



HOW IN HOUSE LAWYERS CAN ADD VALUE TO THE BUSINESS?

In-house or out-house?

In some senses this sounds like a 'Have you stopped beating your wife?' question. It assumes guilt where quite possibly there is none. Of course lawyers add value to business and particularly boards and I speak as a non-lawyer and director with over twenty years' experience on international boards. There has never been a time when close, knowledgeable legal advice and guidance has been more needed by private, public and not for profit boards.

Legal advice can be obtained both from in-house and out-house legal services and we all know that the end effect will be a mixture of all. It is just inappropriate to come down on the side of outsourced legal advice as opposed to in-house or vice-versa since it is 'horses for courses'. It is just the same in the profession that I come from – Human Resources – where similar mixtures of supply operate quite happily alongside each other in differing quantities and variations in competence and quality.

Similar arguments apply – in-house lawyers have a better chance of knowing the business, being part of the team, understanding legal implications in practice, taking a commercial view. However they by the very nature of things they tend to be generalists and get to the point where external specialist legal advice is needed. Just so with HR professionals. I have conducted the defence of many Industrial Tribunals in the past but I know very well when the legal voice is needed. I have been involved in setting up companies, electing directors to the board, selling companies, pursuing acquisitions, none of which would I dream of doing without proper legal guidance any more than I would dispense with the support of the finance function or colleagues in HR.

How to increase the profile?

In this sense the legal profession is coming from the same place as most others. I qualified as a Chartered Civil Engineer in the 1960s. Also I became a Companion of the Chartered Institute of Personnel and Development and a Fellow of the Chartered Management Institute in the 1990s. All three of these Institutes (Institution in the case of Civil Engineers!) have participated in nauseous navel gazing over the decades – why doesn't everybody recognise how important we are?! Why is our membership/fellowship not an automatic passport for jobs for life or a seat on the board?

At the end of the day all have specialist, professional, highly valuable skills and competencies to offer but none has any God given right to a job, a position or status. Neither does the technical qualification train for the peculiar abilities to manage organisations.



The fundamental thing in common between the legal profession, engineering, personnel and management is that the training, education and CPD routes are all tuned to developing the left hand side of the brain. It is about marshalling the facts, about logic and rationality, about consistency and precedent. (Incidentally the same applies to the medical profession with which I have become familiar as a Chairman of NHS Trusts for the last 10 years).

The big gap in our common routes of education is developing the right hand side of the brain – the side that defies logic. It's about emotions, feelings and empathy, none of which you will find in a legal textbook let alone a manual on reinforced concrete or an analysis of discounted cash flow. However, no effective board director or leader in today's organisation can do without a developed right hand side of the brain – without social skills, without an ability to show emotions or engage with fellow human beings. I cannot ever remember dismissing or even disciplining a member of staff for inadequate technical skills but many have gone because of inadequate interpersonal skills or inability to work in teams.

How to raise the profile? The advice is the same whatever the profession – first develop the right hand side of the brain and you will find the performance of you and your team and your organisation will increase by leaps and bounds. Second, learn to work effectively in teams with your peers of whatever profession or specialty.

What should the relationship be with the CEO?

There are two key words here – 'relationship' and 'CEO'. All successful relationships have to be judged by the "What's in it for me?" factor on a mutual basis. What does the CEO want? Sound advice, swift and available from the in-house lawyer and reference to the external variety when it's necessary. Lawyers who understand the business, understand the law and how to find practical, pragmatic solutions. The CEO has two key priorities here – the performance and reputation of the company.

What else does the in-house lawyer want? This relationship has to be satisfying in both directions. Some of this is right hand brain stuff from the CEO – appreciation, willingness to listen, behaviours. The lawyer can expect good ethical standards, values that are not just expressed but acted upon. Corporate governance that is taken seriously – not a 'tick box' attitude in a risk management sense but both conformance and performance that gives due weight to policy, strategy and the dynamics at Board level.

What both the lawyer and CEO should want is a thirst for learning by the board.

They should join together to reject the notion that "As I am god I am not trainable" which I have actually heard from some board members. Directors now need to 'professionalize' in their own right and be properly trained for the



job. Some years ago the IoD discovered that less than 10% of board members had had any formal training to fulfil the role as directors.

The in-house lawyer should be able to guide on the Companies Act and the increasing myriad of regulations. Also with the CEO can recognise that directors need to develop and that the whole Board should seek to 'raise their game' in performance terms and that from experience, external help is needed to support and facilitate this development.

This is why colleagues and I have established Board Performance Limited '*to increase the constructive use of time and talent on the Board*'. We would be delighted to work with in-house lawyers to increase their profile and improve their relationship with the CEO, demonstrating added value to the business!

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