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# General Counsel: Reaching new heights?

A survey and discussion paper



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# The GC Programme

In 2010 Nabarro, a law firm established in London for over a century, launched its innovative series of publications for and about general counsel.

Over the course of five reports, and numerous related events, the GC Initiative looked at some of the most important issues for GCs today – not just organisational and business ones, but also those relating to individual careers and personal development. The feedback from GCs was overwhelmingly positive.

On 1 May 2017 Nabarro merged with CMS and Olswang to create the sixth largest law firm in the world. Like a GC running in-house legal, though, we didn't think that big automatically equals better. The key driver of our merger was a shared vision of a new kind of law firm, able to help our clients face the future. A firm that is a real leader in the key sectors of a twenty-first century economy. That is commercial and creative. That understands and relates to its clients. That is comfortable in embracing change because it is grounded in, and sure of, its values. That looks after its people. And – and this is one area where size does matter – that has the scale and resources to invest in new technology to make us more efficient and improve our client service and advice.

As a GC you will recognise a lot of that vision. And you will have heard other law firms say similar things. We now have to make it happen, and our clients will judge how well we succeed. But one immediate change is that the Nabarro GC Initiative is now the CMS GC Programme. It combines Nabarro's market-leading thought leadership with related expertise and client initiatives from all three firms. We are confident that for this, as for the rest of our new firm, the whole will be very much more than the sum of its parts.

We are repackaging the five Nabarro GC reports in CMS branding, and added this introduction to each. Otherwise they are unchanged. We hope you will find them as interesting and useful as ever.









# Foreword

This is our fifth general counsel (GC) thought leadership report. In many senses it is a retrospective commentary on the development of the GC role and the contribution made by GCs to their businesses. However, it is much more than that.

Through our dialogue with hundreds of GCs over the past seven years, we have been able to chart the challenges and opportunities faced by in-house lawyers as they operate in an evolving business environment.

When we embarked on this project the world had just entered a recession. Everyone was talking about cutting costs, but our sense was that the real debate was more about value and how this was demonstrated. Tentatively we postulated that the strategically-minded in-house lawyer should aim to operate as “business counsel”.

Our view attracted some attention, and the Value Pyramid which we created for our first report helped shape the debate, as GCs sought to work at a more strategic level. Much of what we discussed in that first report is now widely accepted. So where do GCs go from here?

The survey conducted for this report shows that, if anything, GCs are more ambitious than ever, with increasing numbers striving to achieve more for their businesses, themselves and their teams. But they are operating in a changing landscape, as global influences and questions about values – rather than value – come to the fore. Risk and reputation management are the new challenges (or opportunities) for GCs.

This requires a different breed of GC: one who can operate in an international matrix of laws and business practices while maintaining the ethics and values of their organisation. Such a GC needs the skills and techniques to work at the most senior leadership level – something we look at in more depth in our Strategic Business Counsel model towards the end of this report.

We hope you enjoy reading what follows, and would welcome any comments or thoughts you may have about the topics it raises. We’d like to thank the many lawyers who have contributed to it, whether by participating in surveys or discussing and debating our findings. We are especially grateful to the four senior in-house lawyers who agreed to be our “case studies” for this report: Kathryn Coville at GSK, Hugh Ford at intu, Jonathan Stevens at Atos and Lesley Wan at Lloyds Banking Group. We’d also like to thank our colleague Jonathan Fenton for his invaluable contribution to all five of these reports.



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# Key findings

- The typical GC role has grown significantly in the past five years – as have the ambitions of many GCs to achieve genuine influence within their companies.
- Despite their increasing appetite for influence, most GCs are happy being GCs. Nevertheless, 10% of GCs would like to progress to the c-suite, as a CEO or COO.
- Compliance and regulation are now just as important for many GCs as their traditional key responsibilities for common commercial issues and significant contracts and deals.
- Most GCs are still behind the curve when it comes to change management and strategic business planning. The same is true to a lesser extent for risk management – though this is notably more significant to GCs in some sectors (e.g. healthcare) than others (e.g. business services).
- About 50% of GCs now use key performance indicators or other performance measurement systems, ranging from the rudimentary to the sophisticated. However, many of those GCs do not find them very effective.

## Research methodology

The survey of senior in-house lawyers for this report was conducted by Legal Week Intelligence, an independent research company. A total of 150 respondents were interviewed on the telephone or online.

The majority of respondents (83%) were from the UK. Nearly half (49%) were from companies with a turnover of over £500m.

Respondents were typically general counsel, heads of legal or legal directors. We have referred to them collectively as GCs in this report.



# What's important to GCs

We listed 10 aspects of a GC's role, and asked our respondents which were essential parts of their own work.

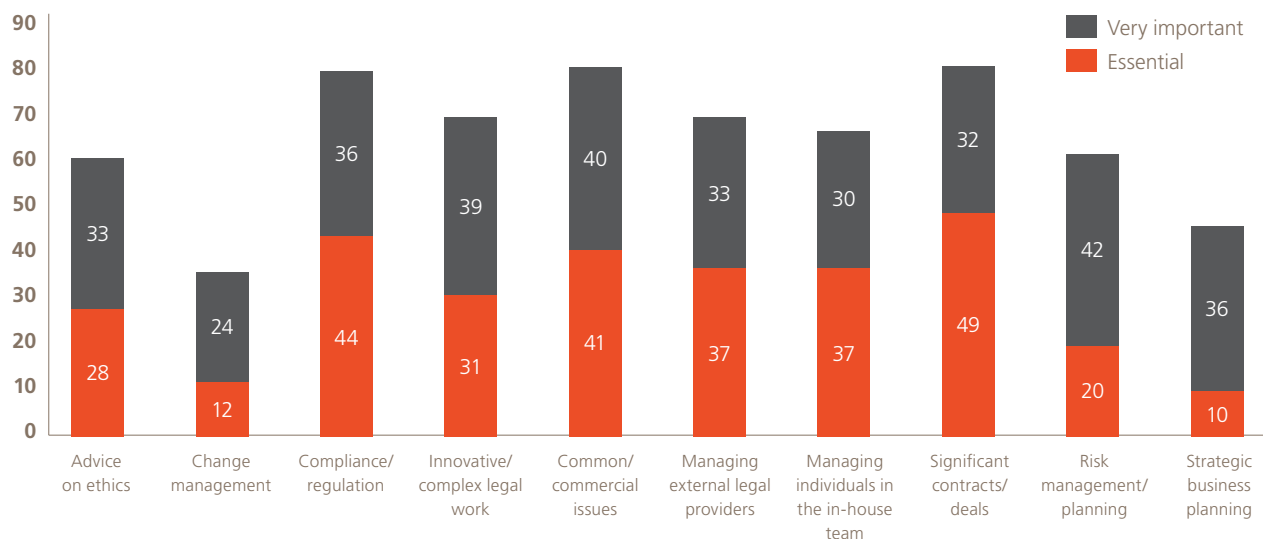
Our results show a wide spread. Nothing was essential for a majority of our GCs – a graphic indication of how much the GC role can vary between organisations. However, work on contracts and deals came close, with 49% of respondents declaring it an essential part of their work. In contrast, change management and strategic business planning were outliers at the bottom of the scale, with just 12% and 10% respectively.

