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In-House Practice & Management

FOR THE CORPORATE LAW DEPARTMENT

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PERSPECTIVE

Analysis and Advice from Altman Weil Consultants

Never Reorganize Your Law Department — Again

By Dan DiLucchio

Bill Gates succinctly describes the current business environment in the title of his recent book — *Business at the Speed of Thought*. Businesses are moving, changing and adapting faster than ever. While participating in a recent strategic planning meeting, a university futurist informed our group that every three years, 50% of everything that we do will be done differently. Change is not only a constant — it is accelerating. To keep up with this business environment, dynamic business organizations are experiencing continuous organizational adjustments. These adjustments have a direct impact on corporate law departments — how they are organized and how they deliver legal services.

Corporate law departments are generally involved in any major corporate initiative. They are important organizational entities, facilitating the smooth and legal conduct of business. To provide corporate legal services in today's complex world is a challenge. Law department challenges are exacerbated by today's speed of business. In addition, corporate reorganization and concomitant personnel turnover often make law departments more important as they serve as a key center of corporate institutional memory.

Mergers, acquisitions and divestitures have driven law departments to regularly review their organizational structure and delivery system. Should the law department be centralized or decentralized? To whom should the lawyers report? Should the department be organized around legal practice specialty — or should it be organized around client related organizations. All of these organizational structures have strengths and weaknesses. However, with rapid changes, corporate legal practice needs change and client organizations appear and disappear. Corporate law departments are extraordinarily busy. Time spent on constant

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reorganization and realignment can take time, resources and energy away from effective client services.

To ensure that reorganization time, energy and resources are minimized, a law department should be organizationally adaptable. It should be flexible and it should not require major reorganization with every client structural change.

Following are a dozen principles which law department leaders can use to assess whether their law department is flexibly organized. Positive answers to these questions mean that a law department will be able to minimize resources dedicated to constant reorganization and dedicate their time to effective and efficient client service.

Using these principles as a foundation for your organization will alleviate the need to continuously reorganize a law department.

1. **The organization ensures that there is consistency of legal position:** For many companies it is important to ensure that various business entities are speaking with one legal voice.
2. **Clients know which law department member to contact:** With constant reorganizations, lack of clarity and internal competition for clients, it is often difficult for clients to know which lawyer to call. Another problem occurs when clients can go “shopping” in the law department for legal answers that they like.
3. **The organization is capable of easily realigning its resources:** As the legal needs and demands for services change, the organization should lend itself to smooth realignment.
4. **There is no redundancy of personnel, effort or resources in the Law Department:** If the organiza-

tion is organized around business units, silos can develop. Often, silos will retain all of the resources needed by the business unit it serves. In this case, redundancies can occur and costs of the legal services rise.

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5. **Resources are efficiently and effectively shared by client organizations:** This principle ensures that there is clarity in the organization mission. Lawyers serve the corporation, and legal skills, abilities and experience are shared across business lines as necessary.
6. **The organization effectively leverages its purchasing power:** Purchasing power cannot be maximized if each lawyer or section is retaining outside legal counsel in an uncoordinated manner. To maximize purchasing power, selection and retention of outside counsel can be consolidated and managed.
7. **The law department can manage high value strategic work in-house:** Legal work can be analyzed by categorizing it into strategic, important and repetitive. Strategic legal work is defined as work that provides the corporation with

a strategic advantage in its industry. Examples would be merger and acquisition work for some companies and intellectual property for others.


8. **The law department environment is not internally competitive:** The organizational structure should be clear enough and properly managed to ensure that lawyers are not competing with one another for clients. In addition, there should be an atmosphere and structure that facilitates placing the “right work” in the “right hands.” Based on legal specialty, skills or experience, certain lawyers will be much better positioned to effectively and efficiently handle certain legal matters.
9. **Communication among lawyers is facilitated:** Lines of intra-law department communications should be clear and direct. Client communications should be without barriers and direct. Lawyers who act as client gatekeepers can often slow down the communication process. In addition, lawyers within the organization should have easy access to required practice and corporate information.
10. **Obsolete, or new, in-house capabilities are easily eliminated, or added:** If the corporation’s needs change, legal needs may change. For example, a business unit or a product line might be sold. With the sale, some of the legal services provided may no longer be required. The organization should allow the general counsel to react quickly by either eliminating resources or redeploying them efficiently. The same is true for acquisitions. Additional skills and needs should be added seamlessly without the need to reorganize.

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"To attract, retain and motivate top talent, law departments must provide career opportunities and individual growth."

11. **There is easy access to global Law Department management information:** It is customarily the responsibility of the Chief Legal Officer to manage the global legal services of the corporation. Organizational systems and processes must be in place to ensure that accurate and timely management information, including workloads and legal costs, can be readily produced.

12. **Growth and career advancement opportunities are facilitated:** The current competitive environment for legal talent is intense. To attract, retain and motivate top talent, law departments must provide career opportunities and individual growth. Opportunities to move up, out or over within the corporate structure should be available.

Using the principles above as a foundation for your organizational structure will help to avoid, or at least minimize, the unnecessary time, effort, aggravation, energy and personal stress associated with regular reorganization of a corporate law department. Minimizing the impact of constant change, client restructuring and shifting business and regulatory environments will allow more time to achieve the primary goal of the corporate law department – effective and efficient client service. 

DAN DILUCCHIO
is a principal of Altman Weil, Inc. His office is located in the firm's Newtown Square, Pennsylvania headquarters, and he can be reached at 610-359-9900.

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