

# Measuring and demonstrating value within in-house legal teams

Hosted by:

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Middle East & North Africa

A graphic for a survey report. It features a red rectangular area on a dark blue background with a grid pattern. The year '2020' is written in white, followed by a horizontal line. Below the line, the title 'ACC CHIEF LEGAL OFFICERS SURVEY' is written in large, bold, white capital letters.

2020

# ACC CHIEF LEGAL OFFICERS SURVEY

## **CLOs role and reach**

- 4 out of 5 CLOs surveyed report directly to the CEO
- Compliance and risk are the top two corporate functions that report to the CLO
- 1 out of 3 CLOs anticipate outsourcing more work to law firms next year

The graphic features a red rectangular area with a white geometric pattern of lines and dots. The year '2020' is written in white, with a thin white horizontal line underneath it. Below the line, the text 'ACC CHIEF LEGAL OFFICERS SURVEY' is written in large, bold, white, sans-serif capital letters. The background of the entire graphic is a blurred image of a modern office interior with a desk and chair.

2020

# ACC CHIEF LEGAL OFFICERS SURVEY

## **Legal Department's value to the business**

- Business leaders consult with the CLO. But there is still room to advance
- Compliance, data privacy, and security are the most important issues for businesses
- The CLO has a multifaceted profile: lawyer and business leader
- Leadership and business aptitudes are the most desired nonlegal skills for in-house counsel

The graphic features a red rectangular area on a dark blue background with a grid pattern. The year '2020' is written in white, underlined, in the top left. Below it, the title 'ACC CHIEF LEGAL OFFICERS SURVEY' is written in large, bold, white capital letters.

2020

# ACC CHIEF LEGAL OFFICERS SURVEY

## **Political and regulatory landscape**

- New regulation and data protection issues expected to pose the biggest challenges
- Companies are ready to face new regulations and mitigate emerging risks
- Regulatory compliance spend is up
- Geopolitical events have limited effect on organization decisions

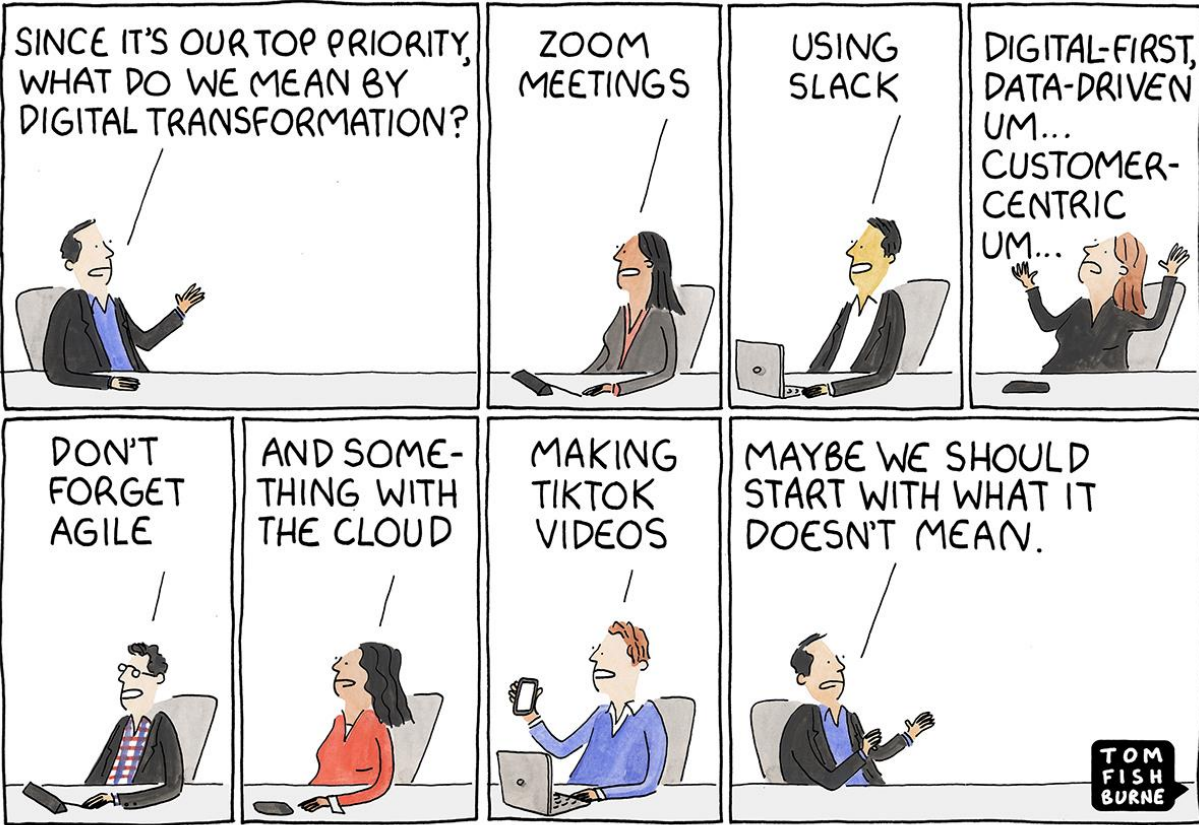
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2020

