

# Building an In-House Legal Department

**Successful leadership by an in-house legal team requires effective planning, execution, and maintenance. Here's how one in-house department built a great team.**

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Establishing an effective and client-focused in-house legal team is a notable accomplishment. An effective legal team is tailored to the unique needs of each organization, its mission and strategic plans, portfolio of business, leadership, and challenges.

This is true not only in creating a legal team but also in scaling and maintaining the team as the business grows or diversifies. And while there is a wealth of good, publicly available information on establishing an in-house law department, there is less on best practices for growing and maintaining excellence in the department.

## ACC Principles for Establishing the In-House Law Department

When I first became a general counsel, I found a valuable resource in the Association for Corporate Counsel's *Establishing the In-House Law Department: A Guide for an Organization's First General Counsel* (2012) (ACC Guide).<sup>1</sup> Although my organization had an established office of general counsel (OGC) when I started, the principles and practices outlined in the ACC Guide are continually relevant for success in the role.

The ACC Guide emphasizes 10 key roles of in-house counsel.<sup>2</sup> (See the accompanying sidebar.)

Every role requires a team effort, starting with general counsels as they establish and build their teams and then continuing among team members through strategic planning, workload management, and professional development.

## Recruiting and Hiring Strategies

Ideally, the general counsel determines the resources the department needs to meet its key roles and responsibilities for the organization.

In many cases, the main reason for building an in-house legal function is reducing reliance on and the expense of outside counsel.

Therefore, the first step in building a legal team is a strategic assessment of the legal portfolio of the department and the corresponding outside-counsel expense. Does the organization rely on outside counsel for recurring or routine matters in any legal areas or categories of practice, for example, litigation, contracting, or policy development? If so, consider rolling these matters into a job description for an in-house counsel position.

We determined that employment litigation was a significant source of outside-counsel expense, so hiring a litigator with experience in employment law was one of our first priorities. The other priority was hiring a transactional



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lawyer with commercial real estate experience.

We were looking for attorneys who could expand their practices to build cross-functionality and become a cohesive legal team. Hiring such individuals requires assessment of more intangible qualities, such as compatibility with company culture, relatability to internal clients and customers across the organization, and strategic thinking skills.<sup>3</sup> We were deliberate in selecting the search committee members for each position, striving to include a diverse group of representatives from departments most likely to interact with the attorney.

After hiring, it is necessary to manage expectations about the cost savings and benefit that in-house counsel will bring. Typically, there is not a dollar-for-dollar reduction in outside-counsel spending to offset the total compensation of a new in-house attorney. However, if the organization retains a cohesive team of lawyers, it should see a downward trend in outside-counsel expense and an upward trend of added value in terms of claims or litigation avoided through preventive law.

### Orienting the Legal Team to Best Serve the Organization

Once a legal team is in place, team members' understanding of the organization's culture, business operations, industry, market, and strategy are key elements for success. Learning these things starts on day one by a variety of means – reviewing documents, establishing liaison relationships with other departments, and integrating attorneys into OGC staff meetings and office operations.

We typically start by giving each new attorney an orientation binder containing relevant documents, including the organization's charter, departmental mission statements, organizational charts, strategic and operating plans, corporate bylaws, and summaries of key legal relationships.<sup>4</sup> Historically

## 10 Key Roles of In-House Counsel

<ol style="list-style-type: none"> <li>1) Develop intimate knowledge of the company.</li> <li>2) Reduce overall legal expenses.</li> <li>3) Serve as a trusted advisor.</li> <li>4) Develop corporate compliance programs.</li> <li>5) Improve corporate governance.</li> </ol>	<ol style="list-style-type: none"> <li>6) Minimize legal risks.</li> <li>7) Prevent and manage crises.</li> <li>8) Codify company policies and create knowledge capital.</li> <li>9) Develop the in-house legal department.</li> <li>10) Manage outside counsel. <b>WL</b></li> </ol>
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significant legal decisions involving the organization and any white papers or summaries of significant litigation are also useful components of an orientation binder.

### Establishing Liaison Relationships with Other Departments

The vice president for human resources at my organization is fond of saying “where two or more people are gathered, there is room for an open chair for someone to learn.” Attending other departments' staff meetings is a great way for new attorneys to establish liaison relationships with colleagues they will work with most frequently.

We also encourage department heads to identify opportunities for attorneys to make presentations on legal developments or new regulatory requirements in training sessions, workshops, and recurring meetings. For example, such presentations might be made at monthly meetings with the organization's human resource officers. This further familiarizes department personnel with the attorneys they work with.

By the same token, we periodically invite department leaders to OGC staff meetings to gain a better understanding of legal issues from the departmental perspective. For example, we invited our chief information officer to train the attorneys on how to implement a legal preservation hold in the organization's electronic records system.

