

Is Covid-19 a springboard for in-house legal function change?



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As in-house legal functions look to a world beyond Covid-19, Jonathan Brayne, partner of Allen & Overy and Chairman of Fuse, its tech innovation space, suggests four reasons to change and ten ways to approach change.

The loosening of the lockdown in many parts of the world presents in-house legal functions with the opportunity to take stock of their operating model and chart a new course, aiming to take advantage of the best of the old and the best of the new.

Four reasons to change



Four factors suggest now is a good time for legal functions to seize this opportunity:

Excelling in a crisis. We have all now lived through a crisis. Covid-19 is unlikely to be the last. Next time, organisations are likely to be less forgiving of poor or mediocre performance. Legal functions should establish whether their internal clients feel that they ‘disappointed’, ‘coped’ or ‘excelled’ during the crisis. Anything less than ‘excelled’ suggests the legal function should set itself up better for next time.

The right toolkit. Flexible and remote or mobile working have been shown to work well in many organisations. We have seen how it can straddle geographic divides, internal silos and even, to some degree, time differences. Over time, it will broaden the talent market. But to excel on a sustained basis requires so much more than good video conferencing and screen sharing.

- ▶ How well were your lawyers able to access shared documents, emails and knowledge?
- ▶ How quickly were you able to assemble data about how your supply or sales contracts were responding to force majeure events?
- ▶ Did the processes you follow to support your business colleagues on their transactions stand up in the crisis?

If the answer to all or any of these was disappointing, now is a good time to explore what technology, process and resourcing tools you need.

Anticipating cost cuts. Companies in many business sectors will take a hit to their revenue and profit lines: transportation, oil and gas, hospitality, bricks-and-mortar retail and leisure, to name a few. That will require cost-cutting programmes on a scale not yet seen. How will the legal function continue to serve its organisation, but for lower cost?

Building on change readiness. Many lawyers have been surprised (I could say proud) by how well they adapted personally to the technologies and processes needed to work from home. We should not overstate this achievement since often it required little more than becoming familiar with Cisco Webex, or Microsoft Teams or Zoom. Nevertheless, even that limited but successful digital encounter could be a foundation on which to build momentum for change.





Ten ways to approach change

Tackling in-house legal function change can be daunting. Where do you start? What tools do you need? What skills? Do you train existing staff or hire new staff? Who do you turn to for help? Yet, it is a logistical challenge like any other. If its elements are broken down and tackled one by one, the challenge becomes manageable.

The list below suggests an approach to the challenge:

Build market knowledge about the full range of legal service providers and legal technology available, and how other organisations are transforming their legal function. The field can be bewildering and knowledge is key.

Develop and sell 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? Communicate the opportunity which that vision offers to all stakeholders (colleagues in the legal function, key internal clients and senior management). Generate enthusiasm. This will help overcome inertia and scepticism.

Build change skills so that you can undertake a digitally enabled change programme. Does the legal function need to appoint a COO, an innovation leader, legal tech experts, data scientists, knowledge managers, process engineers, project managers? Lawyers already in the legal function may take too long to retool into these roles. 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?

Understand your organisation's skillsets outside Legal. 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.

Understand your organisation's technology estate since that is already installed and paid for. 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. 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.

Create an in-house task and service catalogue and usage data. Understand at a granular level how your lawyers spend their time and which internal client functions benefit, where the legal function pain points and inefficiencies are, where the internal client experience can be improved. Develop a catalogue of services provided by the legal function. Would time recording over a fixed period help?

Map corporate needs and legal solutions. 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?

Develop an implementation plan.

At one extreme, this is a target operating model for the legal function with a target technology stack, organisation 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.

Identify sources of funding 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 to whom do you sell it?

Revisit your plan continuously.

Your organisation and its needs will change. The technology and supplier market will change too.

Above all, think of change as an opportunity, not a threat.

In-depth analysis of the issues discussed in this article can be found in the following downloadable reports published by Allen & Overy:

[The future of the in-house legal function](#)

[An Innovation playbook for the 'future-fit' legal function](#)