

Your World First



Room to grow? How general counsel engage and manage talent

A survey and discussion paper



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The GC Programme

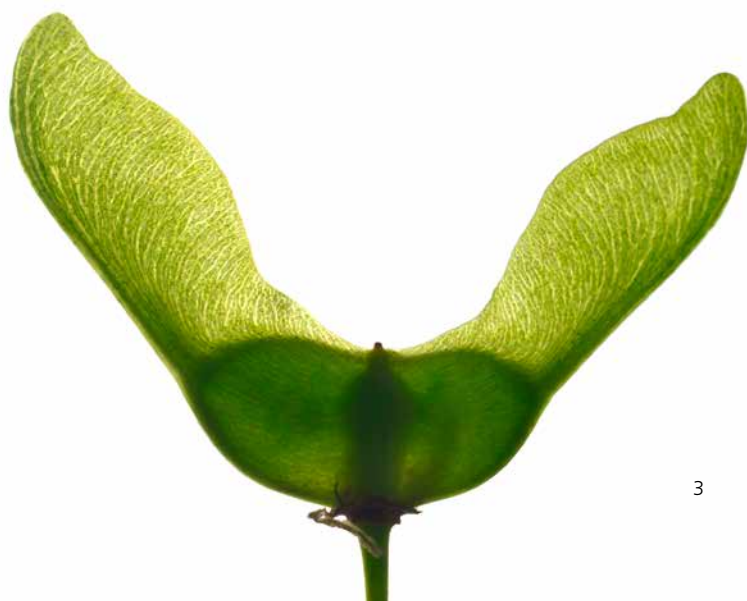
In 2010 Nabarro, a law firm established in London for over a century, launched its innovative series of publications for and about general counsel.

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.





Key findings

- **In-house legal departments are continuing to grow.** The headcount of lawyers, paralegals and secondees is going up. This can create both talent management opportunities and talent management problems for GCs.
- **Despite this growth, most of the GCs we surveyed still feel under-resourced.** For example, 43% say they need more lawyers.
- **GCs and their staff have different ideas about what constitutes good talent management.** As our analysis on page 11 shows, apart from agreeing on the desirability of challenging and varied work, junior in-house lawyers and their bosses look at this subject in different ways.
- **The structure of a legal department may affect talent management.** For example, GCs working in a 'matrix' structure find some aspects of talent management easier than those with centralised or decentralised departments.
- **A growing number of GCs prefer to recruit from other in-house legal departments, rather than from firms in private practice.** Although lawyers from law firms have good legal skills, GCs think they lack the necessary business understanding and industry knowledge.
- **Although many of them find recruitment a problem, on the whole GCs are relaxed about not retaining their best people.** A lot of our respondents were sanguine about the fact that it is hard for them to hold on to their most gifted staff. There is a widespread acceptance that turnover of talented people is inevitable.

Foreword

Our three previous reports for general counsel concentrated on how GCs can increase their influence and demonstrate the value that they, and their team, provide. For our fourth report we thought we would look, by way of contrast, at one of the biggest management challenges facing GCs who have been successful in those things: how to engage, motivate and manage top talent.

We surveyed 100 GCs and other senior lawyers managing in-house legal teams in leading companies to find out which aspects of talent management they find most problematic and to talk about some of their talent management techniques. That survey forms the basis of this report, along with the results of a follow-up survey in which we sought the views of more junior lawyers within in-house teams. Although our survey showed that many legal departments are making more use of non-lawyers – including some people who are skilled professionals – we have focused in this report on the management of legal talent.

As well as discussing the key issues highlighted by our surveys, our report includes case studies. Five senior in-house lawyers – Max Hübner, Pavel Klimov, Ian Leedham, Tiago dos Santos Matias and Jos Sclater – have talked to us in depth about different aspects of talent management. We are very grateful to them. We are particularly grateful to Joanne McKay, our Head of Client Services, for her invaluable contribution and the different perspective that she brought to this important debate. We also thank those who completed our survey and the other GCs with whom we discussed our preliminary findings, and the more junior in-house lawyers who participated in our follow-up survey.

The report ends with a template for a talent management development plan to help GCs hone their approach to talent management and avoid some of the common pitfalls identified by our survey.

We hope you find this report interesting and useful. We would be delighted to hear any comments you may have about it.



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In-house legal departments

A snapshot

Our picture of top corporate legal departments shows a profession in good health. Overall, our findings suggest that in-house legal teams are increasingly valued by the companies they work for, and have largely met the challenge of doing 'more work for less cost'.

During the last year, the number of lawyers increased in 48% of the in-house legal departments for which our survey provided data. It fell in only 18%, with financial services companies particularly prominent among those cutting staff.

About 55% of these legal teams also reported having secondees. Of those teams using secondees, 58% increased their number of secondees over the year. The number of secondees fell in only 4% of these teams.

Interestingly, nearly half the teams that reduced their permanent legal headcount increased their number of secondees.

Of the 69% of legal departments that reported using paralegals, 22% said they had increased the number of paralegals over the past year, while 9% said it had fallen. Some departments are also using a greater number of other professionals to do work previously done by lawyers.

A larger number of departments reported cutting support staff (15%) than increasing support staff (9%).

