



905:Law Department Alignment with Company Goals

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Carla J. Garrett

Carla J. Garrett is general counsel and secretary for CoStar Group, Inc., based in Bethesda, Maryland. She was the first attorney at CoStar, a NASDAQ-traded company that provides commercial real estate information to a national and international client base. She is responsible for all of the legal issues affecting CoStar and works closely with CoStar's management to accomplish the company's objectives. Ms. Garrett spends a majority of her time on intellectual property matters, acquisitions, and securities law issues.

Prior to joining CoStar, Ms. Garrett practiced in the Washington, DC office of Sullivan & Cromwell, where she had been a corporate and securities attorney. Prior to joining Sullivan & Cromwell, she was an associate with Wilson Sonsini Goodrich & Rosati in Palo Alto, California, where she practiced corporate law and advised technology companies.

Ms. Garrett received a BA from Vanderbilt University and her JD from Stanford University.

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Andrea L. Zopp

Andrea L. Zopp is senior vice president and general counsel for Sears, Roebuck and Co. located in Hoffman Estates, Illinois. In this position she has responsibility for the legal affairs of Sears and oversees compliance matters. Ms. Zopp reports to chairman and chief executive officer Alan J. Lacy.

Ms. Zopp came to Sears from Sara Lee Corporation where she was vice president, deputy general counsel in the law department. There she managed senior attorneys at the operating divisions, risk management, environmental services, and safety. She also supervised litigation and provided counseling on strategic issues. Prior to Sara Lee, Ms. Zopp was a partner in the litigation department of the law firm of Sonnenschein Nath & Rosenthal, specializing in the areas of commercial, employment, and white-collar criminal litigation. Prior to her time at Sonnenschein, Ms. Zopp was the first assistant state's attorney in the Cook County's state's attorney office where she was responsible for the day-to-day operations of the nation's second largest prosecutor's office. Ms. Zopp has substantial trial experience in both federal and state court. She has tried more than 50 cases, 41 of those to juries and is a fellow of the American College of Trial Lawyers.

Ms. Zopp is a member and former president of the Chicago Inn of Court and is active in the ABA, where she served as a member of the section of litigation council. She is also former member of the board of managers of the Chicago Bar Association. Ms. Zopp is a member of the Black Women Lawyer's Association. In March 2000, Ms. Zopp was named by Illinois Governor George Ryan to serve on the commission to review the Illinois death penalty process. In May 2003, Chicago Mayor Richard M. Daley named her as cochair of a panel reviewing the City's building and safety code enforcement in the wake of the E-2 nightclub tragedy. Her other civic activities include serving on the board of directors of the Chicago Area Project and the Heartland Alliance.

Ms. Zopp received both her BA and her JD from Harvard University.

Synchronizing Business and Legal Priorities-A Powerful Tool

by John H. Ogden
ACCA Docket, October 2000

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This article will describe a powerful and dynamic process for dramatically improving the delivery of legal services to a corporation.

With the pace of business today and the increasing need for efficiency and cost effectiveness in all corporate endeavors, it is not enough that the legal function merely coordinate its activities with the business. To productively provide the level of service a corporation or business unit requires, the legal function must be totally synchronized with business goals and activities. Only a legal function that is synchronized with the business can fully practice preventive law and respond most effectively when, despite preventive measures, a problem occurs.

What exactly is meant by the term "synchronized" in this context? Among the definitions in Webster's for synchronous is to be "in the same phase." An example from the new economy might be a brick-and-mortar company with a .com element synchronizing its catalog, web, and retail sales/service channels so its customers see a seamless entity.¹ The harmonious sound achieved by a symphony orchestra is the result of a number of professionals, all with different roles, working toward the same goal—literally playing from the same sheet of music. To achieve optimum performance, a corporation's legal function must similarly match its performance with the needs and goals of the enterprise—to get on the same page as the client.

This process is not merely low-key ad hoc coordination but express, highly active (indeed, interactive and proactive) synchronization. Express agreement is reached with whatever level of management is appropriate (for example, corporate, division, general management, functional management, and so on) about the legal elements of significant business activities and their relative importance. In addition to securing the cooperation and support of business colleagues at various levels, this process also helps in managing the legal function. This is particularly true in setting priorities for resources (time, money, staffing, technology, and so on). Both business and legal leaders should recognize that this process is the same as what our business colleagues do to develop and execute plans for running the business.

Generally, it is a good idea to reduce those understandings to writing. It can begin either with freeform brainstorming between lawyer and businessperson or with a memorandum from the lawyer suggesting what legal issues are central to the business and why. It can be bilateral—the legal function with one business unit—or multilateral—with several (or all) business units represented, along with other key staff functions such as finance, HR, and so on. It can take place periodically (annually or perhaps more frequently) or the full process might take place once, with adjustments occurring as necessitated by changing business conditions or significant changes in

the law. Many approaches can yield success in various corporate cultures.² The author will describe what, after several years of fine-tuning, has worked in his corporation.

Before addressing the means and methods of synchronization, it is important to identify the goals. The intermediate goal should be understanding between lawyer and client about the legal elements of important business activities. That understanding should include agreement about identification and prioritization of those issues. The next goal at the beginning of the process should be to optimize corporate performance vis-à-vis legal issues. The ultimate goal, perhaps unachievable since this is a continuous improvement process, is to maximize corporate legal performance.

The synchronization process consists of two elements. The central element is joint issue prioritization, in which business and legal leaders agree upon the relative importance to the enterprise of certain areas of the law. The other element is optimization of the legal function, which consists of two related components: integrating the legal function into the enterprise and developing a common metric lexicon with the business. One element cannot be accomplished without the other. These elements are interrelated and occur in repetitive and/or continuous iterations that can be both parallel and serial. Since joint issue prioritization is the central element of synchronization, it will be addressed first.

Joint Issue Prioritization

The most critical part of the synchronization process is joint issue prioritization. A prerequisite is a common understanding between business and legal leaders about the legal aspects of an enterprise's activities. Once this has been achieved, specific issues or topics can be identified and prioritized. In some instances, this may be straightforward. For example, a company doing business within a regulated industry, such as securities or communications, would set regulatory compliance as a high priority. Indeed, these issues may be so ingrained in the business that the synchronizing process may be fairly quick. The situation with companies in less regulated industries,³ however, may be more nuanced.

During joint issue prioritization, legal topics are categorized as core, key, or other. Although in some instances it may make sense to rank issues within categories (in other words, designate a particular core topic as more important than another) or develop subcategories, for the purposes of this article, the author will only address the three primary categories.

Core issues are defined as areas of the law in which difficulties could affect the enterprise's ability to conduct business in the manner management determines is best. In a core area, it would be expected that agreement between business and legal leadership could be reached such that a major resource commitment would be devoted to preventive law. Certainly the same would be true if and when problems arose. Even if the approach were not "no hold barred" or "cost is no object," certainly the cost side of the cost/benefit equation would have relatively less priority. An example is a securities firm violating important securities laws or regulations.

Key issues are those that do not necessarily have the potential to affect the fundamental conduct of the business but can nonetheless have a serious financial impact on the company. In managing

preventive and remedial legal activities associated with key issues, pressure to reduce costs will be greater than in core issues, but the cost would not be emphasized as much as in the "other" category, discussed below. An example of a key issue would be harassment or discrimination. It is highly unlikely that management of any substantial company would adapt a conscious policy of harassment or discrimination, so legal difficulties would not affect the enterprise's ability to conduct business as management determines is best. Significant legal claims in these areas can be very expensive, however, including the cost of defense and judgments or settlements, as well as bad publicity and loss of goodwill among various stakeholders, such as the community, employees, and prospective employees.

The boundary between "core" and "key" can change based on the seriousness of a matter. For example, a consumer goods company with many products geared to an upscale female market might be adversely affected by a sexual harassment or discrimination suit. A multitude of suits or a class action suit would have the potential of even greater harm.

The category of other is just that: matters that are not "core" or "key." An example of an "other" issue would be non-pattern product liability claims arising from a discontinued product line. As long as sufficient reserves are available for deductibles or self-insurance costs, the cases can be handled as they arise without a need for major emphasis. Identifying and reaching agreement about these areas in advance is useful for dealing with problems and for targeting areas for cutbacks if needed.

Take, for an example, a company or unit of a company that decides its central business strategy will be to develop and license chemical processes to third parties worldwide.⁴ To the extent regulatory approval is needed to operate the pilot plant where the processes are developed, the attorney and lead business executive would most likely have little difficulty deciding that a core area would be securing necessary permits and ensuring compliance. The same would be true for suitable intellectual property protection: patents, trademarks, trade secrets, and so on. What might be less obvious, absent the specific focused discussion that takes place during joint issue prioritization, are the areas of customs law and TSCA (Toxic Substance Control Act) as they apply to overseas customers sending raw materials to the U.S. pilot plant. If there are U.S. and non-U.S. based rival technologies, the legal function would play an important role by assembling the necessary team, chemists, customs specialists, and so on, to address foreign customer needs as quickly or more quickly than the licensors of the rival technology.

A key area, which might not be immediately obvious without the joint issue prioritization process, could be tax. Once the most likely license markets have been identified, issues such as how foreign technology is taxed and various depreciation issues could lead to a combined team of legal, tax, and technical personnel to design technology and license terms addressing such issues generally and/or for specific jurisdictions. The best (and possibly only) means to address such issues is in advance, while they can be influenced. It cannot be done by lawyers alone and must have approval at the necessary level of management to ensure optimum interaction among the functions, hence the need for joint issue prioritization.

Once there is agreement as to what is core and what is key, resource allocation decisions follow. If a problem arises in a core area, it is very useful to be able to decide on short notice to seek a

temporary restraining order against a competitor. Since there has been preagreement on the matter's importance, critical assistance can be assured from business and/or technical personnel who have to be taken off normal assignments to assemble the necessary factual foundation. Similarly, a rapid decision may need to be made to alter a certain business practice due to a potential problem in a core area. This is accomplished most readily if the appropriate legal and business personnel have addressed the subject matter in advance in a noncrisis mode.

It must be stressed that the foregoing categories should not be applied rigidly. Changing operations and/or legal developments may modify the relative importance of issues. Additionally, a particular matter may arise that transcends previously agreed upon categories. For example, a criminal complaint or action by a competitor could bring increased antitrust scrutiny, giving rise to a significant expenditure of resources to interview employees, analyze markets, and so on to confirm that your company was not involved.

Optimization through Integration

Attorneys and the legal function must be as fully integrated as possible into the business. In the synchronization process optimizing through integration is both a cause and effect of joint issue prioritization. Business and legal leaders can be much more effective in jointly prioritizing legal issues if the legal function has been well incorporated into the business processes. Additionally, one of the results of joint issue prioritization is that both business and legal management can agree on the subjects that are appropriate for intensive integration. For example, an attorney should be at virtually every meeting on core issues and invited to all meetings on key issues, with decisions on attendance at particular meetings made jointly by business and legal personnel. For other issues, however, the legal function may need only to be copied on meeting minutes.

There are obviously aspects of practicing law in-house (for example, attorney-client privilege) that differentiate attorneys and their activities from business colleagues and their activities. It is the responsibility of individual attorneys and the legal function in general to ensure the business receives the full benefit of having an in-house legal staff. Naturally, one part of doing this is to rigorously conduct matters in a way that preserves the attorney-client and work product privileges. For purposes of this article such conduct is presumed and will not be addressed further.⁵

It is just as crucial to take conscious steps toward developing and expanding the commonality between the legal function and the business functions. Simply put, in-house attorneys should view themselves and be viewed by their clients as businesspeople who specialize in the law just as others specialize in marketing, HR, and other matters. In a well-integrated legal function attorneys understand and can describe corporate goals and activities as well as those of the specific units they represent to the same extent as business colleagues at a similar level in the organization. The need for continuing legal education is well accepted. An in-house attorney should undergo similar continuing education about the business he or she represents. Ideally this is accomplished on both formal and informal levels.

On the formal level, individual attorneys, with support from legal management if and when required, should be invited to general meetings, not only those at which specific legal issues are

expected to arise. Attorneys should regularly study company (and competitor) brochures and websites as they apply to their client departments. This should be more than a legal review. The goal should be a comprehensive understanding of the business. If possible, trade show or industry conferences should have attorney attendees. If travel is not possible, ask to sit in on the briefing and debriefing sessions. Additionally, long- and short-term multidiscipline teams are common ways of addressing business issues today. Attorneys should be on such teams whenever appropriate, using a very liberal definition of appropriate.

In addition to formal steps to integrate the legal function and its practices with the corporate mainstream, informal steps are also important. The legal profession is not particularly well liked or respected in America. Corporate America may, on average, be somewhat more accepting (although some companies may be more or less accepting based on how they perceive the legal system has treated them), but it is still important that key individuals with whom corporate attorneys interact come to understand them beyond stereotypes. The more corporate attorneys can be seen as businesspeople who specialize in the law rather than some significantly different kind of person, the better attorneys and corporate clients can productively interact. Informal socializing (for example, joining company sports teams, engaging in casual discussions while traveling, attending after-hours gatherings, and so on) with business colleagues can engender this type of understanding.

