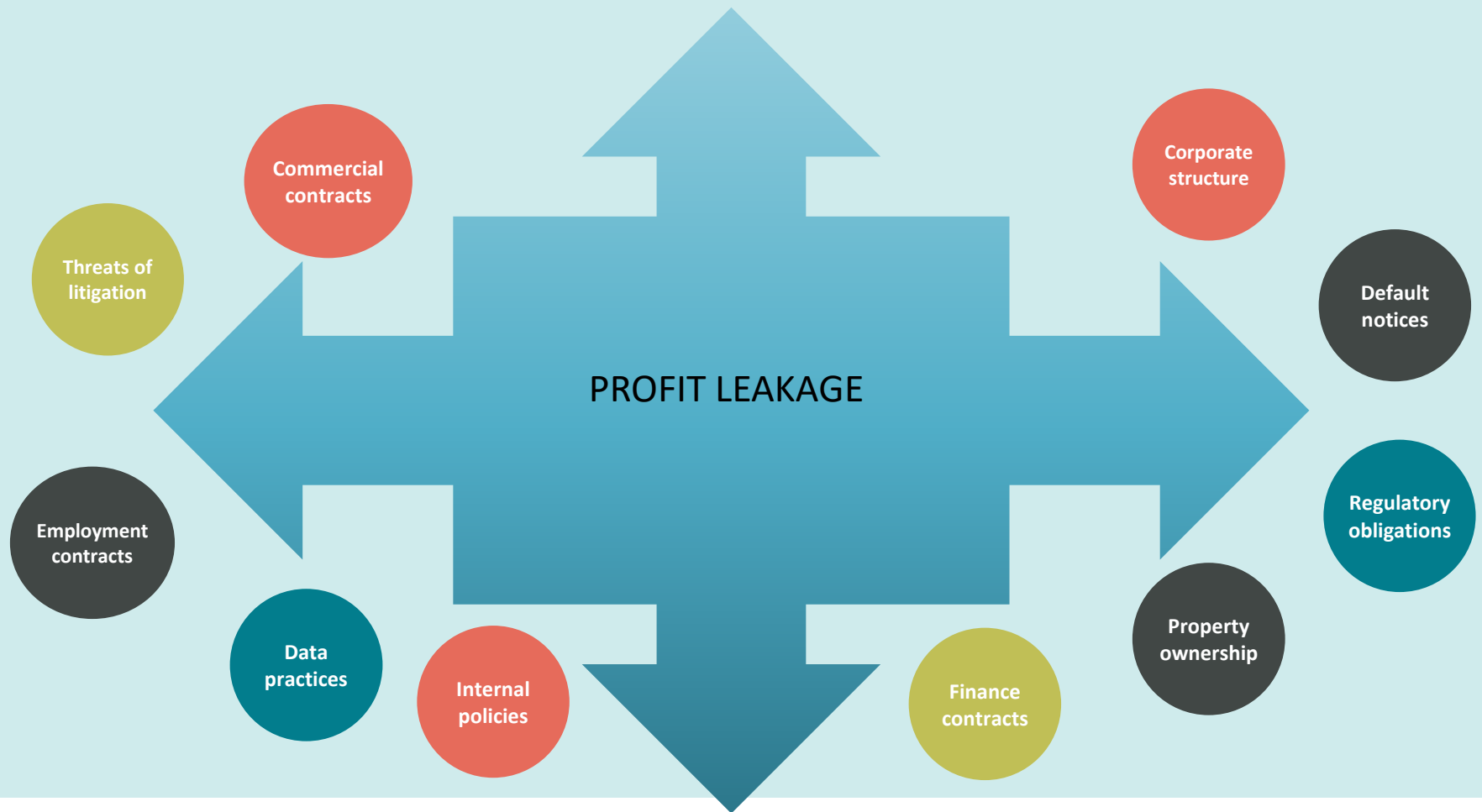


Sharpen the Saw.....

