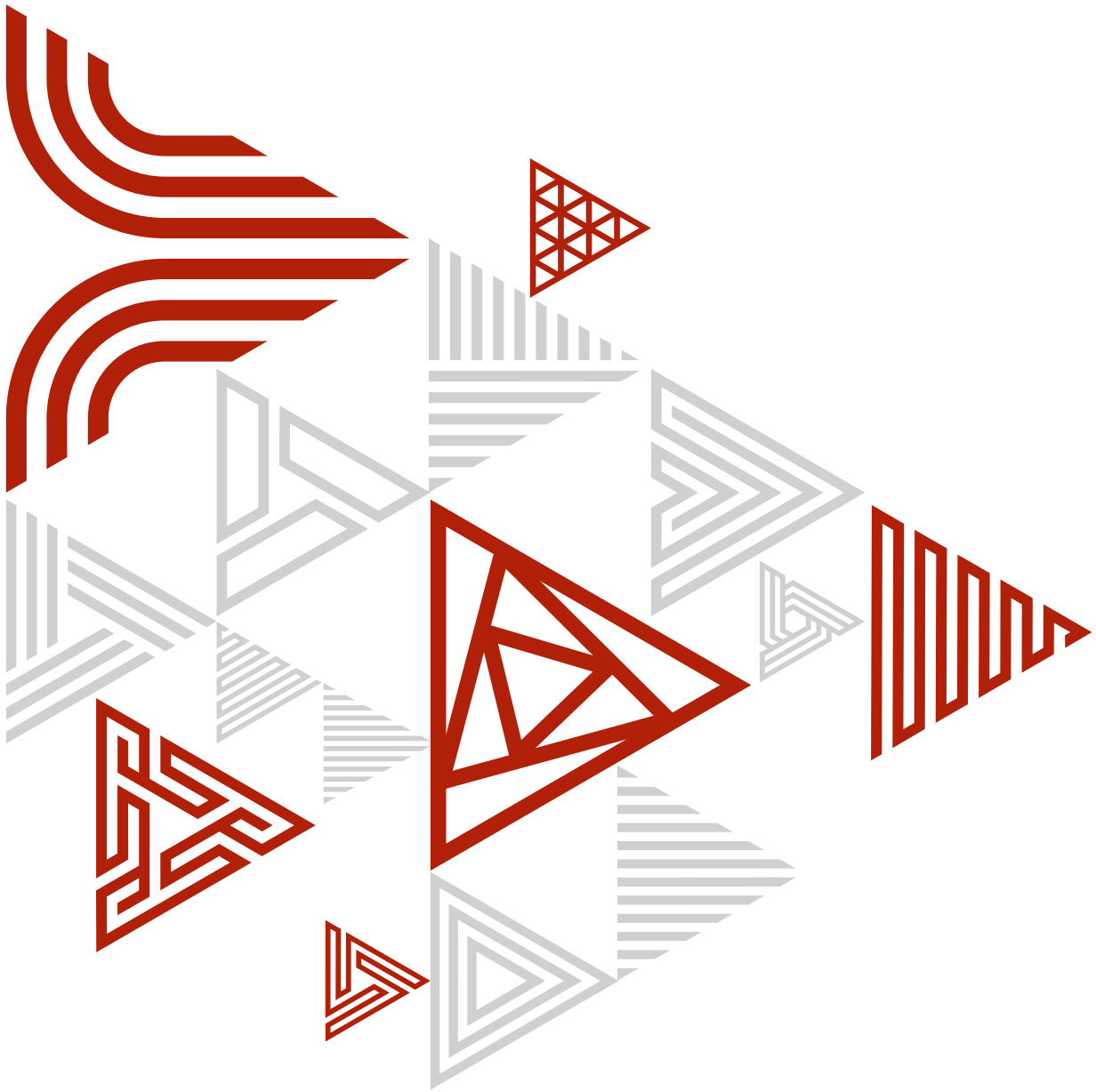

ALLEN & OVERY

An innovation playbook for the 'future-fit' legal function

10 lessons from in-house leaders

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Introduction

Allen & Overy's Playbook for the 'future-fit' legal function

Ask anybody involved in either procuring or delivering legal services about the current health of the marketplace, and it is likely they will describe an immense pressure to innovate and adapt on all sides.

John Ho, Head of Legal, Financial Markets at global bank Standard Chartered, summarises the stark realities for today's in-house legal team: "If we don't adapt, and if we don't change or stay ahead of the curve, I think it would be very difficult for us to stay relevant in the current position we are in."

Introduction

The consensus is that the legal sector is transforming at a faster rate today than at any time in living memory. But what does this sense of sweeping change mean in practice? Both clients and suppliers of legal services find themselves facing new opportunities and threats. The emergence of new technologies, for example, opens up new ways of working and innovative approaches to solving legal problems. This in turn fuels demand for new collaborations between in-house legal teams, traditional law firms, technology providers and other market disruptors.

The in-house counsel of today needs to keep one eye on present challenges and one eye on the changes that will make their function resilient, agile and 'future-fit'

Even in the six years since Allen & Overy published ***Unbundling a market*** – our last major market survey of legal service innovation – the rate of adoption of new legal delivery models has grown exponentially. That previous survey found that legal innovation was mainly focused on task disaggregation and alternative resourcing models. Legal technology was not a major focus for in-house teams.

A lot has changed in six years. At a time when in-house legal functions are now faced with more choice of external partners, and have demonstrated greater willingness to embrace innovation, they have also had to introduce radical efficiencies in legal workflow management in response to commercial and financial pressures from their internal business stakeholders.

This narrative of change is commonly accepted. What is less clear is exactly how leaders of in-house legal functions have been able to navigate through this new ecosystem, while also managing an increasingly complex set of business-as-usual legal demands. The in-house counsel of today needs to keep one eye on present challenges and one eye on the changes that will make their function resilient, agile and 'future-fit'.

Imagine then a playbook that offers practical guidance on how in-house legal functions have successfully embraced innovation and transformation. That was the starting point for Allen & Overy's research series. We wanted to tease out lessons that could be learned from in-house leaders with interesting stories to tell.

As part of this research, 35 leaders of in-house legal functions at different types of organisations across the world were interviewed about their approach to innovation. In this playbook, we condense their experience into 10 essential lessons that in-house leaders can share with their peers about managing the 'future-fit' legal function.

This playbook can be read in conjunction with Allen & Overy's exploration of changes in the in-house legal services market: ***The Future of the in-house legal function***.

Read Allen & Overy's perspective on how the in-house legal function should respond to the forces transforming its traditional operating model

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Contributors

Allen & Overy would like to thank all 35 in-house leaders, many of them general counsel and heads of legal innovation and operations, who generously shared their time and insights to make this playbook possible. Among these 35 interviewees, the following people* were happy to be identified as research participants:

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Case study: Mapping out the innovation vision and priorities at Citi ▶

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Case study: Reimagining the role and purpose of the legal function at Accenture ▶

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Lesson 8: Build a credible use case for technology investment to secure investment and adoption ▶

*This page and page six give the organisation name and role descriptions of the participants at the time of the interviews. Certain individuals have since changed organisation or role.

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Executive summary: In-house legal functions are building more diverse teams, structures and capabilities ▶

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Lesson 1: Align your legal innovation priorities with enterprise goals ▶

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Lesson 5: Adopt the disruptor's mindset to face brave decisions head-on ▶

Executive Summary

In-house legal functions aspire to be ‘future-fit’

Our research reveals a step change is underway in how in-house legal functions view their role and purpose. They are preparing for a future that looks very different from their focus and activity today. To become ‘future-fit’, they are embracing technology and new service delivery models in growing numbers, and are championing an innovation agenda to manage legal workflows more effectively.

> From a legal, technical perspective our lawyers are very good, so we are looking at ways to harness that quality to serve the company's strategic objectives more effectively
>
> **Eric O'Donnell**
> Head of Legal Operations at Total

Some in-house legal functions have already made giant leaps forward. They are undertaking a complete reimagining of what it means to manage in-house legal resources so as to foster radical change within their organisations.

However, our research finds that most in-house functions are at the beginning of the innovation curve, focusing their attention on strategic planning and capability building.

Few have yet implemented transformative innovation across the entire legal function.