# ACC CHIEF LEGAL OFFICERS SURVEY

## **Outlook for the legal department**

- CLOs are implementing new technologies to improve efficiency
- Use of artificial intelligence expected to accelerate
- Delivering value to customers is now a priority over maximizing profits

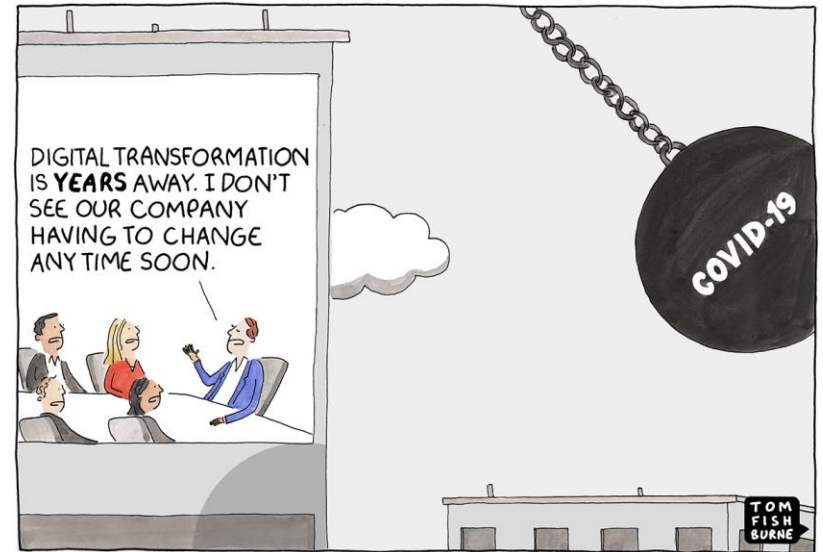


Who led the digital transformation of your company?

A) CEO

B) CTO

C) COVID-19



## Do lawyers make better CEOs than MBAs?

Harvard Business Law Review

- Survey considered 3500 CEOs
- 9% had law degrees
- 2400 publicly traded companies in S&P1500





*“CEOs with legal expertise are effective at managing litigation risk by, in part, setting more risk-averse firm policies.”*

*These actions enhance value only when firms operate in an environment with high litigation risk or high compliance requirements. Otherwise, these actions could actually hurt the firm.”*



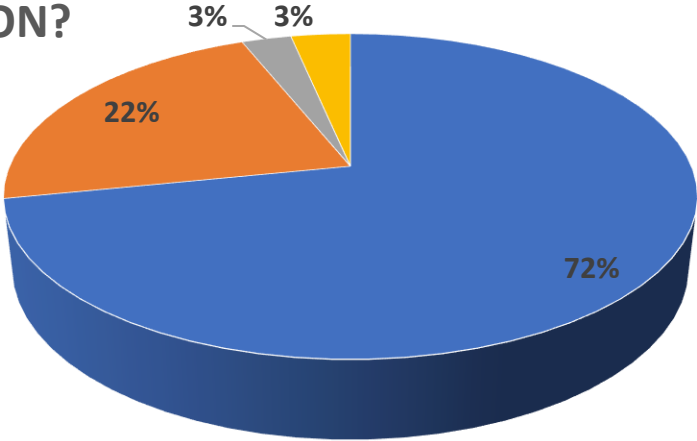
# LexisNexis / ACC Middle East Survey

Online questionnaire for corporate counsel



- LexisNexis and ACC Middle East Survey (Gulf region)
- 78% of respondents based in UAE
- Industries most represented: healthcare, energy/utilities, TMT, consumer/retail, and banking
- Most lawyers had worked in the region for over 4 years

