

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

A: The modern chief financial officer 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 report-

ing several levels below the CEO) led a team of accountants performing a corporate services function.

Lifting the In-house Counsel Brand: How Do You Rate?

BY RON POL

ing 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. In-house lawyers have not yet matched the modern CFO for a recognizable business strategy brand of the role itself. However, with an organization-wide remit and the increasing importance of risk management, in-house counsel are well positioned to do so; they can learn from the finance director's transition to CFO.

Over the years I've had the privilege of working with countless in-house counsel. In hindsight, they seem to fall into four broad groupings:

1. **Recognized business strategists.**

Their organizations clearly regard these lawyers as strategic advisers, as reflected in their role, position and influence. Directed with laser-like precision to the

- top *business* issues facing their organization, these lawyers lead the in-house counsel “brand transition.”
- 2. Business strategists.** These lawyers rise above just delivering great legal advice, connecting legal skills with top organizational objectives; they actively develop their strategic role, and

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over time, their value becomes more fully reflected in their organizations. These lawyers are typically insightful, modest and tremendously effective. As the legal team's recognized strategic value grows, they carry with them the future in-house brand.

- 3. Legal specialists.** Although the best legal advice is always cognizant of organizational objectives, these lawyers regard other managers responsible for setting and achieving those objectives; they deliver legal advice, others apply it. Using the accounting anal-

ogy, these lawyers are more akin to the head accountant (expert specialist) than CFO (business strategist), and may help advance the strategic in-house brand by separating general counsel and chief legal adviser roles.

- 4. Presumed strategists.** Some lawyers regard themselves as strategic business advisers without matching how they may actually be regarded within their organization (e.g., head lawyer or expert legal specialist), or without measuring themselves against any of the objective measures many take care not to acknowledge. These lawyers seldom see any need to develop their strategic skill set and may best help advance the strategic counseling brand when they retire.

The full range of key indicators is more complex, but in this brief article and to match the CFO analogy, we have selected six factors from the financial sector of the matrix. For each, select the number between 0 and 5 representing the extent to which you match the summarized descriptors.

Get the figures

Take a leaf from the finance-director-to-CFO book: You are judged on what you measure. Without the figures you cannot monitor comparators, demonstrate progress, or connect the legal team's operations with organizational goals and strategies.

- 0** We don't need any objective data; we just tell the chief executive we are doing a good job and leave it at that.
- 5** We know every component of our internal costs (staffing, direct expenses and indirect overhead costs)



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and our external legal costs — by firm, business unit and work-type. We record the number and type of transactions, and all the figures are immediately available.

Measure what matters

What's the underlying message in what you measure? For example, measuring total legal costs reinforces perceiving legal as a cost-center drain on resources, with increasing costs becoming a cost-cutting target. If you also measure legal costs as a percentage of revenue, a more strategic viewpoint links legal directly with core organizational goals. Demonstrating legal's footprint can also illustrate *reducing* trend lines, and present the team's contribution to the business more accurately and positively.

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

Metrics count

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

- 0 We stick with the actual figures and do not 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; median FTE lawyers per lawyer; the ratio of in-house to outside legal costs; median fully loaded in-house counsel costs, and more.

Present for clarity

Another lesson from the CFO: 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.
- 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.

What's the underlying message in what you measure?

Benchmark externally

- 0 Being unique, we illustrate trends over time within our own organization only.
- 5 To demonstrate the value of the legal function and for wider performance improvement opportunities, we complement our own year-on-year data with benchmarks for our jurisdiction, sector and industry. We actively seek all available benchmarks with standardized measures that provide like-for-like comparisons, even with organizations different than ours.

Rapid implementation

Bold objectives and 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, and launched the first implementation plan to start making it happen. They will be perfected "in flight," and other implementation plans can follow.¹

Your score

25-30

Your strategic capital is enormous within your organization. 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 legal specialist, think about splitting your role; give your organization the benefit of a legal strategist to lead the team and work alongside you. 🚩

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NOTES

1. Pol, Ronald F. "Ready, Fire, Aim." ACC Docket 26.7 (2008): 24.