Some GCs still feel that they are not appropriately resourced, although they are mostly happy with the legal skills and expertise of their teams. Despite the widespread growth in departments, when asked about resourcing 43% said they did not have enough lawyers, with 38% saying they did not have enough non-lawyers. There was some overlap here, with 23% saying they needed more of both.

Within particular sectors, larger companies, unsurprisingly, tend to have larger legal teams. However, even between similarly-sized companies in the same market there is significant variation in the size of legal teams, doubtless reflecting historical circumstances, GC and/or c-suite preferences, relationships with law firms, etc.

The ratio of lawyers to non-lawyers also varies greatly between companies. But only in a few of the smaller companies, and in certain consumer product companies, do the non-lawyers in a team outnumber the lawyers.

Despite the fact that some GCs are concerned about talent retention, in-house lawyers in fact remain in their jobs for rather longer than some other staff. The median time general commercial lawyers have spent in their current teams is six years. The equivalent time for a specialist lawyer is five years.

In-house legal teams are growing

GCs increasingly like to recruit from other in-house teams, not law firms

43%
of GCs say they need more lawyers

A majority of in-house teams use paralegals

Non-legal staff are doing some work previously done by lawyers

38%
of GCs say they need more non-lawyers

Lawyers within in-house teams have been there for an average of six years

The number of secondees within in-house teams is increasing

Most legal departments still employ more lawyers than non-lawyers

Larger companies tend to have larger legal teams – but not always



Talent management challenges

The GC view

The aspects of talent management that GCs generally find most challenging are development and recruitment, followed by leadership, communication and engagement. Interestingly, fewer feel that retention is a problem, although there remains the conundrum of how to motivate and develop staff who contribute significantly to the legal team while having little or no opportunity for progression.

Some GCs may be misleading themselves about the effectiveness of some of their talent management initiatives, as our survey of junior lawyers (on page 11) shows. But it is clear that recruitment is both crucial and difficult for many GCs, with 40% reporting that they found it either very challenging or extremely challenging, and only 21% saying that it was not a problem for them at all. Strictly speaking, recruitment falls outside the scope of this survey, which is more concerned with the management of talent once it is hired – although, of course, one GC's success in retention is another's problem with recruitment. However, we did note that GCs now have a clear preference for hiring lawyers with in-house experience, as they believe that private practice lawyers are not sufficiently prepared for an in-house role. They find that recruits from other in-house teams have more realistic career expectations, are more commercial and have better industry knowledge. And although 44% of our GCs felt that private practice lawyers have better legal skills, the legal skills of in-house lawyers were usually felt to be adequate. This shift in recruitment preferences from private practice to in-house may be one reason why recruitment has become such a challenge – the talent pool of experienced, available in-house lawyers is limited. GCs who recruit from law firms have a wider choice of talent, but may find it harder to integrate, train and motivate their recruits.

As recruitment is a problem for a lot of in-house legal teams, it is more important than ever for GCs to make the most of the people they already have – by training, developing, engaging and motivating them, and making sure they are deployed in the best possible way. These are the topics we will cover in the second half of this report.

As noted above – and as demonstrated by our data on tenure (see page 6) – retention is not a big problem for most GCs. As such, we have dealt with it mainly in relation to other issues. There is a prevailing and growing opinion among GCs that trying to retain people once they have decided to leave is pointless, and that the focus should instead be on engaging them while they are in place to make sure their tenure is as successful and productive as possible.

40%

of GCs find recruitment very challenging. Only 21% said it was not a problem at all.

Talent management challenges

Structural issues

There is debate among GCs about the best structure for in-house legal departments. There is also confusion about the possibilities. We asked about three possible structures in our survey: centralised, matrix and decentralised (see sidebar).

In a few companies we tried asking two senior lawyers how the legal function was structured, and in a majority of cases got contradictory answers.

This apparent paradox may reflect confusion about how different structures are defined – with a particular uncertainty about the difference between a matrix structure and a decentralised one. It may also be that some very large companies actually structure different sections of their legal functions in different ways, or even that organisational structures can look different depending on where you sit in them.

Despite this, there are still some things we can say about structure. Most of the companies with centralised structures that we looked at tended to be at the smaller end of the turnover scale. A centralised structure is the obvious choice for a small legal department. We also found indications that centralisation is more common in some sectors (e.g. financial) than others (e.g. consumer regulatory), irrespective of the size of a company. This may be influenced by factors such as the relative regulatory burden in a sector. The structure of the legal department may also mirror the structure of the company, with companies in some sectors keen to ‘embed’ lawyers in different operational units. And, as one GC commented, the structure that a legal function adopts can change every few years to reflect changes in the company’s leadership.

How does structure affect talent management? Overall, not as much as we expected, although GCs in departments with matrix structures seem to find talent management slightly less challenging than their peers working in other structures, perhaps because the opportunities for lateral career moves in such structures allow team members to find fresh challenges without leaving. In addition, recruitment appears to be a much bigger problem for GCs working in decentralised departments than for their peers in other structures – reasons for this may include local variations in HR support and/or management.

There is clearly no ‘right’ answer to the question of structure, although some structures suit some departments better than others. But if talent management is a big problem for you, it is worth thinking about whether modifications to your departmental structure would help.

Centralised

The legal department is a single, integrated function, operating primarily from the company’s headquarters.

Matrix

The legal department is structured across geographies, practices and company subsidiaries.