When we consider what our respondents view as “very important”, as well as what they see as essential, the picture changes a little. But there is clearly a constant “top three” – compliance and regulation, common commercial issues, and significant contracts and deals – just as there is a constant “bottom two”: change management and strategic business planning.

A predictable result? Perhaps. Certainly not an unexpected one. Contracts and deals are still essential for nearly half our sample and very important for nearly a third. The importance of common commercial issues is unsurprising, and the increasing importance of compliance and regulation, particularly after the last financial crash, has become something of a commonplace.

We wondered whether we would find that, over the past few years, GCs had become more involved with business concerns such as change management and strategic business planning. These numbers suggest otherwise. While many things have changed in the world of the GC, this is clearly an area where progress has been slow. A growing number of GCs claim to be at or near the top of the Value Pyramid (see page 14), but it looks as though many of them nevertheless remain more deeply engaged with activities in the lower tiers of the pyramid. The higher value, strategic functions are – typically – less central to their work.

## How important are the following in your role?



# Case study



**Jonathan Stevens**

Head of Legal Risk Management, Atos

**“To be effective as general counsel, not only must you be a practical and ethical lawyer, but you must stimulate and inspire the members of your team.**

“You need to be inspirational. You have to have a vision and be able to share that vision clearly to engage and empower people to help you achieve it.

“You also need to be yourself. If you pretend to be what you are not, people see through it.

“What is often most challenging is interfacing with the business beyond the legal team. However well respected the legal function is, some parts of the business view legal issues primarily as a cause of cost and do not want to engage with the legal function more than the absolute minimum.

“You have to help them recognise the importance of ensuring that the members of the legal team who are advising on an issue fully understand the needs of the business and what it wishes to achieve, because only a properly informed legal team can really add value to the business and help it succeed in its commercial objectives.

“The role of the GC and senior in-house lawyers has evolved over time. They are now much more business-focused and are expected to be much more proactive.

An effective GC helps to protect the business, anticipating problems before they arise and finding solutions. This approach filters down to the specialist legal teams, which in an organisation the size of Atos can add considerable value to the business.

“For instance, when I joined Atos as head of litigation 14 years ago there was only a very rudimentary case management system. One of the first things I did was to implement a bespoke system designed to capture as much information as possible about each dispute. As well as simplifying the process of generating reports and managing costs, this became a powerful tool, enabling my team to detect trends in the claims the business faced and helping us find effective solutions. This system now extends across most of the 72 jurisdictions in which Atos operates. Together with the knowledge and experience which a specialist in-house litigation team

brings, it has saved the business tens of millions of pounds.

“In my time as head of litigation, I transformed the department into a highly efficient function offering value to the business and interfacing effectively with the board in driving legal solutions.

“Also, more importantly, I nurtured many junior lawyers, helping them to develop into effective dispute solvers, honing their skills, recognising the value of the advice they provide to the business and introducing training for them in risk and project management. I’ve always been keen to invest in my own development, both as a lawyer and in soft skills, and I’ve always encouraged my team to make the most of opportunities for development.

“I think it’s important to feel when leaving a role that you took that role to a new level and left behind a positive legacy. I think that’s mine.”



**I nurtured many junior lawyers, helping them to develop into effective dispute solvers, honing their skills, recognising the value of the advice they provide to the business and introducing training for them in risk and project management.**



# Influence

As we argue elsewhere in this report – and in previous reports – influence is essential for the successful GC. The GC’s voice has to be heard, both formally and informally, at the highest levels of a company. The GC needs to be seen not merely as someone with the same strategic ambition as other executives, but as someone whose advice is essential for the achievement of that ambition.

In this respect, the ultimate aim of the GC must be not just to influence management but to determine the direction, values and culture of the business alongside, or as part of, management.

As leader of the in-house legal team, the GC is also responsible for making sure that the legal team is influential across the whole organisation. Without a considerable degree of influence, the team will not be able to achieve its goals.

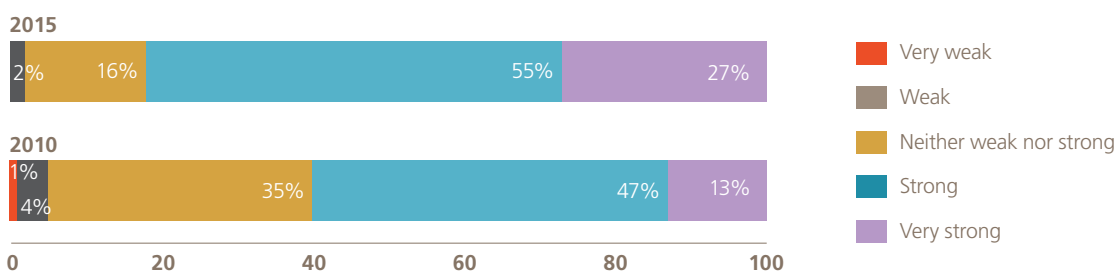
The GCs in our survey believe they’ve become more influential over the past five years, with 43% believing their influence had increased over that time, compared with 6% who felt it had fallen. Overall, in 2015, 27% felt their influence was very strong, 55% strong, 16% neither weak nor strong, and 2% weak.

So we have a picture of GCs feeling, on the whole, fairly influential. However, only 48% are on their organisation’s executive team. Even fewer have a seat at the board (unless in a company secretarial role).

It seems to us that the conclusions we published in our report in 2012 on *The Influential GC* are still highly relevant. As we wrote then: “If you’re a GC you’re already influential to a degree. (That degree, of course, varies between GCs: every GC’s situation is unique.) However, our research suggests that, whatever your position, you probably also have scope to become more influential. All GCs face their own problems in managing this: both personal and organisational. But you can ‘up your game’ no matter where you start from...”