# WHAT IS YOUR POSITION?



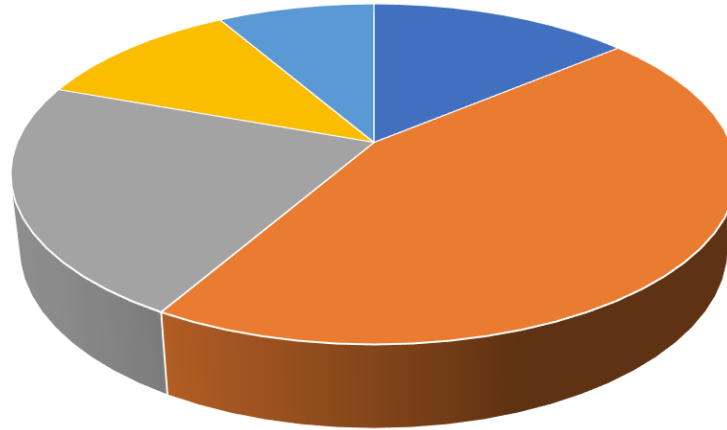
■ Head of Legal / General Counsel

■ Senior Lawyer

■ Junior lawyer

■ Legal & Compliance officer

## HOW MANY LAWYERS (INCLUDING PARALEGALS) IN YOUR TEAM?



■ JUST ME ■ 2-5 ■ 6-10 ■ 11-15 ■ 16-20

## Which of these areas fall directly under your responsibility?

- Compliance 72%
- Company secretary 63%
- Data protection 54%
- Cybersecurity 45%

## What will be the top priority of your legal department over the next year?

- 1) Meeting regulatory / compliance requirements (30.5%)
- 2) Improving operational efficiency (30.5%)
- 3) Generating business revenue (16.6%)

## **Most important issues for your department over the next twelve months:**

- 1) Ethics and compliance (91%)
- 2) Regulatory and government changes (83%)
- 3) Data breaches & protection of data (82%)



## Which non-traditional roles are you developing in your team?

- 1) Knowledge management (47%)
- 2) Learning and development (41%)
- 3) Operations (30%)

## Key challenges

“Keeping up with business initiatives and finding compliant solutions to creative plans”

“Being a no income part of the company”

“Achieving tangible outcomes efficiently and effectively”

“Managing legal spend”

## Key challenges

“Foreseeing regulatory changes”

“Answering the daily requirements of the sales/finance team”

“Prioritization of business risks vs business opportunities”

“Time management and navigating multiple priorities”

# Salary and external counsel spend

Measuring value – old school

<b>PQE (CORPORATE COUNSEL)</b>	<b>Monthly Salary AED</b>
<b>4 – 6 years (Legal Counsel)</b>	<b>30,000 – 45,000</b>
<b>6 – 8 years (Senior Legal Counsel)</b>	<b>40,000 – 65,000</b>
<b>8 – 12 years (Senior Legal Counsel / Legal Director)</b>	<b>45,000 – 85,000</b>
<b>Legal Director / Head of Legal ( MEA/META)</b>	<b>55,000 – 110,000</b>
<b>General Counsel/CLO (MEA/EMEA/META)</b>	<b>80,000 – 160,000+</b>

Source: Marsden International 2019

## External counsel fees

In order to provide a benchmark to the Courts of the average charge out rates in Dubai, a survey of law firms was undertaken and below are the average hourly rates ascribed to varying levels of experience and seniority.

Level of Legal Experience	Average Hourly Rate (AED)
Trainees up to 5 years	1762
Lawyers 6-10 years	2187
10 + years	2448
Partners	2819

## **What tools or methods do you use to measure or demonstrate the value of the legal department?**

- 1) KPIs or SLAs covering response times or interactions
- 2) Post-deal debriefs with business colleagues
- 3) Internal client surveys
- 4) Regular reports to the business
- 5) Quantifying risks avoided
- 6) Track cost of internal legal resource vs external hourly spend

## What tools or methods do you use to measure or demonstrate the value of the legal department?

- |   |      |
|---|------|
| 1) KPIs or SLAs covering response times or interactions           | 56 % |
| 2) Post-deal debriefs with business colleagues                    | 47 % |
| 3) Internal client surveys  | 44 % |
| 4) Regular reports to the business                                | 25 % |
| 5) Quantifying risks avoided                                      | 17 % |
| 6) Track cost of internal legal resource vs external hourly spend | 17 % |



**What tools or methods do you use to measure or demonstrate the value of the legal department?**

“Tracking of customer engagements and linked revenue”