Decentralised

The legal department operates as separate units in different businesses, with heads of legal answering to local CEOs.

Talent management challenges

What junior lawyers think

After surveying general counsel, we asked nearly 80 junior lawyers in 16 of the legal teams run by those general counsel surveyed which three management activities they thought were best for improving engagement. Their answers are shown in the graph on the facing page, along with those of the GCs we questioned.

Unsurprisingly, the most popular answers were challenging and varied work, autonomy and empowerment, and reward and recognition.

GCs seem to be reasonably in tune with the importance of good-quality work and empowerment, although they attach much less significance to reward and recognition. More broadly, though, the data shows a significant mismatch between general counsel and junior lawyers over what leads to effective engagement and what doesn't.

Only two of the junior lawyers' top five answers were included in the top five for GCs. And many activities that general counsel are keen on – such as the communication of strategy, training and regular team meetings – scored much more poorly with their staff.

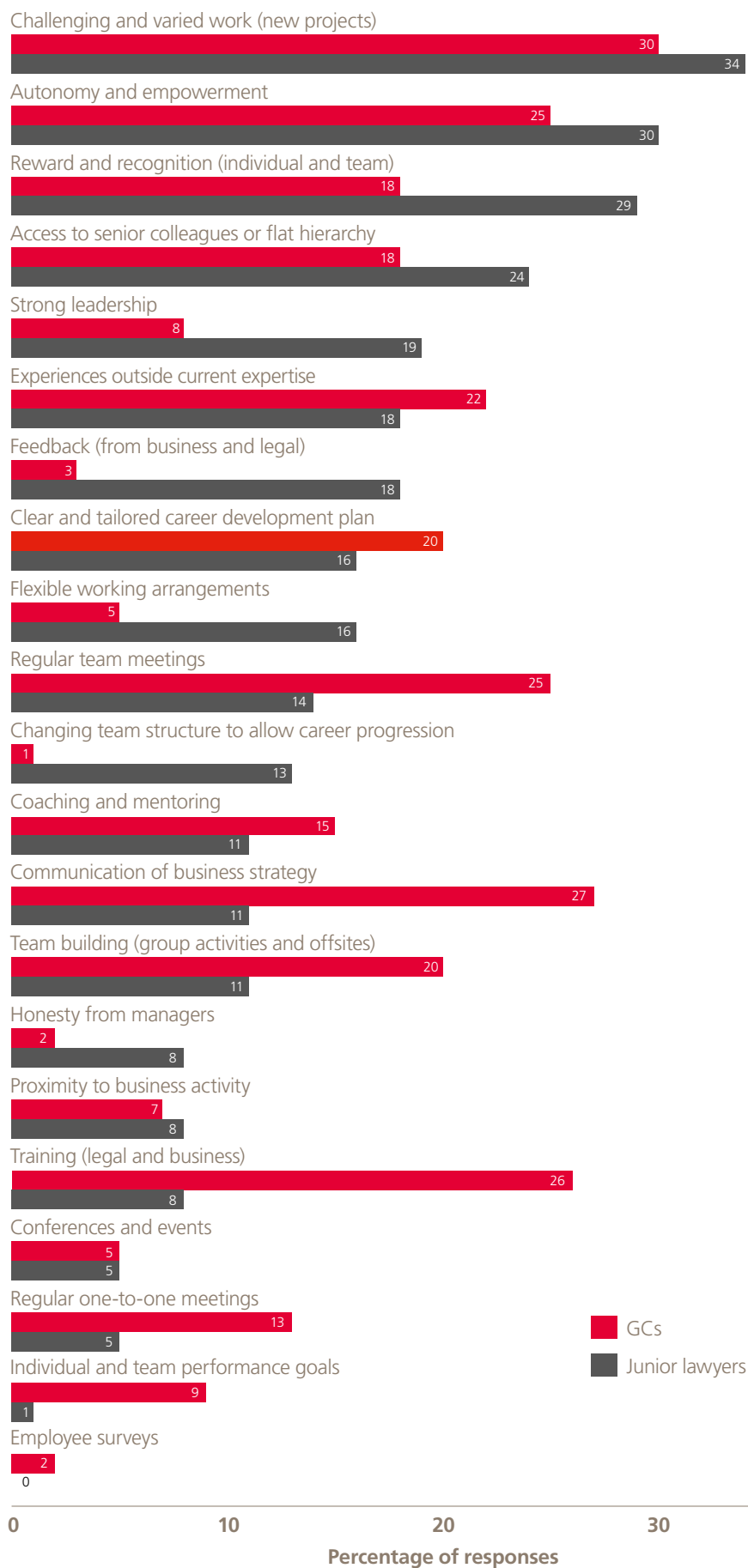
General counsel who are enthusiastic about regular one-to-one meetings and individual and team performance goals may also find that this enthusiasm is not shared by their teams.

Conversely, junior lawyers feel strongly about some things that don't seem to be on the radar of the average general counsel. They thought strong leadership was the fifth most effective thing; it came fourteenth for GCs. Feedback was the seventh most important thing for the junior lawyers; it was eighteenth among general counsel. And junior lawyers attached much more importance than their bosses to flexible working and changes in team structure.

