

Lifting the General Counsel brand – how do you rate?



Lawyers adding strategic value can take the test to see how they help advance the General Counsel brand, says **Ron Pol**

Question: Which position reporting to the CEO is typically regarded as the most strategic business role?

Answer: The modern CFO is often the CEO's closest adviser and heir apparent – 'strategic business adviser, with accounting skills'. Yet this was not always the case.

In the past, the finance director or head accountant, typically reporting several levels below the CEO, led a team of accountants performing a corporate services function.

Although some General Counsel are 'strategic business advisers, with legal skills', many are regarded as the 'head lawyer', leading a team of talented professionals facilitating business transactions masterminded by others. General Counsel have not yet matched the modern CFO for a recognisable business strategy 'brand' for the role itself. With an organisation-wide remit, and the increasing importance of risk management, General Counsel, however, are well positioned to do so, and can learn from the finance director's transition to CFO.

Over the years, I've had the privilege of working with countless General Counsel. In hindsight, they seem to fall into three broad groupings, rounded out by a fourth group I seldom work with. Titles can be misleading. Some strategists remain encumbered by titles like 'Corporate Lawyer' or 'Legal Manager', while others enjoy the 'General Counsel' title equally unreflective of the role actually performed. The following descriptors can be used whatever the title.

(a) Recognised business strategists.

Their organisations clearly regard these lawyers as strategic advisers, as reflected in their role, position and influence, and by everything they do – directed with laser-like precision to the top *business* issues facing their organisation. These lawyers lead the General Counsel 'brand transition'.

(b) Business strategists.

These lawyers rise above just delivering great legal advice, connecting legal skills excellence with top organisational objectives; they actively develop their strategic role, and, over time, their value becomes more fully reflected in their organisations. These lawyers are typically insightful, modest, and tremendously effective. As their legal team's recognised strategic value grows, they carry with them the future GC brand.

(c) Legal specialists. Although the best legal advice is always cognisant of organisational objectives, these lawyers regard other managers responsible for setting and achieving those objectives; they deliver legal advice, others apply it. Using the accounting analogy, these lawyers are more akin to the Head Accountant (expert specialist) than CFO (business strategist), and may help advance the strategic GC brand by separating 'General Counsel' and 'Chief Legal Adviser' roles.

(d) Presumed strategists. Some lawyers regard themselves as strategic business advisers, yet without matching how they may actually be regarded within their organisation (eg head lawyer or expert legal specialist), or against any of the objective measures many take care not to measure themselves against. These lawyers seldom see any need to develop their strategic skill set; and may help advance the GC brand when they retire.

The full range of key indicators is more complex, but in this article to match the CFO analogy, I've selected six factors from the financial sector. For each, select a number between zero and five representing the extent to which you match the summarised descriptors.

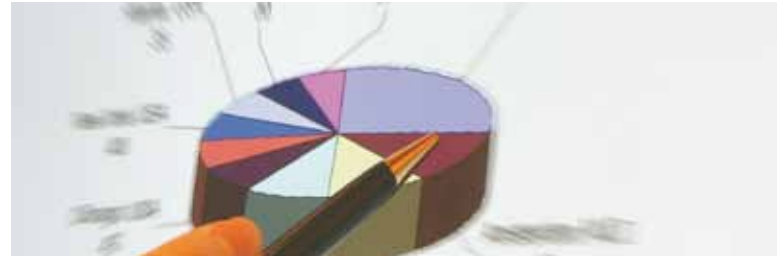
1. Get the figures

Take a leaf from the Finance Director to CFO journey: you are judged on what you measure. Without 'the figures', you can't monitor comparators, demonstrate progress, or connect the legal team's operations with organisational goals and strategies.

- **0:** We don't need any objective data, we just tell the CEO we're doing a good job and leave it at that.
- **5:** We know all our figures, every component of our internal costs (staffing, direct expenses, and indirect overhead costs), and our external legal costs – by firm, business unit, and work type. We record the number and type of transactions, and just about everything else we do, and all the figures are immediately available.

2. Measure what matters

What's the underlying 'message' in what you measure? For example, measuring total legal costs reinforces 'Legal' as a cost centre drain on resources, with increasing



costs becoming a cost-cutting target. If, however, you also measure legal costs as a percentage of revenue, a more strategic viewpoint links Legal directly with core organisational goals. Demonstrating Legal's 'footprint' can also illustrate *reducing* trend lines, presenting a more accurate, and positive, representation of Legal's contribution.

- **0:** We measure actual legal costs and its constituent parts.
- **5:** We measure, monitor, and share the actual figures and their impact, linked to organisational goals. For example, legal costs *and* as a percentage of revenue; costs *and* savings and reduced legal exposure; litigation costs *and* improved litigation outcomes; etcetera.

3. Metrics count

Raw cost figures are a vital component, yet recognised metrics are vitally important to demonstrate the legal team's effectiveness and value.

- **0:** We stick with the actual figures, and don't perform any further calculations.
- **5:** We measure and track a full range of key metrics, such as legal costs as a percentage of revenue, per 1000 FTE employees and per billion dollars revenue, lawyers per 1000 FTE employees and per billion dollars revenue, the ratio of in-house to outside legal costs, median fully loaded in-house counsel costs, and more.

4. Present for clarity

The language of accounting is numbers, yet successful CFOs learned that accountants' familiar spreadsheets, although comprehensive and accurate, were less compelling than the graphical distillation of key trends, projections and objectives.

- **0:** Our internal reports and other communications are mostly expressed in words, the language of lawyers.
- **5:** Our key performance metrics are illustrated by graphs and charts. The CEO can see how we're tracking, literally at a glance. Our top-level performance dashboard illustrating all of our key performance measures is on a single page, supported by explanatory text as required.

5. Benchmark externally

- **0:** We are unique, so illustrate trends over time within our own organisation only.
- **5:** To really demonstrate the value of the legal function and for wider performance improvement opportunities, we complement our own year-on-year comparators with benchmarks for our jurisdiction, sector, and industry. We actively seek all available benchmarks with standardised measures that provide like-for-like comparisons even with organisations different than ours.

6. Rapid implementation

The boldest objectives and most effective strategies are useless until implemented.

- **0:** We identified key objectives at our last offsite, but have been too busy to develop the strategies. We want to make sure we perfect the best strategies, so it may take some time to get right before we launch.
- **5:** We identified our primary objectives and a few key strategies, then launched the first implementation plan to start making it happen; they'll be perfected 'in flight', and other implementation plans can follow.

Your score

25-30: Your strategic capital is enormous within your organisation. Keep doing what you do so well. Think about ways to share experiences to benefit your profession.

15-24: You're on the way. Draw from peers, experts, and all the published work you can find. Take time to develop the strategies to build your strategic capital.

0-14: If you want to be a strategist, start now to make it happen. If you want to remain a great lawyer in category (c), think about splitting your role; give your organisation the benefit of a legal strategist to lead the team and work alongside you.

Ron Pol, director of professional services consultancy Team Factors Ltd and author of the *ACLA/CLANZ Legal Department Benchmarking Report*, welcomes comments at ronald.pol@teamfactors.com.