The reader may be saying "I'm already too busy, I don't have time for those distractions." It is suggested, however, that such activities would enhance the effectiveness of your practice. A legal function that is well integrated into the business provides the opportunity to practice preventive law, thus decreasing the number of problem issues and allowing for a more orderly practice than constantly putting out fires. A short comment during a staff meeting or team brainstorming session can effectuate a relatively minor and well-accepted change early in the life of an initiative. If the attorney were not there to make the comment, he or she would instead be scrambling to modify a much more fully developed issue, with buy-in from many quarters, at the eleventh hour. Even worse would be dealing with the repercussions if a program with a legal flaw has been rolled out to the company's customers, and thus its competitors, regulators, stockholders, neighbors, and various other stakeholders.

Optimization through a Common Lexicon: Metrics

An essential means of integrating the legal function into the enterprise and of establishing a foundation for synchronization is to speak the same language as the businesspeople. Typically, this language is quantitative. The legal function should set goals and measure performance to the fullest extent possible, using statistical methodology that is transparent and therefore readily understood inside and outside of the legal department. This should not be limited to merely going through the same capital and expense budgeting process as the other business units. It means aggressively seeking methods of measuring the operation of the legal function in a meaningful way.

The search for such methods must be well considered because many aspects of the law admittedly do not lend themselves to meaningful measurement. The keyword is meaningful. Virtually anything can be measured. Since it is well accepted that there is a strong tendency to

perform in accordance with what is being measured, measuring the wrong elements can do more harm than good. A simple example would be hourly rates of retained counsel. If the only measure is the hourly rate, among the negative outcomes could be ineffective representation because the wrong attorney is on the matter and/or no cost savings because more hours would be spent at the lower rate.

Many metrics may be used in a legal department,⁶ but to be used in the synchronization process, a metric must pass a two-part test. First, the metric must measure something that contributes to the effective delivery of legal services. An example would be a fully loaded internal hourly rate compared with retained counsel rates. Second, the metric must be expressed in terms that are meaningful to businesspeople. An example would be the average number of attorneys per billion dollars of sales in the client's industry. It is extremely important for business and legal leadership to agree at the beginning of the synchronization process on the relevance of specific metrics and to jointly decide where the company should be in relation to external norms.⁷

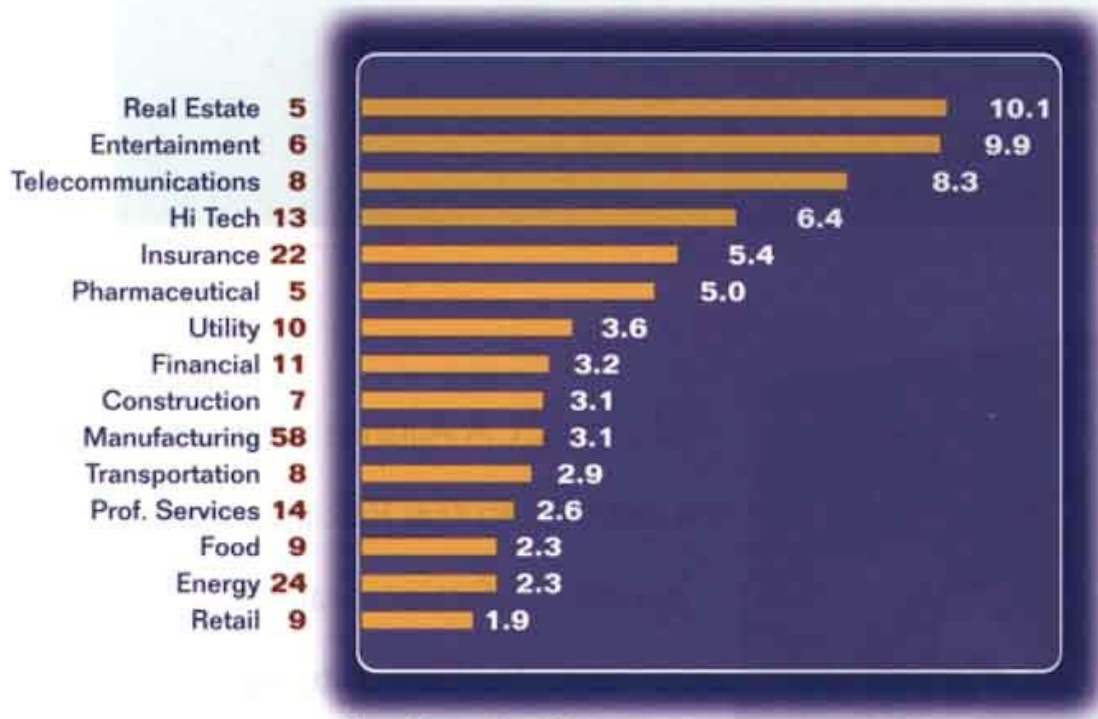
Many possible measurement methods are available and can be used, customized, or combined to meet the needs of the legal function and its clients. Following are several of the most important benchmarks.⁸

Lawyers per \$1 Billion of Revenue

A much-touted metric in law department management compares the number of lawyers a company has per \$1 billion of the company's revenue to the same figure for companies of the same size, industry, or location. This benchmark calculation normalizes the data per billion dollars of revenue so that companies of all sizes can compare themselves. For example, a \$2 billion company with eight lawyers has four lawyers per billion or \$250 million in revenue per lawyer.

Figure 1, "Lawyers per \$1 Billion," arrays 15 industries according to their weighted average of lawyers per \$1 billion of revenue. The number following the industry name indicates how many companies were in that industry. The length of each bar represents the number of lawyers per \$1 billion of revenue in the industry. Overall, the 1912 lawyers and 211 companies represented in this chart amount to 3.5 lawyers per \$1 billion of revenue (\$54 billion of total revenue).

FIGURE 1
LAWYERS PER
\$1 BILLION OF REVENUE



Source: Morrison, Rees W., "Directory of Corporate Counsel-Special Supplement" 24 (Aspen Law & Business 2000).

■ Lawyers per \$1 Billion Revenue (weighted)
■ # of Companies within Industry Surveyed

Figure 1
Lawyers per \$1 Billion of Revenue by Industry (1998)
Source: Morrison, Rees W., "Directory of Corporate Counsel-Special Supplement" 24

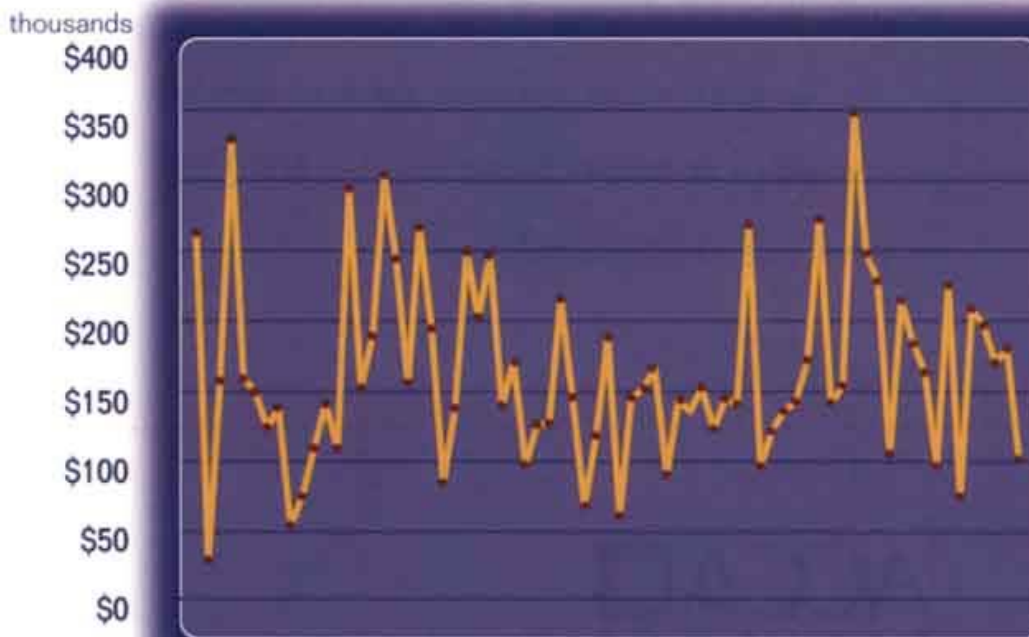
Inside Spending Per Lawyer

By contrast, consider in this benchmark the perspective of inside spending per lawyer. Inside spending includes compensation of all forms (except stock options and awards), facilities, equipment, depreciation, and vendor costs (excluding outside counsel costs and patent fees). For example, the median inside spending per lawyer in 1998 for 50 manufacturers was \$274,000.

Fully Loaded Cost per Lawyer Hour

Many law departments compare their own cost, as if their lawyers were to charge their clients an hourly rate sufficient to cover all inside costs, with a comparable figure for outside counsel, a blended rate of all the company's outside lawyers that includes the full amount billed to the company. The inside cost per hour should include similar costs to what law firms must pay, notably rent. Figure 2, "Fully Loaded Hourly Cost per Lawyer," suggests the range of this internal cost.

FIGURE 2
FULLY LOADED HOURLY
COST PER LAWYER (1998)



Source: Morrison, Rees W., "Law Department Benchmarks: Myths, Metrics and Management" (Glasser LegalWorks 2nd Ed., to be published fall of 2000)

70 companies surveyed

Figure 2

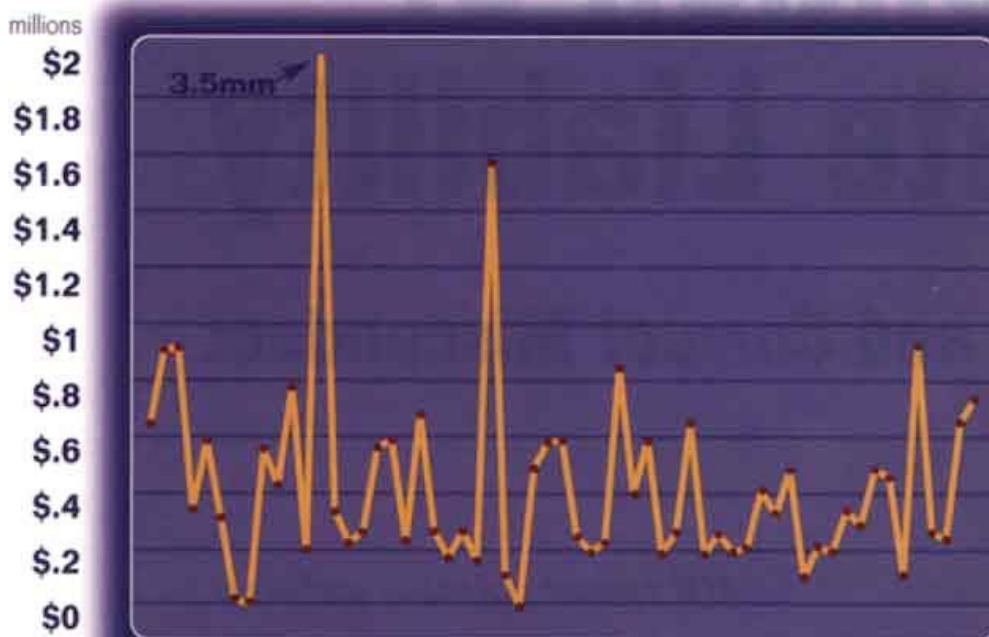
Fully Loaded Cost per Lawyer Hour (1998), Source: Op. cit., Chart 16.4.

For the entire group of 3551 lawyers in 70 corporate law departments, a group that excluded government law departments, the weighted average internal cost per lawyer came to \$167 an hour. The median size law department in the group counted 32 lawyers, so these were large departments. The calculation assumed 1850 hours per year of chargeable time.

Outside Counsel Spending Per In-house Lawyer

Approximately half of all spending by a typical law department goes to outside counsel. One benchmark, therefore, normalizes outside counsel spending per lawyer. Figure 3, "Lawyers and Outside Counsel Spending per In-house Lawyer," presents some data on this topic.

FIGURE 3
OUTSIDE COUNSEL
SPENDING PER IN-HOUSE
LAWYER (1998)



Source: Morrison, Rees W. "Law Department Benchmarks: Myths, Metrics and Management" (Glasser Legal-Works 2nd Ed., to be published fall of 2000)

60 companies surveyed

Figure 3
Outside Counsel Spending per In-house Lawyer (1998), Source: op. cit., Chart 16.4.

In this group, of the 60 law departments that employed at least 10 lawyers, the average spending on outside counsel per inside lawyer was \$471,760. Because two departments stated very high figures, the median figure is much lower: \$350,000.

