

# WHY STRATEGY SELDOM WORKS IN LAW DEPARTMENTS

By Richard G. Stock, M.A., FCG, CMC, Partner with Catalyst Consulting

This is the forty-seventh in a series of articles about how corporate and government law departments can improve their performance and add measurable value to their organizations.



Turning a new leaf, New Year's resolutions, and even lightning bolts are not always enough to prompt the members of many corporate law departments to do what is most important, as opposed to what is most urgent. This problem is not limited to legal services. Companies and management consultants have spent a good deal of time trying to prevent, disguise and remedy the gap between strategy and execution.

What were once specialized functional groups - law, human resources, finance, and IT - can today be found "on the front-lines". Lawyers enable their companies to develop and sustain a competitive edge in the market or to resolve important disputes. In other words, if they are any good, they are inevitably "strategic". It has been

A man in a dark suit and tie is shown in profile, looking thoughtful with his hand on his chin. The background is a dark, textured grey with several white question marks of various sizes and styles scattered around him, suggesting a state of confusion or deep thought.

possible for some time and across a whole range of industries for the legal team to have a formal strategic business plan, or at least to be a prominent part of the organization's strategic business plan.

This said, why do companies and their law departments fail to do what they say they are going to do? 15 years ago, David Norton and Randall Russell, then of the Balanced Scorecard Collaborative, identified five factors which inhibit the execution of strategy. These can be applied to corporate law departments as well as to the company. While explaining a problem does not excuse it, an awareness by legal leadership of the pitfalls surrounding positioning and implementation does improve the odds of success. Our consulting experience over the last 25 years of working with law departments and

the business units they serve allows us to interpret the applicability of Norton and Russell's implementation factors to the corporate law department.

### **Executive Leadership Not Mobilized**

On occasion, the legal leadership team is not sufficiently engaged to drive execution. A General Counsel takes on the position, commissions a review of the department, and develops a "strategy". Buy-in from other members of the department is generally not automatic.

But even when it is secured, some members of the department are unable or unwilling to persuade their own team members and the company's business units of the need for change. The General Counsel cannot launch a department's new positioning strategy alone. A new "strategic" way of managing is

not understood or is not accepted across the board. Legal leadership must share its vision and be able to inspire the entire legal team to follow in a timely fashion. Teamwork matters because implementation doesn't take place without it.

### **Strategy Not Translated into Operational Terms**

Many companies and their law departments do set financial objectives. Metrics such as total legal spend or cases / matters resolved are straightforward. But targets to achieve non-economic goals are much rarer. If effectiveness is now one of the most strategic goals a law department can achieve, then developmental objectives to integrate lawyers with their business units, risk management focusing the organization on the trade-offs between legal and business imperatives, and development of the law department's intellectual capital move to the head of the line. To this, one must add the need to measure service with quantifiable indicators. Again, it is the specifics and operational terms that help answer the all-important question "What difference do the lawyers make?"

### **Poor Alignment**

Medium to larger law departments struggle with how best to align and deploy legal services. Either the lawyers work alone and not in teams with other members of the department, or they are so closely aligned with a business unit or a geographical region that little flexibility exists to re-deploy experienced resources elsewhere in the organization. In other settings, the department is populated with talented generalists who try to be all things to all people. As they ap-

proach 15 years of experience as lawyers, it becomes increasingly difficult for generalists to specialize or to keep up with changing corporate direction.

### **Few View Strategy As Their Job**

Compensation for many lawyers in the company is too seldom designed to reward strategic success. It is normal for compensation to depend both on how the company is doing and on individual performance. It is the exception to find a significant part of the variable compensation tied to the achievement of the department's Key Performance Indicators and their related targets. Programs to help lawyers acquire competencies of strategic value to the company are often unstructured. Yet leadership and project management skills are a scarce in many companies. Legal competencies alone are simply not enough to succeed as experienced lawyers.

### **Insufficient Communication and Direction**

When department meetings are held, a review of progress on strategic objectives is rarely at the top of the list. Budget cycles and variances are discussed. But discussion about planning and strategy is at best sporadic.

Matters that are urgent deserve the attention of corporate counsel. But they must also be important in relation to the strategic objectives the company and the department have set. Otherwise, the department is again failing to do what it said it was going to do.