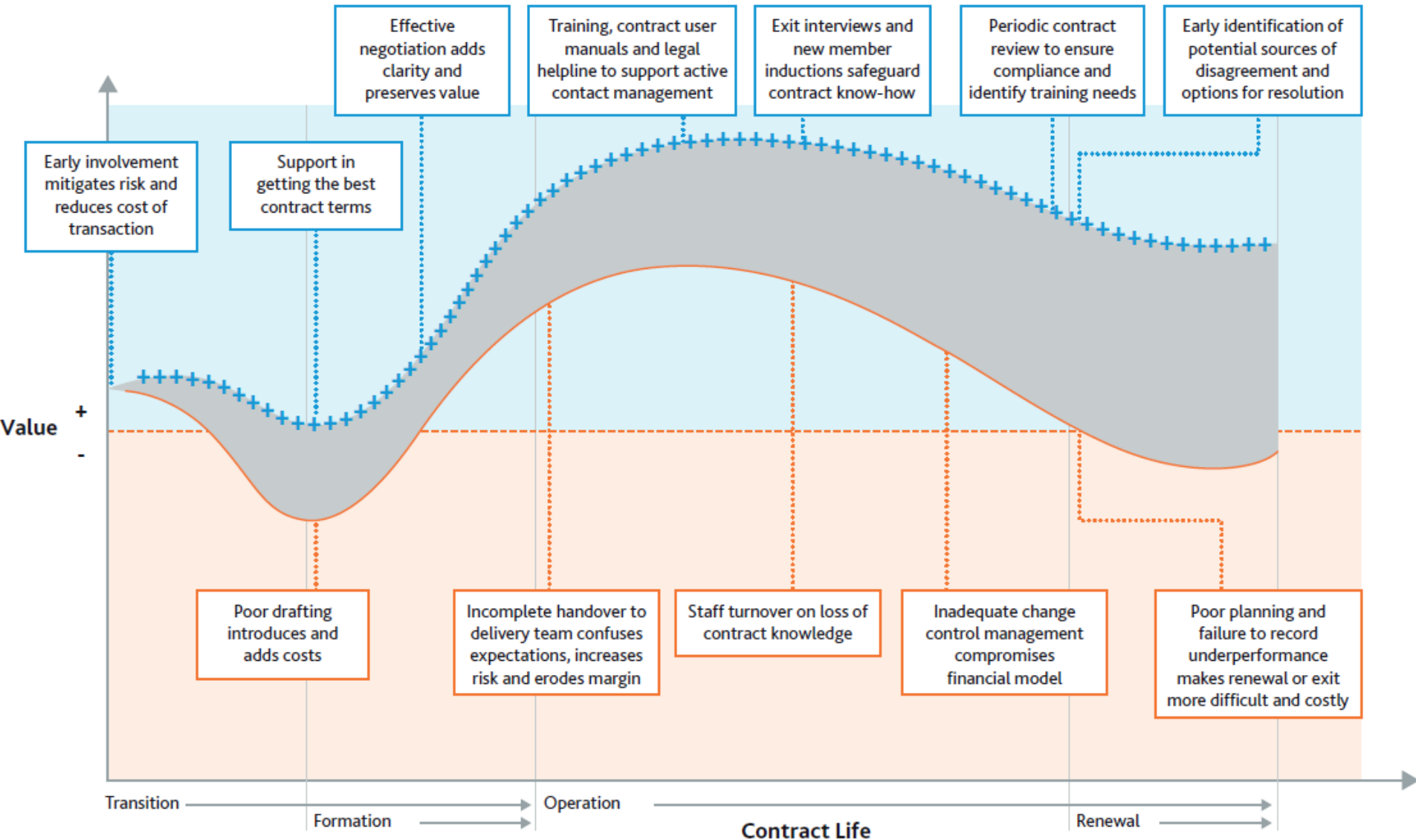
Habits of highly
effective business...



Getting the most value | Boosting efficiencies



Value leakage.....



Solutions | Golden rules



Delivery

- Ensure times are fixed
- Consider liquidated damages for delays
- Impose service levels and KPIs backed up by appropriate service credits
- Do not accept supplier's right to deliver in instalments



Price & Payment

- Who is to pay what, in what currency, in what manner, when and how often?
- Payment X days after the end of the month vs upfront payment models to protect cash flow
- Any price change mechanism included in the contract must be subject to a cap

Solutions | Golden rules



Ordering & Volumes

- Price increase or decrease thresholds to force value renegotiation
- Minimum order obligations or minimum revenue commitments (necessary and realistic!)
- Will the supplier be expected to hold a minimum level of buffer stock?



Liabilities & Indemnities

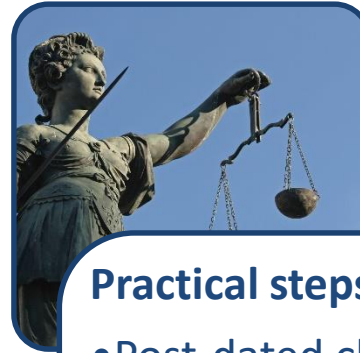
- Exclusion of indirect liability and monetary liability caps (noting insurance levels)
- Indemnities for your benefit should be included as standard
- Be wary of indemnities. If unavoidable, expressly subject them to a financial cap (but consider governing law)

Solutions | Golden rules - Enforcement



Contractual protections

- Time of payment “of the essence”
- Suspension rights
- Minimum order commitment
- Timing of passing of risk and title pass
- Dispute resolution



Practical steps

- Post-dated cheques
- Upfront payment
- Performance bonds
- Letter of credit or bank / corporate / personal guarantee
- Maintaining relationships!