One of the interviewees, a managing director and regional co-general counsel at a global financial services firm, typifies the pragmatic approach being taken by many in-house leaders. They say their guiding principle is incremental improvement: "At the moment our focus is on incremental change. We are chipping away at the areas where we know we can achieve some quick or easy wins."

In response to shifting expectations from customers, regulators and business colleagues, leaders of in-house legal functions across the globe are aligning themselves and their functional teams more closely with corporate goals.

Eric O'Donnell, Head of Legal Operations at Total, believes now is the right moment for reinvention. "Our aspiration is to reduce pressure on our lawyers by helping them to work smarter and to become better at responding to business need," he says. "From a legal, technical perspective our lawyers are very good, so we are looking at ways to harness that quality to serve the company's strategic objectives more effectively."

Many different lessons can be drawn from across these 35 interviews with senior leaders of in-house legal functions. The diversity of viewpoints and experiences suggests there is no single roadmap for change that will work for all organisations. We encountered different stages of maturity, diverse priorities, and varying levels of resources available to invest in innovation.

What unifies these disparate in-house leaders, however, is their desire to put innovation – whether incremental or radical – front and centre in their thinking about the 'future-fit' legal function.

When taken collectively, the experience of these 35 interviewees highlights five important areas where in-house legal functions focus their innovation effort (see page 9, *The journey to becoming a 'future-fit' in-house legal function*).

The journey to becoming a ‘future-fit’ in-house legal function

Source: Analysis by Allen & Overy and Meridian West

In-house legal functions are rethinking their vision, strategy and purpose

This is an exciting time to lead an in-house legal team. The leaders interviewed are not shying away from asking fundamental questions about the relationship between their function and the wider business.

For example, they are rethinking how the legal function can best support business colleagues to achieve enterprise-wide goals, and are looking to other corporate functions for guidance on how to become strategic business partners. In turn, this is shifting how the legal function is viewed by colleagues from being a cost centre to a business enabler.

Sabine Chalmers, Group General Counsel at BT, argues that it is important to go back to basics to challenge assumptions about what a legal function can and should do, and how it adds strategic value. “It is healthy to start with the assumption that your business doesn’t need a legal team at all. Work up from that starting point to clearly define your vision and strategy for the function. That really focuses your approach,” she says.

Like Sabine, many of the other leaders who were interviewed are searching for an appropriate balance of top-down planning and bottom-up ideas capture, and are documenting their vision and priorities in innovation strategy.

Our research finds that leaders of legal functions are:

Aligning their legal innovation priorities with enterprise goals
Lesson 1 ▶

Dividing their transformation vision into short-term and long-term horizons
Lesson 2 ▶

Creating a clear innovation roadmap, but are prepared to deviate from the path
Lesson 3 ▶

In-house legal functions are building more diverse teams, structures and capabilities

Shifting the purpose and priorities of the in-house legal function also requires a change in the skills and capabilities within the team or in how the team is structured. There has been a clear move to recruit team members with a wider variety of skills and experiences to complement core legal capabilities and encourage greater experimentation.

Many large in-house legal functions, for example, now have dedicated personnel responsible for managing legal operations, overseeing innovation initiatives and fostering a shift in mindset to a ‘learning from failure’ mentality.

One such area of increased capability development is risk management. As Jonathan Pedersen, a senior counsel at Credit Suisse, points out, a greater focus on risk management helps to reposition the legal function as a future-looking steward of legal risk.

“We want to be able to identify trends early, to measure and track the right indicators so that we can be ahead of things,” he says. “This means being able to manage risk proactively, rather than being seen as lagging behind the business, simply there to tidy up afterwards. This requires a transformation in the way we work, supported by the right team, process and capabilities.”

Our research finds that leaders of legal functions are:

Diversifying their teams to foster innovation capabilities at all levels
Lesson 4 ▶

Adopting a disruptor’s mindset to face brave decisions head-on
Lesson 5 ▶

In-house legal functions are driving efficiency by redesigning legal processes supported by technology and data

As they enhance and diversify the capabilities within their function, in-house leaders look to simplify and rationalise legal processes to drive greater efficiency. With the legal technology landscape continuing to evolve, in-house leaders are looking to harness opportunities presented by technology and data analytics to solve legal problems in new ways. Examples of technologies being used to drive efficiency include contract lifecycle management tools, e-billing, document repositories and legal risk management tools.

Yet our research also finds in-house leaders are overwhelmed by the proliferation of technologies in development, and often struggle to gain traction among their colleagues for new or untested approaches.

One interviewee says that a top priority for them is smarter data integration, bringing together multiple information sources to provide greater legal insights. In choosing to focus on this area, they see an opportunity to have greatest transformative impact with limited resources.

"Legal technology is one thing in a law firm where it's core to the business, and it's another thing in big institutions like ours where we are a small team compared with the organisation's total headcount," says this particular interviewee. "It is important, therefore, that we focus efforts on adopting a small number of game-changing technologies than to always chase after the newest technology."

Our research finds that leaders of legal functions are:

Analysing current activity to diagnose the most frequent pain points
Lesson 6 ▶

Focusing efforts on process standardisation to create real efficiency gains
Lesson 7 ▶

Building a credible use case for technology investment to secure investment and adoption
Lesson 8 ▶

Working with advisers and suppliers in new ways

The proliferation of legal technologies and alternative legal service providers – both owned by and operating independently of law firms – offers more choice to in-house leaders than ever before about how they address their legal needs. More in-house leaders are willing to use a broader range of legal service delivery models than ever before, including contract lawyers and project-based outsourcing, with significant levels of adoption of these models reported at present. This is accelerating the trend of disaggregation and unbundling of work types first highlighted in our previous report ***Unbundling a market***.

But this changing legal ecosystem poses a dilemma: how can buyers of legal services get more from their trusted law firm relationships while also capturing the benefits of the emerging legal technology ecosystem? How do they build up their knowledge of procuring alternative legal services to the same level as their knowledge of procuring services from law firms? To answer these questions, in-house leaders are rethinking their relationships with external suppliers.

A small minority at the vanguard have begun to create panels for alternative legal providers and legal technologies alongside their law firm panels.

Lena Almefelt, General Counsel at private equity group EQT, believes that efficiency in the resourcing model should be the top priority when operating a lean internal function and working with external legal service providers.

"Efficiency means we don't require everything from our legal providers to be tailor-made for us. Often the baseline is good enough when it comes to managing our transactions successfully. This means we will rely on a mix of legal providers to address our specific needs on any given transaction. Why would we want to pay a lot of money to have law firms run around in circles trying to please us unnecessarily?"

Our research finds that leaders of in-house functions are:

Harnessing the know-how of external partners to accelerate progress
Lesson 9 ▶

Piloting new approaches to achieve high-impact innovation

Some of the in-house leaders interviewed for this playbook describe taking bold decisions about the future of their legal function. They are determined to work smarter and achieve significant increases in efficiency and impact, with demonstrable return on investment.

This radical intent is often tempered with pragmatism as they recognise the need to embed long-term, sustainable change.

To address this challenge, in-house leaders encourage piloting and safe experimentation of new approaches to assess what works for their needs, and what does not. This is coupled with a focus on easy wins that will convince sceptics of the need to change and embrace new ways of working.

As one general counsel observes, “Implementing innovation and technological change really takes a lot of commitment, because it is not just as simple as buying software and getting people on your team to download the application. You’ve actually got to drive behavioural change as well, and that doesn’t happen overnight.”

Our research finds that leaders of in-house functions are:

Piloting new approaches to prove quick wins and convince sceptics

Lesson 10 ▶

Lesson 1

Align your legal innovation priorities with enterprise goals

Transformation of the legal function does not happen overnight, but interviewees say their transformation efforts are made easier if they are attuned to how the wider business is also transforming around them. Successful legal innovation is not a self-serving exercise for the benefit of in-house lawyers alone. It should start with a clear understanding of how the in-house function can support the business to be more effective at delivering enterprise-wide goals.

At Royal Bank of Scotland, for example, the organisation is on a journey towards greater automation, process simplification and implementation of efficiencies that will improve the experience for its customers.

Kenny Robertson, Head of Outsourcing, Technology & IP Legal at the bank, explains how the legal function supports that strategic imperative. “Our job in the legal function is to allow innovation to happen – and ideally to flourish – in a way that supports the bank’s objectives,” he says. “We need to strike the right balance between helping the bank to work at speed to gain first mover advantage, while also protecting the bank’s risk profile.”

