

Executive summary

The contemporary legal landscape is no longer a rigid hierarchy composed of limited and complacent behemoths, but rather an ecosystem, filled with a wide variety of players that facilitate disruption and revolution and jostle for clients' attention with agility and innovation. This includes – but is certainly not limited to – entities such as technology companies, consultants, alternative legal service providers, and paraprofessionals. Law firms are not the only ones in this environment that must adapt or fail; the legal department and in-house counsel, too, must transform in order to remain relevant and competitive. The world of the general counsel (GC) has already seen massive shifts – ever-increasing globalization has meant more legal issues and corporate activism, which in turn has generated new challenges and heightened demand. The GC cannot simply act in the role of outsourcer of work to external counsel, as in the past. With the growth of legal departments (it is now not uncommon for legal departments to number in the hundreds or even thousands, often formed of expensive lateral hires) the GC must now wear a number of hats, including that of the “CEO” of their department. The introduction of data analysis into the legal space and the oft-repeated mantra of “less with more” has meant that the GC must now think in terms of spend and budget more than ever before, transforming the legal department from a cost-center to a value-add. They must cultivate a breadth and scope of vision, able to organize and lead their department as an innovator. The flourishing legal ops role also provides yet another challenge for the GC. As the incorporation of legal ops within the law department becomes increasingly essential, the GC must work to ensure alignment and manage change.

The present time has been hailed as the golden age of in-house lawyering, yet – and perhaps because of this – it is an uncertain and challenging time for the GC. *Tipping Point: Transformation and Innovation in the Legal Department* is intended as a handbook for the GC looking to build a truly modern legal department and revolutionize their role. Encompassing aspects from leveraging influence with the c-suite to

reimagining organizational hierarchies and seeking the right operational professional, this publication features contributions from those at the frontiers of the profession as it transforms and embraces new areas of expertise.

“Legal operations” has become a buzzword, meaning different things to different people, legal departments and law firms. The Corporate Legal Operations Consortium (CLOC) now reports that two-thirds of the Fortune 100 are among its members; however, there is a wide difference in the definition of what successful legal operations means and its level of use. In chapter one, Merry Neitlich – founding partner of EM Consulting – explores the essence of legal operations in terms of collaboration, predictability, and innovation between the legal department and the law firm. Real and lasting change cannot be accomplished without understanding and implementing successful change process management strategies, which must be a part of the collaborative process. Readers will learn the approach necessary to gain a deeper understanding of the goals and outcomes that will benefit the three-legged stool of an organization, its legal department, and its outside law firms.

The theme of collaboration continues in chapter two, as Gonzalo Ruiz – an award-winning in-house lawyer who has occupied high-profile roles at The Coca Cola Company and PlayStation – tackles the issues that can emerge when engaging with external counsel, identifying frequent key challenges and delineating a practical roadmap to building meaningful and productive relationships.

The general counsel is a key advisor to the board, with the potential for a high degree of influence. However, this can only be built over time. The GC is likely to have contact with the board only for major matters or in times of crisis; as such, they need its respect and trust. This brings its own set of challenges: how does the GC build the right degree of trust and develop the requisite credibility, and over what matters? How can they work with the key members of the board, and what can be done if the relationship goes wrong? In chapter three, Ian White – a member of Sherwood psf Consulting and former chief legal officer and company secretary – utilizes his expertise to address these pressing questions, which will have relevance for any modern GC.

Analytics in the legal world is here to stay; it is now vital to not only introduce data measuring systems, but to also effectively implement them. However, it is not always easy to know where to start. In chapter four, Aaron Katzel – president and CEO of The Better Legal Infrastructure Project LLC – outlines which metrics matter and why, providing a launchpad from which a GC can build and grow a mature analytics

system tailored to their specific department's needs, as well as looking ahead to what the future holds in the form of predictive legal analytics.

In today's competitive environment, general counsels are under increasing pressure to make contracting simpler, faster, and more useful; however, challenging times are fantastic opportunities for leadership and innovation. Some actions that can bring significant value include implementing visual contracts and no-touch contracting, using contracting principles to streamline negotiations, leveraging analytics and "outsights" to support the case for change, and increasing commercial capabilities of all who touch contracting. This is the time for GCs to drive the sort of changes that transform "ease of doing business" and redefine the role of the legal function, and in chapter five Peggy Chang Barber – Americas CEO and general counsel for the International Association of Contract and Commercial Management (IACCM) – utilizes her expertise to demonstrate how to get started.