Ratio of Inside Legal Spending to Outside Counsel Spending

The typical law department spends between 40 and 60 percent of its total budget on its inside costs, with the remainder on outside costs. From a group of approximately 75 law departments, the average ratio of outside counsel spending to inside budget was 1.5 to 1, which amounts to a 60/40 ratio.

Total Legal Spending as a Percentage of Revenue

Total legal spending consists of a law department's spending for its own costs and its spending on outside counsel. For government and nonprofit law departments, the nearest equivalent to revenue seems to be the budget of the organization.

Figure 4, "Total Legal Spending," divided companies in the data set by revenue, representing the companies that had revenue of more than \$2 billion in 1998. The revenue axis is at the bottom, and the left axis stands for total legal spending in 1998—inside budget and outside counsel spending—per \$1 billion of revenue. The median figure for all the companies was .31 percent of revenue. The weighted figure was .27 percent (\$572 billion of 1998 revenue compared to \$1.56 billion of total legal spending).⁹

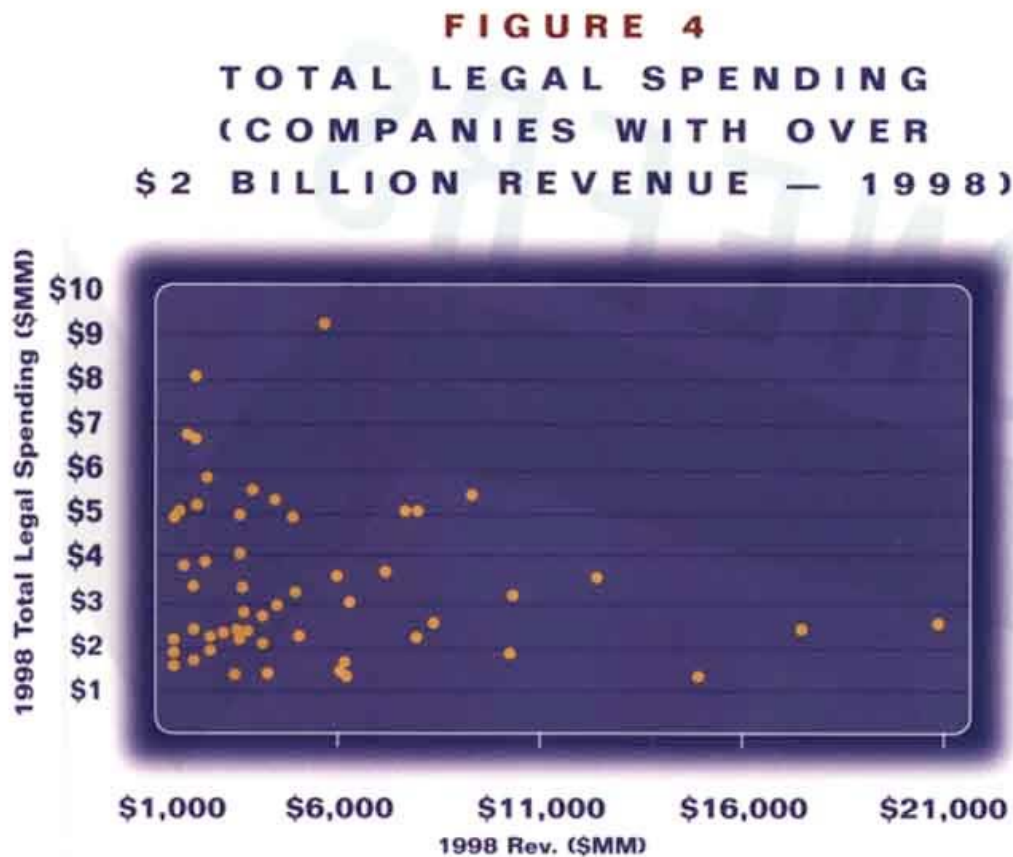


Figure 4**Total Legal Spending per Lawyer-Over \$2 Billion Revenue (1998)**

Source: Morrison, Rees W., "Directory of Corporate Counsel-Special Supplement" 32 (Aspen Law & Business 2000).

Theory in Action/Measured Results

The title of this article identifies synchronization as a powerful tool. The theory has been explained. Following is an actual example of how powerful and dynamic it is in practice.

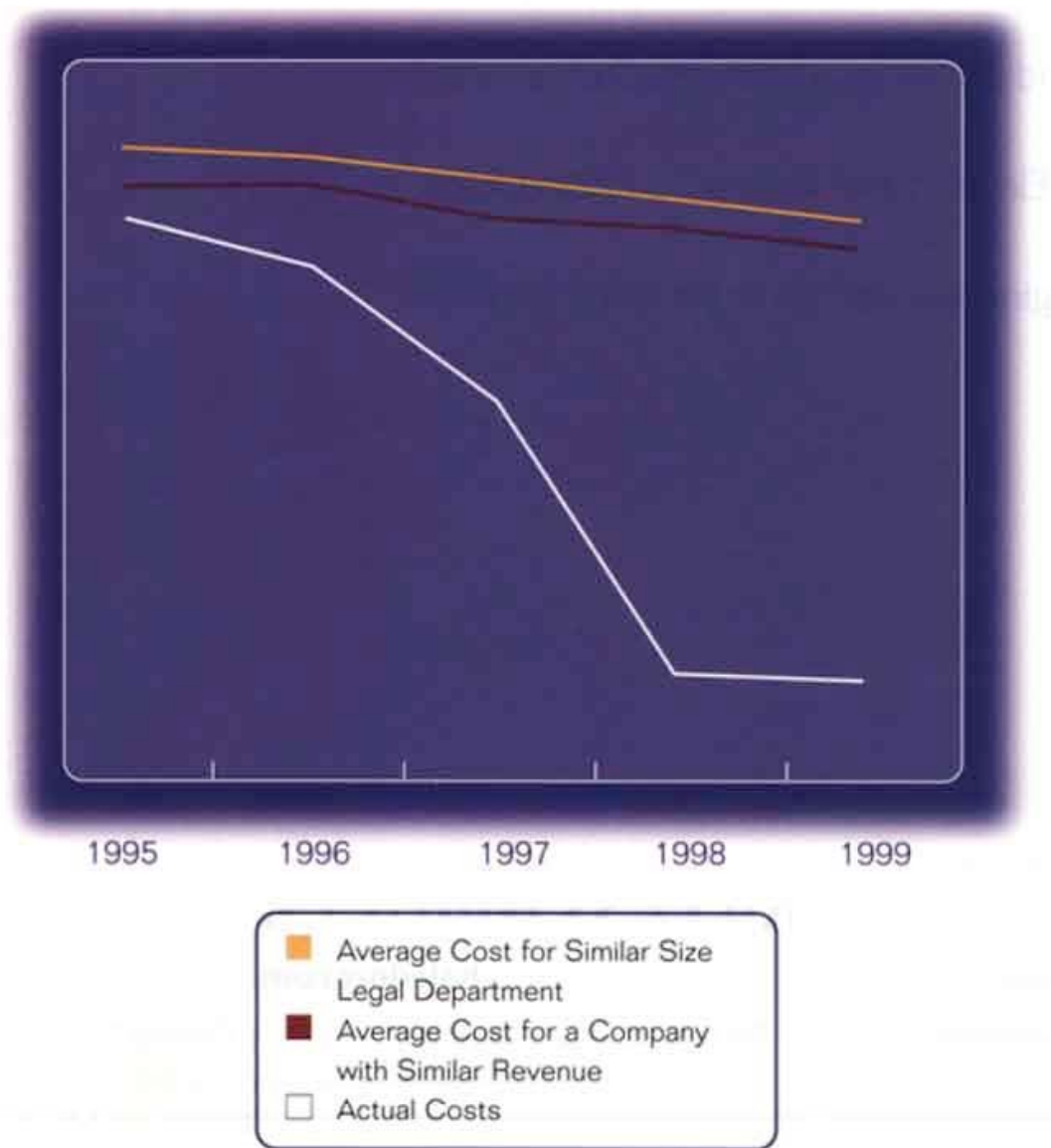
The author created this method and has used it successfully with two different CEOs. It was developed when a CEO joined the company from Europe. It was his first full-time U.S. posting. Naturally, many elements of U.S. law were perplexing to an executive with experience operating in the more certain environment of Civil Code jurisdictions. Joint issue prioritization and metrics were excellent vehicles to engender understanding.

The next CEO was an American with whom the author had worked closely for more than 15 years. Synchronization also worked extremely well when joint issue prioritization discussions expanded from important but relatively narrow commercial and intellectual property issues to the full range of legal issues facing the company.

With both CEOs, outside counsel expenses were identified as a key metric, both in terms of the actual costs and as a method of identifying the scope of issues being addressed. Using composites of several studies, industry averages were agreed upon based on company revenue and department size. Intensive and rigorous efforts succeeded in keeping actual expenditures well below those industry averages.

Among the steps taken to reduce costs was the use of part-time attorneys.¹⁰ These attorneys received ongoing specific training in core and key issues as they pertained to the company. The formal and informal integration process was undertaken for and by them. They had company voice mail and email addresses just as staff attorneys would. They were invited to company social functions. They practiced proactive preventive law. Yet, because they were retained and not actually on staff, their costs (substantially lower than traditional outside counsel because of decreased overhead, assurance of billings, and other factors) were included in outside counsel costs.

In Figure 5, average outside legal costs based on department size and company revenue are measured and compared with actual costs. Dramatic actual cost reductions are shown between 1995 and 1998, with a subsequent leveling off to an appropriate percentage of industry averages.

FIGURE 5**Figure 5**

Additionally, several significant trends are depicted in Figure 6 (portions redacted and modified due to the confidential nature of the subject matter). First, overall legal expenses declined significantly from 1998 to 1999. From the point of view of synchronization, an even more significant trend is the steady increase from 24 percent to 52 percent of the amount of expenditures allocated to core and key subjects. To a large extent, Figure 6 shows what synchronization is all about, allocating resources based on the relative impact of legal issues.

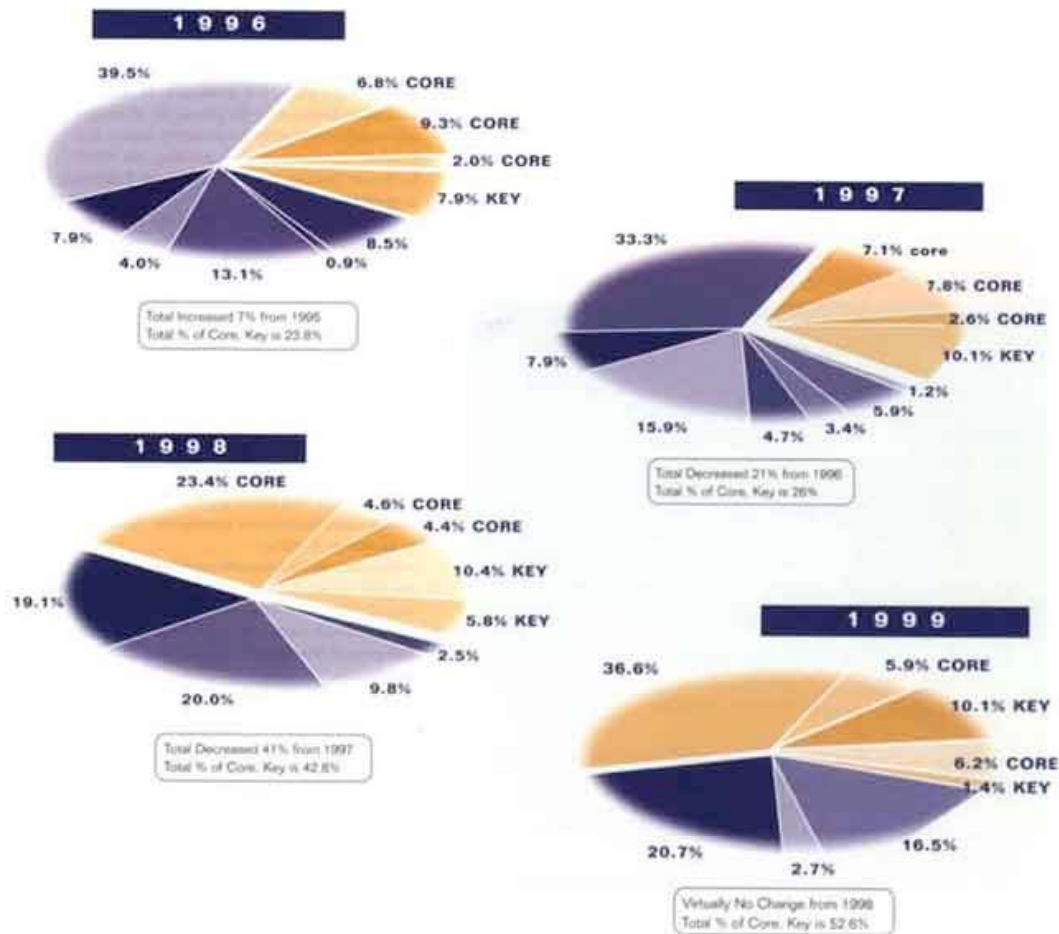


Figure 6

In Figure 6, the core and key portions of the chart literally jump out at the reader. It is an extremely powerful means of demonstrating to the attorneys and to the business executives that the company's legal expenditures address to a greater and greater extent those matters that have been jointly agreed as being most important. That, combined, of course, with excellent results achieved through those expenditures, makes for a smooth and effective working relationship in which the right issues can be addressed rather than reacting haphazardly to issues.

