

# Building a World-Class Law Department for a Global Company

BY STEPHEN E. NOWLAN WITH THOMAS J. SABATINO JR.

**B**axter International Inc. is an innovative \$7.7 billion healthcare company with 48,000 employees in 110 countries that provides critical therapies for people with life-threatening conditions. Thomas J. Sabatino Jr. was named general counsel in 1997 and senior vice president in 2001. He manages Baxter's legal affairs through a global law department with 75 lawyers in 17 locations in 12 countries.



the Critical Success Factors at Baxter?

**STEPHEN E. NOWLAN:** As a member of the Chief Legal Officer of the 21st Century Advisory Group that developed the Critical Success Factors inventory, how do you think this can be used to better manage legal functions?

**THOMAS J. SABATINO JR.:** This lays out a logical road map of what law departments should be doing to build the capabilities necessary to be world class. The Critical Success Factors also enable the law management team to systematically identify what they have achieved and what still needs work. We're not all going to agree about each of the elements of each Critical Success Factor, but the process of reviewing this as a benchmark will help a management team be clear about their shared vision and focus on accomplishing the Factors they see as priorities given the nature of their company.

**NOWLAN:** How are you using

**SABATINO:** I've shared this with our law managers and we've already started a discussion about how well we're doing on each of the Factors. Next month, we're going to use the Critical Success Factors as a scorecard at our strategic law managers meeting and rate how well we are doing. This will help us figure out what strategic objectives we should set for the future and will help us get to the next level.

**NOWLAN:** How far along are you in achieving the Critical Success Factors?

**SABATINO:** Some Factors are newer on our radar screen, such as the use of performance metrics. However, we've made

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progress on most of them. For example, we've done a good job improving relationships with executive officers. We've been working for several years on strengthening our IP activities and improving the strategies driving litigation management and strategic sourcing. We're doing a very good job of using specific core competencies to build the quality of our legal staff.

But I think there is a danger in taking for granted that just because we took on an initiative in the past, we are still following through as aggressively as we should be. The Critical Success Factors give us a good reason to ask ourselves whether we can continue to do better in everything from client service to ethics.

**NOWLAN:** What lesson is there for CLOs in light of the erosion of public confidence in the ethics of corporations?

**SABATINO:** As lawyers, we are frequently in a pivotal position to go beyond legal advice and ask the question, “What’s the right thing for us to do as a company?” We need to always take the initiative to be sure that what our company does is not just legal, but also truly the right thing in the larger context of ethics and stakeholder expectations.

CLOs are in a unique position to ask this question and keep asking this question so that this standard of conduct permeates our business culture. ●