Question...

As a business we are doing:

- (a) Post-dated cheques*
- (b) Upfront payment*
- (c) Performance bonds*
- (d) Letter of credit or bank /
corporate / personal guarantee*
- (e) Maintaining relationships!*

Solutions | Contract standardization



Reduce

Contracting period
reduced from 12 to
4 weeks



Increase

Signed contracts
increased from 30%
to 90%



Save

11,000 hours per year
saved through
document automation



Improve

Continued improvement
means contracts on
standard terms increased
- 30% to 85%

Data source: Pinsent Masons

Question...

Are your contracts mostly standardised and automated?

- (a) Neither
- (b) Mostly standardised but not automated
- (c) Both

Solutions | Wholesale Business Audit

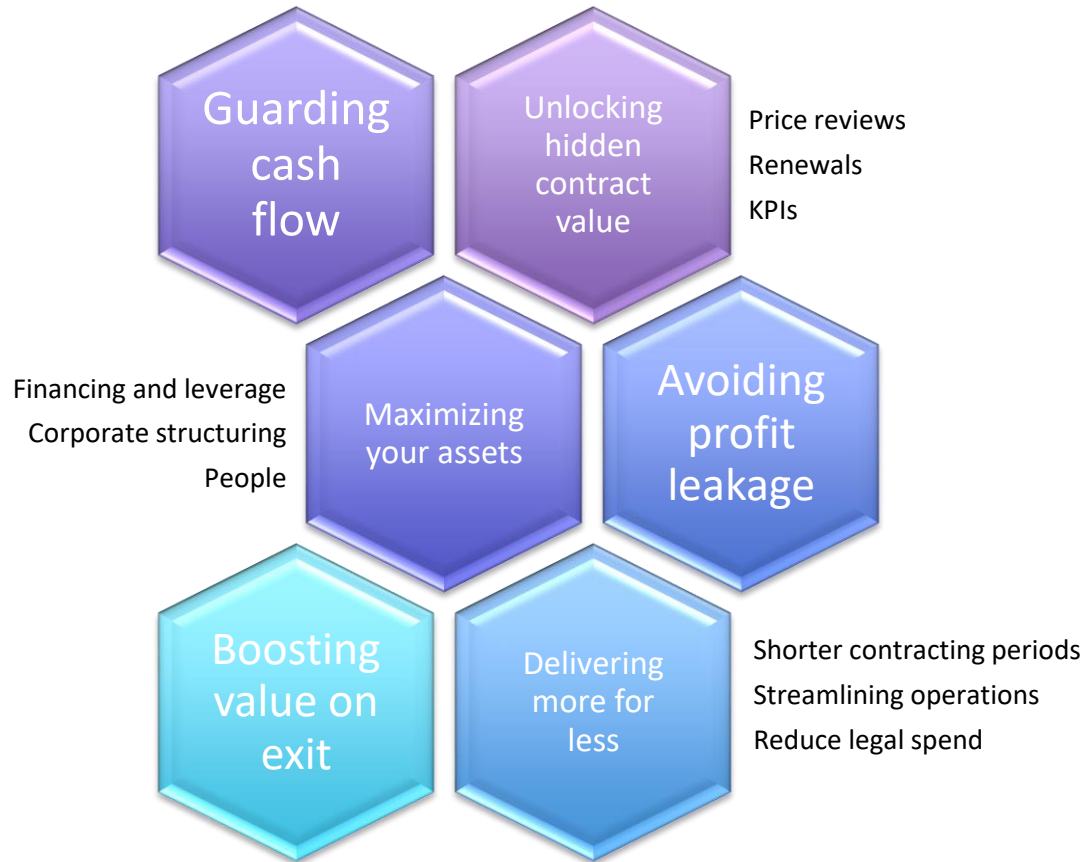


Question...

How often does your business
“sharpen the saw”?

- (a) We’re great at this!
- (b) Often enough
- (c) Not often enough
- (d) Never!

Solutions | Wholesale business audit



Takeaway points

- Businesses are taking this time to focus on optimization and guarding cash
- In-house legal counsel play a crucial role in keeping businesses profitable
- Clever use of technology can support legal in driving efficiencies
- Consider:
 - be choiceful – value / complexity / time review
 - contracting golden rules tailored to your business
 - contract automation
 - wholesale business audit



Contact



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