Conclusion

Legal problems will arise no matter how much effort has been devoted to preventing them. A legal function that is well integrated into the enterprise is in a strong position to deal with those problems quickly, efficiently, and as proactively as possible. Building an effective partnership between business and legal functions calls for the legal department to match its efforts to business priorities. This effort should move beyond ad hoc coordination to an actual synchronized effort. Once the issues have been prioritized, activities and resource allocation can be managed accordingly, with attention being devoted to issues based on relative importance to the enterprise. Crucial to the effort is the development of meaningful metrics to understand the extent to which legal and business priorities are, in fact, synchronized.

To return to our beginning example of the symphony orchestra, just as the percussion section may be substantially different in function from the woodwinds, the two groups of professionals must operate in accord to produce music rather than cacophony. These musicians and others are working toward the same goal, delineated by the sheet of music. When this organization functions well, the result is complex, rich, and rewarding. When the legal department operates from the same sheet of music as its clients, the result is also rewarding.

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Reebok Rules

by John B. ("Jack") Douglas, III
ACCA Docket, Spring 1992

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As General Counsel for Reebok, I have learned some important lessons about lawyering in an entrepreneurial environment. My CEO is a businessman who has developed a healthy mistrust of lawyers and their role in furthering the business function. Indeed, not long after I joined Reebok, as we were sitting in a meeting, Paul Fireman, my CEO, launched into one of his lawyer diatribes; his parting line was, "I hate lawyers-- not you, Jack; you don't count." Not sure quite how to accept that remark, I took it as a compliment. But somewhere tied up in that comment there's a lesson.

Reebok started in England in 1895 as the first company to manufacture and sell spiked running shoes. The shoes were sold under the J.W. Foster brand name. The company remained a small running shoe company until the 1950's, when the grandson of the original founder decided that he wanted to try his hand at his own athletic shoe company. He split off from the family and started a new company which eventually became known as Reebok. This new company eventually absorbed its predecessor company and continued as a small running shoe company with sales of no more than \$1 million worldwide when Reebok's current CEO, Paul Fireman, took a license to distribute Reebok shoes in North America.

The company started to take-off in 1982 with the introduction of athletic support shoes specifically designed for women for the new sport of aerobics. The shoes were performance shoes, but they were comfortable beyond anyone's expectations. They were made of a garment leather which had never before been used for shoes before and they were colorful. They were designed to appeal not only to the performance needs of this developing sport but also to make a fashion statement. Sales in 1982 were \$3 million.

In succeeding years, sales grew to \$13 million, \$66 million, and \$307 million in 1985 when the company had its initial public offering. By then, the U.S. company had acquired its U.K. licensor. I joined Reebok in early 1986 when Wall Street was anticipating that the company would achieve sales of about \$450 million. The company ended up with revenues of \$919 million that year. It was a rocket show. Sales in 1991 were \$2.734 billion; 1992 sales are expected to exceed \$3 billion.

Obviously, the company is successful. In fact, when I came to Reebok, the company was already successful beyond most people's wildest imaginings. The fear at that time was that perhaps Reebok was a fad. The rocketship had gone up and now the rocketship would go down. One of the key challenges facing me was how to start a legal department within a very successful company in a way that would add value to the organization, rather than detract from its business

success. The last thing Reebok needed was for me to try to install a complex set of legal mechanisms designed to fix what wasn't broken.

That is not to say that Reebok did not face a number of major legal concerns, especially as the company took on the challenge of international growth and global copying and counterfeiting. As an attorney, I could see that my new job would offer many challenges, but I could also see that the job had incredible potential for fun.

I attribute whatever satisfaction and success I have had to strict adherence to a set of rules that dictate our mission and method for doing business at Reebok. I had largely developed these rules by the time I got to Reebok, but my colleagues and I in the law department have enhanced and refined them during our tenure at the company.

The rules serve two functions: they keep the lawyers focused on the client's objectives and they remind us of the priorities which will keep us successful and challenged in our jobs. It is my feeling that every legal manager in today's business environment should develop his or her own set of rules, publish them, and make sure that the legal staff follows them. I hope that our rules at Reebok can act as a springboard for those who are interested in creating and maintaining a healthy business-to-legal (as well as a good intra-legal) team.

REEBOK RULES

1. Lawyers Should Attend All Key Business and Staff Meetings

When I was hired to be Reebok's General Counsel, I did not care (within limits) how much I got paid or what my title was. What I cared about was being in the middle of key business decisions at the company. I agreed to join the company on the basis that I would attend all meetings of the Board of Directors and any Executive Committee and Strategic Planning Committee meetings. This involvement has proven to be a critical asset to my performance and job satisfaction; because of it, I am an important player in key decisions at Reebok. I make sure that all Reebok lawyers are invited to staff meetings for those business units for which they serve as counsel. And I make sure that I or my staff members attend.

When faced with a Division President who is reluctant to open his or her business meetings to the lawyers, I point to past successes in other divisions, and ask that this Division President try it on a trial basis. Then I talk with my lawyer to make sure that he or she realizes what works and what does not work at staff meetings. For example, if the lawyer hears something at the staff meeting that is absolutely outrageous, illegal or unethical Ñ especially in the first few meetings while the lawyer is still gaining credibility as an attendee Ñ the lawyer should not jump up and down and demand the conversation cease. A more delicate strategy is to take the Division President aside after the meeting and give some quiet advice. The goal is not to prove that the lawyers know more than the clients. The goal is to ensure legal and ethical behavior by encouraging managers to invite the lawyer back to the next meeting.

2. Eliminate the "No" Word From Your Vocabulary

When a client walks into your office and begins talking about how he or she would like to engage in an horizontal anti-trust conspiracy with your biggest competitor because that would

allow both of you to make more money, there are at least two ways in which you can respond. First you can say: "Oh my God! NOOO! You can't do that. If you do something like that you'll go to jail- that's a ridiculous idea!" This approach has the advantage of laying your position out on the table quickly and succinctly, but has little else to speak for it.

The second alternative is a bit more subtle: "Gosh, I think you've got a great idea to make more money for the company. I really like your idea, but there are one or two things that perhaps we should discuss concerning your method of implementation and some legal implications." By all means, proceed with the legal analysis, and straighten the deal out. Just start with a "yes," not a "no." Remember: your client suggested the idea because he or she liked it, and wants your help; don't cast yourself as a hindrance.

3. Corporate Counsel are Business People Ñ- Hone and Use Your Business Judgment

Too often I hear corporate counsel suggest that lawyers should carefully limit their input to legal analysis only. This was the philosophy employed by the General Counsel of a large legal department where I previously worked. I think this is a big mistake. Some of the most valuable contributions that I have made at Reebok (and that members of my department have made) have been a result of our collective business judgment and input. As lawyers, we get an opportunity to approach a problem without line responsibility for it. As a result, we are sometimes able to contribute insights that are very meaningful in resolving a business issue. Operate with a broad field of vision. Don't limit yourself. (However, the corollary of this rule is to make sure you still give good legal advice Ñ if you don't do so, no one will.)

4. Return Phone Calls Promptly

One of the most important aspects of the in-house counsel/client relationship is making sure that you return phone calls promptly, and respond to memos, hallway requests and other requests for legal advice on a timely basis. Nothing is worse than a client who cannot get in touch with his or her lawyer. I know, because I am frequently the client trying to call an outside lawyer. In my opinion, customer service and good communications are crucial for the inside practitioner. As an in-house lawyer, you have only one set of client relationships; if those relationships are not carefully built and preserved, at the very least the working environment will be less pleasant. At worst, you could lose your job.

5. Learn About Problems Early

Nothing beats learning about legal problems early. This is one of the key benefits of attending important staff meetings. It is also a reason why lawyers should find other means of staying abreast of business developments, whether it is by informal contact with members of your business and working groups, talking to secretaries of key business people, or otherwise. It is much easier to convince a client to revise a proposal in its incipient phase than it is to curb it once it has begun to gather momentum or supporters who develop a personal investment in its success.

6. Get to Know Your Clients as People

I attend the major business trade shows in our industry and many of our sales meetings. I encourage my staff lawyers to do likewise. This not only enables you to know your clients by spending time with them in a business setting, it also allows a little bit of after-hours mingling and enables you to become "one of the gang." It is a mistake to think that you will be treated as a member of the team if you don't act like one.

7. Learn the Business

Whatever the business is, make sure that you learn it thoroughly. Get on the list of trade journals for your industry. Attend sales meetings and trade shows. Bone up on the company's literature or files. One of the values that an in-house counsel can bring to a company is a thorough understanding of both the business and legal principles applicable to the business.

8. Try Spending a Portion of Your Day Wandering the Halls

Have meetings in your clients' offices. Arrange some time to simply run into people. I find that some of my most productive time at Reebok has come from hallway meetings that have been completely unplanned on my part or on the part of my clients.

9. Avoid Memos: Communicate Orally

Memos are a cool method of communication. They don't allow the give and take that can occur in an oral exchange. Avoid memos unless written memorialization is absolutely essential to avoid miscommunication or because of scheduling conflicts. For those who are not on-site at your office, I suggest that you work your telephones instead of writing memos. When clients are out of the office, call them with your information, even if it means calling them out of town or at home (using good judgment on this, of course), or in other difficult-to-reach situations. In this way, you will establish yourself as their lawyer, and not just another office bureaucrat.

10. Integrity is Crucial

Make sure that you respect confidences and that you are honest and fair both with your clients and your opponents. I'm not suggesting that you shouldn't be an aggressive advocate in dealing appropriately with your opponent. Just do so honestly and fairly. The dividends will be enormous over time in future situations.

11. Make the Coffee

One of the things that impressed me when I joined Reebok was finding Paul Fireman making the morning brew in the coffee room during my first week on the job. It certainly delivered a message to me - and, I'm sure, to other employees - that no job is too unimportant. I'll never forget one Board Meeting when we had lunch served on expensively decorated china plates. Lunch was over, and Paul wanted to get on with the meeting. Rather than place a phone call and wait for someone to come and clear the plates, Paul simply got up and carried his and one other director's plate to a small kitchen nearby. He returned to the room, picked up two more plates, and walked out the door again. All of a sudden, the directors realized that the CEO was clearing the table. You have never seen a table cleared faster in your life. Again, quite an impression.

12. *Be a Problem Solver*

When a client walks into your office, it usually means that some problem needs to be solved. Sometimes the client brings in perfectly formed legal questions which require your legal advice. Other times, the client's problem might be more in the nature of a business question which the client assumes is a legal problem, or a mixed, unformed mish-mash. Regardless of which category the question falls into, help the client solve the problem, even if it requires your help or action outside of the traditional "limits" of legal advice. You want to encourage clients to come in; you don't want to encourage them to decide without your help whether the problem really requires legal input.

13. *Stay Focused on What is Really Important*

I remember being in a meeting at a large, prestigious Boston law firm at which we were discussing a possible takeover. We were discussing our strategic plan for the transaction and other details when someone suggested that, "of course we would need to get a fairness opinion." Paul asked about the nature of a fairness opinion and what it would cost. One of the senior partners at the firm said, "Well, fairness opinions generally run less than one percent of the deal, so it wouldn't be that much... probably about \$400,000." Paul leaned forward: "Oooohhhhhh, Wait a minute - do you realize what you just said? Does your mother know you talk like this? You just spent \$400,000 as if it was nothing." This senior partner turned as bright a shade of red as I've ever seen. The lesson: stay focused on what's important. Four hundred thousand dollars is a lot of money at any time.

14. *Be a General Practitioner*

My job at Reebok is as a general practitioner responsible for the overall legal (and business) health of the client. I liken the role to the medical doctor who acts as the general practitioner responsible for his or her patient's health. If I can perform some specialty functions Ñ fine, but my most important job is to make sure that Reebok gets the legal services it needs, when it needs them, and at the most reasonable cost.

15. *Do "The Legal Thing"*

My direction from Paul when I got to Reebok was to do The Legal Thing - whatever that might be. What a powerful job description! The freedom that directive gives me in addressing the problems of the company is enormous. It has allowed me to create a fabulous job in an exciting legal department in a terrific company. I've never forgotten that. When people come to work for me, I suggest that they do the same thing: "Do the legal work for 'X' division." I then allow them to dream and create their own jobs. Naturally, I stay involved, but I think it's important for people to create and fulfill their own goals. And I view my job in that context - to help my staff lawyers and paralegals achieve their career goals by helping to eliminate external or internal obstacles that are inhibiting them from achieving what they want to achieve.

