

# MANAGEMENT BEYOND THE BASICS

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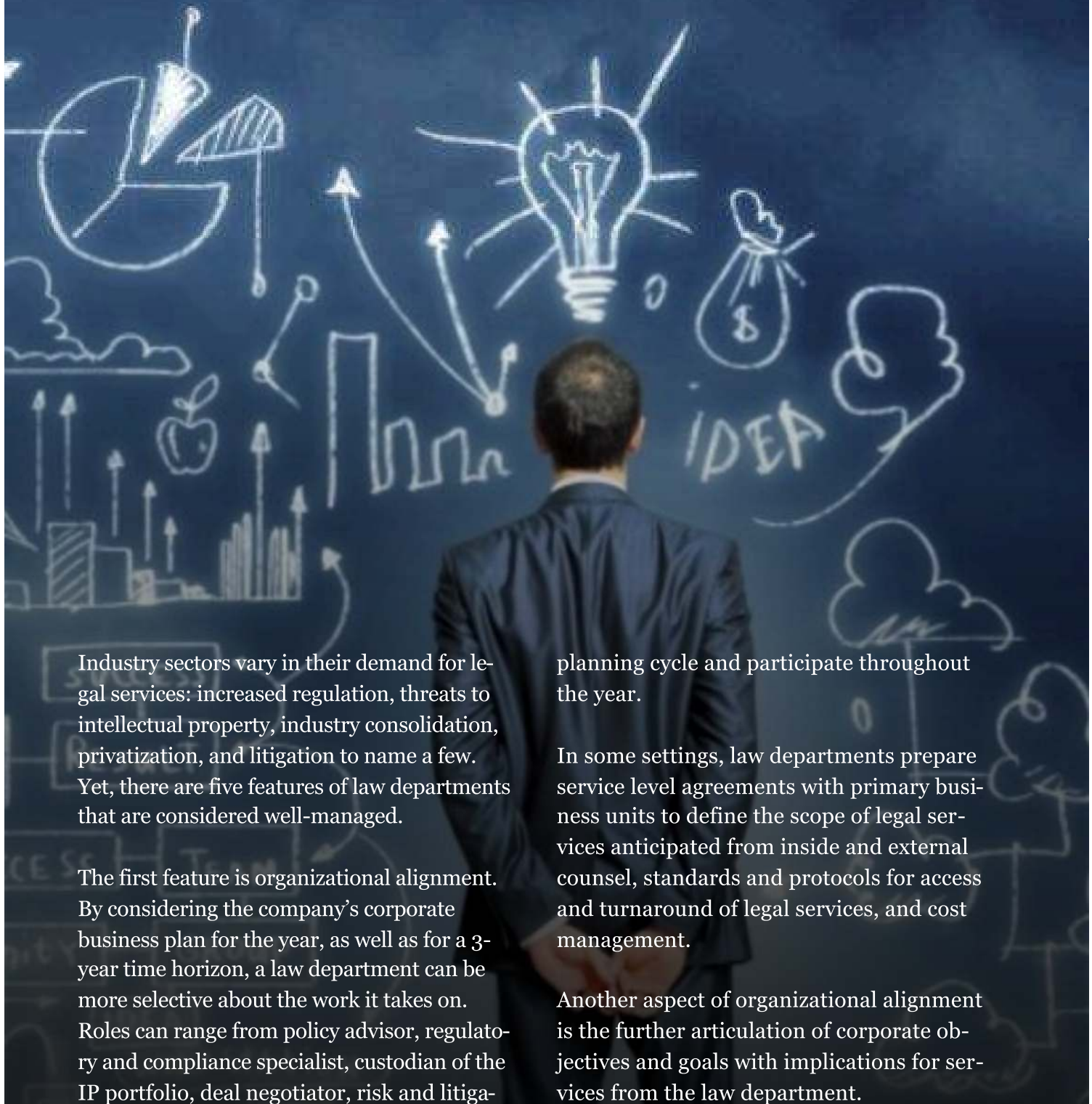
*This is the forty-ninth in a series of articles about how corporate and government law departments can improve their performance and add measurable value to their organizations.*



Progressive and well-managed law departments can make a real contribution to their organizations. More than 25 years of advising legal management tells me that there is a significant correlation between a CLO/General Counsel's experience in the company and strong law department contributions to corporate priorities. In other words, a top-notch in-house department makes for a more effective company.