These findings suggest that some general counsel could align their management activities more effectively with the expectations and priorities of their teams. The gap may be partly due to generational differences, with many young lawyers demonstrating the aspirations associated with the so-called Generation Y, such as flexible working and autonomy – although it is worth noting that a wish for strong leadership and an emphasis on reward and recognition are not so much part of the Gen Y stereotype.

General counsel might also like to think about the management techniques they found effective when they were junior lawyers themselves. Were they the same as those they adopt now? Or were GCs, in their younger days, as uninspired by strategy briefings and training sessions as some of their teams are today? What scope is there to make these things more engaging?

Management activities valued by GCs and junior lawyers



Case study

Challenging and varied work



Pavel Klimov

As GC (EMEA) for global information technology company Unisys, Pavel Klimov manages a senior team of 13 lawyers from a range of cultures, backgrounds and legal systems.

From Pavel's point of view, good lawyers are those with inquisitive minds and therefore exposing his team to a constant flow of interesting work across the business and providing opportunities in the various geographies, is the key to retention.

"We give our lawyers more responsibilities by expanding their geographical reach. So, in my function, some of my lawyers have assumed more responsibility over various geographies within Europe, where before those were covered by external lawyers or lawyers from other places. This has given them great opportunity to grow as lawyers and also have greater exposure to the business.

"There is also the opportunity to be involved in different types of business counselling in terms of the specialisations, or become more aligned to particular internal clients or take on more responsibilities in a particular area of expertise. I find good lawyers, by training and by outlook, have inquisitive minds. That creates a challenge and an opportunity, because if you can keep their interest through exposure to interesting and different work, they are more likely to stay."

Focusing on finding those areas of demand to maintain the flow of interesting work and building the experience of each individual lawyer has allowed Pavel to create a team that is highly valued across all business areas.

"We have a lawyer in Germany who used to cover only Germany, but then gradually he assumed the responsibility for Switzerland and Austria and the businesses in that cluster which have similar deals. The combination of his experience, his exposure to those types of deals and his linguistic skills meant he was able to cover all three countries, which was a great benefit to the business. He was able to bring in best practice and work as a link between the various business units within these countries to find a better way of sorting issues or dealing with particular problems. He became a kind of conductor of best practice. Being present in all the negotiations, and all the resolution of specific issues, meant he gained invaluable experience and was able to pass that across the businesses in other countries."

With a team spread across different geographies, there is a danger of isolation and detachment from the

heart of the business. As a leader, Pavel has found that one-on-one conversations with his team are essential.

"In our case sometimes we can feel isolated if there is one lawyer per country. They're not sure how to deal with certain things and then they need some support and guidance. So to my mind the individual conversation gives you much more feedback, much more valuable information, than any kind of matrix or tool that measures performance."

Regular communication with and between the team also makes a significant difference, helping to maintain a high level of motivation.

"We have regular team calls, basically creating this team environment where people do not feel isolated and don't know what's happening elsewhere. That's an important part of the motivation: feeling supported, feeling part of something, where you feel that you contributed to resolution of an issue that is broader than just an individual issue in your country, that you have had the opportunity to share your own valuable experience."

Good talent management

Communication and collaboration

When asked to highlight the most effective management activities or initiatives they have used to engage and motivate their legal teams, GCs pointed to a wide variety of approaches. If there is an overarching theme, however, it is the engagement and integration of team members through collaboration and communication.

One of the most consistent themes to emerge in the research was the importance of communication. A few GCs also stressed the value of being open, honest and transparent in all dealings with the legal team – something that many find difficult because of the limited opportunities available for promotion and internal movement. These GCs are embracing the need to be honest about career progression. They feel that, while that may lead to tough conversations, those conversations usually pay dividends in terms of motivation, engagement and, often, retention.

As one GC said: “Being honest, especially in legal functions, is essential. In this kind of role you will inevitably deal with bright people that are trained to question things and be cynical to a degree. They like honesty and empathy and they will respect that.”

GCs also stressed the importance of regular communications with the legal team about business and strategy. To enable these communications to be regular, GCs are increasingly using social media or global video conferences. In particular, GCs felt that it was important that the legal team be kept abreast of business strategy and the bigger picture, and that lawyers tend to perform and feel better when they have more information about the organisation and are made to feel more involved.

GCs also tend to favour regular team meetings and team building exercises. A common sentiment is that regular team communication and physical meetings are very important for morale and engagement. Many saw regular team meetings as more important than one-to-one meetings with team members. And there was a strong feeling that off-site meetings or team building events are particularly valuable, offering a degree of inclusion, participation and focus that is not otherwise achievable.

Much of this sounds obvious. However, GCs may like to look back to our findings on page 11, which suggest that junior lawyers are rather less enthusiastic than their bosses about regular meetings, strategy updates and the like. They are more likely to value individual feedback and easy access to senior members of the team. And while honesty was not a major concern for either group, significantly more junior lawyers than GCs felt that it was an effective way of improving engagement in the legal team.

“You will inevitably deal with **bright people** that are trained to question things and be cynical to a degree. They like **honesty** and **empathy** and they will **respect** that.”

Good talent management

Training

One trend revealed by our study is that in-house legal teams are taking on more internal responsibility for the training and development of their talent. It is clear that companies now see the value of a well-trained legal department, and that money is being made available for internal training and development programmes. Our survey responses clearly show that internal training is now just as common as training provided by law firms.