16. *Be Available*

I have an open door in my office at all times. My phone numbers at home, work or travel are always available to my clients and staff. I'm available 24 hours a day, every day. I don't work 24 hours a day, but I'm always available.

17. *Legal Work & the Bell Curve: Not Every Job Requires an "A" Effort*

One of the most important judgments that I ask my lawyers to make is what work needs an "A" effort and what work needs a "C" effort. Some projects that come into the department deserve a quick glance and approval, others should be reviewed carefully. Some projects shouldn't be done at all. If you micro-analyze every project and treat the resulting opinion as a law review article, you are not allocating your time to its best use. If you fail to prioritize your workload, you will not be able to respond appropriately to the important projects, and you may find yourself missing the forest for the trees.

18. *Avoid Titles*

Especially in a small law department, titles are unnecessary and probably promote more ill-will than good. At Reebok, we have no titles and never have had any. By not having titles we avoid competition and complaints, and we promote teamwork and solidarity.

19. *Be Proactive: Educate Your Client Groups*

Hold seminars regularly to train people outside the law department about routine responsibilities that have a legal implication. At Reebok, we hold regular educational programs in areas of antitrust law, employment law, advertising law, and intellectual property law. Your company might require different programs, but they surely require some education, perhaps in antitrust issues, officer and director liabilities, environmental concerns, etc.

20. *Move Routine Work Outside the Department*

At Reebok, we've been able to develop standard contracts and make the drafting of such contracts fairly routine. We first move this work to a paralegal. We then move the paralegal to the business department where that person functions as a manager of contracts. This is good for the individual and for the legal function and the business department. We "normalized" these functions for our marketing department and did the same thing in our treasury department by "installing" a stock option plan administrator. By routinizing functions and moving people into the business departments that house their workload, we keep the legal function more focused on areas truly requiring our expertise. Our goal is to get the job done in the best possible manner, not to create the largest department.

21. *Be Enthusiastic*

Nothing gets you "invited in" and "invited back" quite as well as plain old enthusiasm. Join in, be part of the program, commit yourself and your department, be a team player.

22. *Give answers: Get to the Point*

Give answers. If Paul Fireman had prepared this article, he might have started with this "rule." Nothing upsets Paul more than a detailed analysis of a problem with no answers - for any reason - even, or especially if, it is because it is outside your "area." If you don't know, find out who does. Always make a recommendation or provide requested information and be clear about it. Your client may disagree and that's ok, but make sure you answer the question.

23. *Hire People Better Than You Are*

Always hire people whose intelligence and capabilities scare you because they might be better than you are. Then allow them to succeed. This is the sign of a good manager and you will

flourish as a result. Resist the temptation to hire people who will make you shine in a one-on-one comparison. A team made up of inferior people will drag you down. The high level of competence of my lawyers always makes me a little nervous, but my client benefits. In return, that's a better reflection on me than I could ever engender on my own.

Conclusion

These "Reebok Rules" may not apply universally to every department and management style. You may disagree with some of the rules I swear by. The lesson is not that I'm right or wrong, but that these rules work for me because my client and I are in tune and communicating. What is included in your set of rules is not paramount; what truly is important is that the rules you adopt reflect the values of your company and the priorities of your working relationship with your client.

BY RONALD F. POL,
J. JUSTIN HANSEN, AND
RICHARD I. HANSEN

Increase Legal Department Value

Establish a Goal Focus

Dear Lex,

I'm the general counsel of a Fortune 500 company. I lead a team of seven lawyers. I report to the CEO. The problem is that he's always on our backs to add more value with fewer resources.

We already work long hours during the week and most weekends. None of us take proper vacations. Our partners and children see us very little as it is. We haven't increased staff numbers in the legal department for five years, even though the company has nearly doubled in size during that time.

We already provide excellent service to all parts of the company. We have an "open door" policy. We try to turn around everything that hits our desks within seven days, and the urgent things get done within two days. Satisfaction surveys of the major divisions in the company show that most people think that we do a pretty good job.

We've already taken a razor to our external legal spending. We're outsourcing less than we ever have before. We've reduced the number of law firms that we use, made them more accountable, and put innovative fee structures in place.

We give the CEO a monthly report detailing what each lawyer has been working on. The contents are grouped under headings that cover the major areas of our work, such as litigation and disputes, mergers and acquisitions, other commercial transactions, industrial relations, and intellectual property.

Despite all of this effort, I suspect that the CEO still looks at us as no better than a "necessary evil." I get the feeling that he sees us as a drain on scarce resources. He says that we don't focus enough on the things that really matter. He won't allow me to promote my people or pay them more, so I'm finding it hard to keep them.

I like being a lawyer, but I'm wondering whether I should throw in the towel and open a bookstore.

What do you suggest? Please help!

Sincerely,

Frustrated In-house Counsel

Dear Frustrated In-house Counsel,

Thanks for sharing your story.

Many of my readers are in-house lawyers, and I hear similar stories every week. The good news is that I've learned a lot from my correspondence with them over the years. I've come to understand some of the causes of problems like the one that you have described and can suggest some practical steps that you can take to solve these problems.

As I see it, you have two options: change your career or change how you work.

Ronald F. Pol, J. Justin Hansen, and Richard I. Hansen, "Increase Legal Department Value: Establish a Goal Focus," *ACC Docket* 21, no. 9 (October 2005): 98-114.
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CHANGE YOUR CAREER

First, you could open that bookstore. Perhaps running a bookstore is your true calling. After all, you probably decided to be a lawyer before you really knew what it was all about.

I know what you're thinking. You've invested a lot of money and time in your current career. You've never given up on anything before. You can't afford to earn less money because of your family commitments and lifestyle. Although these thoughts may be true, don't let them hold you back. Instead, think about how much longer you've got to live. If the law is no longer for you (or never was), then maybe you're better off getting out now rather than hanging on until retirement. As someone once said to me, "If you're on the wrong bus, the sooner you get off the better."

Have you ever thought that these troubles with the CEO might be a wakeup call? It might be the push that you've been waiting for to go in search of something that really excites you. I know of many

former in-house lawyers now building businesses of their own in a variety of fields.

Take me, for example. I've changed careers many times. Before each change, I was afraid to let go of what I had established for myself. But after each change, I wondered what the fear had been about and wished that I had made the leap sooner.

Even if you don't change careers, consider investing some time in renewal and reflection. From your letter, it sounds as if you don't get to do these things very often. Perhaps you need to review your work/life balance and take those vacations. Even if it does nothing else, this time away from work might remind you of the good things about your career and give you fresh energy to tackle the problem with the CEO. And although you may not see it, perhaps your team needs a break from you as much as you need a break from them.

If opening a bookstore is too much of a leap, at least consider changing roles. Maybe you can move into a commercial role in your current company. Maybe you can become the general counsel of another company. Maybe you can go into a law firm. Don't confine your thinking to your current role. It might help to discuss the options with a career adviser, your friends, and your family. Let me know what you decide.

Other readers in a similar situation have told me that they've enjoyed some of the books listed in the sidebar on page 105.

The first option is to think about a career move. The second option is to stay in your current job and solve the problem with the CEO. Let me give you some details on this point that may be helpful.

CHANGE HOW YOU WORK

I've had letters from a number of people who have solved a similar problem with their CEO. There are two parts to the solution of changing how you work: change what you work on and change how you report.

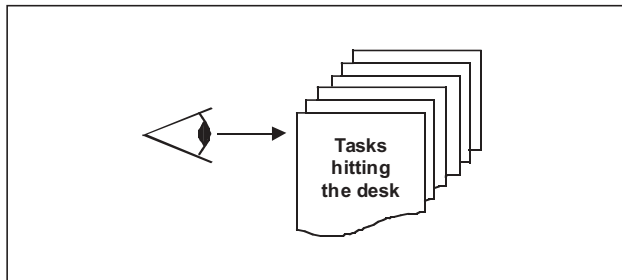
Change What You Work On

When you think about changing what you work on, think about it this way: a person can do a great job of laying carpet in the wrong room. I think that this thought illustrates your problem.

You said in your letter that you and your team do a great job of solving the problems that hit your desks. But like the person expertly laying carpet in the wrong room, you may be doing a great job of solving problems that aren't really important to the company.

Have you ever asked the CEO to describe the greatest problems facing the company? If so, have you analyzed how your efforts solve the problems on the CEO's desk? Have you sought out tasks that solve the company's greatest problems? If you're like many other in-house counsel, you haven't done any of these steps. You just assume that the work hitting your desk is the work that you should be doing. Am I right?

I hasten to point out that I don't blame you if the answer to the first three questions above is "no." Lawyers typically focus on the work on their desks, as we were trained to do in law school and in the practice of law. I'd even go so far as to say that your position description and key performance indicators ("KPIs") (or whatever your company calls them—for simplicity's sake in this answer to your letter, I'll call them KPIs) probably say that you should work on the tasks sent to you. Given all of these facts, it's no wonder that so many in-house lawyers measure their success by how well they complete the tasks on their desks. If I had to put a label on these lawyers, I'd call them task-focused. Let me explain, using the following diagram.



That's you on the left, focused on the tasks hitting your desk. You may ask, "What's wrong with focusing on the work on my desk?" Nothing is wrong with this approach, strictly speaking, but it certainly won't get you where you want to go. Why? Because the tasks hitting your desk may or may not be what the CEO wants you to work on, and unless the CEO is sending you work, the chances are good that you're working on the "wrong" things, at least from the CEO's point of view.

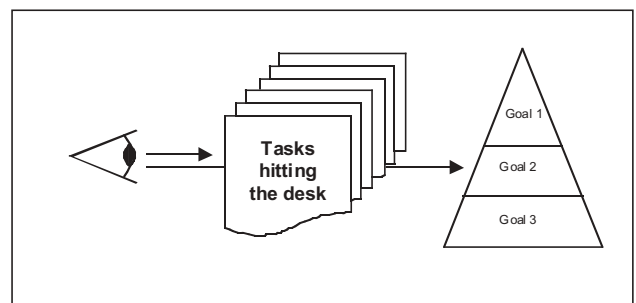
More important, by focusing on the tasks on your desk, you're letting the people who send work to you determine your relevance to the CEO. Can you begin to see what might be causing the conflict with your CEO?

Your CEO focuses on a bigger picture. He looks beyond the tasks hitting his desk. He's busy trying to achieve a set of underlying goals for the company. The board and shareholders measure his success and the success of the company by the achievement of those goals. The CEO doesn't care how the goals are achieved (within reasonable boundaries, of course—and that *is* part of your job). The point is to reach these goals. These goals are always on his mind and keep him awake at night.

Your company is in the private sector, so the underlying goals might be such things as closing more sales, finding better staff, releasing new products to the market, managing costs, and closing down unprofitable operations. If you were working for the government or in the nonprofit sector, the CEO's goals would surely be less profit-driven, but they would still exist and would still keep him or her awake at night.

You are task-focused, but your CEO is goal-focused. I came to this conclusion because you describe him as wanting you to focus on the things that matter most to him, and what matters most to a CEO are long-range goals.

To illustrate how the CEO sees things, look at the next diagram. Your CEO is on the left, focused on both the tasks hitting his desk *and* the company's underlying goals. The difference is that the CEO can "look through" tasks to see the underlying goals. It's like having Superman's X-ray vision.



Can you see that you are task-focused and that the CEO is goal-focused? Can you see that the tasks

hitting your desk may or may not relate closely to the CEO's goals? By recognizing these realities and by becoming more goal-focused in the things that you work on, you have a much higher chance of helping your CEO achieve the company's goals and, not incidentally, improving your relationship with him. Later in this letter, I'll give you more specifics about how to become goal-focused, but let's have a quick look at the second part of the solution.

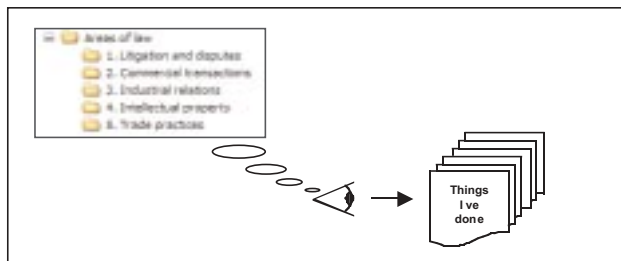
Change How You Report

The second part of the solution concerns changing your monthly report. Let me take a guess at the method that you currently use for your reports.

It's just after the end of the month. Your monthly report to the CEO is due. You sit down with a list of everything that you and your team have been working on. Rather than just list everything that happened, you try to group the activities in a meaningful way. Without a second thought, the groupings that you choose reflect the way that *you* look at the world. I know this scenario because you told me in your letter that the groupings in your report reflect areas of law. I'd say that most lawyers look at the world this way. This observation is not a criticism—it's just the reality of how most lawyers are trained.