### Mentoring

If the legal department hires a new attorney to work with an experienced attorney in a particular practice area, we typically ask the experienced attorney to assume a mentoring role – providing feedback and input on drafts, being a sounding board for different ideas and approaches, and generally helping the new attorney succeed. We also update the experienced attorney's job description to reflect the mentoring role so that this added responsibility is recorded for purposes of evaluation and promotion potential.

### Effective Case Intake and Management System

An in-house legal team must have effective tools to process new matters and manage all legal work. The tools need not be costly or elaborate. Our department has two email inboxes for contracts, draft policies, and other documents requiring legal review (in addition to matters taken in via direct communication with an attorney). Each week, a different attorney reviews incoming requests and, with the office manager and deputy general counsel, assigns projects.

Once a matter is received and assigned, we use an electronic case management system to track the status and collect documents and emails connected to the matter.<sup>5</sup> We also use the case management system to generate a list of open matters, and we use the

lists in regularly scheduled meetings to review status, deadlines, and response times. In addition, the case management system's "notes" or "case details" features are effective tools for preserving contemporaneous thoughts and impressions and any communications regarding a case or matter.

Finally, we use the case management system to preserve institutional knowledge, including banks of forms, contract templates, legal memoranda, and after-action reports. We also use it to organize and index training materials for presentations delivered by the team and for conferences, workshops, and trainings that team members have attended.

### Strategies for Attorney Retention and Professional Development

When attorneys are fully onboarded and integrated into the team, we shift to supporting their professional development and growth within the organization. It is vital for retention and department morale to establish a clear progression path for attorneys, such as associate counsel, senior associate counsel, or practice group lead, with corresponding increases in responsibilities and compensation.

Promotion and progression are typically based on greater independence and autonomy in providing advice to clients, negotiating and closing transactions, and managing litigation. For that reason, we encourage each attorney to develop an annual professional development plan with specific goals for growth, such as opportunities to present at internal and external conferences relevant to their areas of expertise or to gain experience in new practice areas

or other kinds of matters (for example, transactional attorneys gaining experience to handle litigation matters.)

### Leadership Succession Planning

Closely related to professional development and equally important to the ongoing success of the legal team is leadership succession planning: preparing the team to adapt and continue to perform effectively when department leaders or senior attorneys leave.<sup>6</sup>

Our organization has prioritized leadership succession planning in response to workforce trends in key areas relevant to our core business. A significant percentage of senior staff across our enterprise who have expertise in contract administration and related areas might retire within three to five years. Based on this, we set out to build an effective leadership succession plan. (See accompanying sidebar.)

Within the legal department, we have tailored professional development plans to emphasize individual attorneys' career aspirations and to identify specific activities and resources to achieve those goals. For example, because frequent interaction with the board of directors, particularly the audit committee, is a key part of the general counsel role, we look for opportunities for senior attorneys to make presentations at board meetings and gain experience and confidence in interacting with the board. We also emphasize participating in leadership training offered by the human resources department, and in compliance and ethics trainings by the compliance department.

In a small legal department, such as ours, it is not feasible or practical to prepare everyone to become general counsel or deputy general counsel. But

## Steps to Build an Effective Leadership Succession Plan

- 1) Identify crucial roles within the organization.
- 2) Evaluate the skills, knowledge, and experience of current personnel.
- 3) Develop and adapt professional development plans to prepare identified department employees for leadership or more senior roles.
- 4) Provide timely feedback and review of progress toward identified goals. **WL**

legal department lawyers might want to pursue leadership roles in other departments within the organization, such as a business lead or a vice president for human resources. Accordingly, we coordinate our succession planning with the departments we interact with most. As a result, individuals in our department have been identified in succession plans of other departments, and we incorporate appropriate training and development in the professional development of those individuals.

Effective leadership succession planning in the legal department is built on hiring and retaining successful attorneys and bringing them together into an effective and collaborative team. **WL**

### ENDNOTES

<sup>1</sup>Available at [https://www.acc.com/sites/default/files/resources/vl/membersonly/InfoPAK/1313060\\_1.pdf](https://www.acc.com/sites/default/files/resources/vl/membersonly/InfoPAK/1313060_1.pdf).

<sup>2</sup>*Id.* at 16-17.

<sup>3</sup>*Id.* at 63.

<sup>4</sup>For-profit or publicly traded companies would typically have other readily available key documents such as recent SEC filings (e.g., 8-K, 10-K, or 10-Q reports), and proxy statements.

<sup>5</sup>As a general rule, we open a new-matter file for any new litigation matter and any counseling or transactional matter requiring more than 15 minutes of an attorney's time.

<sup>6</sup>This is distinct from succession planning in the sense of protecting clients in the event of a lawyer's disability or death as set forth in the ABA Rules of Professional Conduct (for example, rules 1.3 (Diligence) and 1.17 (sale of law practice)). **WL**