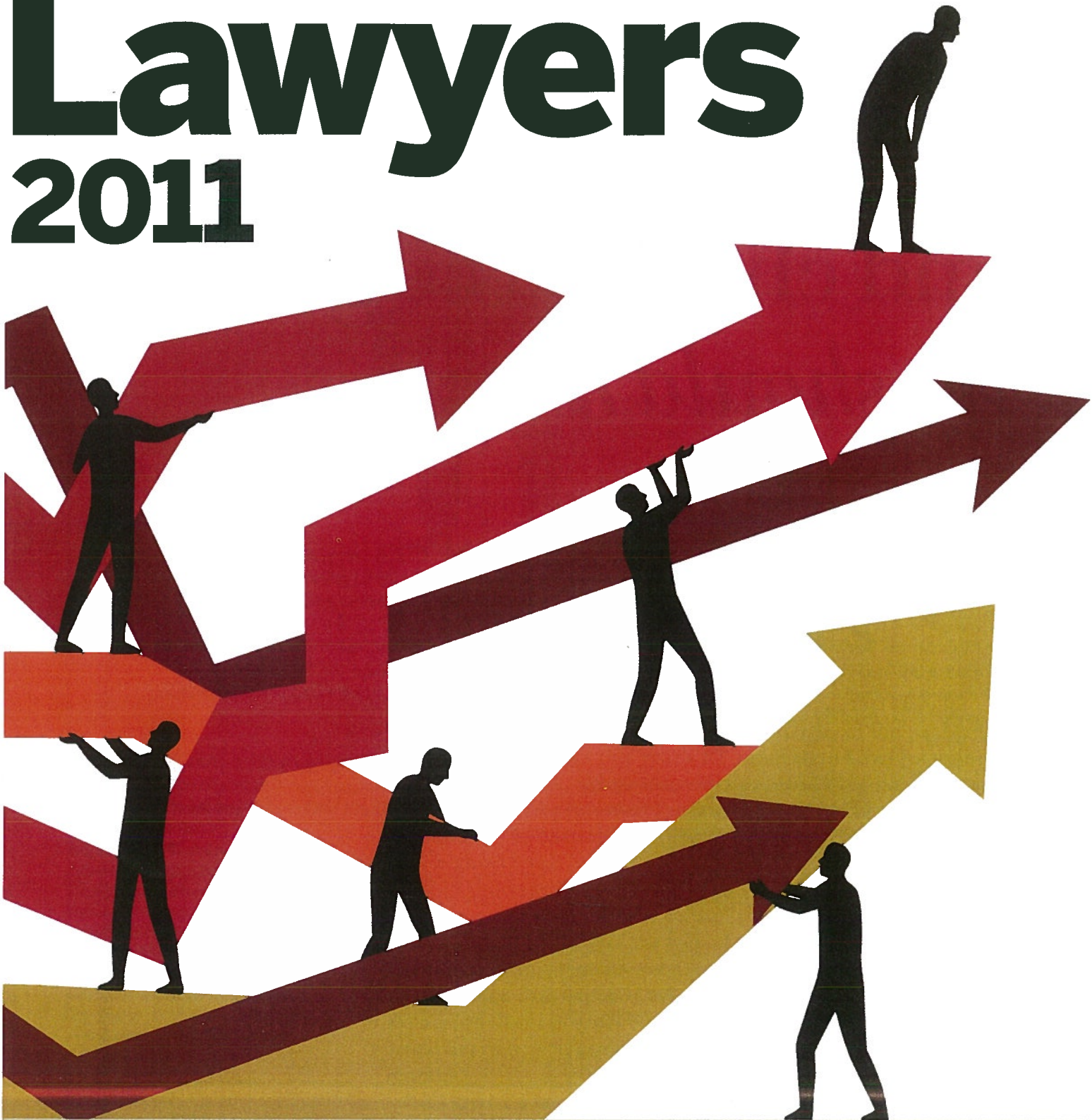


# Innovative Lawyers 2011

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# Beyond the team

In-house lawyers are coming up with ideas that can benefit the business overall. By *Andrew Baxter*

**O**NE WORD I NEVER want to be hear about our team is 'roadblock'; we are not a roadblock, unless it is completely illegal," says Pierre Landy, general counsel for Europe, Middle East and Africa at Yahoo, the US internet company. "I always tell the team that if the answer has to be no, they need to say to the business, 'It's no if you do it like this, but yes like that.' If they just say no, then they haven't done their job."

Working with the business to ensure that, wherever possible, the answer can be yes – and perhaps coming up with some original ideas for new business, too – is a hallmark of the top in-house legal teams, and symptomatic of how they have changed in recent years.

"A kind of new normal has developed," says RSG Consulting, which carried out the research for the FT Innovative Lawyers report. "It has become universal to think about [a legal department] as a creator of value for the business, whereas normally legal is just a cost centre. In-house legal teams have begun to escape from the silo-led mentality of the past and develop lots of lateral connections to the units and to management."