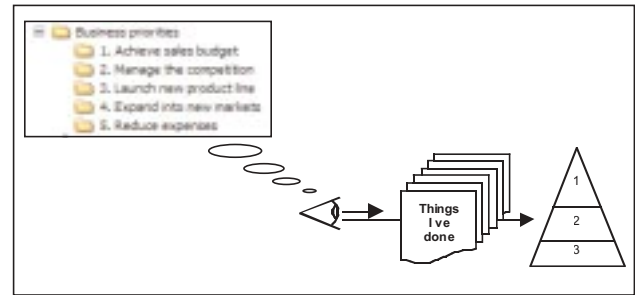
Dig out your last monthly report. Look at the headings that you used. Can you see that they reflect the way that *you* look at the world? Just like you, your reports are task-focused.

Look at the next diagram. There you are in the middle, mentally organizing the things that you've done into areas of law. It's a bit like the way you organize documents into folders on your computer.



Unfortunately, this way of looking at the world doesn't reflect how your CEO looks at the world. As I described earlier, the CEO looks at the world from the perspective of goals rather than tasks or areas of

law. His X-ray vision allows him to classify work according to these goals, as in the following diagram.



The CEO's goal focus means that he spends as much time as possible working on achieving those goals. Additionally, the goal focus helps the CEO report to the board and the shareholders in ways that they understand and that are important to them.

By delivering a monthly report based on your way of seeing the world, you are in effect saying to the CEO, "I'll leave it to you to translate my report into your way of seeing the world." You are forcing him to make the connections between what you've done and what matters to him and the company. This approach is dangerous for at least two reasons.

First, the CEO may not be able to do this translation easily because he speaks "corporate" and you speak "legal." Second, even if he is able to translate your report into his language, he may not have the time or the inclination. As a result, you may be working on things that contribute directly to achievement of the CEO's top priorities, but he may not see that you are doing so because you're not presenting things in a way that makes sense to him. You must consider your audience to communicate effectively. It's really not your reader's or listener's duty to comprehend what you are writing or saying. It's your duty as writer or speaker to make it as easy as possible for your reader or listener to understand your ideas as quickly and effortlessly as possible.

As previously discussed, you probably picked a classification scheme for your monthly report that seemed obvious to you. But this simple choice may be causing part of the problem with your CEO.

You can tell a lot about people by the way that they classify things. You can tell how they look at the world, what they focus on, and what they ignore. For example, ask colleagues in other departments to show you the folders that they use to store

From this point on . . .

Explore information related to this topic.

ONLINE:

- ACC's committees, such as the Law Department Management Committee and the Small Law Departments Committee, are excellent knowledge networks and have listservs to join and other benefits. Contact information for ACC committee chairs appears in each issue of the *ACC Docket*, or you can contact Staff Attorney and Committees Manager Jacqueline Windley at 202.293.4103, ext. 314, or windley@acca.com or visit ACCA OnlineSM at www.acca.com/networks/ecommerce.php.
- John B. ("Jack") Douglas III, "Reebok Rules," *ACCA Docket* 10, no. 2 (Spring 1992): 40-45, available on ACCA OnlineSM at www.acca.com/protected/pubs/docket/Spring92/reebok.html.
- FAST COMPANY magazine, at www.fastcompany.com/magazine/13/hbrplus.html and the career-move series at www.fastcompany.com/guides/reinvent.html.
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If you like the resources listed here, visit ACC's Virtual LibrarySM on ACCA OnlineSM at www.acca.com/resources/vl.php. Our library is stocked with information provided by ACCA members and others. If you have questions or need assistance in accessing this information, please contact Staff Attorney and Legal Resources Manager Karen Palmer at 202.293.4103, ext. 342, or palmer@acca.com. If you have resources, including redacted documents, that you are willing to share, email electronic documents to Managing Attorney Jim Merklinger at merklinger@acca.com.

computer documents and emails, and you'll be amazed at how much you can learn about the various ways that they look at the world.

I'm sure that you've heard the buzz words "paradigm" and "paradigm shifts." To translate from the cliché into English, a paradigm is simply a model. Your problem is all about paradigms: you and the CEO are trying to communicate, but you're using different models. You, the lawyer, use an "area of the law" model, but the CEO, a business person, uses a "business priorities" model.

If you're interested in reading more about paradigms and classification schemes, again see the sidebar on page 105.

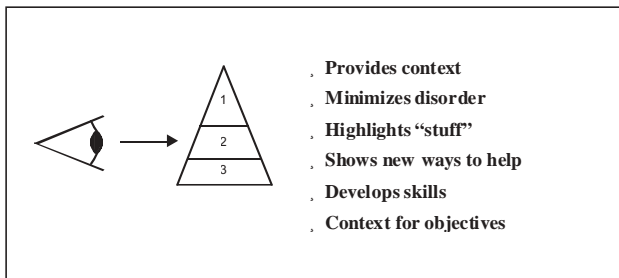
I hope that what I've written here makes sense. Before I go any further, I'll recap the two parts of the problem:

- By confining your focus to the tasks hitting your desk, it's likely that you're not spending enough time on tasks closely related to the company's top priorities.
- By organizing your monthly report according to areas of law, you're making it difficult for the CEO to understand how your work relates to the goals of the company. You're speaking different languages, and the opportunities for misunderstanding are abundant.

Solving the problem requires you to "look through" your tasks to see the company's underlying goals. By organizing both your work and your monthly reports around those goals, you will greatly improve your relationship with the CEO. But the benefits of developing a goal focus don't stop there.

SIX BENEFITS OF APPLYING A GOAL FOCUS

In-house lawyers who have used a goal focus in their work, including the organization of their monthly reports, have noted six other benefits.



Provides Context

An awareness of and focus on underlying goals can give in-house lawyers a useful context for their work and their roles, a mission to work towards, and, most important, a feeling of control about the progress of their careers. In-house counsel have told me that the context provided by understanding the underlying goals links all of their tasks together into a unified and cohesive mission. From your letter, it seems that you would benefit from having a context, a mission, and a sense of control.

Minimizes Disorder

A goal focus has helped many in-house lawyers overcome the feeling that their professional lives are nothing more than an endless series of urgent and unconnected tasks. The movie *Groundhog Day* comes to mind here. A goal focus can help bring a feeling of control and order to a job that otherwise might be a chaotic, shapeless jumble of tasks. With an eye on the underlying goals, everything will start to fit into place.

Highlights "Stuff"

An awareness of the underlying goals has enabled in-house lawyers to distinguish between the tasks that are important and those that are merely "stuff." Once you've made the switch to a goal focus, tasks that aren't closely related to achieving one of the underlying goals become unimportant. The new focus will give you justification for not doing some of the tasks that hit your desk and for using simple systems to handle others.

Shows New Ways to Help

A goal focus has helped some of my readers identify underlying goals that they had been ignoring previously. As a result, my readers have been inspired to get out of their offices and find tasks that contribute to achieving those goals. This use-some-initiative approach is often necessary because the person sending work to you will be task-focused and may even underestimate the kinds of jobs that lawyers are capable of doing.

Develops Skills

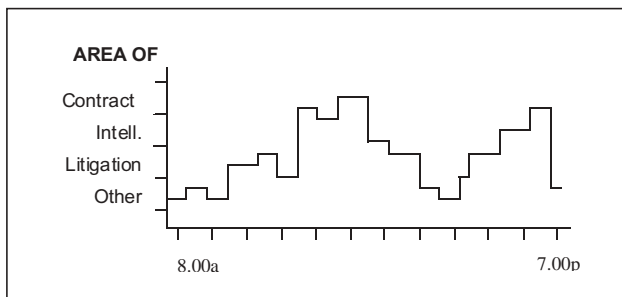
Learning to focus on goals rather than tasks has helped many in-house counsel develop new skills. Thousands of lawyers can complete tasks well—in

fact, many of the younger, smarter lawyers coming up through the ranks may be able to complete tasks better than you—but not many lawyers can see the underlying goals and respond to them in meaningful ways. Those lawyers who teach themselves to identify and focus on the underlying goals will be known as people who provide exceptional value to the company.

Context for Objectives

Finally, in-house lawyers have told me that a goal focus helps them set realistic personal objectives, collect performance data in a meaningful way, and add as much value as possible. A goal focus will help you frame your discussions with and reports to the CEO, improve your performance reviews, and make it much easier for you to succeed with your goals in your salary discussions.

To illustrate some of these points, think about your average work day. If I asked you to plot how you spend your time, you might draw something like the following diagram. The changes in the graph show the time that you spend on tasks in the areas of law on the vertical axis.

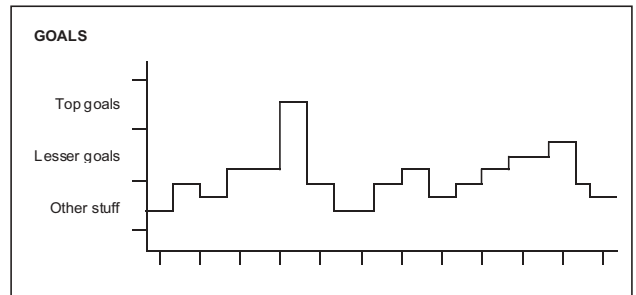


The graph reflects a task focus in which a day is arranged by areas of law. The graph also shows that you switch tasks many times during the day.

Imagine yourself presenting this diagram to the CEO as an explanation of how you spend your time. Do you think that it would prove to him that you are contributing to things that really matter to him? Chances are that the diagram would either confuse him or would reinforce his belief that your only concern is the law and not his goals.

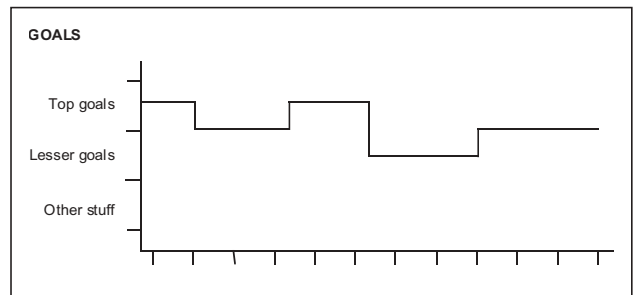
Let's assume that you shift to a goal focus. You know about and focus on the underlying goals of the company. You feel responsible for doing your part to achieve these goals. If I asked you to plot your time

for the same day, it might look like the following diagram.



Now that you've plotted your time according to goals, it's easy to see that you're spending too much time on low-value tasks, the "Lesser goals" and "Other stuff" listed in the diagram. Also, the diagram shows that you still switch tasks many times, making it impossible to think deeply about the goals and how you can help achieve them.

The good news is that it's possible to reorient your day so that it looks like the following diagram. In this profile, you spend more time on achieving important goals and less time switching among tasks. Where have all the low-value tasks gone? You have avoided or eliminated them or put systems in place to handle them. Later in this letter, I'll tell you a bit more about how to do those things.



Imagine showing this third profile to the CEO. Imagine that it is *all* that you show him each month by way of a monthly report. Don't you think that it would be vastly more useful to him than your task-focused activity report? Here are some of the reasons that I think that it would be vastly more useful to the CEO:

- It shows him that you understand the company's top goals and that you focus most of your time on achieving them.

- It shows him that you spend significant pieces of uninterrupted time tackling those goals.
- It shows him that you spend little or no time on the lesser goals and other stuff, presumably because you've eliminated it, delegated it, or put a simple system in place so that clients can solve these problems for themselves.

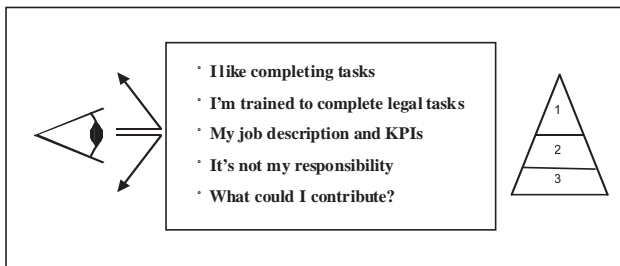
The diagram is not just words and assertions about how you add value. It's tangible proof of your new focus and value.

If I were your CEO, I'd hire the person represented in this diagram to work for me in an instant.

Maybe you're convinced that it's a good system but also convinced that it would never work for you in your current job or your current legal department. I'll stop here and address those concerns.

BARRIERS TO DEVELOPING A GOAL FOCUS

Let's assume that you see the logic in focusing on goals rather than tasks. Here's the hard part: making the shift is not easy. It can feel uncomfortable, like trying to write with your other hand. Additionally, you may need to overcome several personal and institutional barriers in order to make the transition. By telling you about these barriers in advance, I can help you make the shift more easily.



“But I Like Completing Tasks”

Lawyers like completing tasks. We get satisfaction from crossing things off our to-do lists. By contrast, achieving goals is more complex: the goals are nebulous, the strategy for reaching the goals keeps changing, and, worst of all, the goals can take forever to achieve. So, Frustrated In-house Counsel, as you set out on your journey to convert yourself from a task-oriented person to a goal-focused person, be aware of the need to move beyond instant gratification and know that this move requires a lot of self-control.

