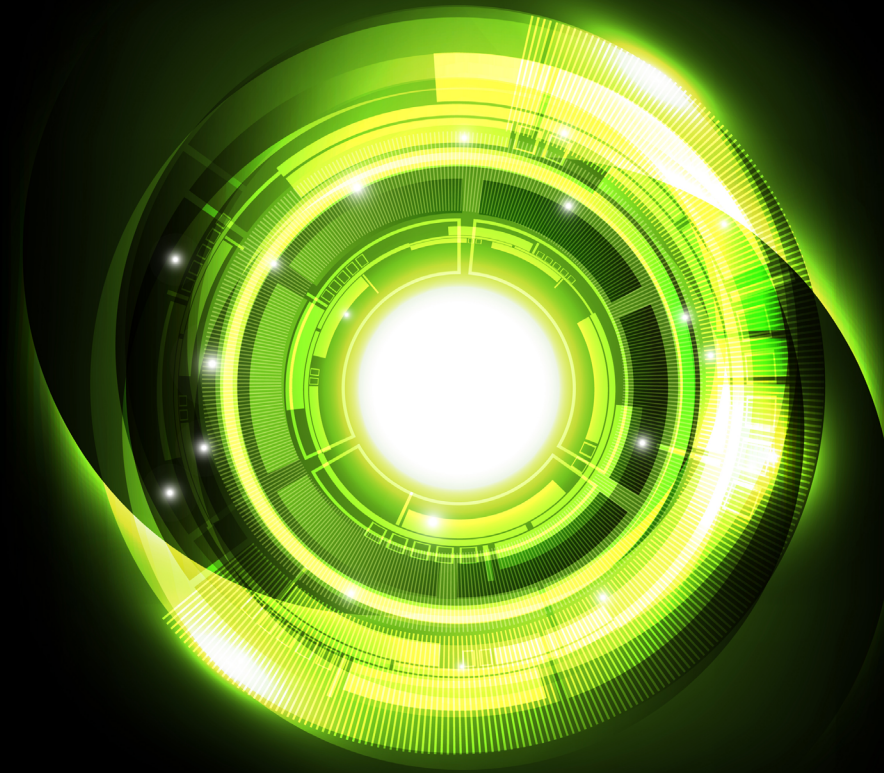


**Deloitte.**



**The CLO strategist**

A new kind of legal officer for modern business

# Introduction

Today's chief legal officer (CLO) is an influential member of the executive leadership team, with a growing number of responsibilities.<sup>1</sup> Some of these include:



