

# FTSE 250 GCs: gearing up on data



Gabriella Kane

*As GCs begin to quantify a legal team's value to its business, The Lawyer's roundtable finds that the use of data is key to the process in more ways than one*

**T**hirteen in-house lawyers from the FTSE 250 gathered to discuss strategic approaches to legal resourcing, delivering with style and expressing the value of the legal department.

The event was hosted by *The Lawyer* editor Catrin Griffiths and Consilio managing directors Drew Macaulay and Robin Snasdell; and, as things kicked off, there was excited talk about the transformations that the GCs had recently overseen within their companies – acquisitions, reverses, turnarounds, IPOs and ventures into the US.

In the heat of these changes, how does one manage efficiencies when undergoing such huge transactions?

For AVEVA GC Clare Denton, it's about finding creativity under extreme pressure.

"There have been a number of project management-style disciplines that we've really pushed ourselves forward on," she says. "We're thinking about how we can be seen being proactive, and putting ourselves out there as an absolute must-have function."

Although internal communications are helping to bridge the disconnect between the heads of legal and the rest of their respective businesses, there is agreement that this needs to be improved further. Indeed, the GCs feel it is an increasing struggle to quantify the value that legal work contributes to a business.

"There's a general scepticism about lawyers from non-lawyers in organisations," says Tom Hill, GC at RIT Capital Markets.

"It's sometimes hard to quantify the value we bring to risk management. I'm very conscious that we need to show that we extend our help to all areas of the business."

It is imperative to have a system whereby the right people are cross-functionally involved, whether they are in HR, finance or IT, adds Denton.

Legal departments should take advantage of the fact that they have contact with all areas of the business.

"We are in the position to have conversations and draw everyone together," Metro Bank GC Sally-Ann James explains.

"I see my role as going out and talking to all areas of the business, even if they don't have a problem; and I have regular meetings to understand what their strategic intent is and where they're going to need legal support so I can anticipate everything."

For Serco GC Paul Boyle, the key is data. Without baseline data, there is a lot of "nonsense and myth", he says.

"The first thing we did was understand what our spend was. A lot of CFOs said they didn't want any more lawyers. Unless you have the data to back up



## The Lawyer FTSE 250 Report

*This report, produced in association with Consilio, is the definitive guide to in-house teams at the FTSE 250 and the law firms serving them. It reveals which law firms are working with each of the 250 companies and on what types of subject, including both corporate and litigation work. It also includes details of team size and efficiency projects.*



Roundtable participants



Sally-Ann James and Mark Turner

WENAPICTURES.CO.UK



Paul Doyle



Matt Newman



Tom Hill



Robin Snasdell



Dinesh Jadav



Drew Macaulay



Catrin Griffiths and Jonathan Waltho

your spend, you'll always be having a budget discussion with the CFO where you are told that something has to give," says Boyle.

There is a lot to be learnt from lessons of external spend. GCs are increasingly feeling the need to prove that they are contributing positively, especially when faced with questions about the tasks going on internally that are producing value and avoiding risk.

The mention of companies asking about a return to time-tracking produces a collective guttural sigh in the room; clearly, no one wants to go back to that process.

In the case of Royal Mail, part of its strategy was to become a net contributor. Its story is one of capturing the holy grail of legal: value creation.

Royal Mail assistant legal director Matt Newman says: "Three years ago we were in deficit and costing the business money. We found a solution. Our criminal law team confiscate and drive income from fraudsters.

From this, they freeze many millions of pounds' worth of assets and drive income for us. Articulating these areas of income is critical to us.

"If you can find an effective means of capturing across the year the value that you've driven, you'd be fascinated by how quickly it adds up to a significant sum of money."

Dinesh Jadav, Royal Mail's director of legal operations, adds: "Last year we were able to show that we contributed £13.5m to the business, and that is really powerful because it stops the debate that we are a cost centre."

Not all legal departments have the ability to generate revenue, but they are all able to capture cost reduction and risk avoidance.

Fidessa GC Jonathan Waltho looks to other areas of the business for inspiration.

"We're seeing that information security already has project management disciplines in place, and so we are applying these in the legal world too," he says.

"We are taking more of a risk-based approach to everything we do. We look at the risk, we look at ▶

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We want to be a function that has data that is used by other areas of the business, rather than just be reactive”

Paul Boyle, Serco

the costs of the investment. It's a much more structured process."