Traditionally, in-house legal functions were viewed as high cost and low agility, and reactive in their approach to risk management. The leaders interviewed for this playbook are changing that. They are reshaping their function into a higher agility and lower cost centre that is much more proactive at managing risk.

Among the many corporate goals these leaders address, the most commonly cited are the need to get deals completed quickly, the rapid digitisation of their organisation’s business model, and in highly regulated sectors –

> Our job in the legal function is to allow innovation to happen – and ideally to flourish – in a way that supports the bank’s objectives
>
> **Kenny Robertson**
> Head of Outsourcing, Technology & IP Legal, Royal Bank of Scotland

such as financial services or pharmaceuticals – responding to increased pressure from regulators to provide better risk analytics. In each of these examples, the legal function has a core role to play in helping the business maintain its competitive edge.

When deciding where to prioritise innovation efforts within the legal function, it is essential, therefore, to think critically about how innovation priorities will advance corporate goals, and to which parts of the business innovations will add value beyond the immediate needs of the legal function. In many cases, this will result in the areas of the business being asked to fund innovations being the same ones that will directly benefit most, an important consideration for gaining buy-in to change.

In many cases, in-house leaders also say that they prioritise initiatives that empower business colleagues to self serve more effectively. This provides greater opportunities for in-house lawyers to take on a more interesting and meaningful role in the future.

Case study. Reimagining the role and purpose of the legal function at Accenture

Chad Jerdee

General Counsel & Chief Compliance Officer at Accenture

From 2015-2019, Chad Jerdee was General Counsel and Chief Compliance Officer at Accenture.* For more than 20 years, he had been at the forefront of leading the growth and development of the legal function within the business and his team supported business colleagues with a range of legal services from routine commercial contracting to ad hoc, strategic projects.

Yet as Accenture's business grew rapidly – the company generated revenues of more than USD43 billion in 2019, a near twofold increase compared with a decade previously – its legal function initially struggled to meet the rising demand and expectations of business colleagues. "About ten years ago we took a detailed look at the feedback we were receiving from internal colleagues," says Chad. "The results showed frustrations with inconsistent decision-making and dissatisfaction with the time it took to close work. As a result, the legal function was viewed as a drag on the business rather than a catalyst for growth."

Chad knew he needed to turn that perception on its head. This meant the legal function had to be much more closely aligned with Accenture's growth aspirations. "We needed to motivate people to understand why their work is important," Chad says. "We started from the principle that the job of the legal function is fun because it is our job to help the business thrive, and that should be enjoyable." Chad's efforts at reimagining how the legal function operates started by redefining its role and purpose in line with Accenture's corporate goals.

To achieve his vision for a more aligned legal function, Chad had to make changes to how the legal function itself was organised. "We gave careful thought to the optimum structure for the legal team, and how work would need to be allocated between different levels of resource. We organised the legal group around core skills that were essential to Accenture's business, and from there developed global centres of excellence specialising in specific types of work. That allowed us to create a global and regional pyramid of resources to give clarity on how our team supported the work of business colleagues."

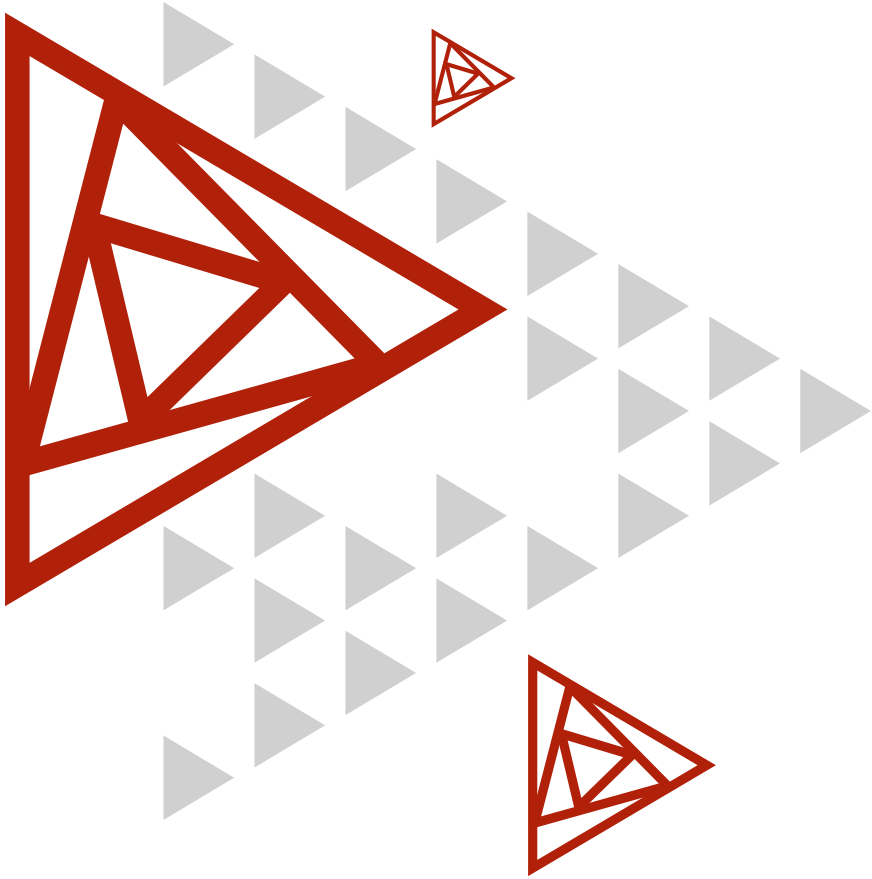
This change was supported by the development of workflow management tools that would help colleagues within Accenture to understand how to get the most from the legal resources available to them. "We created an online portal that allows people in the business who have a legal need to get assigned to the right level of resource for the need that they have," says Chad.

What was the outcome of this transformation for Accenture? "Our internal client feedback was much more positive," says Chad. "We were able to improve our employer value proposition as a legal team and provide better career opportunities for our lawyers. People want to work with us because we give them the opportunity to grow their skills and to pivot their focus in line with Accenture's changing business priorities."

*Chad Jerdee was appointed Global Lead, Responsible Business, Corporate Sustainability & Citizenship at Accenture in September 2019.

Lesson 2

Divide your transformation vision into short-term and long-term horizons



"Trial and error is the strategy of the moment," says Stefan Brügmann, General Counsel for German bank Helaba. He throws down the gauntlet to in-house legal functions to be braver at stepping outside of their comfort zone.

"I would encourage general counsel to go out and experiment," he says. "Don't wait for the perfect solution to come around because there might never be a perfect solution. If we don't start somewhere, change will happen elsewhere and it might be too late for us."

This sense of urgency conveyed by Stefan is shared by many of the legal leaders interviewed. They realise now is an opportune moment to kick-start innovation initiatives proactively before they are forced to do so out of necessity. They recognise that the legal function is not immune to the same commercial pressures facing the rest of their business. They know that the lack of a perfect solution should not deter their efforts to innovate.

However, having the aspiration to lead a ‘future-fit’ legal function is only a starting point. For legal innovation to gain real traction it needs to be articulated through both a shared long-term vision and achievable short-term goals.

Getting the right balance between these time horizons is crucial: legal teams need to be motivated to strive for big goals, but also need visibility of a clear pathway to achieving innovation priorities. Short-term gains can build the momentum required to achieve longer-term goals.

The interviewees also highlight the importance of balancing a top-down strategy (having a clearly articulated and centrally agreed target operating model for the legal function of the future, for example) with bottom-up experimentation (such as the ability for individuals and teams to feed ideas into that strategy). Although this balance will be calibrated differently within each organisation, interviewees point to the need to have a clear, shared innovation direction while at the same time being receptive to the individual needs of different teams or divisions, each with their own innovation priorities.

Case study. Mapping out the innovation vision and priorities at Citi

Nitin Batra

Managing Director and Global Chief Operating Officer, Legal at Citi

Nitin Batra is Managing Director and Global Chief Operating Officer, Legal at Citi, a multinational investment bank. Like many of its peers in the financial services sector, Citi’s legal function has had to respond to external regulatory pressures to innovate. “Our external regulators expect improved quality, reliability and agility from the bank,” he says. “They want to see better analytics about our portfolio and deeper insights into our risk management. The legal function has a key role to play in supporting the institution’s work to meet those rising expectations.”