“Weekly reports on contracts signed and litigation”

“I’ve done most of these in previous companies, but its early days at this one and I expect most of the above to come into play over the next 12-18 months”

## **Starting points for law department tracking:**

1. Spend to Budget
2. Staff Workload Metrics
3. Spend by Matter Type and Business Unit
4. Outside Counsel Evaluations
5. Outside and Inside Spending as a Percentage of Company Revenue
6. Invoice Savings
7. Track and Benchmark Timekeeper Rate Increases
8. Litigation Exposure Over Time
9. Internal Trainings vs. Ethics Complaints
10. Lessons Learned by Matter

*ACC Leading Practices in Law Department Metrics: Company Best Practices*

## How to gather data and metrics

Matter management systems	to track data such as: the types of transactions/contracts, the volume, responsibility for the work, how long it took
Surveys / score cards	to get a sense of how the legal team is perceived and can identify areas of concern. One of the members noted that while the feedback from their survey was very positive it did reveal that the legal team had a tendency to “hold the hand” of the business, which was an unsustainable practice.
Key Performance Indicators (KPIs)	These can be both for the legal team and law firms. Provided they are SMART the list of potential KPIs is endless.
Law firm reports	track metrics such as the amount of spend and the volume and types of work being sent to external counsel

## Metrics – keep it simple

Start with capturing only 2 data points:

- Work category: ideally no more than 10 options
- Work sub-category: ideally no more than 6-8 options

## Metrics – how can you use this information?

These 2 data points alone can drive an enormous amount of team benefit including:

- skill acquisition and development, where skills don't match work definition
- on-boarding new starters, assisting to understand their expected work profile
- external firm selection based on work definition and needs relative to internal skills available
- decisions around automation where repeat work is identified
- growing (or shrinking) regulatory demands or risks over time
- facilitating team collaboration by allowing team members to play to individual strengths or achieve the right mix of work types

# Are we valuable?

DEFINING PURPOSE

An outstanding in-house team has four characteristics: in effect, its 'signature profile'. These characteristics are:

- meeting known legal need—doing the day job well
- identifying unmet legal need—keeping across all that the business does, confident of priorities
- managing the legal risk environment—what is to come, balancing tolerance to risk, reputation and compliance
- transferring know-how to non-lawyer colleagues—fundamentally the best way to manage a scarce resource

## Describing or codifying value in a meaningful way – an example

- Taking a risk-based approach to managing the predictable and recurring work required of the team, with lawyers who are comfortable managing process and developing policy as much as they are as advisors. ’
- A peer-to-peer contributor to business decisions and strategy, helping to protect and secure lines of business through advice, process and policy.
- Proactively informing and developing positions on the legal risk environment, including changes to regulations, industry standards and good governance principles.



The value to the business when such an approach succeeds includes at least the following:

- a consistency of approach, creating more reliability and more certainty
- better and earlier planning resulting in less complication, fewer delays and more certainty
- more sophisticated risk management and better, more commercially orientated decisions
- more self-help solutions creating momentum in process management and more accountability
- faster to market and income more assured

## Strategic alignment of the in-house team

1. What are the ten most regularly occurring and least important activities undertaken by the team? Can you identify them and show their relative worth compared to other things that you must do?
2. Fundamentally, what is the irreducible core role for lawyers in your organisation? What is the activity that you undertake that combines your intimate knowledge of your world, with specialist legal expertise in such a way that the resulting activity, service and results are obviously, and acknowledged to be, adding value?
3. How much time does the department collectively devote to codifying knowledge, improving process and training colleagues?
4. So are we equipped with the reporting tools to show trends, savings, costs and value? Do we have a sense of our true value (see (2) so that we can articulate worth and specialness?

Measuring value: case studies

## CASE STUDY



**Mark Maurice-Jones, General Counsel and Head of Legal Services, UK & Ireland**

- Workload analysis (2-3 months)
- Measure time spent on 15 identified activities including reviewing contracts and advertising artwork, advice on anti-trust law and trademarks
- Define items in terms of whether they were low, medium or high complexity and value
- Reviewed who was doing the work. Could tasks be re-allocated between senior and junior lawyers?
- Align lawyers with business units, not by expertise (e.g. beverages business lawyer)
- Monthly report and stakeholder surveys. Are we providing advice in a timely fashion? Are we business partners?

