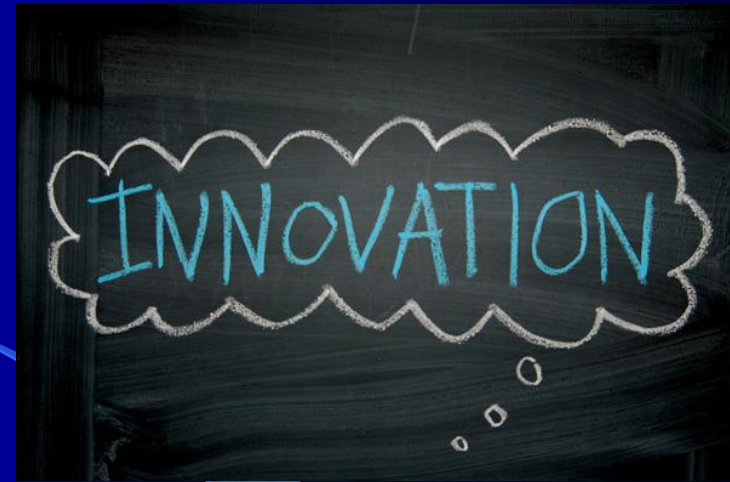


5 Types of Innovation for the Legal Department

Worldwide Airport Lawyers Association



London, UK
October 17th, 2018

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Introduction

- ▲ Demonstrating the value of the legal department depends on innovation
- ▲ The General Counsel should be the innovator-in-chief of the legal department

Introduction

- ▲ 5 types of innovation for a world class legal department
 - ❖ Strategic impact
 - ❖ Capacity and speed
 - ❖ Organization and resources
 - ❖ External counsel
 - ❖ Leadership
- ▲ Propositions to prompt
- ▲ One question for each section

Innovation with Strategic Projects

- ▲ Business unit projects with significant impact for the company
- ▲ Projects that are not strictly legal
- ▲ Significant involvement of legal department members

Innovation with Strategic Projects

- ▲ Centers of excellence v generalist function in the legal department
- ▲ Partnering with business units
- ▲ LRT, 15% tax on buyers, public-private partnerships

2 Propositions

- ▲ The choice of the strategic project must be one that is in the corporate or business unit **annual plan**
- ▲ Contribution of the legal department **decided by business unit** using exceeds/meets/does not meet

Innovation with Strategic Projects

- ▲ Q1. How should the strategic value of the legal department be measured?
 - ❖ By the results it helps to achieve for business units
 - ❖ By its contribution to strategic and special projects
 - ❖ By its expertise and service
 - ❖ By the costs its controls

Innovation for Capacity and Speed

- ▲ *When to call your lawyer?*
- ▲ Reducing business unit dependency for routine work
- ▲ Turnaround standards and protocols for all work
- ▲ Eliminating silos and solos

Innovation for Capacity and Speed

- ▲ Operational efficiency targets
- ▲ “Backlog” of 15 hours max
- ▲ Tough work intake protocols
- ▲ Reducing time in useless meetings

2 Propositions

- ▲ There is a *detailed forecast of the annual demand* for internal and external counsel for other than budget purposes
- ▲ **Performance** against the forecast is **shared** with the members of the legal department and corporate leadership quarterly

Innovation for Capacity and Speed

▲ Q.2 How does a legal department generate 20% more capacity?

- ❖ By transferring the lead for technology innovation and administration to primary firms
- ❖ By having business units take on more routine work
- ❖ By building internal legal teams which resemble law firm leverage
- ❖ Not possible

Innovation with Organization & Resources

- ▲ Teams by client group, specialty and geography – specialists or generalists
- ▲ The aging legal department
- ▲ Director of Legal Operations

Innovation with Organization & Resources

- ▲ Eliminate silos and solos
- ▲ Eliminate legal assistants to add technology support
- ▲ Gifted paralegals rather than junior lawyers
- ▲ Fully paperless in 18 months
- ▲ 7% maximum admin and practice management time per year

4 Propositions

- ▲ There is a commitment to **LPM** and budgets for all matters over 50 hours
- ▲ **LPM** = phases, tasks, assumptions, %, optimal staffing, hours, schedule
- ▲ Firms and inside counsel are **proficient in LPM**
- ▲ Firms and the legal department have a **financial incentive** re LPM success

Innovation with Organization & Resources

- ▲ Q3. What is the optimal way to allocate legal resources?
 - ❖ Co-location with business units
 - ❖ More centralized work intake and allocation system to ensure accurate scope of work and service delivery
 - ❖ Legal specialty teams
 - ❖ Other

Innovation with External Counsel

- ▲ Extreme convergence of the legal supply chain
- ▲ Innovation projects for effectiveness and efficiency improvement
- ▲ Performance and metrics
- ▲ Lead partners & account managers

Innovation with External Counsel

- ▲ Global or local sourcing
- ▲ External counsel investing enough in the business relationship
- ▲ Funding innovation activity as part of a hybrid fee

4 Propositions

- ▲ There is a formal *plan to eliminate hourly-based fees within 2 years*
- ▲ The legal department is highly proficient in AFAs
- ▲ There a **financial incentive** for firms to embrace AFAs
- ▲ There is a *target to reduce external spend by 20% from projected levels for each of the next 2 years*

Innovation with External Counsel

- ▲ Q.4 How should the most progressive legal departments innovate with external counsel?
 - ❖ Have the law firm drive the innovation agenda
 - ❖ Non-hourly pricing and doing less for less
 - ❖ Reducing the number of firms and making longer term commitments
 - ❖ Other

Innovative Leadership

- ▲ A CLO who is available enough to the legal department
- ▲ Results over process
- ▲ Formal partnering with business units
- ▲ Influence over non-legal matters in the company

Innovative Leadership

- ▲ Business competencies – negotiations, project management, technology, knowledge transfer
- ▲ Setting SMART goals for the department and for each member
- ▲ Effective communications to address departmental problems

3 Propositions

- ▲ **Innovation** should be the **primary** key performance indicator of the legal department
- ▲ Each lawyer should have annual objectives aligned with specific **business unit objective(s)**
- ▲ Each lawyer should **have formal leadership training**

Innovative Leadership

- ▲ Q.5 What should leadership in legal services entail?
 - ❖ Proficiency in business competencies
 - ❖ Leadership with sensitive transactions and the regulatory environment
 - ❖ Evidence that every lawyer in the department demonstrates measureable leadership success

Conclusions

- ▲ Innovation must be accelerated
- ▲ Innovation depends on legal department leadership
- ▲ Results trump process
- ▲ Legal resources must be better leveraged to achieve business goals
- ▲ External counsel can drive innovation
- ▲ Innovation is permanent

Catalyst Consulting

▲ Richard Stock

- ❖ High impact consulting experience with over 250 legal departments
- ❖ Keynote speaker at corporate counsel conferences for more 20 years
- ❖ 350 articles, columns and books

Catalyst Consulting

▲ Service offerings for legal departments include

- ❖ Business strategy
- ❖ Demand forecasting
- ❖ Workload and workflow management
- ❖ Performance and KPIs
- ❖ Procurement and cost reduction for external counsel

Catalyst Consulting

The firm consults across North America, Australia, Europe and the Middle East on management issues of interest to Chief Legal Officers.

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