Pressure also comes from meeting the rising expectations of internal colleagues and customers. “In an industry where margins are thin, Citi’s ability to deliver top-tier customer experience and speed to market will differentiate us versus our peers,” says Nitin. Again, he believes the legal function has a key role to play in supporting those strategic aims.

For Nitin’s team, this means working smarter, not harder. He does this by implementing a clear series of innovation priorities, both short and long term. “We have to balance these two time horizons: it is important to build momentum and excitement and to show what we have achieved through some quick wins. Although the short-term gains are important, we cannot take our attention away from the long-term goal.”

In practice, this means translating a vision for the bank’s future legal function – in Citi’s parlance, ‘being the best’ – into clear and practical changes that the function can take responsibility for today. “The approach here within Citi is that the legal function owns not only their innovation approach, they also own the outcome, the agenda and the budget related to it. We have to get buy-in to this innovation vision across the organisation and within the team, because without that buy-in we would fail.”

Is Nitin optimistic about the future? “Yes, absolutely,” he says. “I think this is the most exciting time to be in this profession. It is a dream to be in this industry for anybody who likes to innovate, to drive change and deliver effective and efficient solutions.”

> The approach here within Citi is that the legal function owns not only their innovation approach, they also own the outcome, the agenda and the budget related to it

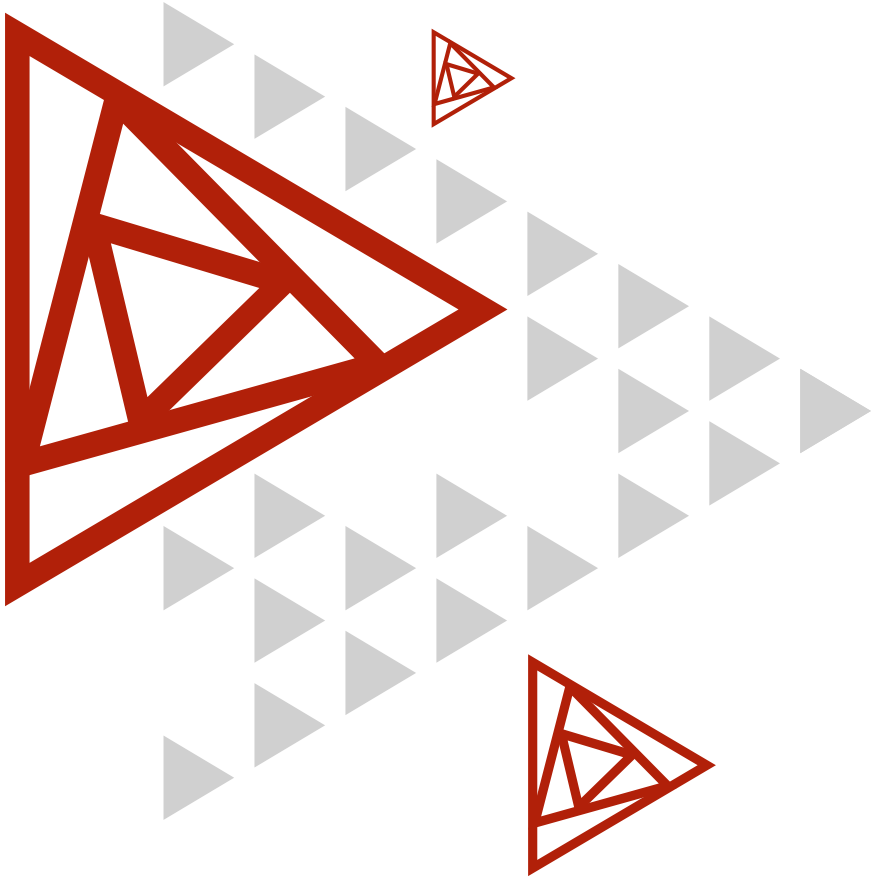
Lesson 3

Create a clear innovation roadmap, but be prepared to deviate from the path

In-house legal leaders cite examples of innovation techniques utilised across other industry sectors – such as idea crowdsourcing, rapid prototyping, and innovation sprints – as examples of techniques to replicate within their own function.

These innovation techniques are founded on the belief that innovation needs to be grounded in clear evidence of what works and what delivers results. Ideas are sourced and then quickly evaluated, trialled and scaled-up. If they are not successful, lessons are learned and applied to the next wave of innovation ideas.

These techniques speak to an important truth about the challenges of legal innovation. To be successful requires a sense of purpose and a plan, but it is also important to know when to deviate from this roadmap if ideas do not deliver the results intended, or when circumstances change such as the development of a new technology. The need to be adaptable is voiced loudly by the in-house leaders who were interviewed for this playbook. They identify flexibility, and a 'fail fast' mentality, as a crucial ingredient of their success.



Lesson 3

One general counsel places agility at the heart of their innovation strategy. “I think the human element will remain at the forefront of what we do,” they say. “The real difference will come in how we enhance that through technological innovation in a way that’s going to allow human beings to concentrate on the things that are of strategic value. This means we need to be prepared to adapt our way of working as technologies change.”

In practical terms, innovating in a purposeful, results-driven way while remaining agile relies on in-house leaders facilitating timely decision-making about innovation priorities – what will receive investment of time and resource, and what will not – based on shared principles in a documented innovation strategy. However, it also relies on leaders not being afraid to make a sideways move if their planned approach does not take them towards their expected destination.

Case study. Balancing a top-down strategy with a bottom-up approach to innovation at Standard Chartered

Helen Clerkin

COO, Legal, Investigations and Corporate Secretariat, and General Counsel, Enterpise Legal, Standard Chartered

Helen Clerkin is COO LCS and General Counsel, Enterprise Legal at Standard Chartered. Her COO role involves managing operations, strategy, risk and policy for the Legal, Company Secretariat and internal investigations teams within the bank’s legal function. “One area of focus is change management within the legal team,” she says. “We have a series of initiatives to deliver enhanced technology solutions for the function. This ties directly into the bank’s wider focus on digitisation and its goals to become more productive using technology.”

For Helen, the focus on technology and efficiency is in part a consequence of a pressure to manage cost. There is an increased focus on legal cost throughout the industry that wasn’t necessarily present five years ago. “As a function, we are expected to demonstrate that we deliver our services in a way that delivers value for the bank,” she says.

Helen acknowledges tough choices need to be made within the legal function about where to prioritise future investment. “We conduct an annual prioritisation exercise to ensure we spend our investment budget wisely. Wherever possible we also try to leverage solutions that are being developed elsewhere within the bank.”

To get this prioritisation right, Helen is clear about the need to develop an innovation strategy based on robust evidence. “My stakeholders don’t want to have anecdotal conversations, they want to have data-driven conversations,” she says.

This means having a clear technology innovation roadmap supported by well-articulated problem statements and a business case for investment. This approach ensures a clear vision is articulated about how technology investments in the legal function form part of the bank’s wider strategy.

Helen acknowledges that not everything can be centrally managed. This top-down approach to innovation planning she describes needs to incorporate bottom-up ideas capture. This means that individual teams are also empowered to put forward ideas about what is going to work best for them in their context. “It is very important for us to have mechanisms whereby good ideas can filter upwards, so that we can build those ideas into our in-house innovation roadmap,” she says.

> As a function, we are expected to demonsrate that we deliver our services in a way that delivers value for the bank

Lesson 4

Diversify your team to foster innovation capabilities at all levels

One interviewee, a senior in-house leader at a multinational company, recognises that traditional ways of resourcing the legal function may no longer be sufficient to deliver on business objectives. “Our resourcing model is shifting. Our lawyers are now working much more closely with people from our technology groups, and we have also brought people into the team with project management capabilities,” says this interviewee.

For this individual, as for the other in-house leaders interviewed, having a more diverse legal function is an important foundation for making the legal function successful today and ‘future-fit’. “We are looking to create a diverse mix of people who can think differently and have different experiences to draw on,” they say.

A renewed focus on innovation within the in-house legal function should prompt leaders to rethink the balance of skills and capabilities they need to recruit and develop in their team. For example, it is now commonplace for large in-house legal teams to have senior operational roles sitting alongside the general counsel. These new roles have responsibility for overseeing legal workflows, managing external supplier relationships and leading specific change management or innovation projects. They provide a dedicated management resource which allows in-house lawyers to focus more time on higher value legal work.