We believe GCs are becoming more influential, and that in the post-crash environment the scope for them to do so continues to increase. However, that environment also means that the stakes are getting higher, and that it’s more important than ever for a GC to possess influence. It’s not one of the facets of a successful GC that we identify in our new GC model at the end of this report, but that’s only because it’s already built in, as an essential part of several of those facets. It’s the aviation fuel that gets the in-house legal function airborne and keeps it in the air. If you don’t think you have it – or if you think you need more – you need to do something about that as a priority.

**How would you rate your influence at senior levels within your business in 2010 (or when you assumed your present role, whichever is more recent) and how would you rate it now?**



# Case study



**Kathryn Coville**

**Vice President, Pharma Europe Legal Operations, GSK**

“My skill set and the value I add to the business are defined by my legal background. I often delve into the detail of questions as that’s what my clients expect. They want me to have a view on difficult issues.

“It’s part of retaining credibility with them, and credibility is key to ensuring that the team’s advice is valued and adopted. So personal legal skills remain vital to my role – even if, as I’ve become more senior, I’ve had to recognise that some day-to-day legal issues are better handled elsewhere. It’s important that the legal team is seen as an integral part of the business, but it is as lawyers and not managers that we’re appreciated.

“I’m responsible for 55 lawyers, paralegals and administrative staff in 13 countries, with seven senior lawyers reporting directly to me. I began in a ‘contracts and common sense’ junior role, and so the change for me personally has been massive. I now delegate nearly all legal work, and focus on looking for ways in which I can support my team, for example in thinking through issues and prioritising their work, which is very energy intensive. However, the result is that the team is empowered and will develop.

“Occasionally you have to take a step back and take a broader perspective. I had the opportunity to do that recently when I returned

from extended leave. I was better able both to see the trends in regulation and enforcement (in particular anti-bribery and competition law) and to understand the reasons for these trends.

We need to ensure that senior stakeholders share this understanding, and that managers are involved in designing and implementing any changes we might make as a result. In this way, we hope to have strong buy-in from managers in the changes, with guidance and advice from lawyers.

“We have seen a shift in our legal function over recent years, towards the legal department being an enterprise function, supporting equally all business units in the company. This is important as it means we are better able to react

to the developments in, and requirements of, the business.

“Previously we reported to local general managers of a particular business unit. Now we report to central legal management. This has brought greater independence for lawyers and is aimed at delivering good governance across the company.

“Nevertheless, at the same time I think that lawyers still need to be embedded in business units that they support; business clients must still know exactly who is their go-to lawyer. This encourages good collaboration and team behaviour between lawyers and business clients. The challenge for us, as an integral part of the business, is to harness that behaviour to support good business decision-making.”



It’s important that the legal team is seen as an integral part of the business, but it is as lawyers and not managers that we’re appreciated.

# Key performance indicators

Our first two reports looked, among other things, at key performance indicators (KPIs). We found that only 21% of GCs measured the performance of their legal teams with KPIs. Another 14% said they would in future. Most did not expect to do so at all. How have things changed?

By the narrowest margin – 51% against 49% – a majority of our respondents now use KPIs or other performance measurement systems. This is a clear increase on 2010 – to the extent of suggesting that some GCs who expected never to have KPIs now in fact use them.

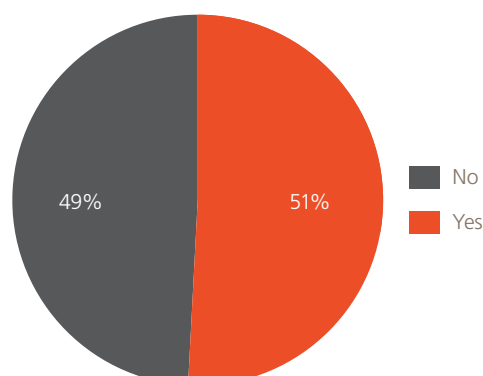
However, of those who have KPIs, only 10% think they are very effective. Another 45% think they are quite effective, and 32% think they are acceptable – suggesting that there is not merely a lot of scope for KPIs to be used, but also a lot of scope for them to be used better.

GCs who don't use KPIs sometimes use systems of their own instead, but more commonly prefer to avoid the whole idea of measurement. There is a widespread feeling that as long as things are not going wrong – or not going wrong too often – then the team's performance and the GC's performance are acceptable. Some GCs believe that demand for the team's services arises in proportion to the quality of the team's work. According to this argument, as long as the team has things to do, it must be doing them well.

As we noted in our first report, GCs tend to feel – probably rightly – that performance metrics for the top level are virtually impossible. A GC who is really an integral part of the senior management team is very unlikely to find the CEO assessing them with KPIs. But even a GC in that happy position will need ways of monitoring the performance of the legal team as a whole – and the ability to measure and demonstrate value remains an important asset for GCs as they climb towards those heights.

Overall, despite the increasing use of KPIs, what we wrote five years ago seems just as true today: "For many GCs the jury is still out on the value of KPIs. Critics cite the difficulty of selecting appropriate measures and the overhead involved in collecting and collating data. On the other hand, GCs who use KPIs successfully feel they help with the overall perception of commitment to value they deliver to the business."

**Do you have formal performance measures in place for your in-house legal function (such as key performance indicators)?**





# Case study



**Hugh Ford**

General Counsel and Group Treasurer, intu

One of the few general counsel also to be a group treasurer, Hugh Ford explains how he was able to move beyond the “legal remit”.

## What prompted you to become a GC?

I began my legal career in private practice. I decided to move in-house because of a desire to become more actively involved in the matters I was advising on.

As a lawyer in private practice, I found it increasingly frustrating just to be involved in the final stages of projects, or to be parachuted in to give reactive legal advice on a particular issue. I wanted to get closer to the business.

## And has your role as a GC allowed you to do that?

It has. As GC at intu I have always had a broad role, being able to take on work beyond the pure legal remit, largely because we have a small management team and there is a limited number of people available to pick it up. And that I think is the key. No two GCs have quite the same remit. The extent to which any in-house lawyer is able to take on a broader role in a business depends on a combination of the nature and structure of the organisation, their own ambitions and skills, and their ability to take advantage of opportunities when they present themselves. This last point is where building relationships within the business comes in, as it creates the foundations to give others the comfort that you can handle what will essentially be a non-legal role.

For me, this culminated in taking on the role of Group Treasurer, alongside that of General Counsel. This might not be an obvious role for most lawyers, but the key requirements of the role within intu, together with the work I had done on treasury matters, made it a more natural step for me than people might think.

## There is often debate about whether GCs should sit on the board. Is this important in the context of seeking a broader role?