The most innovative work among in-house lawyers involves new approaches, the implications of which go well beyond the legal team and affect both the parent business and external law firms.

Nokia took the bold step of combining its legal and intellectual property departments into one global team of 350 professionals, spread across 44 countries from the US to Indonesia. Louise Pentland, the Finland-based telecommunications group's chief legal officer, recalls how the human resources department was experimenting with the idea of creating more opportunities for cross-fertilisation of activities and

individual growth by removing people from artificial boxes or silos.

"That really resonated with me and my management team ... but no one thought that legal and IP would be the first teams to implement something like that," she says. "That really spurred us on, and we ended up implementing it lock, stock and barrel."

The marriage of the two departments makes sense in the high-technology sector, she says. "When it comes to the interconnection between any IP and legal issue, I don't even know how you would separate them, or which comes first, as the topics are entirely interrelated in high technology."

Nokia's new approach has been introduced gradually, with some fine-tuning along the way. It is no coincidence that the team refers to itself as "Liquid LIP" (legal and intellectual property), which Ms Pentland sees as a living and breathing organism that can adapt to the frenetic pace of change in the sector, rather than a new organisation that is set in stone.

The changes at Yahoo are not a form of restructuring either, says Mr Landy, who summarises the new approach in his 35-strong team as 21st-century leadership replacing its 20th-century counterpart.

"Twentieth-century leadership was all about sorting things out for people, hammering in how things should be done and fitting people into boxes," he says. "In 21st-century leadership, the 'what' and the 'why' are the leader's responsibility. The 'how are we going to get there' is the team's."

Mr Landy sees himself as a "legal orchestra conductor" with a "super-team" whose members own their files, make their own decisions and are given greater responsibility. The three core aims are to "wow clients [in the business units], grow revenues and improve organisational efficiency" – all

of which, he says, are being achieved.

A greater willingness among team members to support each other also helps shape their careers by broadening their knowledge and experience, and reduces attrition through enhanced job satisfaction.

On a smaller scale, the changes introduced by Tiago dos Santos Matias, head of the in-house legal team and tax at Portugal's Banif Investment Bank, are also striking.

"We talked to leading firms and hired young people with relevant experience to the sector," says Mr dos Santos Matias. An expanded team of six now constitutes a pool. "Each [team member] is specialised in an area of banking but is not restricted to that. It gives us more flexibility and it has worked out great," he says.

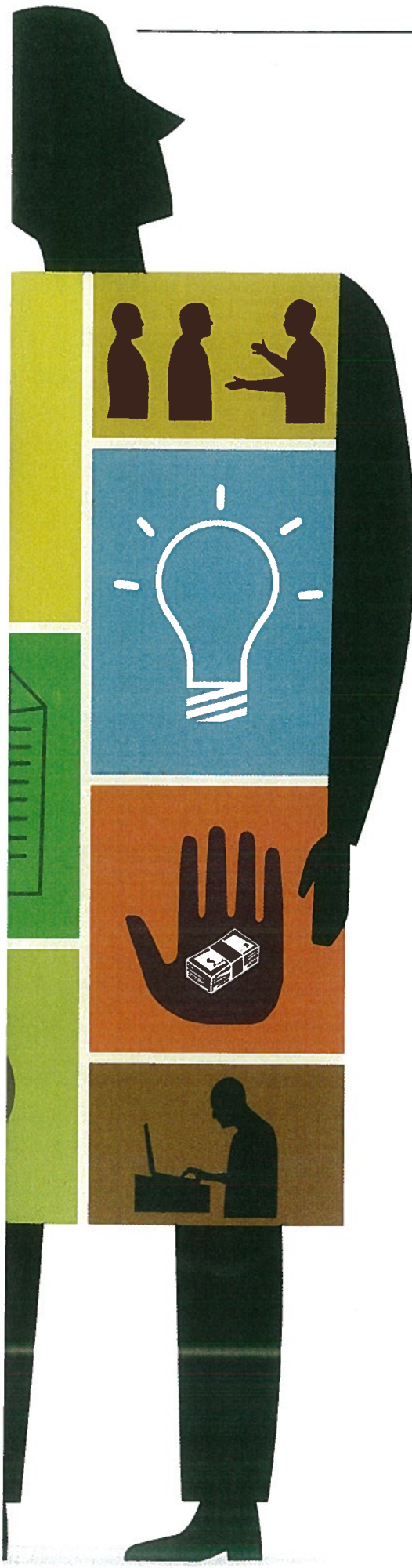
"From the beginning, team members identified with the project and were interested in learning new ways and about new sectors of activity."

One common feature of these in-house teams is their willingness to be viewed as profit centres, or at least as generators of ideas that will help expand revenues.