Lesson 4

Elsewhere, in-house leaders have recruited people into their teams with specific expertise in managing innovation or technology implementation projects, sometimes from outside of the legal industry or with no prior legal background, or sometimes from centres of excellence located within other parts of the organisation. These specialist hires often act as a catalyst for building broader innovation capability within the legal function because they bring with them best practices and fresh perspectives that provide impetus for change.

Another choice facing in-house leaders is organisational design. Some of the interviewees lead centralised legal functions whereby all lawyers sit together in a centre of excellence model, while others lead decentralised functions in which lawyers sit within separate business units but are much closer to customer-facing teams. Both approaches have merit. Although a variety of resourcing models proliferate, in-house leaders agree that the 'future-fit' legal function needs to be open to recruiting more diverse teams with complementary skill sets.

Case study. Diversifying the skills base of the legal function within a global healthcare and consumer products company

One of the interviewees is a senior general counsel within a global healthcare and consumer products company, with responsibility for sourcing innovations in the external marketplace that will support the company's product pipeline.

They lead a group of ten lawyers, each of whom is geographically aligned with one of the firm's global innovation centres. "We have scientific teams in each innovation centre who scout out great new ideas or technologies – for example a new drug or a new medical device – and it is then our lawyers' responsibility to manage deals to acquire access to these innovations from external third parties," they say.

These lawyers play a crucial role in supporting the enterprise innovation strategy. "The value our lawyers bring is in their understanding of the marketplace which means we can help get drugs to market quickly, for example. In a marketplace where drugs, once approved and come to market, may have a commercial lifespan of just five or ten years, being able to respond quickly to the business's innovation priorities is very important for us," they say.

The group has grown rapidly within the last two years as they have hired people into the team with a dual scientific and legal background. "Many of my recent hires have been people who started their career as a bench scientist, who perhaps decided they didn't want to pursue that line of work and then retrained as a transactional lawyer specialising in start-up life sciences or data sciences. They can speak the scientific language needed to really understand what is driving our scientific collaborations," they say.

They were able to convince their colleagues to invest in growing their team by demonstrating that these dual-qualified professionals could provide extra resources that could be redeployed quickly as the pipeline of transactions changes. "I promised the business we could be much more supportive of them if we developed a group which is agile enough not only to do the work of the innovation centres, but also to do venture capital work or incubator work if required."

How do they assess the impact of diversifying the skills and background of their team? "It has been a transformative change. My experience is that a couple of years ago it would have been very difficult to attract people with these hybrid legal and scientific skills into the business," they say. "However, I think the value of the work we do – getting medicines to market quicker, and in doing so saving lives – really resonates with people who are frustrated with legal transactions."

Lesson 5

Adopt the disruptor's mindset to face brave decisions head-on

Richard Stewart, Vice President and Chief Legal and Compliance Officer, EMEA and Asia with BMO Financial Group, a leading North American financial services provider, believes the role of the in-house lawyer has changed beyond recognition during the last two decades. "Many years ago the in-house lawyer was the person at the back of the board meeting who took the minutes and that was it," he says. "Today's in-house lawyer is responsible for running an efficient legal function, managing overhead and giving legal advice."

What is on the horizon for the in-house lawyer of tomorrow? In Richard's view, the next wave of change could be the most exciting yet. "The next evolution, I believe, will be for the in-house lawyer to start proactively developing initiatives, technologies and innovations that start solving some of the real pain points for their organisation," he says.

For Richard, like many of the other in-house leaders who were interviewed, achieving this step change in the role of the legal function will require in-house lawyers to leave legacy organisational behaviours behind.

Lesson 5

Adopting a disruptive mindset is not easy. This can be especially hard for in-house lawyers who may find themselves burdened with legacy systems, technologies and deeply rooted working methods that are difficult to shift.

The diversification of legal sourcing and delivery models, however, is thrusting disruption onto the agenda for in-house lawyers. As well as looking to their peers for best practice, in-house lawyers are learning lessons directly from these industry disruptors about how to approach legal problems through a new lens, utilising technology and data to find smarter solutions to common problems.

Rethinking the status quo means not being afraid to take brave decisions. This will inevitably involve departing from industry norms. It will require in-house leaders to make an active commitment not to perpetuate existing ways of working that stifle, rather than foster, innovation efforts.

Case study. A new approach to building an agile in-house legal function at Klook

Vincent Ng

General Counsel, Klook

Klook is a Hong Kong-based travel business which empowers travellers to discover, book and experience the best things to do anywhere, anytime. Vincent Ng leads a 16-person legal team, which he built from scratch in less than 18 months. “Because we are a new legal department, we don’t have any historic burden of legacy contracts or systems which we need to migrate to,” says Vincent. Vincent is not restrained by the conventions of running an in-house legal team, so he can approach things as a true disruptor would do.

However, not having a template to follow can have its drawbacks. “The challenge for us is that the business is growing very fast, so we need to be extremely flexible in our approach,” acknowledges Vincent. “We cannot afford to do anything that is static or inflexible, which is how many of the existing legal tools seem to be designed.”

Vincent has put smart data analytics at the heart of his strategy for building capability in the legal function. “As we scale the business and the legal function, one of our central goals is to be able to extract data easily in order to tell the business where the legal pain points are, and to understand how we can further streamline our approach to support them more efficiently.”

Vincent brings his innovator’s mindset to bear in how he works with external legal service providers. “Just as the role of the general counsel has changed, I would also like to think that the role of law firms has really changed as well. In-house work is much more agile than before, so I would expect to see laws firms adapting their mode of service delivery and mindset to keep pace with our growth.”

What does the future look like for Klook and its in-house legal team? “As we continue to scale-up we want to keep hold of the legal team’s service-oriented and entrepreneurial mindset,” says Vincent. “We would like to achieve a system that is flexible enough that we can adapt as the company grows, and as different business units begin to take more ownership of their individual legal needs.”

Lesson 6

Analyse current activity to diagnosis the most frequent pain points

The role of an in-house lawyer is becoming more complex. This fact is acknowledged by Dr Thomas Barothy, Group Legal COO at UBS. “Many in-house lawyers believe that they are just pure lawyers, but they forget that at the same time they are cost managers, project managers, risk managers, procurement managers and people managers,” Thomas observes.

“I don’t expect that this mix of work is going to change, but smart tools will support lawyers to be more productive, and that will also make their work more interesting. Smarter self-service is what we are aiming towards,” he says.

This multifaceted role means that in-house lawyers are likely to encounter many points of friction in their day-to-day engagement with colleagues, internal suppliers and legal workflows. Not all pain points can be given equal priority on the innovation agenda, however. Leaders inevitably have to make choices about which investments will yield the biggest impact.

Successful innovators, therefore, utilise data to make better-informed decisions about where to focus their innovation effort. For in-house legal functions, this data collection and analysis activity typically involves mapping out processes to identify points of friction or inefficiency, and to build a deeper understanding of their root causes, consequences and likely frequency.

One in-house leader says that to support their decision-making about innovation priorities they undertook a process of cataloguing all the services performed by the legal function to the rest of the business. This enabled them to gain a clearer view of how the legal function spent its time, which activities really added value to colleagues, and where existing blockages or friction points lay.

Lesson 6

Slow speed-to-market for new products, for example, might be a consequence of an overly long or complicated patent application process, which in turn might be a result of poor or partial information about products in development supplied by business colleagues which slows down the efficiency of the legal team's work. For a business that launches hundreds of new products each year, and relies on being first to market, this inefficient legal workflow has the potential to undermine corporate goals.

Mapping out this process in detail – who is involved, the handovers required between different functional teams, how and when technology or external suppliers are used as part of the legal resourcing mix – gives clarity to where process improvements can be made. Using data gained through reviewing historical workflows enables in-house leaders to build a clear business case for making changes to scalable processes.

Case study. Reviewing the operating model for the in-house legal function at Novartis

Maurus Schreyvogel

Chief Legal Innovation Officer, Novartis

Maurus Schreyvogel is the Chief Legal Innovation Officer at Novartis. He is responsible for equipping the lawyers in Novartis's legal function with the information, tools and new ways of working that will enable them to be more effective in carrying out their roles. "I think of my role as providing our lawyers with superpowers – the things that will help them to do their job better," he says.