Generally I find it difficult to see how a GC can do their core role effectively if they do not sit alongside the rest of senior management on an executive committee, and at least attend board meetings, even if they are not on the board itself. These bodies are where the strategic direction, culture and attitude to risk for the business are determined, and where major decisions are taken.

A GC needs to understand how these decisions are reached and the drivers behind them. Only then are they best placed to help steer a path through the organisation's business risks.

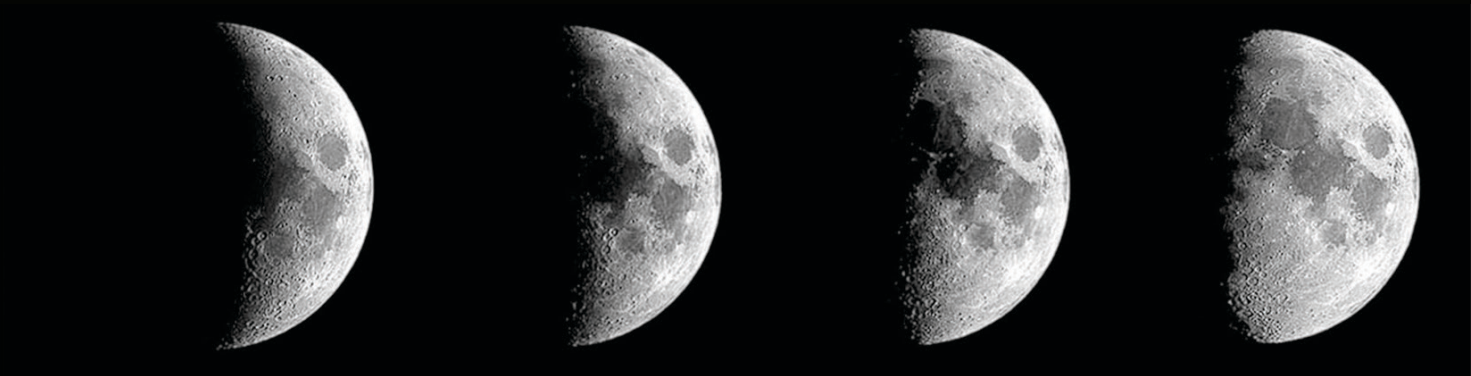
In the context of positioning for a broader role, it also provides both an opportunity to build relationships with senior executives and to demonstrate to them your skills and commercial acumen.

## And how do you think a GC or in-house lawyer can best position themselves to take advantage of these opportunities?

Often when an employee is given a new role, they may not have significant experience in that area of the business. What they will have is a set of core skills and judgement which those appointing them believe will enable them to do the job successfully. I believe lawyers, and GCs in particular, have many more of these skills than we give ourselves credit for, especially in areas such as analysis, project management and risk assessment, and even decision-making.

I would focus on demonstrating to colleagues and senior executives that you have a good range of these core skills along with commercial judgement, rather than pure technical legal knowledge. That will give them confidence, when an opportunity comes along, that you have the ability to take on a role outside a GC's natural legal remit.

And if an opportunity for a broader role does arise, recognise that you may need to stick your hand up for it. Because we are still advisors much of the time, and often seen as such, the legal department is not always the first place people look for candidates for more mainstream business roles. You may need to nudge people into thinking about you.



# The GC Value Pyramid

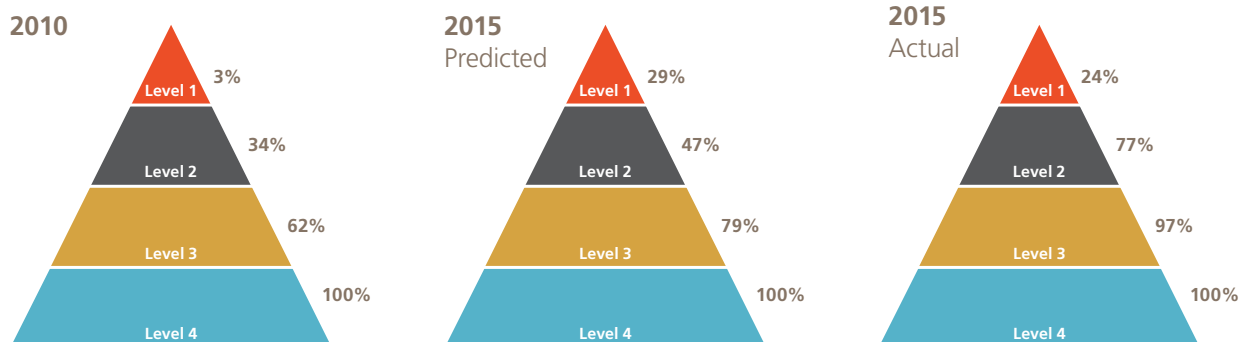
In 2010 our first GC Report introduced the concept of a Value Pyramid for the in-house legal function. This divides tasks into four levels, according to the value they provide for the business. Level 1 involves tasks with the greatest strategic value to the business. The tasks in the bottom level (Level 4), while essential, are felt to be “bread and butter” work.



Many of those we interviewed in 2010 had clear ambitions to reach the top of the Value Pyramid. But most of them felt that they had a long way to go. Only 3% felt they were operating in the top level. Most were in the bottom half of the pyramid, with 38% still operating exclusively in the bottom level.

We also asked respondents where they aimed to be in five years, and 29% said they hoped to have reached the top level of the pyramid by 2015.

The actual figure of respondents in the top level in 2015 is 24%. This is clearly a significant improvement on the 3% of 2010, if not quite meeting aspirations.





But while the number of GCs at the top of the pyramid has increased sevenfold in five years, what's going on in the level just below the top tier is even more remarkable.

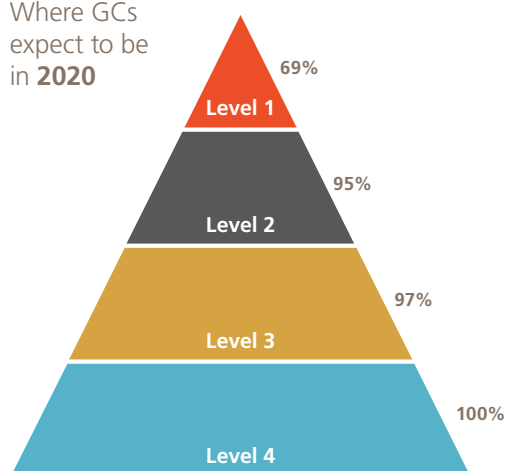
In 2010 the top half of the pyramid (i.e. the top two tiers combined) had 34% of respondents, with 47% aspiring to get there by 2015. The actual figure for 2015, however, is 77%. Over 50% of all respondents put themselves in tier 2. That's a huge change from 2010.