“But I’m Trained to Complete Legal Tasks”

Many lawyers don't feel qualified to focus on goals. Their time in law school and in law firms taught them to solve problems using legal principles. Moreover, lawyers aren't trained to examine the goals underlying the tasks that cross their desks or to ask whether the task is really worth anyone's attention. But you don't need to feel restricted by your legal education and experience. A task focus is not a life sentence. It is possible to move beyond your training. Many of your colleagues have done so already.

“But What about My Position Description and KPI's?”

Your position description and KPIs probably direct you to be an expert at completing tasks in the shortest possible time with the greatest degree of skill and with little or no emphasis on an awareness of underlying business priorities. Don't let those documents keep you from developing a goal focus. To overcome this barrier, I suggest that you rewrite your position description and KPIs. I'll talk a bit more about this later.

“But It's Not My Responsibility”

Lawyers are not used to feeling responsible for the success or failure of their employer. They think that their job is to keep things legal. If the empire crumbles, that's someone else's problem. Lawyers think that at least they did what they had been asked to do. But with that sort of attitude, is it any wonder that CEOs don't see in-house lawyers as a source of added value?

“What Could I Possibly Contribute?”

Many in-house lawyers feel incapable of contributing to the bigger picture. They feel that they don't have sufficient knowledge of all the relevant issues and haven't had the relevant business training. On the other hand, these lawyers know how to complete legal tasks, so they complete legal tasks. This way of thinking is, obviously, self-limiting. Lawyers possess many talents—the ability to design a strategy chief among them—that can help the company achieve its goals. Further, as a lawyer, you're not locked into conventional business wisdom, and you're able to ask insightful questions. Never underestimate the importance of these skills

in helping your company solve pressing corporate problems.

None of these task-focused beliefs should keep you from developing a goal focus. Try looking *beyond* the surface of your training and career. See the greater possibilities lying underneath.

SIX STEPS TO MAKING THE TRANSITION

I know what you're thinking now: "Assuming that I get beyond the barriers, exactly how can I switch from a task focus to a goal focus?" The following six steps, illustrated in the series of diagrams below, will help you make the transition.

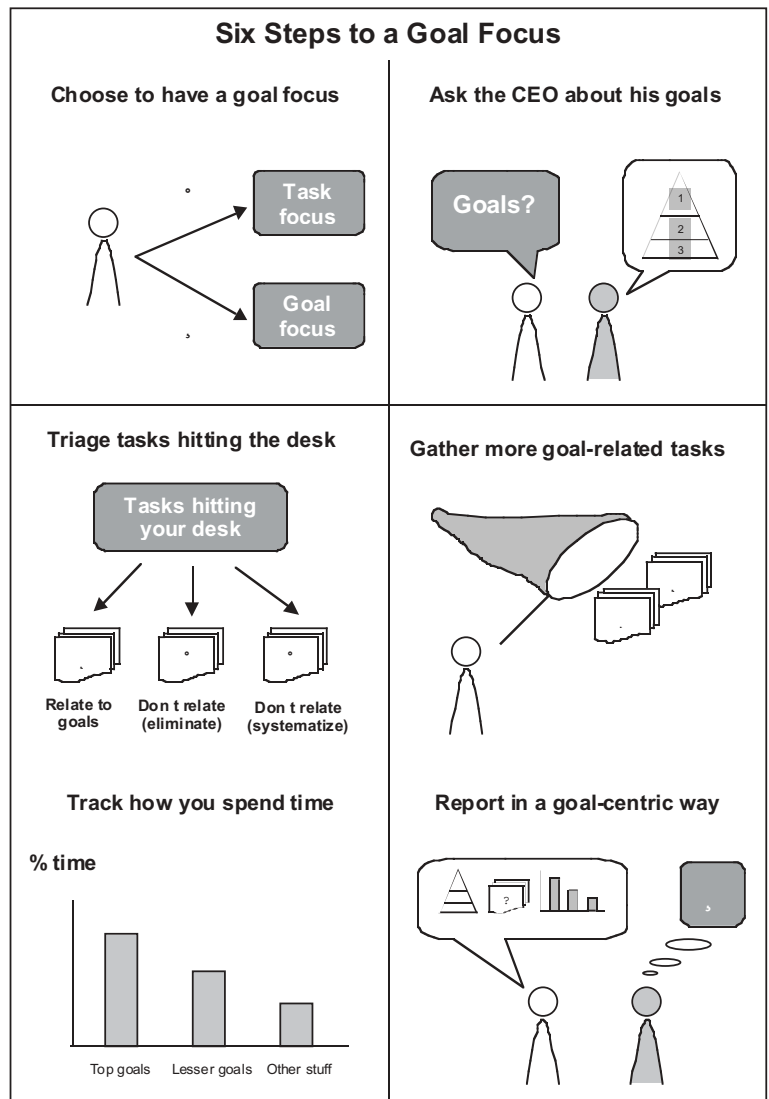
Choose to Have a Goal Focus

The first step is to decide that you're responsible for helping the CEO achieve the company's underlying goals, not just completing tasks that people toss your way. In addition to the things that I mentioned earlier, here are three suggestions for helping you take on this responsibility:

- Decide that you're no longer a bystander. Start feeling responsibility (within reasonable limits) for helping the company achieve its underlying goals, whatever those goals might be. Commit, to the greatest practical extent, to being involved only in those situations in which a close connection exists between what you do and what matters most to the company. Obviously, you will need to be flexible about this commitment, but the increased focus on goals instead of tasks will serve you well.
- Ensure that a goal focus appears in your key departmental documents, such as departmental mission statement, position description, KPIs, meeting agendas, and monthly reports, that make up so much of your existence in the company. Go on—dig them out and rewrite them. Scrap the standard lines about "excellent customer service" and "open-door policy" and add language that announces that you work only on projects that relate closely to the company's top priorities. Scrap the KPIs that announce "seven-day turn-around time" and add language about using systems to help clients deal with recurrent low-level activities themselves so that you can work on matters more closely related to the

company's underlying goals. Add a KPI that has to do with thinking deeply about what matters most to the company. Remember that you don't want to do a great job of laying carpet in the wrong room.

- At your department meetings and retreats, make the first agenda item a free-ranging discussion of the things that currently matter most to your company. Invite senior business managers to make presentations to your group on the things that currently matter most to the company. This attention to underlying goals will send a message to your team and to the CEO that the new focus of the group is on the things that matter most, regardless of the stuff hitting the desk.



Ask the CEO about Goals

Now that you've decided to make the shift, the second step is to become knowledgeable about the company's major goals.

You must do this step, no matter how hard it seems. This step will take a lot of street-level detective work. Chances are good that even the CEO will have a hard time explaining these goals, but don't let that likelihood stop you.

Let me let you in on four secrets about these underlying goals. First, in your company, the underlying goals may be elusive, hard to pin down. Second, underlying goals are unique to a company, so you can't look elsewhere for help in figuring out your own company's goals. Third, your company's underlying goals will differ over time, so you will have to keep updating your knowledge. Fourth, the CEO may find it hard to talk about the underlying goals in concrete terms. His inability or reluctance to articulate goals may make your search even harder, but search you must. Here are two suggestions to help you in your search:

- Have an open-ended conversation with your CEO and division heads about the top priorities facing the company. Don't just ask them how you can help, because they probably won't be able to answer that question. Instead, ask, "What can you tell me about the top three priorities facing the company now and over the next five years?" Armed with their answers, you will need to go make yourself useful and figure out how you can help.
- Be innovative in your methods for learning the company's priorities. Go on the road with sales representatives. Have conversations with real customers. Read industry magazines and business books, especially the ones that the CEO reads. Go to industry and sales conferences. Instigate an internal secondment, a temporary transfer to another department in the company.

Again, check the sidebar on page 105 for books to help you in your search.

Perform Triage on the Tasks Hitting Your Desk

Now that you know what the company's goals are, you must avoid spending time on tasks that aren't really helping the company achieve those goals. Happily, you can do so even if the CEO is sending unimportant tasks to you. Here are some suggestions that others have found helpful:

- Perform triage on the tasks hitting your desk by dividing them into three groups: the tasks that relate closely to goals, the tasks that don't relate to goals, and the tasks that don't relate to goals but can't be eliminated. You keep the first, eliminate the second, and develop simple systems to handle the third.
- Get out of the habit of believing that everything that you do is unique and that it can't be documented. Stop thinking that the best place for all of your knowledge is in your head, rather than embedded in a system or process. Don't think that you will be giving up power by recording how you do things.
- Establish methods for keeping low-level tasks from hitting your desk in the first place. If certain low-level tasks just can't be avoided, implement a simple, time-saving system to deal with them.
- Ensure that you have blocks of uninterrupted time in your day to think about the company's goals. Freeing yourself from the low-value things that clutter your office, your schedule, and your mind will produce time that is best devoted to thinking about the company's goals. To the extent possible, avoid unproductive meetings, constant interruptions, and distracting piles of paper in your office.
- Just say no! Decide that you don't have to do everything that hits your desk. Don't expect to give immediate service to every client who appears at your door. Assume that you have the power to choose what you work on. Get over the tendency to think that work is a popularity contest.
- Close the office door (if you have one), set your phone on do not disturb, and turn off your email alarm. Tell people that you aren't to be interrupted and work away from the office occasionally.

Gather More Goal-related Tasks

Now that you've freed up a bit of time by getting rid of low-value tasks, you can think deeply and creatively about new ways to use your considerable skills to help achieve the company's goals. Again, here are some suggestions that have worked for others.

- Don't ignore a top goal just because it doesn't seem to have an obvious legal dimension and don't confine yourself to using just your legal

skills to solve problems. There is considerable room for in-house lawyers to apply a broader set of skills to a broader range of business issues.

- Because you've now sidestepped or systematized most of the low-level work, go out and recruit high-level tasks, even if you've already got a handful of high-level tasks on your desk. Take a broader view of your role than just completing tasks that hit the desk.
- Open a file on each of the company's top goals, even if you can't yet see how you can help. Assign responsibility for tracking each goal to someone in the legal department. Discuss the goals at the start of each department meeting and department retreat.
- Ask your external legal advisers to suggest creative ways for you to help achieve the company's goals. They might know of productive ways to use freedom of information laws, court procedures, negotiation tactics, and other methods that you may not have thought of yet.
- Ask other internal service functions in your company what they are doing to help achieve the goals. They might have novel insights that you can use.

Track How You Spend Time

In order to prove to yourself and others that you're goal-directed, it's important that you track your time according to the company's goals instead of areas of the law.

This goal-directed time-tracking will be important for reinforcing the idea that you're focusing on what matters most. Also, it will help you prove to the CEO that most of your time goes to the things that matter most to the CEO and to the company.

Report to Management

The final step is to ensure that your monthly reports reflect your goal focus. Here are some thoughts on this issue:

- Sending a monthly report to the CEO is great because, as you may know, the value of your work does not speak for itself. These monthly reports mean that you have a regularly scheduled opportunity to report to the CEO on how the legal team

has contributed to the achievement of the company's goals.

- Make sure that your reports make the connection between what you do and what your company needs to have done. Don't be afraid of being obvious or even pedantic. It is important that your reports reflect the CEO's outlook on the world. Structure your reports around the CEO's goals by using them as section headings. This method of reporting shows senior management that you are knowledgeable about the company's goals, that you are focused on helping management achieve these goals, and that you take a broad view of your role in the company.
- In your reports to and discussion with senior management, list everything that you are doing to help achieve the goals, even if these efforts have not yet produced any results. Results often occur long after efforts have been initiated. The very fact that you are making an effort is worth noting.
- A goal-centric structure in your reports will show the CEO that the things that are keeping him awake at night are the things that are keeping the lawyers up at night, as well.

CONCLUSION

Frustrated In-house Counsel, I've given you two options to explore in resolving your problem with the CEO. The first involved a career change, and the second offers suggestions for solving the problem.

Assuming that a career change was not something that would seriously interest you, I discussed a number of techniques to help you develop a more effective relationship with your CEO. My main message is to shift from a task focus to a goal focus in two important areas: the tasks that you choose to work on and your method for reporting to the CEO. I outlined some benefits of and barriers to such a shift and six practical steps to follow in making the shift.

I hope that you enjoy learning to see beyond the tasks hitting your desk and find great satisfaction in organizing your professional life around a goal focus. Let me know how it goes.

—Lex A

Aligning with your company's strategy

In-house legal departments are constantly under pressure to prove their value to their organizations. Richard A. BAILEY demonstrates how increasing the involvement of in-house counsel in shaping the company's business goals is one way of enhancing security - and reward



The success of a company turns, in large part, on its ability to identify and properly action strategies and plans which are appropriate to its existing and anticipated competitive situations. The greater the contribution the legal team is seen to be making to this process, the more it can expect to be valued in the organization. As the

value of the team increases, so too does its potential for reward and security.