Like many of his peers in other organisations who have been recruited into senior legal operations and innovation roles, Maurus comes from a commercial background not simply a legal one. In addition to a legal degree, he holds an MBA, and previous roles within Novartis have encompassed internal audit, programme management and operational excellence.

One of the drivers behind Maurus's current role is to help Novartis's lawyers connect more directly into the organisation's enterprise strategies and vice versa. "Our legal function is increasingly being asked to become more intimately involved in the work of our research and development, and our commercial teams," he says. "Every new R&D or commercial issue for the business has an impact on how our legal team carries out its assessments, so we need to make sure these teams are much more aligned in how they think and how they operate."

In response to these pressures from business colleagues, Maurus needed to review the operating model for the in-house legal function to ensure it was fit for purpose. "My mandate is to help our lawyers do complicated things better," he says. "We started by carrying out a detailed analysis to understand what it actually is that our people do, and to capture data from which we could make better decisions. This involved mapping out the kinds of activities that our teams were involved in day-to-day to understand how much of this was high volume, repeatable work with little deviation, and how much of it was higher value work. We also then looked at how this work was being carried out, and where we were working with our external partners."

What was the result of this mapping process? "Through a rigorous mapping of the data, we determined that between 30 and 40 per cent of our lawyers' activity could be done smarter," says Maurus. "Some of this improvement could be achieved through automation, where in other cases tasks could be repurposed, tools could be reengineered, and existing technologies could be redeployed. We also took the decision to retire legacy technology that people might have felt was helping them, but under closer analysis was actually hampering efficiency."

For Maurus, building data points through process mapping is an essential prerequisite to driving change within the legal function. "It is a long-term transformation," he says, "because we are asking people to change their behaviour and the way they work. We have a clear plan for change, informed by data, and supported by business colleagues."

> We have a clear plan for change, informed by data, and supported by business colleagues

Lesson 7

Focus efforts on process standardisation to create real efficiency gains

As observed in lesson 5, in-house legal teams face competing pressures on their time and resources. A general counsel at a subsidiary of a multinational company points out that many in-house legal teams are currently working at full capacity. “Everybody seems to have reached a position where they are working at one hundred per cent capacity,” says this interviewee.

The challenge in this scenario is that legal teams are being asked to deliver more, but without significant increases in budget, or sometimes with no budget increases at all. “There is still new and interesting work to be done,” says this interviewee, “so unless we are able to improve the efficiency of the work we currently do, there is no way we will be able to take on the more transformative work that is happening in our industry.”

So how can in-house teams take on more responsibility without increasing overhead and cost? One approach to free up legal resources for strategic or transformative work is to increase process standardisation within the legal function. In this sense, not all innovation efforts need to be directed at radical changes to deliver significant benefits. Incremental changes to legal processes through greater standardisation can deliver equally significant outcomes.

Taking a forensic, data-driven approach to analysing existing legal processes is a first step in identifying pain points that may lend themselves to standardised solutions. One interviewee highlights a successful project within their organisation’s legal function to address pain points around customer contracting. Following internal feedback about the complexities involved in creating new contracts, they ran a centralised redesign of the contracting process, identifying standard terms

where possible, and terms that could be negotiated by local teams. This has resulted in an efficient contract framework that is being rolled out across more than 30 jurisdictions.

Taking this approach may require in-house leaders to challenge preconceived notions about how much of the legal workflow delivered by the function is repeatable and scalable. In most cases, the extent of repeatable workflow is much more extensive than colleagues may initially realise. Even complex M&A work, for example, includes relatively low-value work elements that follow a standard set of processes for each and every transaction.

Once opportunities for standardisation have been identified, decisions need to be made about how they will be resourced. Some of the leaders interviewed have set up offshore centres to deal with high-volume workflows; this delivers standardised processes at a lower cost than the core legal function could deliver, while keeping control of the management of work in-house. Some have sought technology solutions to aid with specific legal tasks that need to be delivered at scale. Others have utilised alternative delivery models – such as project-based outsourcing or managed solutions – to address this need.

Case study. Restructuring in-house legal processes to drive standardisation at a global bank

One of the in-house leaders interviewed highlighted a project they initiated to help the legal function become more efficient through process standardisation. “Our ambition is to become a leaner organisation, while also improving the quality of the service that the legal department is able to offer the rest of the business,” they say.

To improve quality while also increasing efficiency requires the bank’s in-house legal team to work smarter. That could only happen through better utilisation of data. “We needed to find ways to use our existing resources more effectively, and that meant using data in smarter ways to identify the opportunities for standardisation in our processes.” Like many other in-house legal functions, the bank has made a conscious effort to collect, analyse and report data about how its legal function operates, how people in the function spend their time, and how different legal activities are resourced.

One example is in the area of contract creation. “We were aware that there are new technologies we could take advantage of that allow for contract automation,” says a member of the bank’s in-house legal team. “However, these contract lifecycle solutions would only work for our purposes if we first started by standardising the contract terms being used across different jurisdictions within the bank. Our starting point was to review processes and agree standard templates before we could even think about automating some of those processes.”

Achieving these changes is not always easy. “You may come up with the best technological solution, but if in parallel you don’t change people’s mindsets, change their way of working, and change the culture of the team, then the technology will not work.”

If not approached thoughtfully, there is a risk that standard processes will be created, but these will not be adopted by members of the legal function. “It is so important that lawyers don’t feel like we are taking away their freedom – lawyers don’t like to feel constrained, and when people think of standardisation they think about being more constrained. We had to completely reframe the conversation around freeing up people’s time to focus on higher value tasks in order to overcome this resistance.”

You may come up with the best technological solution, but if in parallel you don’t change people’s mindsets, change their way of working, and change the culture of the team, then the technology will not work

Lesson 8

Build a credible use case for technology investment to secure investment and adoption

Lawyers can sometimes fall into the trap of using the terms ‘innovation’ and ‘technology’ interchangeably as if they are entirely synonymous. The in-house leaders who were interviewed for this playbook correct this misconception. They highlight that technology is just one facet of their overall legal innovation agenda, albeit an important one. These in-house leaders recognise that technology is a means to unlock an innovation opportunity, not an end in itself.

They have a documented innovation strategy typically supported by a technology roadmap, for example, that outlines how technology supports the innovation vision. The technology roadmap does not exist in isolation, unanchored from a sense of the broader innovation strategy. It includes a clear business case for technology investment, linked to these strategic goals, that is designed to win over colleagues in the business to the benefits of investing in the organisation’s legal function.

A credible business case is also important to win over sceptics within the legal team. James Murray, Managing Director at Morgan Stanley, notes that lawyers can be resistant to change, particularly when asked to adopt new technologies. “In my experience, there is often a disconnect between technology and lawyers because of the nature of how lawyers work,” he says. “What I tend to find is that lawyers are somewhat more impatient and less technologically savvy. Lawyers recognise the need to embrace technology and innovation, but they need more guidance on what to do in practice.”

To close this gap between expectation and reality, interviewees say that it is important to communicate their business case to their team, explaining how new technologies will change the way people are expected to work on a day-to-day basis.

Lesson 8

Interviewees warn against jumping blindly on board with new technologies such as ‘artificial intelligence’ without carefully considering each individual usage case.

Several in-house leaders share their experience of being burned in the past by unsatisfactory technology investments because the technology failed to advance strategic innovation goals or achieve widespread adoption within the legal team. Most typically, they attribute this limited technology impact to a lack of clear rationale for making the initial investment, which led to confusion or scepticism within the legal team about the relevance or likely impact of new technologies.

They instead urge caution and pragmatism about what can be achieved through technology investments. Most are healthily sceptical about the ability of technology to solve all their workflow problems. But they also recognise the need to keep abreast of developments in technology and to be open to experimentation when appropriate opportunities arise.

Case study. Aligning technology with business need at a global financial institution

One of the interviewees is a managing director and global COO of the general counsel function of a global financial institution. Their role involves finding ways of helping the legal function be better at addressing the needs of the bank. “My view is there has to be a shift in mindset – the general counsel need to see themselves as an internal legal service provider that looks at how we deliver against the strategic objectives of the financial institution, and not simply providing legal advice as an ivory tower activity,” they say.