Furthermore, no fewer than 95% of our respondents expect to be in the top half of the pyramid by 2020 (see diagram below).

This change undoubtedly reflects the way the in-house arm of the profession has grown and matured in the past few years. As a class, GCs are much more numerous, more influential and better respected than they were before the financial crash. The greatly increased importance of compliance and risk in the corporate world has been an important driver for this, as has the changing way in which many companies procure legal services – it's now much more feasible, for example, for a GC to handle some tasks at the bottom of the pyramid through process engineering, outsourcing or recruiting non-lawyers.

The very high level of expectation may also partly reflect a rising generation of GCs whose approach and ambitions are not quite the same as their predecessors'. We did not collect data on the ages of our respondents, but it is certainly possible that GCs from "Generation X" – or even, now, the first GCs of the so-called millennial generation – may tend to see some aspects of in-house life differently from the "baby boomers" who came before them. If that is the case, we may have to wait a few more years to discover how far these new ambitions can be realised.

Where GCs  
expect to be  
in **2020**



## Barriers to progress: what GCs say

"I work in a small team. It's difficult to free up time to get involved in high level activities."

"I'm leaving it to someone younger to do."

"I'm 'only a lawyer'."

"Male attitudes and breaking the boys' club are biggest inhibitors."

"To stay at the top there have to be resources. You can't stay up there without that. If you don't have the resources within the pyramid you won't be able to get there."

"Internal bureaucracy and politics."

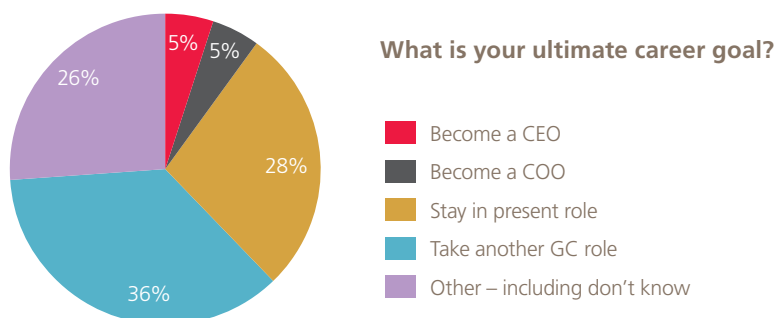
"Just the lack of opportunities."

"The structure of the business and the attitude of the business to the legal function."

"Companies in my country still think of lawyers in a very traditional manner."

# Career aspirations

We also asked GCs about their ultimate career goal. The answers showed a clear split in the GC world.



About two-thirds aspire simply to be GCs – with 28% happy to keep their present role, and 36% wanting another GC role.

A smaller but still significant number aspire to executive roles, with 5% wanting to be CEOs and 5% COOs. While that career progression is familiar in the US, it is still relatively unusual in the UK. But the growth of the GC community, and the push for more diversity in board rooms, may help to make it more common.

About a quarter of our respondents don't fit into either of those categories. So what do they want? Quite a few of them apparently don't know. Some others were simply looking forward to retirement. A couple hoped for directorships – surprisingly, perhaps, not as many as those who wanted to become life coaches or write books. A lone respondent wanted to move into private practice.

These results allow us to draw a picture of three GC career paths.

- The most popular – which we've focused on in this report and its predecessors – is for those who want to be "first-rate" GCs.
- A smaller, but still substantial, cohort see their future elsewhere. For them, the GC role is a springboard to a variety of opportunities – many, but not all, of which may draw on skills honed in an in-house legal department. These skills may include many of the marketable skills that GCs find themselves obliged to acquire, such as management expertise and a greater facility with numbers than the average lawyer.
- The smallest of the three groups is that of GCs with their eyes on the c-suite. While our reports are not mainly aimed at them, many of the topics we've discussed are highly relevant to this group – ultimately, after all, they aim to become so organisationally influential, and to have skills so far developed from those of a typical GC, that they look more like a CEO or COO than a practising lawyer.

## Barriers to progress: what GCs say

"The nature of the legal function is that it doesn't lend itself to commercial opportunities."

"I think it's structural. You need someone else to move on up."

"Historic perceptions of the GC role."

"Attitude to lawyers."

"Lack of opportunities and spending cuts."

"I would say it is about the willingness of senior commercial people to relinquish control and allowing another different mind-set into that decision-making process."

"The requirement to crisis manage and role as trusted adviser can mean reduced capacity to proactively operate in Level 1."

"Constant downward pressure on costs and resources divert time and availability away from more strategic topics."

# The route to the top

Most in-house lawyers want to move up the pyramid. But many think they face barriers. The GCs we spoke to cited many different barriers to progress. We have listed a few in the sidebars on the previous pages.

It's a topic we dealt with in our first GC report, and many of the problems mentioned have a familiar ring. In addition to those mentioned already, some GCs cite "a lack of time for strategic thinking". As one respondent put it: "the challenges of day-to-day operations require my input, reducing my capacity to think and input strategically." And it is certainly true that GCs will struggle to make real progress if they are unable, for whatever reason, to take a step back and review the bigger picture. Others complain of a "closed executive structure" or find the "internal structure of the executive team" to be a barrier to progress.

Some problems are faced by people trying to progress in many walks of life, not just GCs. A small number of respondents mentioned race, age and sex discrimination, while others said they were up against the age-old factor of internal politics.

GCs can also, of course, look for opportunities elsewhere. Networking is an important part of this, as is reputation. A GC moving to a new organisation will want to have earmarked a place in the pyramid before their first day in the office. It is striking that GCs rarely start a new job with a set of goals and a timeline for achieving them, in the way that a CEO might. There are some obvious explanations for this, not least that many GCs do not set their own strategic objectives. But there seems no inherent reason why a GC seeking to stake a claim to some strategic leadership space cannot demonstrate leadership from day one with a timeline for change.

As the previous paragraph shows, when writing these reports we tend to advocate change. We believe a considerable prize is available for GCs who are prepared to reach for it. But not all GCs want that, and we certainly would not want to suggest that the GCs who don't, or can't, reach out are not valuable to their organisations. So we will finish this section with the words of one of our respondents whose aim is not to move up the pyramid, acknowledging that some GCs are still happy just to be good, traditional in-house lawyers.

"I am a lawyer. I find legal solutions to commercial problems ... I am not a strategic thinker or rain maker, the business does not employ me for these skills ... If I wanted to change direction ... that would be fine, but I would cease to be GC and Company Secretary and we would put someone else in the role."