This ability to train their own lawyers shows how legal teams have become more independent and self-reliant. We found many instances where GCs have been more than willing to create their own training programmes and tools when they believe there is nothing appropriate available in the market.

One GC has not only devised a training programme using the expertise of his in-house lawyers, but is also offering it to external parties for a nominal fee. This GC has made training a revenue-generating service while increasing the skills of his team.

There has also been an increase in the use of training given by external providers other than law firms, including experts who can deliver leadership, performance, negotiation and presentation skills.

Some GCs emphasise the need for in-house lawyers to increase their business and other soft skills. However, at the moment few GCs give their in-house lawyers financial and accounting skills training. This is an area in which there is likely to be growth, given the increasing number of in-house lawyers who are involved closely in strategic business decisions or leading on transactions.

Training in both legal and non-legal skills is most effective when placed in the context of a meaningful and active career development plan. Training can also be used to support the inclusion in a team member's development plan of skills that may not be pertinent to their current role but which might help them in other jobs or be useful for personal development. These are sometimes non-technical legal skills, such as presentation training. Training may also be needed if a GC decides to motivate someone by giving them responsibility for a project or piece of work outside their core expertise.

GCs are surely right to see training as essential. But our survey shows they attach more relative importance to it than the junior lawyers in their teams. Any training programme should be assessed regularly to make sure it is having as much impact as possible, and GCs should always seek feedback on this from their junior colleagues.

Case study

Experiences outside expertise



Tiago dos Santos Matias

Tiago dos Santos Matias recently joined Portuguese firm PLMJ, having previously been Head of Legal & Tax at Banif Investment Bank.

When motivating team members with little chance of progression, Tiago dos Santos Matias found one of the biggest challenges was to match individual expectations with the bigger picture.

“Everyone has a career path that they would like to follow, but trying to meet those expectations is hard. You have to adapt the way you work to achieve both the individual’s goals and team goals. If you match individual expectations with team expectations then you can have a positive result.”

He has found that the most effective solutions lie in making team members feel valued and aligning their skill sets with what they are good at.

“There is no magic solution to that. Depending on the individual and their triggers or motivators, you take them out of their comfort zone and give them a challenge or task or responsibility to perform.

“I had a situation in the past, where a member of my team was an expert in a particular area, but I knew that their skill set was suited to a totally different area. They had

never done that type of work and were not keen on trying it. Finally I got this person working in the new field, which was private equity, and they actually got really involved. They really started to like private equity because it suited their skill set. I knew that this member of the team was ambitious and I knew that the private equity team was expanding. By matching this skill set I not only got to re-allocate my resources but this person came and told me that it was great for her.

“Eventually this person moved into private equity outside of the company, but I still managed to engage them for four years in a good role that was beneficial to us.”

In helping his team feel appreciated Tiago found that sometimes the solution was about improving interpersonal connections within the company.

“Individuals need to be valued and their work needs to be appreciated. We had a helpdesk, for example. These are the lawyers that deal with the fast questions – they have to be answered in 10 minutes. These guys sit by the phone with a computer and do 100 five minute calls per day answering questions, particularly for the sales team who need quick legal answers. The problem is it isn’t very personal. We installed a web call system where the person asking could see the person that was answering and vice versa. They then recognise the person that is helping them when they need that quick advice. This means that when that person goes around the organisation, people now recognise him and they say hello. He is the most popular lawyer in the team now! It has had a tremendous effect. The person went from zero to everyone knowing him.”



Eventually this person moved into private equity outside of the company, but I still managed to engage them for four years in a good role that was beneficial to us.

Good talent management

‘Apparent movement’ and fluidity

The concept of ‘apparent movement’ was used by one of the GCs we interviewed. He felt that in-house lawyers are much more content if they believe they are achieving continuous career development, even where that development comes through new challenges and opportunities rather than promotion.

Some of the most common talent management solutions put forward by GCs focus on this idea. The provision of training, challenging and varied work, and new opportunities outside an individual’s core expertise are all considered effective ways of engaging talent – although it is worth noting that junior lawyers attach less importance to some of these things than GCs might think (see page 11).

In many cases such developmental tools are not actually moving an individual’s career to the next level even though they may help future progression in a different job.

A number of GCs use this principle to motivate and develop internal talent. Not only are the lawyers acquiring more skills that they can use to benefit the company, but they are also more likely to stay with the company for longer if they have frequent changes in work type or geography. (Some GCs say they have also incorporated team members into pro bono activities with useful results.)

Another concept that has currency with GCs is that of ‘fluidity’ around the business. The more in-house lawyers can move around the business – either to other functions, into the business itself or into roles where they can work closely with business colleagues – the more likely they are to be engaged.

This can go as far as creating opportunities in the business and encouraging lateral moves. Although this runs the risk of losing top talent, GCs accept that it is not possible to keep everyone. As one GC said: “The people that we hire are naturally ambitious and that is part of why we select them. What I have to do is develop them and convince them that they don’t have to look elsewhere for career fulfilment because there is opportunity here for them.”

“The people that we hire are naturally **ambitious** and that is part of why we select them. What I have to do is **develop** them and convince them that they don’t have to look elsewhere for career **fulfilment** because there is **opportunity** here for them.”