But getting there usually takes time. After about 5 years, relationships have been forged with the CEO, the CFO and with business units.

Legal resources have been secured and the mix of inside and external counsel are by now carefully balanced.



Industry sectors vary in their demand for legal services: increased regulation, threats to intellectual property, industry consolidation, privatization, and litigation to name a few. Yet, there are five features of law departments that are considered well-managed.

The first feature is organizational alignment. By considering the company's corporate business plan for the year, as well as for a 3-year time horizon, a law department can be more selective about the work it takes on. Roles can range from policy advisor, regulatory and compliance specialist, custodian of the IP portfolio, deal negotiator, risk and litigation management to name a few. Discussions with the corporate leadership and business units are essential. Law departments must be part of the business unit

planning cycle and participate throughout the year.

In some settings, law departments prepare service level agreements with primary business units to define the scope of legal services anticipated from inside and external counsel, standards and protocols for access and turnaround of legal services, and cost management.

Another aspect of organizational alignment is the further articulation of corporate objectives and goals with implications for services from the law department.

These are then reduced to writing by the law department so that initiatives can be agreed and tracked.

A second feature is the *deployment of law department resources*. Law departments are part of a company's intellectual capital. They should be properly leveraged for maximum effectiveness. Beyond serving as legal relationship coordinators for each major business unit, lawyers and staff must be challenged and expected to acquire new skills and knowledge.

The creation of centers of legal expertise, often in tandem with preferred external counsel, is rarely a formal process. Individual lawyers will too often work up to 90% of the hours on a legal matter, with insufficient reliance on colleagues in the department or on the managed use of external counsel. The most effective law departments rely on legal service teams to support business unit objectives – essentially a degree of internal leverage to improve service delivery and knowledge transfer.

Law departments rarely know enough about the complexity, frequency, and distribution of the work they carry out. Few departments have matter management systems to track activity and the source and type of legal work. Fewer still want time-keeping systems. There are less complex ways to analyze the work.

Investing in the department's legal resources calls for competency-based tools to ensure the right balance of legal capabilities and business priorities. Competencies are an amalgam of knowledge, skills, and attributes which lawyers are expected to acquire as they reach different career milestones (entry, intermediate, expert and management). Competencies normally cover four broad areas: personal attributes, leadership, business/finance, and legal.

The third feature of an effective law department is the *management of initiatives and priorities*. It is the combination of carefully chosen initiatives that affects every lawyer and key users in a meaningful way. Initiatives are discussed and planned annually with corporate and business unit leadership with progress reviewed regularly. It is a given that professionals and legal leadership never have spare time and are never caught up in their work. Still, companies and their business units have targets and deadlines. An effective law department has criteria to guide the selection and timing of initiatives. It monitors the allocation of work to members of the law department and to external counsel. Compliance with service standards while backlogs are traded off is part of the continuous triage that defines the dynamics of professional services.

The fourth feature of an effective law department is *strategic communications*. Too often, law departments are poor promoters of their achievements. Perhaps every artist needs an agent. The company's leadership may have a poor understanding of the diversity and impact of what the law department achieves in its different roles. That is one reason why internal surveys dealing with service levels and results should be conducted every year.

Surveyed participants then receive formal feedback on the survey results, as well as follow-up visits after all major transactions, litigation and hearings. A careful selection of matters and good timing by the CLO makes strategic communication a key element in effective legal services.

The fifth feature is a focus on leading practices. Innovation is the hallmark of an effective law department. Departments benchmark everything from techniques for organizational and human resource alignment, to the management of initiatives, as well as strategic communications. They readily participate in the benchmarking of non-financial and financial practices of other law departments. They rely on primary research and competitive intelligence to learn about and then introduce best practices.

Managing beyond the basics requires organizational and legal resource alignment, the

careful management of initiatives for the law department, strategic communications, and a focus on leading practices for legal services.

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