Data, as they say, is the new oil. Boyle says: "We want to be a function that has data that is used by other areas of the business, rather than just be reactive."

"There's sales data, payment data, preventative maintenance-type data. If you are a function that's doing that, it's a really mature function. It's building on this, and you are seen in a different way from just executing reactive work."

GCs are increasingly looking to tap into the rig of data that their business holds to help capture solutions for clients; and to deliver self-service work, which will push back the lower-value tasks. With objective data they can make better decisions about resourcing internally and externally.

The table was nonetheless dissatisfied with the data access that they were being offered by law firms.

"Some of the global law firms we use have more data than we have," says Mark Turner, legal risk and compliance COO at TP ICAP. "But they are not providing this to us."

"I've found in the past that, when companies have made data accessible, it could provide such valuable information. But I don't find that law firms are that interactive in giving me information beyond spend."

"I get all my information from the firms," says James. "They give me the MI [management information] and every month they tell me what we've spent with them."

"We are able to work out what our overall relationship with them is worth."

The GCs were troubled by what they often perceived as opaqueness from law firms. Within this opaqueness lies the opportunity for the firms to increase their margins. With 2018 set to be a record year for law firm profits, what is going on?

Doyle reasons that the codes in electronic billing enable GCs to break down costs by both phase and type.

"This is only one lens to look through," he argues. "The other lens is rates."

"Law firms know the leverage points and this is what they use to maximise profits; this type of information you will not get."

"You need to do analytics on external spend and take electric billing to one more level, so you have more transparency."

### Looking north

As firms are now north-shoring in Belfast, Newcastle and Manchester, among others, there is agreement that relationship partners need to offer them as a first point of call.

Newman says: "It's remarkable that relationship partners are very often not interested and don't know what's going on in these back offices. They haven't changed the way they work or how their pricing works."

"GCs need to raise the question about these low-cost centres having an impact on us too." ●

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## Enabling technologies are the secret to efficiency

Consilio was once again delighted to co-host *The Lawyer's* roundtable on legal department efficiency, this time for a group of 13 GCs and senior in-house counsel from FTSE 250 corporations.

While the topics covered in this event were broadly similar to those discussed in our previous FTSE 100 roundtable, there were notable differences. This is perhaps because, in general, budgets were lower, teams were smaller and the use of legal department management technology was less an embedded working practice than a future goal.

Having said that, the 'Do more with less' pressure described by the FTSE 100 GCs was no less present for FTSE 250 legal departments, and a lively discussion was had, primarily around defining the legal department's work and value, legal technology and how to focus on increasing efficiency when 'Business as usual' dominates available time to the exclusion of all else.

### Data beats opinions

Increasing the efficiency of a legal department starts with a good understanding of the work being undertaken and the resources (both human and financial) that are currently delivering that work. A good way of gaining some insight without going as far as time recording is through detailed employee surveys, which go beyond simple 'How much time do you spend doing X?' type questions to reveal more subjective information about how staff actually feel about their work.

Once this critical data on the tasks undertaken by the legal department has been compiled, it is then possible to identify opportunities to improve efficiency through implementation of enabling technologies like automated generation of contracts and NDAs, or outsourcing lower-level work to alternative legal service providers. This in turn frees up time that could be used for other efficiency projects or even bringing work back in-house that was previously sent to external counsel, as one participating firm has done very successfully over the past two years.

### Delivering with style

Top of the agenda for many attendees was how to manage their department's relationship and reputation with the rest of their business. One attendee remarked that the difference between a perception of poor service and one of great service could be as simple as keeping the internal client regularly apprised of progress, even if the timescale for final delivery of the requested guidance was the same. A low-cost enabling technology that can help legal departments to achieve this higher level of customer service is an intranet-based legal service request portal. The internal customer completes a form with key information that helps legal department managers prioritise and allocate the work either internally or externally, and provides a central point for the internal customer to receive updates on their various requests.

### Finding time to save time

The day-to-day pressures of managing a busy legal department present a significant obstacle to bringing about change. Legal departments that hire in or dedicate existing resources to legal operations are therefore much more likely to succeed than those that look at efficiency as a side project to be delivered alongside the day job.

By Drew Macaulay, managing director, Consilio

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