Case study

Changing team structure



Jos Sclater

Jos Sclater joined FTSE 100 engineering company GKN as GC in 2012 and now leads its Legal, IP and Compliance functions.

In terms of talent engagement and development Jos worries about two things when it comes to his team of 18 lawyers: "How to recruit the best, and then how to promote the best within a fairly flat, and relatively small function. We do not recruit anyone who is simply [run of the mill], we want genuine world class lawyers. That drives through to what we do in practice."

When Jos joined GKN he found that the flat structure meant that no one had management opportunities. "It led to a position of lawyers looking internally or externally for other roles, but finding that they had no experience of management and so could not progress. I actually like flat structures to reduce reporting lines, but they do not help create management skills, so we consciously changed this. I had 17 reports when I joined, and now this has been cut down to four. This is a development opportunity for the lawyers that now have reports I used to have."

Jos addressed this by creating divisional teams around individuals in the newly created role of Divisional GC. He also retained the functional reporting lines to ensure good governance and to enable the function to continue to flex its resource when necessary and to allocate work as efficiently as possible.

"I made the switch because I felt the lawyers were not involved enough in the business. It was really obvious from the day I arrived that the legal team was treated too much as a service provider. I wanted lawyers at the front end to help shape the business strategy with the aim of ultimately getting them to be part of the management team of the divisions. This has happened now, not because I forced it, but because they were asked to join it."

In terms of talent management and engagement, every person in the legal team has a detailed operational plan showing their strengths and weaknesses, previous experience, development points, needs and overall succession plan for the key roles.

"We talk them through their plan and explain the areas they need to work on. We help them fill in the gaps in terms of knowledge, experience – maybe work abroad or a new role – and interpersonal attributes, such as courage or risk aversion."



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Good talent management

Career development plans and performance appraisals

Most GCs accept that career development plans are an essential tool to manage talent. They have various views of what these plans should cover and how they should be implemented, but most agree that such plans should be dynamic and focus on constant and varied development.

The following list covers the main elements that our GCs thought important in effective appraisal programmes for in-house lawyers.

- Full career development plans that run over one, three or five years.
- Talent review meetings every six months to check that individuals are developing and to discuss whether goals need to change, or one-to-one meetings with a line manager at fixed points throughout the year.
- Unscheduled, informal review sessions throughout the year.
- 360-degree feedback from legal and business colleagues that feeds into appraisal meetings.
- A general focus on the development of skills rather than the fulfilment of a narrowly defined role.
- Acceptance that a plan might include the option of not continuing to work at the same company.
- The aim of directly involving individuals in quality legal work.
- The alignment of individual objectives to team and business goals.
- The use of development plans to get lawyers closer to the business.
- Scope for individuals to create their own opportunities and take control of their own careers.
- Mechanisms to identify the top performers and invest in them in a more targeted way.

Some GCs favoured the SMART system where progress is tracked, the end of year performance appraisal is carried out by both legal and business managers, and performance is rated on a curved scale.

Our survey suggests that an easy but often underused way of motivating team members is to show them the value of their work and its influence and impact on the business. An appraisal may be a good vehicle for this.

An easy but often underused way of **motivating** team members is to show them the value of their work and its **influence** and **impact** on the business.

Case study

Feedback



Ian Leedham

Ian Leedham was until recently Senior Counsel at National Grid, the international electricity and gas company that, among other things, owns and operates the gas transmission infrastructure and the electricity transmission network in much of the UK.

During his time at National Grid, Ian Leedham found that the best way to manage his Commercial and Disputes, Compliance Team was to try to identify what was important to each individual. Encouraging them to ask themselves tough questions about their aspirations created an opportunity to provide feedback and have an open and honest discussion of their objectives and future development.

"You can't move everybody up and not everyone wants to be a GC or are equipped to be GC, but you can motivate and retain people more by taking the time to identify and understand what is important to each of those talented individuals and enabling opportunities and giving them exposure where you can. I always try to encourage the people within my team to take time to ask themselves the questions 'where am I going to go?', 'what am I going to do?' and 'what are my developmental needs?' Shining a light on yourself can sometimes be quite difficult but it's important because development is a two-way exchange."

As well as encouraging employees to take a rounded view of their performance and aspirations, a GC needs an appropriate appraisal system through which to provide feedback on their progress. Ian found that there was no magic formula for this, apart from taking the time to understand a person and their aspirations, and being honest about the opportunities available to them. He believes an appraisal system should produce a good conversation and dialogue, based on time spent by both GC and employee in preparation.

"I don't think there's any perfect appraisal system, each one will present its own difficulties. Lawyers are naturally competitive, they had to get good grades to get places at university and training contracts. It is certainly not a bad thing to have a driven and self-motivated team, but trying to force an appraisal system without a meaningful discussion across a set of high performers is extremely difficult

and you do not want to demotivate anyone. Differentiation is always tough, but we all have new skills to learn and it is good to draw that out together."

Ian also found that the competitive nature of lawyers and their need to be challenged can be met by helping them to feel that they are contributing to the business, and that this should also be a part of the feedback process.

"I think the real value in a performance system is driving honest conversations about what's working and what isn't, exploring the reasons, reminding them of the value they bring to the team and business, and looking for opportunities for them and the business to make greater use of their talents. An appraisal system should always seek to provide an appropriate platform for those discussions and not enable people to avoid engagement and feedback."