This is illustrated by a highly novel arrangement at Banif, in which each lawyer has to come up with one new product every month for the business units, or to improve an

**"In-house legal teams have begun to escape from the silo-led mentality of the past"**





## A LABOUR OF LOVE

**H**OW DO YOU DO A 14-WAY merger of operations across multiple jurisdictions, keeping the existing entities intact, in a sector that is risk averse and blessed with arcane corporate structures that have evolved over the past century? And all in a very short time and with almost no budget.

That was the question that faced Elizabeth Stephen, general counsel of Save the Children International, after the charity decided to merge the international programmes delivered by 14 of its 29 member organisations into one unit. The move will expand the organisation's secretariat from 25-30 people into what will probably be the world's largest independent children's rights organisation, with 14,000 employees.

The rationale was clear. "Governments and multinational donors are really cynical about too many layers of bureaucracy in the development sector, and as an NGO [non-governmental organisation] now you have to show how you add real value," says Ms Stephen. "That has been one of the real drivers for this transaction."

Achieving the merger was far from simple. "We were in such uncharted territory – no NGO had done anything quite like this before," she says.

The in-house legal team had to steer the timetable and was responsible for tying all the threads of finance, human resources, information technology and operations together into a clear legal framework that would work across 14 jurisdictions and 70-plus country offices.

Then there was the issue of time and money – or lack of it. The charity has a job to do for children and could not spend too long diverting

people and financial resources to an internal restructuring.

Its solution was highly unusual. It pitched the work as a pro bono project to a group of City of London law firms. Freshfields Bruckhaus Deringer became the charity's main partner on the legal side of the deal, with Baker & McKenzie responsible for employment-law issues. Project management was provided by Boston Consulting Group, the consultancy, also pro bono.

Freshfields devoted nearly 6,300 hours to the project over several months, with 12 partners involved and dozens of other staff. At one stage, it had to bring in outside staff to provide surge capacity, says Karen Fountain, one of the Freshfields partners leading the law firm's team.

But it was a labour of love. "All of us felt at the end of it that something worthwhile and lasting had been achieved, and that we had really contributed to delivering the project,"

**"We were in such uncharted territory – no NGO had done anything quite like this before"**

says Ms Fountain. "This is exactly what we are looking for with pro bono. You want to feel you did a good thing, but also that you were personally contributing

something valuable that would otherwise just not have been available."

Ms Stephen says she was staggered by the commitment of resources from the pro bono partners. "It has been very successful as a model – the work [Freshfields] were doing fitted their expertise, and we were the right fit for them as their staff insist that social responsibility issues are taken seriously. So it was an attraction for them to work on the deal."