**Compliance**



**Privacy**



**Ethics**



**Innovation**



**Investor  
relations**



**Occupational  
safety and health**



**Environmental,  
social, and  
governance**

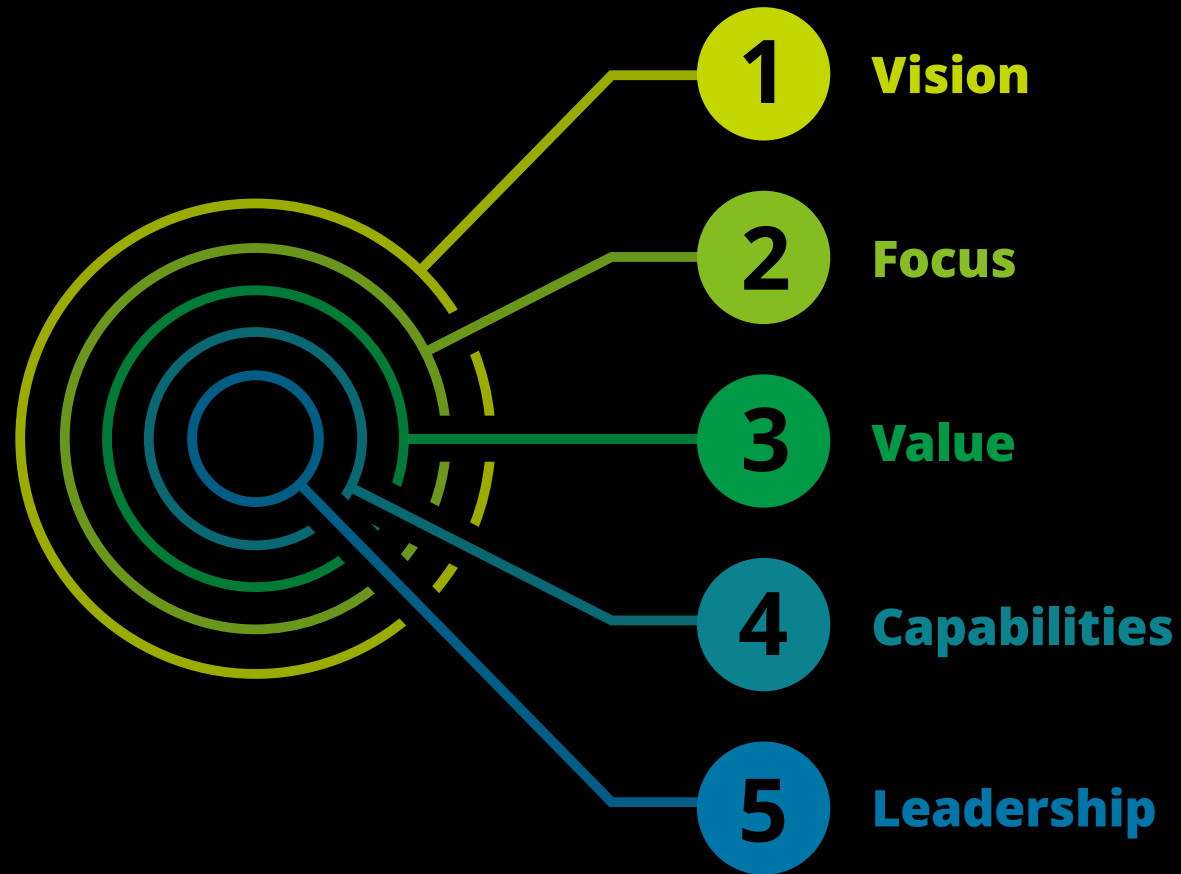


**Government  
affairs**

In addition to running the legal department, Deloitte research shows that **CEOs expect CLOs to spend up to 70% of their time on legal guidance, innovative solutions, and business strategies** that create value and move the organization forward.<sup>2</sup>

## What is strategy?

Strategy is the result of five self-reinforcing choices:<sup>3</sup>



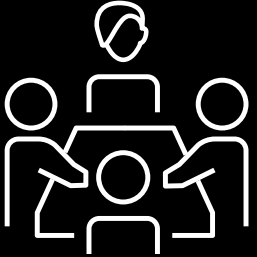
As a strategist, the CLO wears two hats:



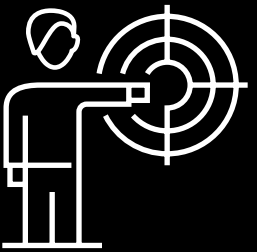
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## Vision

Articulate a sense of purpose, define your aspirations, and describe what success looks like.



As a **business advisor**, the CLO is part of a peer group working on strategy. They're weighing in on the vision for the overall enterprise, bringing the legal lens, and making sure the vision aligns with the organization's risk profile.



In their role as **legal function leader**, the CLO has more room to call the shots. There's greater opportunity to be proactive, define where they want to play, and lead with purpose.

In either capacity, while developing a vision, strive to:



Engage multiple perspectives



Frame the issues



Lay out a plan



Make it an experience

# 2

## Focus

Clearly define what you will and won't do.

### Business advisor

In this role, the CLO may aspire to appropriately balance growth with the organization's risk profile. Consider the opportunity to leverage legal function data to inform business decisions. With the help of modern analytics tools, a CLO can more easily identify trends while layering in legal and operational knowledge to identify opportunities, manage risk, and model potential outcomes. For example, the CLO might provide insights to questions such as:



**Leveraging data and analytics in this way may enable a CLO to more proactively advise colleagues in executive leadership on strategic business issues.**

## 2

### Focus

Clearly define what you will and won't do.

#### Legal function leader

In their efforts to enable the business, legal functions have been taking on more and more work.<sup>4</sup> But some of the work, while important, isn't always the highest and best use of legal department capabilities. Meanwhile, advancing technology has made it possible to automate repetitive tasks, thereby freeing up some of legal's time for other tasks, and at the same time allow the business to manage some processes for themselves.

All this has CLOs increasingly rethinking what they **should** be doing versus what they **have** been doing.

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Suppose a contract life cycle management application allowed the business to complete standard sections of an agreement, alerting the highly skilled attorney only when needed to handle exceptions. Where could the attorney apply their talents instead? How much more engaged would they be?

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#### ! PROOF POINT

**For most employees**, a connection to meaningful work is a leading influence on their job satisfaction, but only

**53%**

say their organization is "effective" or "very effective" at creating such work.<sup>2</sup>

**For legal departments** specifically, engagement is a challenge; one survey found that legal functions score the worst in engagement by a factor of more than

**2x**

when compared with

**24**

other functions.<sup>5</sup>

# 3

## Value

Identify the differentiated contributions that enable competitive advantage.

### Business advisor

What's the legal department's differentiating value proposition?

**We hinted at it earlier: Proactively engaging with the business units is how the legal function adds value.**

That doesn't mean moving forward with every idea they have. It does mean helping the business consider the idea's pros and cons through a legal lens, when necessary, and in light of the organization's risk profile.