To enable this contribution, in-house counsel must become aware of the company's business goals and strategies as early as possible in their development. This will allow in-house counsel to:

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IN HOUSE: STRATEGY

Putting together a data based business case

In-house counsel can produce a business case to demonstrate the value of a training program in reducing either:

- Design cycle time.
- Litigation.

Design cycle time. In order to demonstrate the value of an education and training program to reduce product design cycle time by minimizing the legal team's involvement, relevant data to be included in any business case might include:

- How often the legal team is consulted on product changes.
- The average length of time involved in these consultations.
- The cost of legal services on each consultation.
- The value of the businessperson's time on each consultation.

- How much time elapses from first contact with the legal team to production.

- On a per day basis, how much additional volume, and/or profit the new product is intended to generate.

Properly applied, this data can be used to cost out each consultation to the company and the cost of the delay in getting it to the market. A version of this exercise can be used to establish the cost of an education and training program. If the education and training program can be shown to have real potential to reduce consultation and product design cycle time costs to a point below the cost of the education program, then a compelling case will exist for management to fund or invest in the program.

Litigation. If the goal were to demonstrate the value of compliance and education programs to reduce the volume of litigation, relevant data might in-

clude the following:

- The number of suits each year.
- The portion of the legal team's time and internal overheads required, on average, to address each suit.
- The average number of business people tied up in a suit, for how long, and at what cost.
- The average outside counsel fees paid per suit.
- The success rate as a percentage of total suits.

If the cost of the compliance and education program can reasonably be expected to be less than the cost of managing the historical litigation level, then it would be reasonable to expect management to invest in the program and to continue and perhaps even increase funding as the number of suits and cost of litigation declines.

- More fully understand management's ends.
- Be positioned to align the legal team and its activities to support their realization.

A more advantageous position, though, is for counsel to be involved directly in shaping the company's goals. Doing so allows counsel the opportunity to design a role for the legal function into the company strategies from the outset. To do this counsel must secure a seat in the various forums where the company's strategies and plans are set.

Counsel may be able to secure a seat in the company's strategy setting forums through sheer force of job title or grade, but maintaining that seat and leveraging that participation for the benefit of the company and the legal team requires counsel to become more business-orientated by:

- Developing a business leader attitude.

- Innovating to a broader value role.
- Shifting the service delivery paradigm.
- Providing data for recognition and support.
- Prioritizing on a business rather than legal model.

Business leader attitude

Counsel will only be successful at contributing to the development of business strategies if he or she thinks and acts like a member of the business management team, albeit one who brings the uniqueness of legal expertise to the table. Counsel must see themselves as business enablers, not as action constrainters.

Some counsel argue they were hired as lawyers, and to stray beyond that role is to lose their objectivity and ability to maintain privilege. However, if they are not involved in the pursuit of com-

pany strategies, they risk being perceived at best as a preferred legal supplier, or at worst, as a necessary evil. A competent counsel can remain objective while becoming fully involved in the business. It is also possible for counsel to maintain the client's right of privilege while "wearing more than one hat" in an organization (*see www.practicallaw.com/global "Creating a privileged position" GC, 1998, III(3),39*).

In-house counsel must also acquire broad knowledge of the company's business and of the industry in which it operates if they are to be able to play a meaningful role within the senior business planning team. For example, counsel can:

- Expand their network beyond the legal field to get to know people in the industry.
- Expand their reading beyond legal and the usual business texts to include such focused materials as relevant analysts' reports, which can be mined for

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possible strategies and implementation avenues.

If the company is moving to embrace e-commerce, for example, counsel need to immerse themselves in learning as much as possible about e-commerce and where it may be headed in the future. Simply attending a course on the latest legal "need to knows" in the area is not enough.

Innovating to a broader value role

Translating business strategies and goals into deliverables for the in-house legal team requires that counsel be open-minded and innovative on many fronts. Their skills can be confined to meeting the legal needs of the company or can be unleashed to also become invaluable in enabling advancement of business strategies. If the goal of the company is to have the legal team doing more to drive business success rather than simply providing legal services, counsel will need to adopt a creative approach to unlocking the full potential of the skills and talents which legal professionals bring to the organization. The full portfolio of counsels' capabilities can be used to take on more proactive and wider roles in areas such as:

- Public relations (for example if a company strategy is to be more positively perceived by the public in order to grow its sales).
- Internal communications (where the company has as one of its core strategies to build greater alignment and focus within the organization against delivery of business goals).
- Strategy (where the company needs a more disciplined and analytical approach to building the future of its business).
- Building industry alliances (where the company needs to develop sourcing, promotion and advertising synergies).

Shifting the service delivery paradigm

For counsel who struggle to step into these broader roles, there are still considerable opportunities to leverage the

wider skills and capabilities of the legal team to contribute to meeting the strategic needs of the organization. Counsel can grow the value or worth of the legal function by moving from a reactive "do the legal work that crosses my desk" mode to a more proactive "how can we use our legal skills to visibly enhance core business strategies while continuing to ensure the legal health of the organization?" For example:

- In the context of compliance, shift the perception of the legal department from that of inspector to that of educator.
- In relation to transactions, shift the emphasis from doer to enabler.
- In the context of litigation, shift the emphasis from defender to preventer.
- In relation to consumer relations, move from disengagement to innovation.

Compliance. Does the legal team have to check that a product complies with legal requirements? If it does not comply, do the business people then take it away and correct it before showing the legal team again? Where speed of execution is a corporate strategy, counsel might, instead of acting as quality inspector, use their knowledge in the role of educator, teaching the business people applicable law and compliance requirements and how to design this into their products from the outset (*see box "Putting together a data-based business case"*).

Transactions. Speed of execution might be increased in a transaction-heavy company by changing counsels' focus from negotiating and documenting individual transactions to enabling business people to do so on the spot, by becoming a supplier of standard form agreements and guidelines for their correct use.

Litigation. A company whose strategy is to keep its people focused on making, marketing and selling, particularly a company under headcount constraints and which needs to free up cash, definitely does not need the cost and distraction of lawsuits. A legal de-

partment that adopts a parallel strategy of enabling reduction of litigation (and makes known to management how this aligns with and supports the broader strategy) stands to be valued more highly than one that is perceived as being focused on consuming monetary resources to defend lawsuits.

Consumer relations. Where a company embarks on a strategy of increasing customer numbers by growing its relationships with its consumers (including resolving consumer complaints more effectively), the path of least resistance for a legal team is to see this as a marketing function and to confine its role to addressing only those consumer issues that cross their desks. However, designing and implementing a program to train non-legal personnel in effective consumer response and ensure that they are provided with appropriate conflict resolution skills and authority has two potential advantages:

- Reducing and even eliminating formal legal claims by consumers with consequent human and financial resources savings.
- Converting alienated consumers to future purchasers, and contributing to the company's consumer relationship strategy.

Providing data for recognition and support

While counsel may well be proactive and innovative in identifying new opportunities to align the legal department behind advancement of business strategies, they will need to keep in mind that, in a usual business setting, new initiatives inevitably compete for resources and funding from a limited pool. To address this challenge the legal team must develop and continuously champion a compelling business case for each of their alignment initiatives. It is therefore necessary to put in place appropriate data collection or tracking mechanisms within the legal department and engineer access to relevant information across the rest of the organization (*see box "Putting together a data based business case"*).

Building a business case in this man-

IN HOUSE: STRATEGY

Using the language of business

The following examples demonstrate how creative use of business language offers in-house counsel the opportunity to change the perception of legal work from that of "a necessary evil" to an activity aligned with corporate strategies.

Acquisitions

The company's business strategy is to pursue growth through acquisitions. To that end two specific acquisitions are planned that year. The legal team could conclude from this that its work will include providing legal support to acquisitions.

Using the language of lawyers, one of the team's objectives, as communicated to management, could be "to provide all required legal support for the acquisitions". The natural measure of performance against this objective is whether or not the legal support is provided. For evaluating performance, the question now becomes, at a minimum, whether or not the work was done, and at best, whether or not it was done better than on previous acquisitions:

- If the work is done, the team stands to receive an acceptable evaluation because they did their job.
- If the person evaluating their work is knowledgeable enough to know

whether the team did it better than they did the work last year, and if the improvement has some value to the appraiser, the team may receive a better than average rating.

This choice of language therefore has limited the range of value measurement and has introduced a large element of subjectivity into where on the value chain the work will be seen to fall.

However, if business language was used to describe this objective, it could be worded as being "to contribute to our corporate growth strategy and goals by enabling the successful completion of the acquisitions".

The measure of performance then becomes whether or not the legal team contributed to growth. If the transaction was successfully completed in whole or part due to the teams' efforts then they did so contribute. And it is a fair bet that the company values growth more than legal work. The legal team's contribution will be more valued because their contribution has been described in a language and a manner that resonates with the business people.

Litigation

Using the language of lawyers, an objective for the year might be "to success-

fully defend lawsuit X". While management is likely to accept and require that the lawsuit be defended, this language sets the team up for one of two outcomes:

- The suit is lost and the team has failed.
- The suit is won and the team did what it said it would, which is its job anyway.

The legal team cannot likely exceed performance by defending this suit better than the last one. Does the appraiser know how to measure whether it was done better? How much is defending it better valued?

The language of business allows the defense of the lawsuit to be worded as "contributing to profit growth by resolving lawsuit X for less than the reserve set up for it by the company". This statement implies that some portion of the reserve will be rolled back into profit that year. That is something tangible, understandable and desirable to a businessperson. And depending on how much is reserved and how much of that amount is needed to meet financial performance targets, it can end up being a highly valued contribution.

ner also sets the stage for objective, rather than subjective, evaluation of counsels' performance and value. For example, if, as a result of a legal department compliance initiative, the number of litigation suits declines, and if the total average cost of managing a suit is now known, any reduction in the number of suits multiplied by the cost of managing each suit (all less the cost of the education program) can be presented as hard evidence of the contribution of counsel to business success. This enables a business language discussion about performance and therefore greater alignment between counsel and management perception of the legal team's performance.

Time recording can be an integral part of data gathering, but is often resisted by in-house counsel. For many lawyers, a major motivation for moving in-house from private practice is a desire to avoid it. However, when examined more closely, this resistance often stems from the fact that law firms track matter time for purposes of billing clients and measuring lawyers' performance. Since in-house lawyers are measured on results rather than time and since appropriate collection and use of matter and time data can position results to be more highly valued, logic says that a business success oriented lawyer would see every reason to embrace and leverage tracking or docketing to

generate positioning data.

Prioritizing on a business rather than legal model

In practice there will always be a significant amount of basic legal work that will have to be competently addressed on an on-going basis. One potential consequence of broadening the scope of the legal function contribution to company strategy is that individual counsel might be tempted to see themselves as having one set of "basic work" and another set of "projects" which are there to support furtherance of corporate strategies and goals. The danger in adopting this view is that it can lead to a reduced commitment to

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projects that serve to advance longer-range business strategies in favor of attending to "my regular work".

A critical first step to managing down this disconnect is to establish and maintain a value added culture or mindset within the legal team. Traditional vehicles through which to drive such a culture include:

- Developing and securing buy-in within the legal function to appropriate vision or mission statements.
- On-going dialogue around the need and desirability to remain focused on building value through being seen to be aligned with advancing corporate strategies.

This culture would see team members question why they are doing any piece of work. Work that cannot be tied back directly or indirectly, to achievement of expressed or implied business strategies may in fact be a "nice to do" rather than a "need to do". "Nice to do work" should be deferred or eliminated in favor of focusing on those matters that are clearly aligned with realization of company strategies and can therefore be seen to add value to the organization.

By adopting this culture, the legal

team can move from a paradigm of differentiating between "regular work" and projects which contribute to advancement of company strategies to a paradigm that differentiates between work which is valued because it contributes directly or indirectly to achievement of expressed or implied company strategies and work that is not so valued and may therefore not need to be done. The result is not merely to open work efficiency opportunities but also to bring added meaning in the team's mind to all of the work they are now doing.

Adopting this value added mindset also has the benefit of further enabling the legal team to leverage the language of business rather than that of legal practice to positively position their work to management as being fully aligned behind realization of corporate strategies. To do so, counsel need to internalize not only what management has set as its business strategies and goals, but also how it has worded them. If counsel can co-opt the language of these strategies and goals to describe even the most basic on-going regular legal work, then that work can as well be positioned and perceived by management and the team alike as being aligned against delivery of the company's strategies and goals (*see box "Using the language of business"*).

Building a value culture, which in turn leads to the use of business language to position legal work, then serves two purposes. First, it enables the legal team to see more of their work as being aligned to achievement of overall business strategies and goals, and make them less likely to segregate their work into classes that compete for time. This in turn contributes to a culture of striving to add value, rather than laboring to complete tasks. Second, the use of business language allows management to more easily see and measure the contribution of the legal team against the same criteria as are applied to others in the organization. What might otherwise have been perceived as completion of tasks can now more clearly be seen as contribution to business goals. And that is what is valued and is rewarded in the business world.



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