

VALUEDYNAMICS

STUDY AND LEADERSHIP TOOLKIT

A direct result of the global economic slowdown is the need for organisations to achieve a great deal more with far fewer resources, including their people. In-house lawyers and general counsel (GCs) have not escaped the trend. They are operating in an increasingly complex world with multiple stakeholders and a diverse set of responsibilities.

So how can GCs navigate their way through this relatively new and complicated landscape? The first thing to recognise is that most of the GCs we spoke to wanted to alter their mind set from operating in a legalistic vacuum to beginning to interact with the business in a much more empathetic and commercially aware fashion.

In our role as legal adviser, the GC is often our principal contact and we are therefore interested in their success. With that in mind, Addleshaw Goddard undertook a study with 25 leading in-house lawyers to identify and debate the current challenges that they face. As a result of those discussions, we developed our 'ValueDynamics' study - an in-depth consideration of those challenges.

The study seeks to share practical hints and tips from our participating clients and to suggest some models that can be used to work through day to day challenges. The result is an evolving best practice leadership toolkit for those leading in-house legal teams.

In this article and the series that follows, we will explain:

- ▶ Why GCs need practical guidelines for changing the way they work
- ▶ How GCs can adapt the ValueDynamics toolkit to address the most pressing problems that they face
- ▶ How to use the guidelines and models within the toolkit
- ▶ How to address objections to change within legal teams and across the business.

Our approach

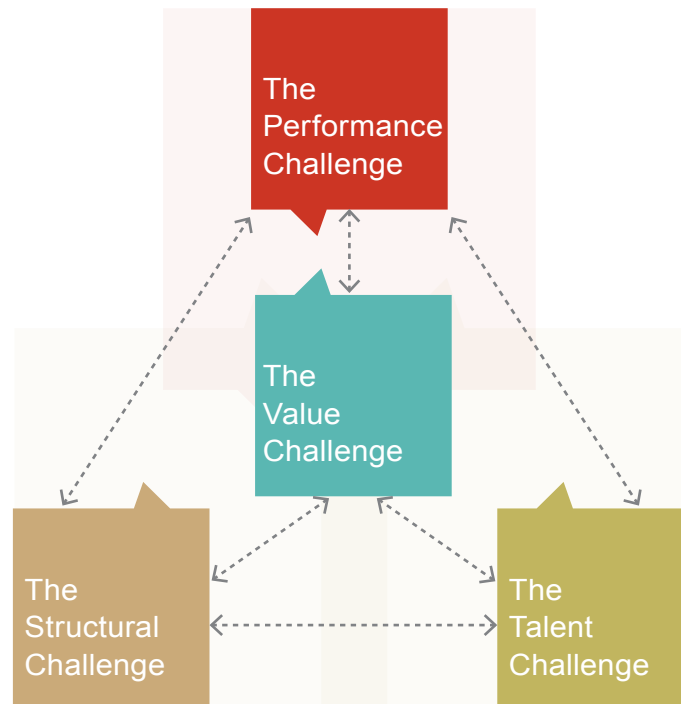
An important part of our role as external counsel is to help and equip GCs to do their jobs more effectively. However, we're aware that the last thing GCs want from any law firm is an all-embracing methodology that tries to impose a single way of working on every legal team.

For that reason, we developed our ValueDynamics toolkit for GCs by spending time with them and collecting their views about the biggest challenges they face and how they address them. As a result, ValueDynamics is a toolkit for GCs that has been developed by GCs: a unique and highly pragmatic methodology to facilitate change.

Our participating GCs are drawn from a breadth of sectors, including financial services, pharmaceuticals, FMCG and construction. Some are from UK companies, others from multi-national corporations: all are focused on leading their teams to deliver value to their organisations. When building the ValueDynamics toolkit, our challenge was to capture and distil our panel's insights and ideas to help GCs shape and prioritise their agendas for their own teams.

The structure of the ValueDynamics toolkit

The ValueDynamics study identified four central challenges that have a material impact on the ability of a GC to deliver value to their organisation. These challenges are detailed on this diagram:



Each challenge has its own toolset, decision models and documentation that explains in detail the findings of the study, before providing some practical guidance and insight, then suggesting actions for GCs to undertake with their teams. A further document called 'Additional Resources' contains a selection of key models from the challenges, together with further advice on how to implement them.

The Value Challenge

The Value Challenge is at the heart of the ValueDynamics proposition and impacts the other three challenges significantly. It seeks to address a fundamental question: how do GCs deliver and demonstrate value to their organisation?