## Buying services

GCs moving up the Value Pyramid – or aiming to stay at the top – need a substantial support network beneath them, and many GCs have found that one way of pushing themselves up the pyramid is to be better and smarter at managing external providers of legal services. Even in less pioneering organisations, it's clear that GCs have become much savvier in recent years about the different ways in which they can buy legal services, with the most basic work being highly price-sensitive and the purchase of more strategic advice open to a wider range of factors. Life as a GC at the top of the pyramid is partly about having a coherent and sophisticated approach to procurement, with the adept handling of a variety of law firms and other service providers being the key to success.



# Do the right thing

As discussed on page 7, most GCs say that compliance and regulation are very important – more than ethical advice or risk management. But as we’ve talked to a range of GCs it has become increasingly clear to us that, for GCs in the twenty-first century, in the post-Panama Papers world, compliance has to be about ethics and values, not just about following rules.

Of course, following rules is what lawyers are meant to be good at. But there is also a long and honourable tradition of counsel as counsellor, bringing wisdom to the table rather than a narrow literalism or, in some cases, a focus on “gaming” the system.

GCs have to ask themselves not merely whether behaviour is permitted but whether it’s appropriate. They may also face the challenge of persuading some people in their organisation that this is the right question to ask, and that a broad view of outcomes is vital for “future-proofing” the business. But their status and background (and, perhaps, the tendency of GCs to stay in their role longer than many executives) give them the standing to do this.

However, GCs should not oversell their identity as the conscience of the company. If ethics are exclusively a “GC thing”, then people who want to ignore or avoid corporate values have an easy excuse to do so. A GC can’t be effective if they’re seen as a distant ethical arbiter, issuing moral memos from an ivory tower. Rather, the GC has to deliver a functioning set of values, and make sure that both the values and their functioning are robust.

To be effective, values need to be introduced at the top of a company and spread downwards quickly and thoroughly. The GC has to ensure that their dissemination and take-up through the company is as smooth and comprehensive as possible. That may require the GC to be an influencer, an advocate or a counsellor. It may also require the GC to remove obstacles from the path of those values.

While this will undoubtedly be hard for some GCs, it is a massive opportunity for them – law firms and other external providers can do many of the things a GC can do, if a company buys their services, but this is one area in which progress is nearly always best driven internally. And it is a role for which the GC is uniquely fitted. There has always been scepticism in some quarters about the GC as “trusted adviser” in commercial situations. But when what’s at question is trust itself, then the GC should always be the most credible person in the room.

We know that this prospect will seem challenging to a lot of GCs. But we also believe that some of those GCs will find that, if they try to exert influence in this area, they are pushing at an open door. Many CEOs have woken up to the importance of values and the dangers of running an “ethics-lite” business. GCs who are equally clear-sighted will see that this creates a space and an opportunity for them, and will move decisively to fill it.

# Case study



**Lesley Wan**

Corporate Counsel, Lloyds Banking Group

**"If I have one piece of advice for young lawyers, it is to take ownership and control of your own career – think pragmatically and be prepared to take calculated risks along the way."**

"There are a number of occasions when I have done this and it has really enhanced my abilities, built confidence and strengthened my attributes. I think that in-house lawyers should not be afraid to pioneer change and have the courage of their convictions to follow through with their ideas."

"I left private practice to take a career break and have some fun studying in West Hollywood. I really value what I learnt outside the legal industry in that period."

"During my 10 years at Lloyds Bank, I have had opportunities to develop a variety of new skills by participating in and leading wider projects – such as working closely with the Loan Market Association on creating a suite of industry standard templates for the real estate market, and getting involved in a business-led initiative to create a women-only mentoring scheme that is now the biggest of its kind in the UK."

"More recently, I was invited by the business to lead a team of bankers and lawyers on a change management project and created a dynamic new execution model for the commercial bank in three months! The success of this project

demaned not only excellent technical knowhow from the team but also exceptional leadership and influencing skills to get buy-in from the key stakeholders in the business."

"You do need strong legal skills and commercial acumen to earn credibility and respect from your business in any in-house team and this will provide you with a solid platform for the future. After all, your technical expertise is what you have been hired for first and any attributes you bring alongside that are definitely a bonus. However, I am a great believer that in-house lawyers should have a full spectrum of skills including leadership, and that it is important to look for and create opportunities to demonstrate them."

"This can be more difficult for junior lawyers, so leaders have a responsibility to look for opportunities for lawyers in their

team to work directly with senior management in the business where possible, to enable them to showcase their talents and abilities and allow senior decision-makers to see what great value they bring to the company. I think part of my role is to make things as simple as possible for those around me, so that they can get on with their jobs without roadblocks."

"As one's career progresses, some people will want to focus solely on technical legal work, others will look for wider roles. There is no right or wrong approach. It really depends on the individual and the business. However, in my experience, if you are looking for a wider role, you need to be proactive and hunt out those opportunities for yourself. You will need energy, drive and commitment and be prepared to move out of your comfort zone."



**In-house lawyers should not be afraid to pioneer change and have the courage of their convictions to follow through with their ideas.**

# Strategic Business Counsel: the “8C” model

So what do the model twenty-first century GCs look like? We believe the best term for them is “strategic business counsel”. The model set out in the following pages is an attempt to visualise the factors that combine to make strategic business counsel capable of operating at the highest level within their organisation.

It’s a distillation of the views of hundreds of GCs, gathered over several years, and some parts of it may resonate with you more than others. But we believe that each of the “8Cs” that we identify here is an important aspect of strategic business counsel life.

In each case we’ve tried to explain what’s significant for the GC and to follow our explanation with some thought-provoking questions.

Some of our previous GC reports have included tools for GCs seeking to improve aspects of their performance. This is not a tool as such – although we will be creating an interactive version, as the second stage of this report, for GCs who wish to use it to evaluate their progress. But we hope it will help GCs who are thinking about what they do and how they do it.

One challenge is that some of these areas are more within the GC’s control than others. In some cases, the biggest difficulty for the GC may be finding the right modus operandi to achieve both the company’s goals and their own.

Our model shows what helps a GC to move up the Value Pyramid. A GC who scores highly in this model while being on a low level of the GC pyramid – or who judges themselves to be at the top of the pyramid but as a low achiever in these areas – will want to think about the reasons for that disconnect. Are they in the wrong role? Is their opinion of themselves not matched by what others think? Or have they so far succeeded with a narrow focus – and, if so, do they now have an opportunity to spread their wings?

We know that not all GCs face the same problems and challenges – although most of the GCs who have seen this model, or earlier versions of it, have been enthusiastic. But we hope our “8Cs” will, at the very least, provide the material for some fruitful reflection and discussion.