## CASE STUDY



**Nestlé**®

**Mark Maurice-Jones, General Counsel and Head  
of Legal Services, UK & Ireland**

“We’ve toyed with measures like how many meetings we attend, but that’s not really a measure of success because you can be present and not say a word. There’s no point measuring something if no action comes out of it or if it doesn’t drive you to do something differently.”

“Feedback from the business and how you are perceived by them is very important... We’ve looked at putting in place education programs to improve the understanding of the business. We are constantly aware of trying to be a proactive strategic business partner.”

“A lot of what we do in legal, which isn’t unusual for a legal department, is reactive. Doing the right thing is an area where we’ve been able to be proactive and can continue to shape the business agenda. The expression ‘doing the right thing’ is in the day-to-day narrative at Nestlé now in a way that it wasn’t before.”

## CASE STUDY



Maaïke de Bie,  
General Counsel, Royal Mail

Set up five teams in the legal area:

- Commercial transactions (engine room)
- Strategic transactions
- Labour & disputes
- Competition & regulation
- Criminal law

Role also includes Compliance, Security, Investigations, an Accidents and Claims Centre, Information Governance and Data. Team of just under 300 people with less than 20% of those being lawyers.

## CASE STUDY



Maaïke de Bie,  
General Counsel, Royal Mail

We were very much an on-demand team and we took work as it came in. We changed that and explained that we only had a finite amount of resources. Together with our colleagues, we looked at what the company needed and thought of alternative ways of delivering the work; for instance, can it be automated or self-service, or should we do this at all?

We weren't helping ourselves by always jumping in at the last minute to save the day. So we started to communicate to our colleagues what (time) we needed to provide the best possible support. For instance, if they want a robust, well-thought through legal opinion, then we probably need a week. If they want a solid legal view, give us three days. If they just want a steer, we can do this on the spot.

## CASE STUDY



Maaïke de Bie,  
General Counsel, Royal Mail

“The business used the legal team to document things and more or less as an assurance function, we didn’t play a strategic role. I inherited an unhappy and stressed team that was working long hours and not always treated with respect by the business”

Asking ourselves why we were there and making sure that we were aligned strategically with the company. And when deciding what to do next, ask first – is this at the heart of the company? Is it going to grow our company? Is it going to protect our company? Is it linked to our strategy? Is it best use of our resources for what the company needs?



## CASE STUDY



Maaïke de Bie,  
General Counsel, Royal Mail

“We put in place client-facing lawyers in different areas of our company... they sit down with people in the relevant business unit and simply have a chat to find out what’s going on and where they can be of help. It’s in these conversations where you get really important information about what’s worrying people and what risks they see... we can then anticipate and mitigate those risks. Our team has a monthly meeting to share the output of these catch-ups which helps us all to get to know the business better, connect dots and work together to find best way to provide support to our colleagues.”

“Being out there regularly communicating with our business colleagues, showing empathy, helps our colleagues to recognise our ability to add value and how we’re trying to help them. It also means that they might come to us with questions earlier...”

## **“Know your business” but how to have the edge and gain insight that delivers commercial impact?**

Hot desk in different departments to understand how they work, their challenges and build rapport with business colleagues. Go on company site tours and build your technical product knowledge by reviewing client facing sales and marketing materials. Take it a step further and invest time to shadow non-legal colleagues in pertinent departments.

Make it a goal to proactively initiate speaking to internal stakeholders – a simple 5-minute stand-up meeting on current projects, what’s coming up, challenges faced. This can inadvertently reveal where legal can support and add unexpected value.

An up-to-date organisation chart is also an essential tool. Equally essential is being clear about what the business expectations are of the legal department.

**What one piece of advice would you give to new in-house lawyers working in the region?**

“Understand the business. Be a partner, not a provider”

“Understand the business appetite for risk”

“Be flexible, patient and keep an open mind”

“Take a deep breath, establish a good rapport with your business teams”

**What one piece of advice would you give to new in-house lawyers working in the region?**

“Read local laws before implementing your previous experience”

“You need to be able to go with the flow whilst maintaining professional integrity and ethics”

“Don’t take good behavior for granted. Train your organization on compliance / ethics regularly”

“Read thoroughly, stay on top of your duties and don’t get dragged by commercial teams to their own interpretations”

## **What one piece of advice would you give to new in-house lawyers working in the region?**

“Understand your company’s objective and understand how your objectives contribute to the same. Build a clear understanding of your industry”

“Close the deal, don’t win the argument”

“This role is different from private practice. Do not hesitate to give an opinion”

“Network – the only way to get solid information for how things really are on the ground”

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