Agile methodologies got their start with technology teams; however, in recent years, all components of an organization have embraced Agile's light-touch yet high-impact approach. In chapter six, John E Grant – founder of the Agile Attorney Network – gives real-world examples of corporate legal departments using Agile to improve the speed and quality of legal services delivery. He explores the four foundational principles of Agile for legal; explains how Agile simultaneously empowers project management, process improvement, and data-driven decision-making; and introduces the kanban board: the primary tool in the Agile toolset. He concludes with concrete steps for introducing Agile to a legal team, potential pitfalls to watch out for, and technologies that can empower your Agile transition.

Many large organizations have a procurement department dedicated to sourcing legal services. The benefits of legal procurement go well beyond just cost-cutting: having dedicated professionals trained in data analysis and sourcing technology to manage spending and increase efficiency in hiring outside counsel also frees up in-house counsel to focus on what they were trained to do – the actual legal work. In chapter seven, Dr Silvia Hodges Silverstein and Dr Lena Campagna – executive director and research and education director of the Buying Legal Council – showcases procurement's critical impact on strategic management of outside spend and how legal departments can move away from the traditional "passive" approach to managing legal spend to a more "active" or even "collaborative" approach. Readers are also introduced to different legal spend management initiatives, which range from simple process or policy changes to more complex and comprehensive programs.

The emergence and evolution of the role of operations executives within corporate law departments represent a new phase of development. Like every sort of innovation, however, this brings its own challenges. How should general counsel and chief legal officers utilize that resource? How can an operations executive enable the general counsel to serve the business more effectively? In chapter eight, Steven A Lauer, principal of Lauer & Associates, and Ken Vermilion, principal of The Vermilion Group Strategic Legal Management LLC, will address these pressing and timely questions, laying out some applicable strategies which will empower the GC to fully make use of the opportunities presented by the operations executive and realize the legal department's full potential and value.

Most corporations have opted for a model based on some version of a three-legged stool, dependent on size and complexity of the corporation: business lawyers, functional experts, and regional specialists. However, as legal departments evolve and engage with more complex matters, urgent questions arise: under what circumstances should GCs emphasize one component of this model over another? Considering emerging trends that require new capabilities, should the three-legged stool format be reconsidered? In chapter nine Jeffrey Neuman – senior vice president, general counsel and corporate secretary of Tronox Limited – addresses these important issues and more, delving into new possibilities and functions on the edge of core law department functionality that GCs should consider when structuring their own legal divisions, including cyber security, environmental resources management, and executive compensation.

If you look at an organizational chart, everything is neat and arranged into lines and boxes; however, this is not realistic or particularly innovative. Instead, in chapter ten, Patrick J Lamb – co-founder of ElevateNext Law and Valorem Law Group, and vice president of Elevate Services – proposes that legal departments should think of themselves functioning as a solar system, with the GC as the sun and the department's people and firms inhabiting an elliptical orbit dependent on which issues and tasks are prioritized. He examines the practices and components that will bring a legal department closer to this innovative model and into the future, drawing from the real-world examples of Univar and Microsoft and their efforts to remain contemporary and competitive.

About the authors

Peggy Chang Barber is the Americas CEO and general counsel for the International Association of Contract and Commercial Management (IACCM), a global non-profit focused on enabling organizations and professionals achieve world-class standards in their trading relationships. A passionate advocate for the importance of contracting to business success, Peggy enjoys developing innovative solutions to complex challenges that drive contracting and commercial excellence. Before joining IACCM, Peggy was vice president and associate general counsel at Hewlett Packard, where she developed expertise in strategic contracting, commercial and competition law, corporate transactions, business operations, and organizational performance optimization. She successfully led global projects in contracting simplification and contracting intelligence and represented Hewlett Packard Enterprise as lead commercial counsel in many corporate transactions, including the separation of Hewlett-Packard Company and spin-merger with CSC that formed DXC. Peggy graduated from The University of Texas in Austin with a law degree, MBA, and Finance and Mathematics degrees. She is a member of the Texas and DC bars and holds an Interim Top-Secret security clearance.