# The “8C” model: **Charisma**

For the Ancient Greeks, charisma was – literally – a gift from the gods. For many people today it retains that aura of mystery. How do you – how can you – acquire charisma?

In some ways you can’t. Charisma is an intensely personal thing. We each make our own, using the ingredients we’re given – or born with, if you like – but also using other ingredients we find for ourselves.

That personal aspect of charisma might be thought of as “authenticity”. It’s become a truism that the problem with authenticity is how easy it is to fake. But that’s too glib. You can’t fake it forever; people are smart enough to see what’s inauthentic if they’re exposed to it for any length of time.

Authenticity also means focus. It means bringing yourself completely into a situation. And being charismatic involves leveraging that authenticity with other attributes and skills. A few of those attributes may be innate, but most of them can be acquired. You can learn how to improve body language, speaking style and a host of other attributes. As our third GC report showed, you can actually learn to be influential.

Charisma can be misused. It has been an important tool for leaders down the ages, but also for demagogues (most of whom, by the way, give the lie to the idea that you have to be good-looking to be charismatic). Some people use this fact to justify not thinking about their own charisma. In the end that’s a self-defeating approach: your charisma is an issue, whether you like it or not. It’s a key component of influence and leadership. You owe it to yourself to think about how charisma works, and to understand and build your own charisma, as part of your personal brand.



## Questions

- How much do I influence people when I’m just “being myself”?
- How do other people see me?
- Can I present myself more positively without being inauthentic? If I could, why don’t I?
- Have I taken all the available opportunities to learn how to enhance my charisma?

# The “8C” model: **Change**

Change is part of business life, both at the corporate level and within the legal department. The key question for the GC is: will you drive change or will you be driven by it?

Do you reshape your team because of demands imposed from above? Or do you take the initiative in looking at how to improve processes and reshape functions? Are you involved in planning the change that will result from corporate evolution, or are you left to sort it out afterwards?

The most obvious area of change at the moment is technology. If even half the predictions we’re currently hearing about artificial intelligence, automation and robotics come true, then many companies and business models will look hugely different in just a few years’ time. And if you’re not thinking about how technology can change the way legal services are delivered, you’re missing a very important trick.

But the march of technology shouldn’t distract the GC from other aspects of change. There is always scope to improve the way things are done within the legal department. There will always be new, external pressures on the body corporate, ranging from new questions of compliance to the challenges of new markets and pressure from new competitors. A GC who wants to be a leader needs to own change.



## Questions

- How proactive am I in seeking ways to improve what we do?
- Am I abreast of developments in my industry or sector, as well as in the law and legal services?
- How innovative am I? Is there something I can do that would be genuinely good and that no GC has previously done?
- What can I do to facilitate change for others?

# The “8C” model: **Collaboration**

Collaboration can mean very different things for GCs in different organisations. For a GC in a smaller company, perhaps with a single assistant, it may be very much a matter of personal relationships.

For a GC in a large multinational company, the question is much more likely to be one of building and maintaining a quality team, and ensuring that the team is empowered to work well, and that the members of the team, in turn, collaborate effectively with other people in the organisation.

Our fourth GC report looked at how GCs manage and engage talent. But – beyond considering questions of influence – we have not looked in detail at GCs’ working styles. Nevertheless, this is a crucial aspect of becoming a successful GC. Not because there’s a “right” style, but because your approach has to be effective. If you’re not getting as much as you can out of your team, then your organisation is not getting as much as it should out of you.

The truly effective GC will also be a role model to the next generation of in-house lawyers. And a GC who moulds a highly effective in-house team, with lawyers who embrace change and development, will leave an enormously valuable legacy when the time comes for them to move on.



## Questions

- How well do you work with the people around you?
- Do people like having you as a boss?
- Have you got a structured programme for talent management?
- Is there a “value gap” between what your team should be capable of and what they actually achieve – and, if you believe there is, have you got a system of metrics or indicators to help you assess and deal with it?



# The “8C” model: **Connections**

As a GC, your most important professional connections are within your company. Once, those might have been the only ones that mattered to you. But we live in a connected age.

We “know” more people than would have seemed possible a few years ago. Some of our most important business relationships may be with people we have yet to meet face-to-face. On social media, we discover that we’re linked to people we’ve never heard of. What does this mean for the GC?

Essentially, it’s a huge opportunity. One problem the in-house lawyer used to have was isolation. Now it’s the easiest thing in the world to reach out to other GCs. And sharing information and ideas – whether in formal settings such as a policy forum or professional association or in less formal (real or virtual) social settings – can be hugely valuable. Why would a GC not wish to take advantage of all that’s on offer, be it mentoring, the exchange of knowledge and experience, access to opportunities, a sounding-board for new ideas, or even just a sympathetic ear?

Nor do connections outside the company have to be restricted to the in-house legal community. Inspirational GCs have become opinion formers and influencers in areas such as equal rights, social justice and corporate responsibility. Others have taken on roles such as non-executive directorships or trusteeships, or become mentors.

Other than in extreme circumstances – typically, bad ones – it’s not the GC’s job to be the face of their company. But the GC is always a corporate ambassador, and a top-class GC is also a top-class ambassador.

One of your most valuable assets as a GC is time. You will, of course, never have enough of it, but what you choose to do with it is crucial. Lawyers are traditionally task-focused, but many effective GCs have discovered that – while tasks can be deferred, delegated or outsourced – the uniquely personal investment of time in building relationships, both inside and outside your company, may help to achieve progress, understanding and influence in a way that nothing else will.



## Questions

- Are you a good networker, both within and beyond your company? If not, can you improve your networking skills?
- Do you invest time in connecting with people?
- Do you have strong relationships with the key people in your company?
- Are you a “thought leader”?

# The “8C” model: **Contribution**

The GC will inevitably be judged by their contribution to the business, and by the contribution of their team.

It’s something we’ve covered extensively in our GC reports, so we won’t say much more about it here – except to add that, while the contribution of a good GC will always greatly exceed what can be measured, there will always be elements of any GC’s performance (and the performance of anyone else – internal or external – providing legal services) that can, in one way or another, be captured as data.

There are times when measurement seems less relevant. Crisis management is a good example. If a GC successfully steers a company through an existential crisis, the chances are no-one will really care about measuring their performance while they do it. But the question for most GCs is more likely to be: how do I show that my performance, and the performance of my team, is helping our company to avoid such crises? In daily life, the skills and achievement involved in keeping the corporate wagon on the road may go unappreciated. A wise GC ensures that the efforts of their team in this area are noted, praised and rewarded.



