



CLO 21
Advisory Group

The CLO as Department Leader

While the CLO is a key player in the organization as a whole, his or her most important role may be as leader of the legal department.

BY STEPHEN E. NOWLAN

In light of serious challenges arising in the business environment, the personal leadership the CLO provides to the legal team is more crucial than ever to ensure that the law department performs effectively and achieves outcomes essential to the company.

Although high-visibility issues often keep the CLO behind closed doors, it is also important that he or she be engaged with the department staff and its issues. In a

stressful working environment, CLOs will want to increase their leadership profile and expand their contact with people throughout the organization. As department head, the CLO has a unique role to play in providing them with firsthand information, clarity about priorities, and reassurance that they are focusing on the right issues.

Here are nine insightful questions identified by members of the Chief Legal Officer of the 21st Century Advisory Group that suggest ways in which your leadership can make a critical difference to the overall performance and success of the legal team.

Can you better empower more leaders by tweaking the department's structure?

A key purpose of structure is to empower people who will apply leadership, initiative, and judgment to solve problems. In your current structure, are there people in leadership roles who are slow to resolve urgent legal issues? Are there emerging leaders hidden within the organization who, if given greater latitude, would address these issues more effectively and promptly? Can you create momentum by breaking a larger practice group into two or by shifting units among your direct reports?

During a crisis period, it may be appropriate to consider a temporary organiza-

[IN BRIEF]

Particularly when times are stressful and the workload immense, it is the leadership acumen of the CLO that will keep the legal department moving along swiftly, effectively, productively, accurately, and even cheerfully. During these times, the CLO needs to be able to:

- Identify emerging leaders in the department
- Set and focus on the right priorities
- Clarify responsibilities, processes, and values
- Expand access to the necessary knowledge, resources, and information
- Set the right tone
- Communicate clearly

Addressing these needs, the CLO of the 21st Century Advisory Group identified nine key areas on which CLOs should focus.



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Nowlan: Leadership makes the difference.

tional structure in which the best attorneys are designated as managers for the crisis issues and their normal management duties are distributed to others.

Is the legal staff focusing on the right priorities?

When there is more work than can reasonably be accomplished, the most important first question to ask is, Are there some legal projects that should not be done now—or at all?

One best practice is to ensure that practice group heads meet with senior clients regularly to review the legal projects under way and the resources allocated to each. Senior clients often spot marginal projects assigned by their subordinates and ask that these projects be narrowed or eliminated. Clients often do not realize the scope of resources required to complete “simple” projects, so communicating the level of resources necessary may stimulate clients to withdraw speculative work.

Practice group heads may be asked to estimate the resources being invested in projects they are managing so that you can be sure the hours going into the projects are in line with what you feel is necessary. The CLO’s focus on the resources being invested will cascade through the organization and may reveal resource allocations that need attention.

What can you do to clarify current responsibilities?

Often corporate leaders assume that everyone understands everyone else’s responsibilities. However, changes in organiza-

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tional structure, business priorities, new initiatives, and short staffing have significantly blurred this understanding. This can lead to situations where some people are overworked and not able to manage some legal risks appropriately, while others have a comparatively lighter load. This disparity can create resentment and interunit bitterness.

The solution is for the CLO to ensure that there is a process through which practice group heads periodically review the responsibilities of their staffs. To avoid having this become perfunctory, the CLO can set the right tone by conducting thoughtful and probative discussions with direct reports. The nature of the information and analysis the CLO requests from direct reports will create a pattern that will cascade through the organization.

Through this process, the CLO can directly exert greater control to ensure that the most important responsibilities are being managed appropriately. During a crisis period, this process can also identify how to shift resources to meet deadlines or allocate more people to crisis issues.

What can you do to clarify how the company’s values apply to legal work?

It is common for lawyers working with different business units to have very different interpretations of how company values and legal-risk tolerance should apply to legal matters. Sometimes, understandable differences arise because of the nature of the business units.