Dr Lena Campagna is research and education director of the international trade organization Buying Legal Council and an assistant professor in the department of Sociology and Criminal Justice at Caldwell University in New Jersey. She has extensive experience in project coordination and community outreach, mixed methods research, and program evaluation. Lena has published in peer-reviewed academic journals in social science research as well as authored educational articles on the buying of legal services. Lena holds a PhD in Sociology from the University of Massachusetts Boston, a Master's degree in American Studies from the University of Massachusetts Boston, and a Bachelor's Degree in Marketing Communication from Emerson College.

Dr Silvia Hodges Silverstein is the executive director of the Buying Legal Council, the international trade organization for legal procurement, and adjunct professor at Columbia Law School and Fordham Law School. Dr Hodges Silverstein co-authored the Harvard Business School case studies *GlaxoSmithKline: Sourcing Complex Professional Services* on the company's legal procurement initiative, and *Riverview Law: Applying Business Sense to the Legal Market* on the new model law firm. She has authored many articles on law firm management and is also the author/editor of several books, including the *Legal Procurement Handbook* and *Buying Legal: Procurement Insights and Practice*. She is the publisher of *Winning Proposals – The Essential Guide for Law Firms and Legal Services Providers*. She earned her PhD at Nottingham Law School (UK), holds a master's degree in business from Universität Bayreuth (Germany) and Warwick Business School (UK), and an undergraduate degree (economics) from Universität Bayreuth.

Aaron Katzel is an award-winning legal innovator, counselor and chief operating officer, who has been helping companies solve their most vexing legal and operational challenges for over 20 years. Since 2017, he has served as a trusted partner to businesses and law firms seeking to navigate the changing legal marketplace as the founder and CEO of The Better Legal Infrastructure Project LLC. In this capacity, Aaron helps clients understand and pursue opportunities to obtain better results and value in their delivery and consumption of legal services, and has designed and led initiatives that saved clients more than \$1 billion while maintaining or improving legal outcomes. Aaron began his career as a transactional lawyer before encountering the opportunity to join the growing legal operations field, serving first as chief of staff to AIG's general counsel and then as the company's head of legal operations. Between 2012 and 2017, Aaron developed and led one of the industry's most recognized and innovative legal operations teams. In that role, Aaron and his team pioneered award-winning strategies that deployed data-driven, highly automated, scalable, market-based tools to price legal services. They also created the industry's first real-time, national, self-service legal analytics platform, automated over 100 separate legal processes, and managed the largest legal e-billing implementation ever completed.

Patrick J Lamb is one of the founding members of Valorem Law Group and later a founder of ElevateNext Law, as well as a vice president of Elevate Services, a global law company. Pat spent 18 years at an AmLaw

100 firm, including several years as an equity partner, before leaving the firm to join a litigation boutique where he spent seven years, including six as a member of the firm's management committee. During these years, he was an avid proponent of budgeting and non-hourly fee arrangements. Ultimately coming to the conclusion that firms could not exist in both the hourly and non-hourly worlds, Pat and three colleagues – all big firm refugees – formed Valorem, which began in January 2008 as a non-hourly, value-fee firm. Seeking the ability to provide scaled solutions to client problems, Pat and his partner Nicole Auerbach formed ElevateNext Law to work in alignment with Elevate Services, providing clients a full range of service. Described by one in-house lawyer as “one of the few lawyers who gets it”, Pat was named a legal rebel by the American Bar Association in 2009 and is a frequent speaker on value fees and the role of project management in the successful use of value fees. He began writing the popular blog “In Search Of Perfect Client Service” in 2005.

