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More connected - BT's GC on plans to overhaul the telecoms giant's legal team

Author: Caroline Hill

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Caroline Hill talks to BT group GC Dan Fitz (pictured) about fighting 'institutional drag' and building on the telecom giant's reputation for legal innovation

When Dan Fitz took over as BT's group general counsel in April 2010, it was with the mandate to assess whether the FTSE 100 telecoms giant was getting value for its internal and external legal expenditure – a not insignificant task, considering BT has operations in 170 countries and a legal function divided into six distinct groups headed by six general counsel or chief counsel.

Job cuts of around 20% of BT's workforce in 2008 and 2009, including around the same percentage of cuts within the legal team, also meant Fitz was required to assess whether the structure of the remaining 430-strong legal team was fit for purpose.

Fitz himself, from North Carolina, is soft spoken and appears unassuming – a first impression confirmed by one partner at a panel firm, who says: "He always finds time and is respectful of what people have to say. He is low key – but he is effective."

Pillsbury Winthrop Shaw Pittman-trained, Fitz spent his first two years focusing on banking and M&A in New York before joining the firm's London office for four years. "There was only one partner and one associate, so I was the slave," he says, half-jokingly.

His first move away from private practice came in 1989 with a job at Baring Brothers, followed by a move in 1991 to Cable & Wireless (C&W), where he became general counsel in 1999. 2003 saw him move to global banking IT provider Misys to become the company's European vice president, GC and company secretary, with responsibility for setting up the group's first legal function.

Within a few months of joining BT in 2010, Fitz's verdict on question of value was largely positive, but that has not stopped him overhauling the way both the in-house and external advisers function, encouraging both to dispense with their traditional preconceptions of boundaries and challenging heads on their underlying cultures.

Changes to BT's internal legal function

Following Fitz's recommendations, the beginning of this year saw lawyers who were once managed according to who they work for now managed according to what they do. While for many this is a virtual shift and has entailed no physical move, a cross-divisional major transactions team has been

set up and its lawyers moved together. A three-pronged shared services unit has also been set up, focusing on volume transactions, product led services and procurement.

According to Fitz, the advantages of pulling talent together, be it virtually or physically, is that these teams will be able to work more efficiently; transferring work between each other and better coping with fluctuations in workload, sharing know-how and training and adopting an important shift in focus towards looking after BT Group rather than thinking along divisional lines.

His biggest challenge, Fitz observes, has been cultural. “The way people are paid and rewarded is along lines of business,” he says. Loyalty to those lines, set up in 2000, means there was an “institutional drag” for people not to change and meant it was imperative to sell the idea. While significant headway is being made in the UK – where 300 of the 430 legal team are based – internationally, where lawyers are typically more generalist, developments are still a work in progress.

Fitz is also keen to introduce further internal changes of emphasis to the way BT hires in its lawyers. “BT historically hired commercial lawyers to win new business and litigators to clean up messes, not to prevent things turning into messes,” he comments. Moving forward, there is to be more focus on “lawyers’ lawyers” and the “important but not urgent” – in particular data protection, corporate compliance and environmental issues. While this may mean hiring lawyers with appropriate qualifications, there is no plan to increase headcount and Fitz is optimistic that much can be gained by better using existing talent so that skills are not fragmented and lost.

His next step is to introduce a suite of new technology across the legal team, including time recording, contract generation, document management and case management. He comments: “We need a really good common platform so everyone is using the same one and really part of one team.”

External advisers

In 2009 BT announced a new global legal panel under former group general counsel, Anne Fletcher. The emphasis, in common with many corporates at the time and ever since, was said to be a reduction in headline rates and genuine value for money, as well as an extension of BT’s global reach. The global panel includes Freshfields Bruckhaus Deringer, CMS Cameron McKenna and Bird & Bird, with separate panels for real estate, litigation and employment.

Fitz confirms that he is currently looking at the panel very closely and comments: “We are reviewing where we are and are in dialogue.” Suffice to say, BT and the panel firms struck a good bargain on hourly rates and firms also provide good rate secondees, access to know-how, access to IT systems and relationships outside of the UK.

However, Fitz’s focus is on forming a collaborative relationship with preferred advisers, and to this end he has introduced a weekly conversation between relationship managers and their respective firms, together with monthly and quarterly reviews aimed at breaking down any of the natural unwillingness firms have to discussing with the client how the relationship is working, particularly if anything is going wrong. Fitz is also encouraging plenty of movement between BT lawyers and panel firms, ahead, perhaps, of a growing trend in which GCs are voicing the desire for their external lawyers to work more closely with them as part of their team.

BT already in many ways leads the field in having come to an array of arrangements with panel firms, including fixed fees, success fees and what Fitz describes as a “catalogue” of services for its real estate panel, where ‘x’ service costs ‘y’. However, in a sign that more changes may yet come, Fitz is interested in any model that adds value, including managed legal services.

One further model that Fitz shows no sign of shying away from is outsourcing. In March 2010, BT sealed a deal to send basic legal tasks to outsourcing provider UnitedLex, and he is looking to extend this relationship. “We are looking at increasing the capacity at UnitedLex and looking at expanding the relationship to other parts of the legal group,” he comments. “UnitedLex is able to deliver a consistent product and frees up people from administrative, routine or repetitive work.”

Fitz may have joined a global corporate dominated by which box you are in, but he is, it would seem, determined to think outside of it.

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