However, sometimes business units themselves operate on the fringes of company values, and the way these differences are reflected in legal practice run counter to the best interests of the company.

CLOs can take advantage of every meeting to discuss how company values should influence law department strategy and actions. During a crisis period, when the CLO is counting on the legal staff to deal with problems in ways consistent with company values, such firsthand discussions make it easier to avoid missteps.

How can you set the right tone for the working climate?

When confronted with prolonged periods of stress and long hours, many people produce less, fail to reason as astutely as they should, and demonstrate less urgency about meeting deadlines and client needs.

The CLO’s personal leadership in setting the right tone in the law department can make a major difference by energizing the organization with encouragement, humor, and optimism. People often imitate the behavior of the organization leaders; the example set by the CLO can infuse the department staff with determination to perform at their highest levels and succeed for the company.

During a stressful period, CLOs will want to be especially alert to supervisors who are struggling with their duties and creating a stern environment. These supervisors may need help to deal with the problem or may need a new assignment.

How can you reduce or eliminate uncertainty?

Uncertainty is the wellspring of organizational paralysis. Uncertainties arise from myriad sources, including rumors, incomplete assignment instructions, overly brief policy statements, and unwritten or unpredictable department customs.

By frequently asking relevant questions, the CLO can underscore the value placed on the clarity and completeness of policies and communications: How do we know whether people in the organization fully understand what we are trying to tell them? What questions are people asking that we should be answering proactively? What can we communicate to people throughout the organization that will build their confidence in our candor and practices? Do we adequately communicate our reasoning as well as our expectations?

Through discussions with the management team about the answers to these questions, the CLO can increase management's sensitivity to the importance of thinking through how information and news will be received and what negative reactions may be forthcoming from poorly crafted and incomplete communications.

How can you expand access to knowledge and resources?

Timely access to knowledge and resources is often a determining factor in the successful completion of legal projects, particularly during periods of rapid change and conflicting priorities.

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The CLO has access to a vast knowledge flow and can often motivate peers and other senior colleagues to identify or allocate resources that would otherwise not be available. CLOs can continuously ask lawyers what knowledge or resources they need to achieve better results and thus set an example so supervisors adopt the practice themselves.

A good question for CLOs to ask when talking with lawyers about their insight and conclusions is, With whom should we share our knowledge? Embedding knowledge sharing as a value in the law department will pave the way for greater collaboration with other departments and clients.

What can you do to expand the legal awareness of clients?

While most law departments have initiatives under way to provide legal education to clients, the list of legal and procedural rules about which clients need practical knowledge is always expanding. For example, as trial attorneys try to expand U.S. litigation to Europe, many U.S. executives have little understanding of the different rules and procedures under which litigation in Europe operates.

The CLO may raise such questions as these with their lawyers: What do clients need to know to avoid unnecessary legal problems? In what depth and detail? How can we best deliver this knowledge?

The CLO's leadership in making sure that client knowledge needs are met will go a long way toward

helping clients and preventing misunderstandings.

What can you do to better plan for foreseeable events and issues?

Adequate contingency planning is often overlooked because most people would prefer to believe "it won't happen here." However, the CLO's role almost demands that he or she mitigate risks by assuming a crisis will come to pass. Because the first 24 hours after an event breaks are the most crucial to the company's successful response, adequate planning is essential to protect shareholder value.

The CLO can bring together the right people from law and other company units to identify plausible scenarios and create contingency plans to address them. For example, how prepared would the company be if the Securities and Exchange Commission announced an investigation based on an employee's allegation of wrongdoing? Each company's business profile will suggest a list of potentially foreseeable issues, and the CLO's leadership will ensure that they are considered seriously.

The CLO of the 21st Century as Leader

The CLO's leadership in these nine areas is crucial if the law department is to achieve the legal and business outcomes necessary for the company's success. This leadership role uniquely belongs to the head of the department, and carrying it out effectively can set the right example for others in the department. •