

# THE LAWYER

## In-housers talk change at The Lawyer GC Strategy Summit

By Richard Simmons & Cristiano Dalla Bona | 21 May 2019



Russell Johnstone (BT) and Denise Nurse (Halebury)

Last week, more than 100 of the most influential in-house lawyers in the country gathered in the Spanish heat to discuss the big emerging trends in the legal profession at *The Lawyer's* annual General Counsel Strategy Summit, in association with UnitedLex.

With uncertainty being the only certainty at the moment and companies having to develop a strategy that can survive in this highly volatile environment, it comes as no surprise that the 2019 edition of the Summit focused on leadership in a time of change.

“For hundreds of years,” said UnitedLex’s Dan Reed in a keynote session, “law has enjoyed an incredible immunity to outside scrutiny. That has changed dramatically.” In the next decade, he predicted, the legal profession will catch up with the reset of the world when it comes to process and technology.

General counsel need to have greater confidence in their own commercial skills as well as their legal ones, argued Shoosmiths partners David Jackson and Alex Bishop, summarising the findings of their report, *Building influence in the boardroom*, conducted in partnership with *The Lawyer* Research Service.

The report found a discrepancy between what value GCs thought they were providing in the boardroom versus what

their board was actually hoping for.

GCs saw their main role in alignment to the board as highlighting risk, but board members themselves wanted to see greater demonstration of commercial awareness from their top lawyers. Among their other top three imperatives: ‘avoidance of being overly focused on legal issues’ and ‘being able to demonstrate an understanding of business imperatives.’

In addition, when board members were asked in which ways they would like to see their GC take a more active role at board level, ‘helping to shape long term strategies for the company’ and ‘helping the board make long term decisions about the strategic direction of the company’ were the two most common responses.

By contrast, 43 per cent of general counsel felt the main benefit to the business from a closer relationship with the board would be ‘improved risk analysis’, underlying the apparent disconnect between what the board want from the legal department and what the general counsel think they want.

As one general counsel noted in the report, “Lawyers will state brazenly, ‘I don’t do numbers, I only do words,’ and in doing so they exclude themselves from the most important decisions their organisations face; not a move that get you on the board.” In fact, Bishop noted, that idea is both unhelpful and in many cases untrue.

From the audience, one GC argued that part of the blame fell on private practice law firms, who still fail to train up lawyers in skills such as management and strategic thinking. The time has come, he proposed, to put serious thought into incorporating those types of element into the training contract process.

The diversity of lawyers being trained is still an issue. “Too often I still get presented with an all-male, all-white, all-middle class team,” said BT general counsel Russell Johnstone, sitting down with Denise Nurse, CEO at flexible lawyer business Halebury, which was recently purchased by alternative legal services provider Elevate. The pair were reflecting on the main shifts that have occurred in the past few years and trying to

delineate how legal departments might look like in a decade's time.

Johnstone recalled how, about ten years ago, alarming profit warnings at his business drove a huge costs transformation effort — put bluntly, how to save money to keep the boat floating. One of the options pursued by Johnstone was the creation of a new “front door” service to manage legal tasks, from distribution to execution and related costs. In a bid to slash expenses, Johnstone rethought the composition of its panel of firms, which include magic circle firms like Linklaters and Freshfields, as well as CMS for digital issues. He explained that alternative providers are now an increasing part of the panel, with a 77 per cent growth as opposed to previous line-ups. This reorganisation phase brought in new technology and collaborative tools to help smooth legal processes.

But how has the team reacted to constant change? Johnstone said they initially worried about potential barriers between the legal department and the stakeholders. “But it was surprising how well everyone acted,” he said, adding that his team provided management with a checklist that could help everyone focus on the stuff that really mattered — both a simplification agenda and a playbook to gain in productivity and high-value work.

However, change is exhausting and “it seems like it is not slowing down”, the GC said. Although it is hard to make predictions, Johnstone thinks that, over the next ten years, in-house law departments will be taken more seriously by members of the C-suite. Among the areas general counsel will need to explore are ways to find better integration between different legal technology products and how to make them more user-friendly to encourage internal usage. “I can't believe there could be still teams without a decent front door system,” he said. With the rise of alternative legal services providers, teams will also need to be able to manage ever more complex sourcing relationships.

Dixons Carphone GC Nigel Paterson, alongside Serco UK group deputy GC Paul Boyle, Fleetcor head of legal Natalie Salunke and executive coach Kathryn Higgs discussed the difficulties of leading your team through change.

“In my experience in-house lawyers have often not experienced too much transformational change around ways of working, compared to other parts of the business,” said Boyle. “If I look at the profession, they are hardwired as reactors, which means they are not really looking forward to how we change strategically.” Boyle and his team took a step back and “admitted we are immature as a function. We got external consultants to do a report on where we were as a function: that was cathartic and provided an impartial point of view.”

“With any group,” Boyle added, “there are optimists, those who are cautious and will question, and those who are cynics. That was the reaction we got and we did to bang home the message around why we are changing. That takes time and hard work.”

“A lot of my focus is on the normalisation of change,” said Salunke. “We are focusing on legal skills and the behaviours a lawyer needs to have these days. Since learning new skills is normal, it creates a good platform and opens people's minds to what you are doing. If they are part of the development journey, hopefully it gets you where you want to go.

“You have to have honest conversations about who people are and where they want to go. Not everyone will respond to change in the same way,” she continued. “One of the things I've done is introduce employee development meetings, look at skills they want to focus on and helping my team work out actions they can take to fulfill those goals. It's an interesting process, because from knowing what drives people, I have actually been able to predict change.”