For this interviewee, one of the enablers of the mindset shift they describe is new technology. “We are exploring new ways to deploy technology to reduce the amount of time lawyers spend on fact-finding, determining the factual matrix that underpins their advice, so we can free them up to refocus on higher value analysis. Automating the way advice is requested using smart questionnaires, chatbots (giving FAQ advice and training) and workflow tools enhances productivity. These types of productivity tools give us access to greater, more transparent management information about what people are doing,” they say. They argue these sorts of technology investments are critical for running an efficient legal function.

Yet, like their peers at other in-house functions, they only have access to finite resources to invest in new technologies. How do they decide where to prioritise? “We have to be able to make a solid business case that any technology is going to benefit the bank in the right way,” they say. “To make a compelling case we often need to rely on data. That changes the nature of the conversation. But if sophisticated cost-benefit analysis relies on data, it is difficult to get the right data without the right technology platform. It’s not straightforward to resolve – especially as financial institutions are not in the business of providing legal services.”

They also encourage their teams to think big. “I ask people to start with a blank sheet of paper and then to envision what our technology platform would look like if we were starting afresh. We always ask ourselves what technology we would want the general counsel to have access to in a perfect world.” Taking this ‘needs first’ approach helps to show how any new technology supports genuine business need.

Although they are positive about the impact technology has had within the legal function at their firm, they are also sceptical about whether the current fragmentation of the legal technology ecosystem works for in-house counsel. They have clear expectations about closer systems integration. “I want to be able to buy an off-the-shelf platform that these multiple point solutions can plug into,” they say. “Spending significant sums of money in an environment where we need to knit together multiple platforms is a significant risk. We would rather wait for the platform to develop so that we are ready to respond when the technology ecosystem is sufficiently evolved.”

> We have to be able to make a solid business case that any technology is going to benefit the bank in the right way

Lesson 9

Harness the know-how of external partners to accelerate progress

Innovation can sometimes feel like a lonely or frustrating path for in-house leaders to tread. Successful innovators do not tread that path alone. They build relationships with internal colleagues, third parties and trusted suppliers to identify collaboration opportunities that enable them to accelerate progress towards innovation goals. Leaders are making conscious efforts to position themselves and their function much closer to internal colleagues to collaborate more effectively on cross-functional innovation projects.

Sabine Chalmers, Group General Counsel at BT, believes there are also more opportunities now for in-house legal teams to develop exciting collaborations with external providers than ever before. "There are just so many choices now as to the way you resource work as a result of an explosion of suppliers in the market," she says.

But greater choice means in-house teams need to give more careful thought to which partners offer the best fit for their needs. "You need to be open to different solutions and to find the right partners who will help you understand how your legal work can be managed better, cheaper or differently," Sabine says.

Lesson 9

Interviewees say that it is crucial to find external partners who share their innovation vision for the legal team and will be open to trialling new approaches.

Not only are in-house teams looking for innovation partners who can help them implement elements of their pre-existing innovation strategy, they are also looking for partners who will proactively bring fresh ideas and proven best practices to shape the future direction of that strategy. In-house teams say they want partners who will helpfully challenge preconceived ideas about the best way of taking the innovation strategy forward.

Case study. Fostering a productive innovation ecosystem at Barclays

Chris Grant

Law-Tech Director at Barclays Ventures

Paul Hogg

Vice President and Law Firm Relationship Manager, Barclays

Chris Grant is Law-Tech Director at Barclays Ventures, a tech innovation programme created by Barclays to foster collaboration within the legal industry between law firms, academia, in-house and start-ups. His colleague Paul Hogg is Vice President and Law Firm Relationship Manager at Barclays.

Through Chris's experience of building a collaborative ecosystem at Eagle Labs and Paul's ability to drive collaboration with the Barclays Legal Panel Firms, they have learnt that effective collaboration is founded on strong, two-way communication. "We ask our law firms to engage with us early on in their innovation processes," says Chris. "Historically, panel law firms or tech providers would come to us with a new solution – however, they do not fully understand the problem from the client's side, hence their solution is not viable."

This expectation gap often arises because many law firms do not fully understand the problem or their role in supporting their clients' process innovation agenda, and hence misdirect their innovation efforts to areas that add little value to their clients. "It is incumbent on us as well as our supplier base to initiate regular conversations about the new ideas we are exploring," says Paul. "Our approach is direct. We haven't been afraid to have that direct conversation as we continue to partner with our firms and tech providers. We are looking for value for money, teamwork and innovation at the heart of any effective collaboration."

Within a short space of time, Barclays has witnessed a tangible change in how its panel firms engage with Barclays as well as with each other. "Three years ago we ran our last panel refresh. We brought representatives from each of the panel firms together for a whole day, yet they remained siloed, not interacting with each other. Three years down the line, it is totally different, they are much more open in coming to us with ideas that they think will help our business," says Chris.

What advice do they have for external providers of legal services to pursue successful innovation? "In my view, new technology alone is not going to be a differentiator for law firms," says Paul. "What we are looking for from our law firm partners is how they put these new technologies to practical use to deliver a superior service experience for us that helps us address our legal and business goals. That is what will drive competitive advantage and set the best firms apart from their peers."

Lesson 10

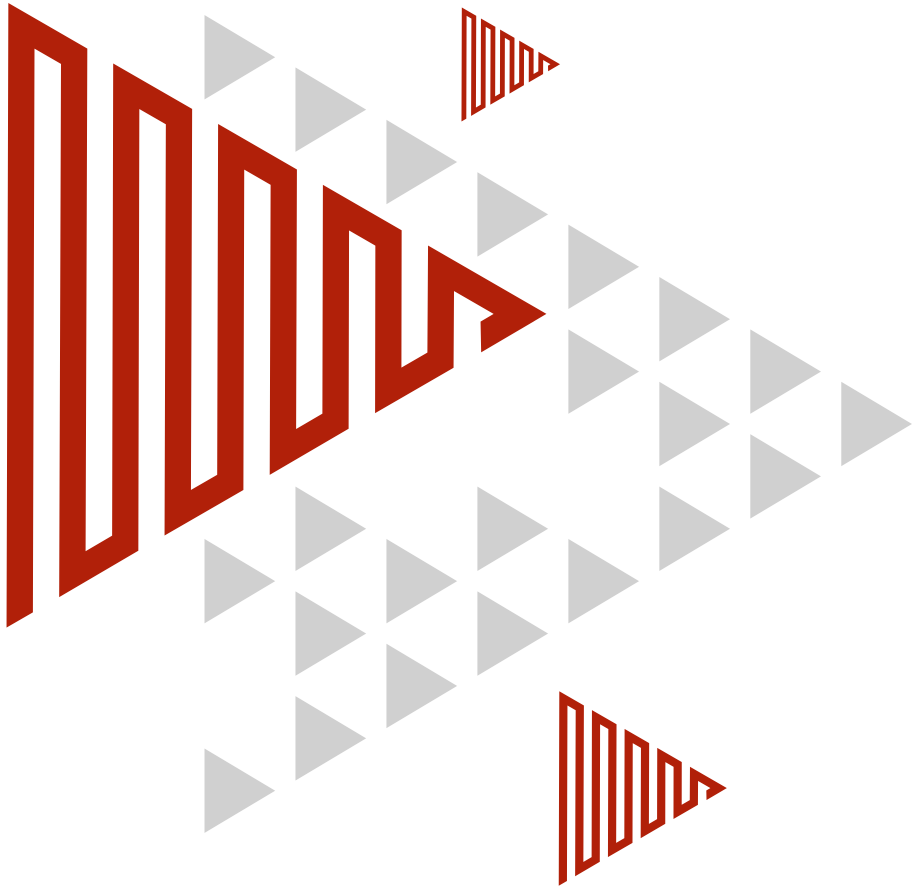
Pilot new approaches to prove quick wins and convince sceptics

Smart piloting is essential to build enthusiasm and momentum for innovation initiatives. Sebastian Biedenkopf, General Counsel at Bosch, sees behaviour and culture change as the central challenge of leading successful innovation. “Sometimes more senior lawyers can feel very comfortable in the old world, and do not necessarily see the benefit of the new tools available to them,” he says.

It is not surprising that people fall back on processes and behaviours they feel most comfortable with. But with in-house legal functions under pressure to deliver greater value, relying on historical processes and behaviours can be a barrier to greater efficiency.