A key finding from our study was that many GCs feel that the contribution of their team is undervalued by their organisations and yet they often fail to take responsibility, in the first place, for demonstrating the value that they deliver.

Some GCs only report work in progress (a basic list of legal matters) to senior management, but not the impact that their actions will have or other matters of value to the business. The first stage of the Value Challenge is therefore to build an understanding of the value drivers of an organisation. Where is the business heading? What are its strategic goals? What does success look like?

From there, it's vital to think differently about legal outcomes: which day to day activities carried out by the legal function have a direct and positive impact on these business goals? Which have little or no impact? What could be done to provide greater focus?

The legal team needs to be seen as an accelerator of business drivers, not a brake on their progress. This means reporting on outcomes that the shareholders and the senior management team see as valuable. Everything needs to be seen through the lens of business value rather than legal rights and wrongs.

That's not to say that core legal advice will not be valued. After all, the key expertise of a GC is to guide their organisation through the ever-changing regulatory and compliance landscape. Instead, GCs need to be aware of how the advice that they deliver adds to the success of an organisation - and not to be afraid to communicate this contribution to the executive board.

The Structural Challenge

This section of the toolkit includes ways of looking at the legal team's roles and responsibilities within the organisation. It challenges the way in which the GC interacts with the business in a highly complex and fast-moving legal and regulatory environment - moving away from complete risk avoidance to a different approach where risk is managed and constantly re-evaluated.

Elements of the Structural Challenge include decision models to help identify which work should be handled by the legal team and which tasks would be better managed by the business; how legal teams can translate the Board's appetite for risk into effective risk management protocols; and how legal teams should develop their structures.

The Performance Challenge

Very few legal professionals when asked whether they are top performers would answer 'no'. The majority would say that are high performers, albeit with room for improvement. The truth is that the performance of individuals, teams and departments can always be improved, with even small tweaks leading to significant gains in productivity and effectiveness.

The Performance Challenge addresses ways in which GCs can lead programmes of change, leading to better delivery, reduced silo behaviour or higher customer satisfaction. It also shows GCs how to optimise resources and ensure that they demonstrate higher performance and value delivered to the business.

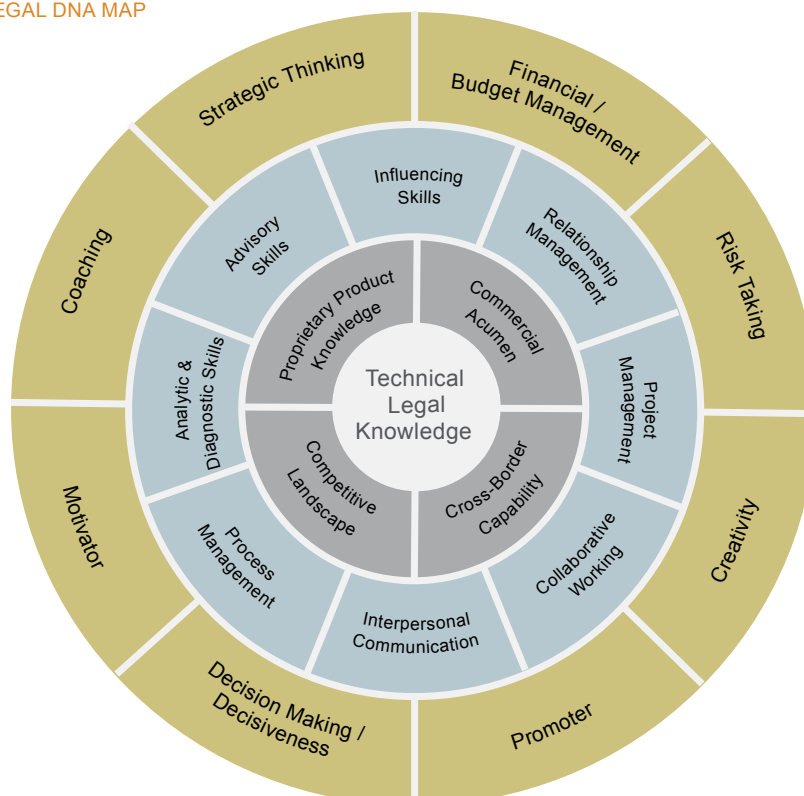
The Talent Challenge

One of the biggest hurdles facing GCs (as with all senior professionals) is how to deliver change and improvement while still doing their day job. GCs recognise that they can always do more with their teams to improve performance, and indeed that a better performing team will increase value and make life easier for them as individuals.