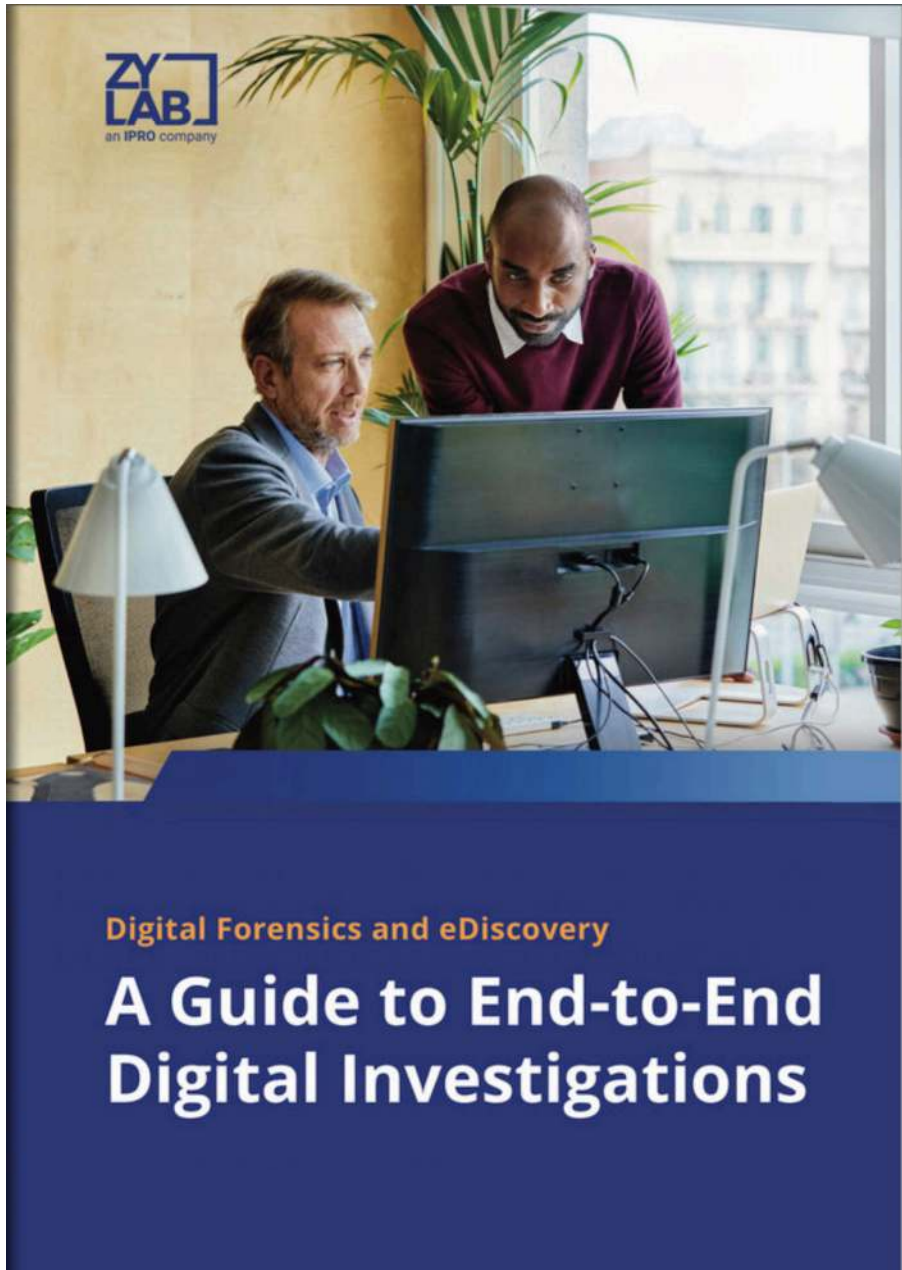
Legal leadership should be mindful of the factors that inhibit the implementation of business and law department strategy.

### About the Author

Richard G. Stock, M.A., FCG, CMC is the Managing Partner of [Catalyst Consulting](#). The firm has been advising corporate and government law departments across North America and

around the world since 1996. For law department management advice that works, Richard can be contacted at +1 (416) 367-4447 or at [rstock@catalystlegal.com](mailto:rstock@catalystlegal.com).

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