I always try to encourage the people within my team to take time to ask themselves the questions 'where am I going to go?', 'what am I going to do?' and 'what are my developmental needs?'

Case study

Autonomy and empowerment



Max Hübner

Max Hübner is Director Corporate Legal and Tax at PGGM, which manages €180 billion of assets for pension funds, as well as providing supplementary services for more than 678,000 members.

Max Hübner oversees most of PGGM's legal and tax issues. Prior to his role at PGGM, Max held numerous positions, including some with the Dutch government where he worked on legal matters in the fields of law enforcement, governance, environment, housing and spatial planning.

At PGGM Max was tasked with changing legal services, not only through structures and procedures but also, more importantly, through skills and behaviour.

"At that point I was just wondering how I could get the profound change that was needed. I left all my luggage, my knowledge about process and formal ways of doing things, behind and decided to be brave. In the first place it was almost a gamble, or a way of proving to myself that I could guide a team without copying what was written in the management manuals.



"One of my counsel in her development meeting said she wanted my chair in five years' time! That is great because she is driven, so I said that she needs to plan to make that happen with real and practical steps."

"I had three flip charts, boards with information on them. One was 'people', a second was 'style of work', and a third was 'organisation'. That was the formal component of it. Then I asked the legal counsel to come see me one by one, I asked them how they thought about these things. What was their belief, their value, their style of work, how did they fit in with the organisation yet to be designed?

"Within that I set individual targets and collective targets. So I found out that too much time was spent on structured meetings in some legal fields or skills. Some people have a very independent work style and their job is very particular to their own skill set, so I do not see the point in making them sit through a structured meeting. Others need to form a small team and meet more regularly, because they are working on a process that requires a very close understanding of each other's roles."

PGGM now has a total of 50 lawyers, and Max finds that the biggest challenge is continuing to align individual goals to engage individuals in a way that will have broader benefits.

"First of all is to keep them satisfied. Legal talent is really eager, they hardly ever listen to conventional wisdom. Developing their knowledge and skills is important but they need to have a reason to develop. They don't want to study new topics in legal practice for the sake of it, there must be a purpose.

"I ask every team member to have a clear five-year plan that is truly ambitious and then have to have achievable steps to accomplish it. They start to worry then, because they have to be practical. If they have an ambition that is good, but they also need to make sure that they then have steps to get there. One of my counsel in her development meeting said she wanted my chair in five years' time! That is great because she is driven, so I said that she needs to plan to make that happen with real and practical steps."

Good talent management

Generation Y?

As the previous pages have shown, the junior members of a team may have quite different ideas from GCs on the best ways of promoting engagement. What might a concerned GC do about this? Here we look at some of the areas where there is the most obvious difference between GCs and their teams.

Strong leadership

We were surprised to see the difference in the emphasis that junior lawyers and GCs placed on this. It is clear that some GCs are not fully aware of how much their teams value strong leadership (or, possibly, are uncertain about how to deliver it). The criteria we have used for gauging leadership in our talent management development plan were provided by GCs (see page 24). But it is worth thinking about what they would be if drafted by the more junior members of the team. Some GCs may simply need to be more visible in their departments.

Feedback

Some GCs may have forgotten how important feedback can be to people lower down the organisational ladder. The good news is that it's easy, cheap and effective. A few GCs may avoid it because it can lead to difficult conversations about career development, rewards etc. But as noted above, such conversations are usually worth having.

Flexible working

This is a big deal for many junior lawyers, particularly those with long commutes or complex family commitments. Any GC who is against the idea of flexible working can think of reasons why it wouldn't work in their particular company or department. But, in fact, when it's tried it usually works, especially if care is taken to establish a system that will satisfy both the company and the individual. While that may require a degree of compromise on both sides, flexible working is potentially a strong way for GCs to make work a more attractive proposition for their teams.

Change in structure to allow career progression

Many junior lawyers clearly feel 'blocked' by the structure of their teams. We have already touched on the opportunities GCs may have to modify structures in order to improve engagement. But it is also important that GCs are open with their teams about what is possible and what is not. Not everyone can make it to the top, and the modification of a structure will not necessarily benefit a particular individual. However, if team members can see that a GCs is working to achieve a better structure, that in itself may improve engagement.





Conclusion

Ten top tips for talent management

1. Assess your current position and make plans to improve it

You may wish to use a formal approach (like our talent management plan overleaf), or alternatively talk less formally to colleagues – both senior and junior – to gauge what might be done.

2. Demonstrate strong leadership

GCs need to be able to show leadership, which may mean having a more personal relationship with the team or a more hands-on approach to communication, while taking a laissez-faire attitude to management that empowers others within the function.

3. Be aware of personal and generational differences

Not everyone wants the same things. As noted earlier in this report, there are distinct differences between GCs and their junior colleagues in some areas. But it is worth remembering that junior lawyers are individuals too, with different personalities that will respond to initiatives in different ways. Good bosses get to know and understand their teams.

4. Be transparent

Honesty can be a powerful weapon. Some GCs underestimate its importance. In this context, it primarily means being open about career opportunities.

5. Don't be too concerned with retention

Most GCs seem wisely to accept a degree of turnover among their staff as a fact of life. It is better to recruit well and develop staff while they are with you than to struggle to retain people who naturally want to move on.