The good news is that the majority of our participating GCs enjoy talent management and see the value of it. The bad news is that few have had formal training in how to manage people effectively - and tend to put off big programmes of change because they are short of time.

The Talent Challenge outlines how GCs can focus on the most pressing issues in talent management, including how to source the right new recruits, how to implement an effective reward and remuneration strategy and how to develop the whole team as trusted advisers to the business.

ADDLESHAW GODDARD'S LEGAL DNA MAP



The models

Feedback gained from our panel and from our GC community suggests that the pragmatic models that we have devised to map targets and improvement measures are particularly useful. Examples include a model of four different archetypal organisational types, including traditional, decentralised, organic and location-led.

Working with these models, organisations can begin to understand the shape of their own business and where the priorities for action points are likely to be.

However, it's important to reiterate that the toolkit is a starting point rather than a set of complete solutions. Our goal is to start and facilitate discussions and new thinking by the team, rather than give specific answers and advice.

Using the toolkit

It's clear that every business is different, with its own priorities, its own level of maturity and development and its own strategic objectives for the future. These elements will guide the GC and their teams in their use of the toolkit, which has been specifically developed to be flexible - while also providing highly pragmatic help and advice.

We recognise that GCs are doing a difficult job under increasing pressure, and may be forgiven for feeling daunted by the idea of effecting wholesale change overnight. Our advice is not to try to achieve everything at once, but instead to choose one of the challenges and make a success of that before moving on to the next one. Unlike some change management programmes, this is not an all or nothing methodology: GCs can choose which initiatives to follow on a pick and mix basis.

The regularity of initiatives undertaken will depend on resources and requirements from the business. As a rule of thumb, we would suggest one initiative per year - selected on the basis of the biggest challenge faced by the team. It could be that the most important problem to address is succession planning, or budgetary constraints, or reporting value in order to secure budgets for the next financial year.

Every GC will know instinctively what they need to tackle first: the toolkits are there to support their thought processes and their plan of action. Similarly, Addleshaw Goddard can help to facilitate this thinking and planning.

Another advantage of the toolkit is that it can be used and re-used over time, and even adapted and modified according to the changing needs of the business. No other study or toolkit puts the GC at the centre of initiatives to get the best out of people in the team, the business and their external law firms.

Making success happen

As outlined above, the biggest objection that we hear from GCs is that they just don't have the time or resources to take their eye off the ball of day to day work to address inefficiencies across the team. A common response is that they are too busy fighting fires to take time out to think about how to introduce improvements.

The irony is that the GCs who do make this toolkit part of their thinking and planning create space and time to achieve more by working smarter, not (even) harder. The toolkit includes some tips for better time management that help GCs to find some extra resources so that they can address their first challenge - and help the team operate more efficiently as well.

Internal cultural barriers can be another brake on the change process. At times we have noted a certain lack of collaboration between the legal team and the rest of the business when GCs begin their quest to uncover information in their effort to align business objectives with day to day legal work.

One of the challenges is that GCs are used to being asked for their opinion in a legal capacity: many are less used to asking for the opinions of others. Through training and experience, legal professionals can be combative rather than collaborative and may need to find ways in which to become more empathetic with the rest of the business.

By demonstrating empathy and interest in the challenges faced by colleagues, GCs are more likely to be invited to share information of mutual benefit. This change in direction is not confined to legal professionals. For example, there is a clear and parallel move within finance & accounting to adopt a business partnering approach in which teams work together towards shared strategic goals - rather than in silos.

Setting a foundation for the future

The need to do more with less is not going to recede in the near future. If anything, pressure to perform will only intensify as legal, compliance and regulatory regimes continue to mutate in the future. GCs can take action now to improve the efficiency of their own working practices, the effectiveness of their teams and the commercial performance of their organisation as a whole.

Using the ValueDynamics toolkit in isolation will not solve every problem for GCs. What it does support is a thought process that will help GCs' teams do things differently - delivering value to the business by managing risk better; improving customer service; and increasing collaboration across departments. The GC is in pole position to take a lead in modern business: ValueDynamics is the vehicle to help them on the journey.

Next articles in the series: [The Value Challenge](#)

If you would like to find out more, please contact:

Greg Bott

+44 (0) 20 7160 3488

greg.bott@addleshawgoddard.com

addleshawgoddard.com

Aberdeen, Doha, Dubai, Edinburgh, Glasgow, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo*

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