**Andrew Baxter**

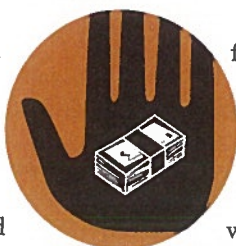
## IN-HOUSE TEAMS

Company	Sector	Lawyers	Innovation	Originality	Business alignment	Value creation	Impact	Total	Description
<b>Nokia</b>	Telecoms	<b>160</b>	Reorganisation transforms legal team into a profit generator	8	8	8	8	<b>32</b>	Restructured itself to incorporate intellectual property and legal services into a single global entity designed for flexibility but remaining integrated within the business. Implemented sophisticated legal procurement to improve efficiency and develop closer relationships with external firms.
<b>Yahoo Europe, Middle East and Africa team</b>	Internet	<b>35</b>	"Super-team" concept	8	7	8	7	<b>30</b>	A new management approach was developed, encouraging the company's lawyers to take an unusually autonomous approach. With leadership defining key strategic aims, team members are asked to invent the ways in which the strategy will be implemented.
<b>Banif Investment Bank</b>	Banking	<b>6</b>	Legal team promoting innovation	8	7	8	6	<b>29</b>	A restructured legal team has transformed the way it works, cutting external legal bills by 27 per cent and helping to structure the largest investment fund to date in Portugal. Every lawyer also has to devise a new financial product each month, with more than a quarter successfully adopted and sold by the bank.
<b>Royal Bank of Scotland</b>	Banking	<b>550</b>	Binding in-house team to key strategic objectives	7	8	7	7	<b>29</b>	With the bank aiming to return to private hands by 2015, the legal team is aligned to the overall strategy rather than to individual business units. Implemented an "eAuctions" system to cut the cost of external lawyers radically, and implemented a global talent programme focusing on risk management and leadership.
<b>GE oil and gas litigation team</b>	Conglomerate	<b>4</b>	Early resolution of commercial disputes	7	7	7	6	<b>27</b>	Pioneered the use of an online tool to resolve smaller disputes at an early stage, quickly and cost effectively. Uses this analysis to make key strategic decisions, with significant cost savings.
<b>Syngenta</b>	Agriculture	<b>250</b>	Using advanced information technology	8	6	7	6	<b>27</b>	Career tracking and planning tool focuses a comprehensive viewpoint on every individual's skills, preferences and experience, enabling more nuanced human resource planning and better career development. Team also led on developing "Simplify", an intellectual-property rights tracking system focusing on the make-up of products.
<b>Guardian News and Media</b>	Media	<b>6</b>	Focusing on high-value work	6	7	7	6	<b>26</b>	When the legal function's remit expanded to cover the entire media group, it needed to focus on high-value work. To do this, it developed "Project Bronze", through which law firms agree a fixed fee for low-value contract work and deal directly with the business people, leaving the in-house team to concentrate on strategic business advice.
<b>Save the Children International</b>	Charities	<b>4</b>	Legal-led restructuring	6	6	7	7	<b>26</b>	The restructuring of the charity from an affiliation of 14 different bodies into a more centralised model was partly devised and entirely implemented by the in-house legal team. A key issue was getting external professional service firms to bid for a chance to help with the work on a pro bono basis.
<b>Eon UK</b>	Energy	<b>21</b>	Building deeper relationships with external lawyers	7	6	6	6	<b>25</b>	The "Future Engage Deliver" programme is a set of unusually open-ended conversations that build deeper relationships, incorporating external firms as genuine partners. The legal team has also expanded its use of specialist legal procurement professionals to drive value for money.
<b>Deutsche Bank leveraged-debt capital markets team</b>	Banking	<b>6</b>	Putting in-house team "in the minds of the bankers"	6	6	6	6	<b>24</b>	A highly integrated team works to add value to the broader business. It maintains its own database, developed internally, to keep track of products and terms, and to help advise on new business proposals, and is heavily involved in crisis and risk management, including advising on reputational risk.
<b>Nationwide Building Society</b>	Building society	<b>33</b>	Taking inspiration from Toyota to drive efficiency	6	7	6	5	<b>24</b>	Implementing a lean process review has allowed the team to ensure its lawyers spend more of their time on the highest-value work. The team aims to equip all lawyers to be business leaders through its home-grown "Training Academy".
<b>Schroders</b>	Banking	<b>40</b>	Fully integrated legal team	5	7	6	6	<b>24</b>	The team is highly integrated and laterally connected, with lawyers attending all senior management meetings. It has hired dedicated compliance professionals and developed a suite of proactive training programmes to prepare the bank for a raft of new regulations.
<b>Aegis</b>	Marketing	<b>16</b>	Using technology to help the business in the new risk environment	6	6	5	6	<b>23</b>	Taking a forward-looking approach to risk management, the legal team designed and implemented a regulatory intranet site and online compliance training system, enabling commercial teams to become more knowledgeable when advising their clients, and preparing the business for the UK Bribery Act.
<b>CMC Markets</b>	Finance	<b>10</b>	Keeping innovative offerings compliant	7	6	5	5	<b>23</b>	The company is developing online community platforms for customers, designed to share trading ideas, with the in-house legal team taking responsibility for ensuring the platform remains compliant with financial regulations, involving a mix of privacy, defamation and ecommerce issues.
<b>Henderson</b>	Finance	<b>12</b>	Using mergers and acquisitions to help motivate staff	5	6	5	7	<b>23</b>	Faced with the challenge of the group's acquisitions of Gartmore and New Star Asset Management, the legal team took the opportunity to help motivate and develop staff by resourcing much of the most complex work internally.
<b>Three</b>	Telecoms	<b>17</b>	End-to-end commercial accountability	5	6	6	6	<b>23</b>	The legal, commercial and regulatory team is structured to have an extensive commercial accountability, and has led on numerous high-profile projects, including the recent network integration deal between Orange and T-Mobile.

existing one from a legal or tax perspective.

"They always call the legal department 'the back office,'" says Mr dos Santos Matias. "This is something I didn't enjoy very much." That sparked the idea to come up with new products – and a quarter of them make it to the market.

A changed approach to external law firms has also been a top priority. Banif previously worked with a vast number of firms, says Mr dos Santos Matias. Nokia had more than 500. "It didn't



feel out of control," says Ms Pentland. But she adds: "Everyone was acting independently and we weren't leveraging the savings or the strategic benefits as best we could."

Considerably fewer law firms are now getting dependable packages of work, while Nokia can use its purchasing power to get a better deal and has established tools to enable more collaborative working between law firms and the global team.

The innovations are already spread-

ing. Yahoo's EMEA legal super-team concept has been duplicated in the Asia-Pacific and Americas regions, says Mr Landy, and ideas are being exchanged via a fourth task force.

Nokia's merged LIP concept is also generating considerable interest from technology companies and beyond, says Ms Pentland. "It could be relevant to any organisation with experts – pharmaceuticals, oil and gas and more." ■

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