For Sebastian, the solution to this challenge is to pilot new approaches to win over sceptics. “We tend to run pilots in order to support people through the implementation of new approaches or technologies,” he says. “For example, we have trialled a number of document automation tools in this way very successfully.” When people feel well-supported through a pilot phase, initial sceptics can be transformed into valuable champions for the innovation cause.

Piloting can be particularly effective in larger or more decentralised organisations where it is difficult to mandate changes from the centre, and innovation needs to be fostered from the bottom-up within teams or business units.

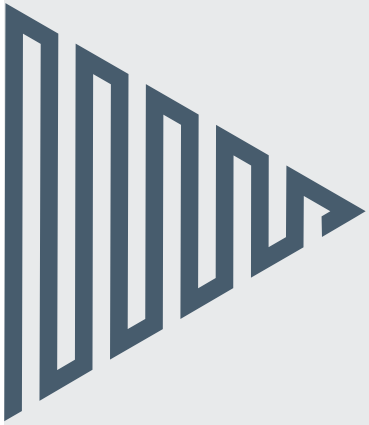


Lesson 10

In-house leaders also describe the difficulties of rolling out new technology-supported innovations within multinational organisations because what can work well in one jurisdiction can fail to gain traction in another. Decisions will need to be taken about the desirability and likelihood of achieving a globally consistent approach. The complexities of systems integration and adoption – even seemingly simple activities such as rolling out a new legal workflow reporting tool – should not be underestimated in a large in-house team.

There is a clear move among the interviewees to focus on fewer innovation initiatives, but to ensure each new development is given ample time and support to become fully embedded throughout the organisation. Piloting is an important part of this effort because it minimises the risk of innovation ideas being rejected if an organisation-wide roll-out is attempted at day one. Rapid piloting can generate tangible results including quantifiable outcomes (such as cost savings, time savings or increased volume management) which can build a credible case for roll-out of new approaches across the function.

Case study. Building momentum for transformation through piloting at a banking giant



Another in-house leader interviewed is excited about the opportunities presented by innovation to transform the way the legal function at their bank operates. “To my mind innovation is very much an opportunity and a necessity,” they say. “We don’t see any choice in it really. We think it is essential that the wider legal community, including our panel firms, go on the journey together with us in order to achieve the real gains in cost efficiency, knowledge-sharing, and commercial impact that we’re looking to achieve.”

They may have big aspirations for the innovation journey they want to take the bank’s legal function on, but experience has taught them that transformation is most likely to be achieved through smaller, manageable steps. “In my experience, people are often far more engaged in understanding what we can change today rather than what might be possible in five years,” they say. Successful innovators harness that enthusiasm to build momentum for long-term change. “The winning strategy is to achieve a series of small changes that we point to, that we can then leverage to drive further momentum, rather than trying to leapfrog to global solutions all of the time.”

Like their peers, this leader must manage cost in the legal function carefully. “We recognise that the level of investment into the legal function may not be as significant as in other areas of the bank,” they say. “Instead we need to draw on other strengths to make innovation work for our purposes.” One example of a strength cited is the bank’s sharing culture. “There is a very strong sharing environment whereby people are incredibly keen to listen to your ideas and to share their ideas, even if you don’t have innovation in your job title. They are excited by what they are doing and want to help.”

Smart pilots are also used to build momentum for change. “We are definitely focusing on the wins that we can secure relatively painlessly and quickly in order to convert hearts and minds in the function,” they say. “We know that a pilot project by itself may be of limited impact, but it can be essential to prove that a new concept can work in practice and is capable of being leveraged across different jurisdictions or new areas in the bank.”

What lesson would they pass on to their fellow in-house leaders? “It is important to see through the proliferation of tools and technologies, to focus your attention on the limited number of innovations and ideas that will have maximum impact,” they say. “When we have been most successful we have been able to challenge people’s mindset, and to bring the functional expertise of the legal team into the bank’s commercial space.”

> It is important to see through the proliferation of tools and technologies, to focus your attention on the limited number of innovations and ideas that will have maximum impact

Conclusion

Tackling the innovation challenge

The 10 essential lessons outlined in this playbook suggest that the way forward for the in-house legal function is exciting, but also daunting. There are clear opportunities ahead for all legal functions to seize, regardless of their current level of maturity.

The leaders profiled in this research show that developing a 'future-fit' legal function is an ongoing process of refinement and improvement. 'Future-fit' is not a fixed end state. What you prioritise and how you choose to invest in legal innovation should be decided on your own terms, aligned to the way your legal function is best able to support the business for the future.

But where should in-house legal functions start on this journey towards 'future-fit'? Reflecting on the experiences of the interviewees in our research, **Allen & Overy has created a practical checklist to help the in-house legal function approach the challenge of change and innovation in a methodical way:**

- **Build internal knowledge** about the full range of legal service providers and legal tech available and how other organisations are transforming their legal function. The field is bewildering and knowledge is key.
- **Develop a vision** for how you want to position the legal function within your organisation: trusted counsel, business partner, risk and reputation guardian, deal executor, first-line response to routine questions or self-serve enabler and ultimate responder? Where are the overlaps and handoffs with Compliance, Risk, HR, Government Relations, Corporate Secretarial and other functions? This will shape your course.
- **Communicate the opportunity** which change offers to all stakeholders (colleagues in the legal function, key internal clients, senior management). Generate enthusiasm. This will help overcome inertia, whether caused by conservatism, entrenched habits, concerns about the future or scepticism as to whether the in-house legal function can deliver on a vision.

- **Build change skills** so that you can undertake a digitally enabled change programme. Do you need to appoint a COO, an innovation leader, legal tech experts, data scientists, knowledge managers, process engineers, project managers? Do you need a change, or management, consultant on a project basis to help develop a plan? Lawyers already in the legal function may take too long to retool into these roles.

- **Understand your organisation's skillsets outside the legal function**. The necessary skills need not all be housed in the legal function. Understand your organisation's strengths in the change arena and establish the willingness of those outside your department with the relevant skills to support the legal function in any transition, perhaps most importantly the IT department. This can have the upside of fostering connectivity with the wider organisation.

- **Understand your organisation's technology estate** since that is already installed and paid for. Which applications may be useful to the legal function? If you can accomplish 75% of a task quickly and without material cost, that may be better than 100% sometime in the future, funded by the legal function. Establish which legal function challenges are generic and can be solved using existing enterprise technology and which are specific to Legal and require tailored solutions.

- **Create an in-house task and service catalogue**. Understand at a granular level how your lawyers spend their time, where their pain points and inefficiencies are and where the internal client experience can be improved. Develop a catalogue of services provided by the legal function. Conduct an audit. Perhaps use questionnaires or interviews. Would time recording over a fixed period help?

- **Using that data, build a map of your organisation's legal needs and the legal function's response**. Which do you wish the legal function to execute and, just as importantly, not to execute? Which do you wish to send out to external providers? Where can technology intervene?

- **Prioritise your technology needs**. Are there foundational technologies such as a document, or legal department work, management system that you must have to enable change, or a contract lifecycle platform because contracts make up a high proportion of the work of your legal function?

- **Develop an implementation plan**. At one extreme, this is a target operating model for the legal function with a target technology stack, organisational chart and staffing/skills plan, phased in over a period, with milestones, priorities, a benefits analysis, accountabilities and some idea of budget. But for most organisations that is a counsel of perfection. There is value simply in identifying your legal function's top five pain points and working to solve them. This exploratory approach will build confidence and knowledge and may point the way forward.

Conclusion

- **Identify sources of funding and personnel to implement any plan**. Do other, perhaps revenue generating, parts of your organisation benefit sufficiently from your plans to be willing to fund any part of the transition? If not, what is your business case and who do you sell it to? Those primarily charged with implementing the plan need to be accountable and therefore freed from other commitments.
- **Create lower cost resource**. Much innovation starts with unbundling transactions or projects into their component tasks. Does your organisation need its own service centre in a lower cost location to handle high-volume or routine tasks? Or do you prefer to outsource those tasks to external managed service providers?
- **Revisit your plan continuously**. Your organisation and its needs will change. The technology and supplier market will change too.

About this research

This playbook is based on 35 in-depth telephone interviews with general counsel and other senior leaders of in-house legal functions. The interviews were carried out in 2019 by Meridian West, an independent consultancy.

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