Steven A Lauer is an independent consultant to corporate law departments and law firms on the value of legal service and related topics. He spent over two years as corporate counsel for Global Compliance Services in Charlotte, North Carolina, specializing in data protection and privacy and general corporate matters. Previously, he was director of integrity research for Integrity Interactive Corporation, where he conducted research, wrote whitepapers, and worked with clients on issues related to corporate ethics and compliance programs. Before that, he consulted with corporate law departments and law firms on issues related to how in-house and outside counsel work together and spent over 13 years as an in-house attorney in law departments ranging in size. Besides his legal counsel work, he also spent over two years as executive vice president, deputy editor and publisher of *The Metropolitan Corporate Counsel*, a monthly journal for in-house attorneys. Steve has authored numerous articles on compliance, the relations between in-house and outside attorneys, the selection of counsel by corporate clients, the evaluation of legal service, litigation management, and other topics relevant to corporate compliance programmes and corporate legal service. Many of his articles are posted on his website at www.thevalue-ablelawyer.com. He has organised and spoken at numerous conferences in respect of those subjects.

Merry Neitlich is the founder and managing partner of EM Consulting, a leader in law firm marketing and business development solutions.

With over 25 years of experience, Merry provides clients with tools to grow relationships and successfully identify, court and convert targets into clients. She consults with law firms wishing to overcome resistance and implement successful legal operations programs. Merry has extensive experience coaching attorneys in business development in order to grow their practices. She has interviewed hundreds of in-house counsels across the country for law firm clients in order to enhance relationships and client satisfaction. Merry offers training programs in business development, legal operations, client retention and satisfaction programs. In 2017, Merry was inducted into the LMA Hall of Fame and was inducted into the College of Law Practice Management in 2012.

Jeffrey N Neuman is currently the senior vice president, general counsel and corporate secretary for Tronox Limited, a NYSE-listed mining and chemical company with significant operations in the US, South Africa, Australia and the Netherlands. At Tronox, Jeff oversees Tronox's legal and regulatory affairs. Prior to joining Tronox, Jeff spent 16 years at Honeywell International in a variety of legal positions, including as its corporate secretary and deputy general counsel and the general counsel of Honeywell's \$6 billion chemical division. Prior to moving in-house, Jeff was an M&A lawyer at Davis, Polk & Wardwell. Before law school, Jeff spent six years in the investment banking division of Merrill Lynch, with significant stints in New York, Tokyo and London. Jeff has a BA from Wesleyan University, an MA in Asian Studies from Harvard University, and a JD from Northwestern University.

Gonzalo Ruiz is an award-winning in-house legal counsel with over two decades of global legal and business experience, carrying high-profile roles at The Coca-Cola Company and Sony Interactive Entertainment. Gonzalo has gained comprehensive business acumen and an outstanding cultural awareness partnering closely with senior business executives and cross-functional leadership teams across multiple jurisdictions.

Ken Vermilion currently is the principal at The Vermilion Group Strategic Legal Management LLC. He specializes in providing middle-market legal departments with strategic planning and operational guidance. He has also co-authored *The Value-Able Law Firm*, published by and available through the ABA Business Law Section. Prior to launching The Vermilion Group, Ken was a founding director in the Houston office of Duff & Phelps Legal Management Consulting practice. He has more than 16 years' experience of in-house legal department

senior management operations with two Fortune100 retail companies, where he focused on improving business performance and reducing costs through a variety of techniques including the implementation of progressive strategies, leveraging the use of technology, and the development of effective and uncomplicated management reports and metrics. Ken's expertise is highly sought after by legal industry service providers, and has contributed to the development of emerging new products for corporate legal departments, such as a legal spend management solution with international capabilities. He has been a speaker on the topics of corporate change management, data analytics and metrics. Ken earned his BS degree from Northern Illinois University.

Ian White has been the chief legal officer and/or company secretary for both listed and major private companies. This has led to developing an expertise in corporate governance and working with boards on effectiveness and performance. He has been involved in a number of board evaluations, both internally and externally. Ian now works as a consultant both on an interim and specific assignment basis. Over the last two years he has undertaken a number of board evaluations for FTSE 100/250 companies, as well as for private organizations. In addition, in 2016 he spent six months as an internal governance consultant for a FTSE 100 International Bank working on board effectiveness and governance matters generally for the Holdings Board. In the corporate world, Ian spent the majority of his time in the financial services sector (principally asset management) with roles such as group legal counsel/company secretary of Perpetual, interim chief legal officer for Openwork Limited (formerly Allied Dunbar), and interim chief legal officer in the UK for Allianz Global Investors. Ian has also worked in other sectors and was group general counsel/company secretary of the Wilkinson Group. He is also a member of Sherwood psf Consulting.