



Monday, May 16
10:30–12:00 pm

202 Law Department Alignment with Company Goals

New Manager Track

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Align Department with Company Goals

1. Background
2. Importance of Topic
3. What Does it Mean?
4. How to Do it?
5. Practical Advice
6. Conclusion

Background

- NYC Litigator
- Of Counsel Frankfurt office NYC firm
- GE Plastics in Germany
- GE Senior Counsel, Legal Operations
 - Direct report to GC Ben Heineman
 - "Managing Partner" 1000 lawyer department
 - Strategic agenda, internal, external productivity, outside counsel, technology, initiatives, metrics, Six Sigma
- Hildebrandt Director
- Law Department and Law Firms Clients

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Background

- Management a talent, skill: not all lawyers have it
 - Not taught in law school, can be learned
- GCs, law department managers need it
- Excellent legal skills, intelligence not key
- Skills needed:
 - Leadership, strength
 - Business, financial, technology acumen
 - Ability to negotiate: internally and externally
 - Flexibility, pro-activity, creativity
 - Organizational, multi-tasking abilities
 - Decisiveness, effectiveness
 - Ability to deliver
- Running a significant department/business

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Background: Trends

- ◆ Dramatic upgrade in-house counsel talent
 - Late 1980s-1990: "Inside Revolution"
 - Major law firm partners going in house
 - Law departments more powerful, closer to CEO
 - Legal not different: GCs have to manage
- ◆ Increasing significance of management role
 - GCs learn to manage, or
 - Appoint a senior lawyer/business person
 - Elevation of "Managing Counsel" position

Background: Current State

- ◆ In-house challenges increase:
Higher stakes, limited resources
- ◆ Greater need for management: "more with less"
- ◆ Increased security, governance, compliance costs
- ◆ Tough cost control mandatory
- ◆ Legal staffs reduced, outsourced
- ◆ Law firms still profitable, increasing billing rates
- ◆ Tougher convergence programs required
- ◆ Economic improvements do not lessen cost pressure
- ◆ Not "business as usual"

Why Align with Company Goals?

- ◆ In-house GC/law department clear objectives
- ◆ Supporting business strategic goals
- ◆ Protecting shareholder/owner interests
- ◆ Want clients to ask advice and listen
- ◆ GC credibility key to success
- ◆ Understand business and its agenda
- ◆ Manage law department like a business
- ◆ Find solutions, not roadblocks
- ◆ Law department needs to support business growth
- ◆ “Business partner with integrity”

How to Align with Company Goals

- ◆ GC, every lawyer learn the business
 - Be part of the “inner circle”
 - Upfront involvement essential: catch issues early
 - Gain business leader trust, do not be alarmist
- ◆ Review (give input into) company’s overall strategy:
 - Growth; internal productivity; cost control
- ◆ Identify risks, prioritize, if business or legal risk
- ◆ Define law department agenda to support business
- ◆ Structure law department to best serve client interests
- ◆ Provide excellent legal advice: prevent/resolve issues
- ◆ First-class service: responsiveness, pro-activity
- ◆ Train employees: overall compliance, in-depth
- ◆ Manage department: inside/outside costs
- ◆ Metrics: demonstrate value

Practical Advice

- ◆ Report to CEO, business leader (straight or dotted)
- ◆ Attend business leader staff mtgs, operating reviews, etc.
- ◆ Protect company reputation: most important asset
- ◆ Be "Conscious of Company"
- ◆ Give practical, decisive, effective advice
- ◆ Remove impediments to business growth
- ◆ Hire best inside lawyers possible at all levels
- ◆ Create open environment-clients will confide in you
- ◆ Ask questions: don't want "where were the lawyers?"

Practical Advice

- ◆ Analyze root cause of issues: design proactive measures
- ◆ Train employees: current and future risks
- ◆ Follow company rules: HR, budgets, training, etc.
 - Do not request exemptions because "legal is different"
- ◆ Embrace company initiatives: Six Sigma, technology
- ◆ Co-locate business lawyers with clients
- ◆ Conduct client surveys: respond to answers
- ◆ Manage dept or delegate to senior member of team
- ◆ Manage internal and outside counsel costs: be resourceful
- ◆ Be a profit center: "found money", other initiatives
- ◆ Measure results, prove value

Conclusion

- ◆ Most important topic of conference
- ◆ Strategic business alignment key differentiator
- ◆ Great GC/law department vs. mediocre GC/department
- ◆ Final thoughts:
 1. Understand business strategy, objectives
 2. Guard against risks, compliance first responsibility
 3. Law department agenda supports business
 4. Listen to clients, gain trust
 5. End result: seat at the CEO table
 6. Most interesting, effective place to be

Law Department Alignment With Company Goals

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Background

- ▲ Ropes & Gray, Corporate/High Tech Group
- ▲ In-house Counsel for Burton Snowboards,
Burlington, VT
- ▲ Vice President, General Counsel for
Patagonia, Ventura, CA
- ▲ Reports directly to the CEO & President

Patagonia Case Study

- ▲ Privately owned Worldwide manufacturer of technical apparel and accessories
- ▲ Approximately \$240M in sales
- ▲ Offices in Tokyo, Japan and Chamonix, Europe
- ▲ 30 retail stores in US and International
- ▲ 1200 employees at HQs, Distribution Center and Retail

Profits Are Not the Driving Force

- ▲ **Purpose:** To use business to inspire and implement solutions to the environmental crisis.
- ▲ **Mission Statement:** Make the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis.

Core Values

- ▲ **Quality:** Pursuit of ever-greater quality in everything we do.
- ▲ **Integrity:** Relationships built on integrity and respect.
- ▲ **Environmentalism:** Serve as a catalyst for personal corporate action.
- ▲ **Not Bound by Convention:** Our success – and much of the fun – lies in developing innovative ways to do things.

Patagonia's Environmentalism

- ▲ Pledges 1% of sales to environmental causes
- ▲ Allows employees to go intern for enviro groups
- ▲ Shares enviro IP with the industry
- ▲ Buildings made out of recyclable materials/renewable energy sources
- ▲ Company-wide recycling effort

Patagonia's Culture

- ▲ Dirtbag culture
- ▲ Open concept
- ▲ Let my people go surfing philosophy
- ▲ Work/life balance
- ▲ Family-oriented

First, Align Yourself With the Company

- ▲ Embrace company culture
- ▲ Build relationships
- ▲ Learn everything you can about the company
- ▲ Participate in company activities

Second, Align Your Legal Department With the Company

- ▲ Build your department, as you would build a brand
- ▲ Positive, over negative
- ▲ Partner with departments
- ▲ Show your value-add
- ▲ Provide excellent customer service

Examples

- ▲ Legal Enviro Program
- ▲ Vote the Environment Campaign
- ▲ Company's Ocean Initiative
- ▲ Patagonia's Ironclad Guarantee

Conclusion

- ▲ Market your department as a **strategic** Legal Department
- ▲ Understand each piece of the company and how they all fit together
- ▲ Integrate legal with business advice
- ▲ Be a major participant in company initiatives
- ▲ Provide excellent customer service