6. Use structured career plans imaginatively

Most in-house legal departments now use these, with an increasing emphasis on giving talented lawyers more autonomy and empowerment and, in many cases, on getting them to work more closely with commercial colleagues.

7. Experiment with function structure

Modifications to legal department structure can be used to create satisfying new opportunities for staff. Junior lawyers are strongly in favour of changes that facilitate career progression.

8. Try 'apparent movement'

You may be able to offer the benefits of continuous career development through new challenges, opportunities and varied work rather than through promotion.

9. Use non-legal staff where possible

If you are able to free your lawyers to do more interesting and rewarding work by recruiting non-legal staff to carry out some of their more mundane tasks, then do so.

10. Be flexible

Even if you are fortunate enough to have a happy, engaged and well-motivated team, you will always have to respond to change, wherever it comes from. Make sure you evaluate your situation regularly, and react quickly and decisively to new developments.

Talent management development plan

All GCs should have a talent management development plan. Here we offer a template for this, covering four of the areas dealt with in this report. GCs may want to create similar 'report cards' for other areas.

Strong leadership

Most general counsel say they know they are leading when they:

- Spend most of their time communicating with all their stakeholders
- Set strategy for the function and have input into strategy for the business
- Spend 50% of their time with c-suite colleagues
- Manage direct reports (no more than four) but do not get involved in the day-to-day running of the legal function

Use the following questions to assess your current state.

- On a scale of 1-5, how strong a leader do you think you are?
- What rating would your c-suite colleagues give you?
- What rating would your team give you?
- To what extent do you delegate to your immediate reports?
- What do you spend most of your time doing: communicating, advising your board, pre-empting problems, setting strategy, troubleshooting or lawyering?

Actions

What do you need to change in order to get closer to the success criteria?

Timing

When will you implement your actions and know you have achieved your objective?

Empowerment

Most general counsel say they know they are empowering when they:

- Have a mixed suite of training providers across different disciplines
- Are supported by the business to provide training
- Have regular career progression discussions with team members
- Have allowed team members to take responsibility for their careers
- Have enabled the Generation Y members of the team to contribute to the function

Use the following questions to assess your current state.

- On a scale of 1-5, how would you rate the training your team receives?
- Do you rely on outside law firms alone to deliver the training?
- Does the business support any training you would like to give the in-house function?
- To what degree does your team take responsibility for their career development?
- Do you know what Generation Y wants?

Actions

What do you need to change in order to get closer to the success criteria?

Timing

When will you implement your actions and know you have achieved your objective?

Transparency

Most general counsel say they know they are transparent when they:

- Have a number of difficult conversations with team members every year
- Make recruitment and development more important than retention

Use the following questions to assess your current state.

- What would you consider your most important talent management activity: recruitment, development or retention?
- Have you ever had a difficult conversation with a competent lawyer about their lack of forward progression in the function?
- How would you rate your 'honesty' in the workplace around difficult issues?

Actions

What do you need to change in order to get closer to the success criteria?

Timing

When will you implement your actions and know you have achieved your objective?

Appropriate structure

Most general counsel say they can create 'apparent movement' through:

- Changing function structure, either genuinely or artificially to create management tiers and revolve project management capacities
- Keeping their team close to the business and encouraging them to move into the business
- Utilising their lawyers for appropriate tasks

Use the following questions to assess your current state.

- Have you ever changed or experimented with changing your function structure?
- How close would you say your lawyers are to the business on a scale of 1-5?
- Do you encourage lawyers to move into the business or take on other roles in the function?
- Do you revolve project management responsibility to different team members?
- How highly would you rate your use of non-lawyers in your team on a scale of 1-5?

Actions

What do you need to change in order to get closer to the success criteria?

Timing

When will you implement your actions and know you have achieved your objective?

Research methodology

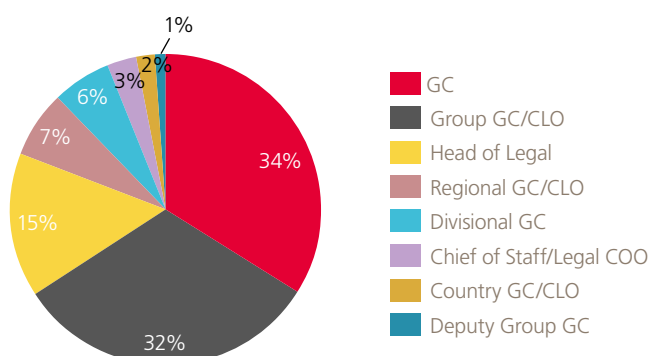
Our study of talent engagement in legal departments rests on three pieces of research: a quantitative survey of 100 senior in-house respondents; a follow-up survey of 79 more junior lawyers in 16 of the departments managed by a sample of those senior lawyers; and a qualitative series of interviews with 12 GCs on the subject of talent management.

Surveys and interviews were carried out by an independent research company, RSG Consulting.

Over half our respondents were drawn from FTSE 350 or FTSEurofirst 300 companies. A further 7% represent Fortune 500 companies. Three large not-for-profit organisations were also included. A wide range of sectors was covered.

The respondents in our main survey were usually the most senior lawyer in the department. Over 80% had general counsel, chief legal officer or head of legal as a job title. In all cases, the survey was completed by a leader or senior manager.

Respondent role







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