## Questions

- Do you use KPIs? If not, how do you measure performance and demonstrate your contribution?
- If you do have KPIs, how could you make them more effective?
- Have you integrated KPIs with your talent management programme (if you have one)?
- What single thing would most greatly increase your contribution to your organisation? And what single thing would most easily increase your contribution?

# The “8C” model: **Counsellor**

The GC needs to be, absolutely, a business person. But this is not the GC’s unique selling point.

However good you are with numbers (and you do need to be good with numbers these days), and however on point you may be in relation to strategy, and however commercial your outlook, you will almost certainly never be top dog. There will be other people in your organisation who are better at these things and more involved with their function as drivers of corporate activity.

Your USP is your training and experience as a lawyer. Not just advising on what is legal and what’s not – it’s now well understood that a lot of what a GC does is about positive commercial problem-solving in a legal context. And “the law” has grown to cover, in many cases, a complex ecosystem of regulation and compliance. But it’s clearer than ever that “the law” also covers what might once have been called “moral law” and is now more likely to be called “ethics” or “corporate responsibility”.

It’s become a truism that GCs have to be commercial. But for the strategic business counsel, that means influencing and facilitating highly commercial behaviour within a responsible context. It’s about retaining the independence which enables you to offer genuinely valuable advice, and asking the right questions even when they aren’t easy questions.

We’ve said much more about this on page 18. A GC who can bring not only legal insight and commercial awareness, but also ethical judgement and even emotional intelligence to bear on a situation really does have the potential to assume a senior leadership role in a company.



## Questions

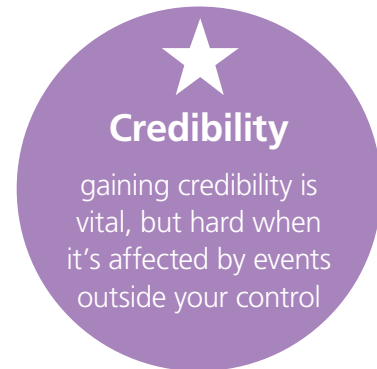
- Do I have the right legal insight, commercial awareness, ethical judgement and emotional intelligence? If not, how can I gain them?
- Am I well positioned to lead on ethics and values within my organisation? If not, what needs to change?
- Do I have the “soft skills” that the board-level counsellor needs?
- Do I habitually “speak truth to power”?

# The “8C” model: **Credibility**

Credibility is a must for a GC, and all GCs seek it. However, there are traps along the way. In particular, some people gain a sort of credibility by being part of a group, whose members regard each other as inherently more credible than outsiders.

Groups of all sorts – including boards and executive teams – can develop that sort of insularity. But such credibility is poison for a GC because, ultimately, a key component of a GC’s credibility is their independence. A truly credible GC is one who can pull off the difficult trick of being wholly “on the team” and yet completely objective.

As well as thinking about gaining credibility, GCs have to be aware of the ways in which credibility can be lost. These may include things entirely outside a GC’s control: for example, changes in management may mean that carefully cultivated relationships become redundant overnight. But there are other negative factors – such as weak influencing skills and poor performance by the legal team – that the GC should be able to address.



## Questions

- Do I have as much credibility as I’d wish at all levels in my organisation? If not, why?
- How much of my credibility comes from my title, how much from my corporate relationships, how much from my record, how much from my knowledge and abilities, and how much from my team? What other factors are important?
- Would I have – or soon acquire – equal credibility if I were parachuted into a completely different organisation?
- How credible is my team?



# The “8C” model: **Culture**

As well as legal risk, a company faces reputational risk every day, in areas ranging from employee engagement and social responsibility, through tax planning and financial management, to supply chain issues and environmental impact.

The larger and more international the company, the greater the potential pitfalls and problems appear to be. Priorities may be slightly different in less high-profile companies – but even there, reputational damage can easily lead to a loss of business, while other behaviours may lead to fines, disbarment or even jail.

Companies have rules to deal with these things (and the GC should make sure they’re as good as possible), but no rule-based system will ever be able to de-risk every aspect of corporate activity. Ultimately, while good corporate governance may be based in codes and committees, it cannot depend on them. Instead, it has to rely on its corporate culture. A company needs a culture in which its staff are aware of ethical hazards and exercise good judgement in avoiding them – with a GC taking the lead in fostering that awareness and developing that judgement.

We’ve said more about this on page 18. It’s an area where the GC should be front and centre. It works in different ways in different organisations – public companies, private companies, family companies, charities – but there’s no organisation that doesn’t have its own culture, and that culture is an important determinant of whether it succeeds or fails. In the phrase famously attributed to Peter Drucker, “culture eats strategy for breakfast”.

There is no “approved” textbook method for a GC to drive an organisation’s culture. Part of the challenge for each GC is working out the best way to do it. But a good GC in a good company will be able to harness plenty of c-level support and will be able to draw on a range of resources and strategies to succeed.



## Questions

- How would you describe your corporate culture? Is it appropriate?
- Do you currently seek to influence corporate culture? Are you effective? How do you know?
- Have you got an agreed strategy or programme for corporate culture?
- If this isn’t part of your role at the moment, how can you make it so?

# Conclusion

In some ways this report is a summary of what we've established since we began our first GC report. In other ways, it opens up new avenues and poses a host of questions. Each of our "8Cs" is really worth a report by itself – we have considered some of them in previous reports, but there are others that we have so far barely touched on.

Perhaps the biggest question for GCs who have looked at themselves in the "8C" mirror is: how do I go forward from here? Again, we've discussed some of that before. But to put it very simply, our model is driven by three more Cs: change, commitment and confidence.

A GC who aspires to become a truly strategic business counsel will need to embrace change (both organisational and personal), demonstrate a high level of commitment and, importantly, feel and display confidence in their abilities and achievements. Most lawyers find that commitment comes easily to them. To some extent, you're unlikely to become a lawyer in the first place if you don't have it. But not as many are truly at home with change or, in some cases, with confidence of the kind commonly found among senior management.

We believe the GC "debate" will become increasingly centred on influence, and will pivot on the key topics of values and ethics. But even if we're wrong about that (and we appreciate that it will apply more to GCs in some companies than others), our conversations with GCs have convinced us of the essential applicability of the "8C" model to all in-house lawyers. Any GC who makes enough progress in those eight key areas – with commitment, confidence and an appetite for change – will be top-table material.

We will be making available an interactive version of the "8C" model, which we hope will also reflect some of the feedback we receive on this report. In the meantime, if you would like to discuss any aspects of what we've written here, please feel free to email or call us.







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