One opportunity to differentiate is through the establishment of centers of excellence. These can be internal to the organization or outsourced. Either way, they concentrate scarce, high-demand competencies on a particular area so the organization can get the most from what the legal team has to offer. Litigation, contract management, and paralegal services are some of the activities where the CLO can bring a center of excellence to bear.

# 3

## Value

Identify the differentiated contributions that enable competitive advantage.

### Legal function leader

How do we efficiently manage the workflow, and what's the right balance of work across in-house counsel, law firms, and vendors?

**The aim here is to play to the legal department's strengths.** In some cases, with the benefit of hindsight, the allocation of work has been less than strategic, but stepping back to more intentionally decide where the legal function can deliver the highest value (and where a law firm or alternative provider might be a better choice) can help to elevate the legal department's impact and potentially positively influence the job satisfaction of the legal team.



Most legal departments have already started down this path<sup>4</sup> by, for instance, engaging an e-discovery provider, or taking one step further and engaging a managed service for e-discovery to generate economies of scale. Some have taken a more data-driven approach and implemented a workflow tracking system, which can help collect and understand trends in the demands placed up the legal function; identify inefficiencies, like bottlenecks; and effectively route requests to the appropriate contact, helping to reduce service delivery timelines.



4

## Capabilities

Determine existing and in-demand assets and competencies, then identify investments, processes, and technologies to support them.

### Business advisor

As a business advisor, it's important to recognize that the modern in-house counsel is a multidisciplinary role that requires business acumen and familiarity with disciplines from information technology to marketing communications, all while keeping up with a changing regulatory environment. That's a different set of priorities from the traditional large law firm model. It requires an ability to understand the fundamentals of the business, as well as capabilities like:



**Teaming**



**Learning**



**Adapting**

## 4 Capabilities

Determine existing and in-demand assets and competencies, then identify investments, processes, and technologies to support them.

This leads to a **fundamental reimagining of legal training**. Instead of limiting it to the continuing education that's required to maintain a bar license, a more **dynamic industry-oriented training program** can elevate the work that in-house attorneys do and position them to better respond to changing business needs.

When it comes to training and development, there may be some opportunities to improve. When surveyed, legal department respondents reported:<sup>6</sup>



**30%** of legal functions have an established development program = existing skill training + road map for developing missing strategic and core capabilities



**64%** report that developmental opportunities are offered when and where needed, and



**57%** say developmental resources and opportunities are high-value

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It may also be helpful to develop and deploy a system for gathering feedback on engagement with the legal function from business units to help keep legal function training responsive to client needs.

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# 4

## Capabilities

Determine existing and in-demand assets and competencies, then identify investments, processes, and technologies to support them.

### Legal function leader

A CLO may be challenged with the notion of training for new and evolving capabilities, especially where the legal team is already strained for time and resources. One option to consider is a diagnostic activity analysis, which may help to identify and minimize low-value, repetitive work, thereby freeing up time for the legal team to focus on learning and applying new skills. Combined with a technology assessment, these evaluations can help CLOs understand:



What processes are currently in place and whether or not they are effective



Which tools the organization already has that the legal function can use



Whether each tool being used is the most effective one for the process



Where automation could help the legal function



What alternatives are on the market that enable legal function efficiency

# 4

## Capabilities

Determine existing and in-demand assets and competencies, then identify investments, processes, and technologies to support them.

### ! PROOF POINT



In August 2020, nearly three-quarters of surveyed legal executives said that their **workloads had increased** as a result of COVID-19.



Additionally, two-thirds had undertaken **cost containment measures**.



And more than half had made **headcount reductions**.



To reconcile increased demand and shrinking budgets and workforce, nearly two-thirds expected legal function investments in **technology solutions to grow**.<sup>7</sup>

# 5

## Leadership

Consider the culture, talent, training, and behaviors necessary to enable success.

### Business advisor

The CLO can take a leading role in developing the strategy for company culture both internally and externally, tying culture into the company's risk profile.

### Culture defined



**Internal:** What the board, executives, and employees say and believe about the company's values and mission and how their behavior and actions reflect those statements and beliefs



**External:** How customers, suppliers, investors, communities, and other stakeholders view your company, its values, and its mission

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For more information on how a CLO can lead on enterprise culture issues, read the article from Deloitte entitled [The CLO's role in corporate culture](#).

The internal perspective can drive employee engagement and productivity. The external perspective can impact everything from reputation, to customer buying behavior, to investor decisions, to talent and recruiting campaign success.

### ! PROOF POINT

Mark Roellig, retired CLO and CIO of MassMutual, recommends a cloud-model, team-oriented style of executive leadership. In this model, top talent in each function is identified to the executive leadership team.

Roellig suggests that this creates a greater sense of accountability for talent strategy and increased accountability among executives for DEI outcomes.<sup>8</sup>

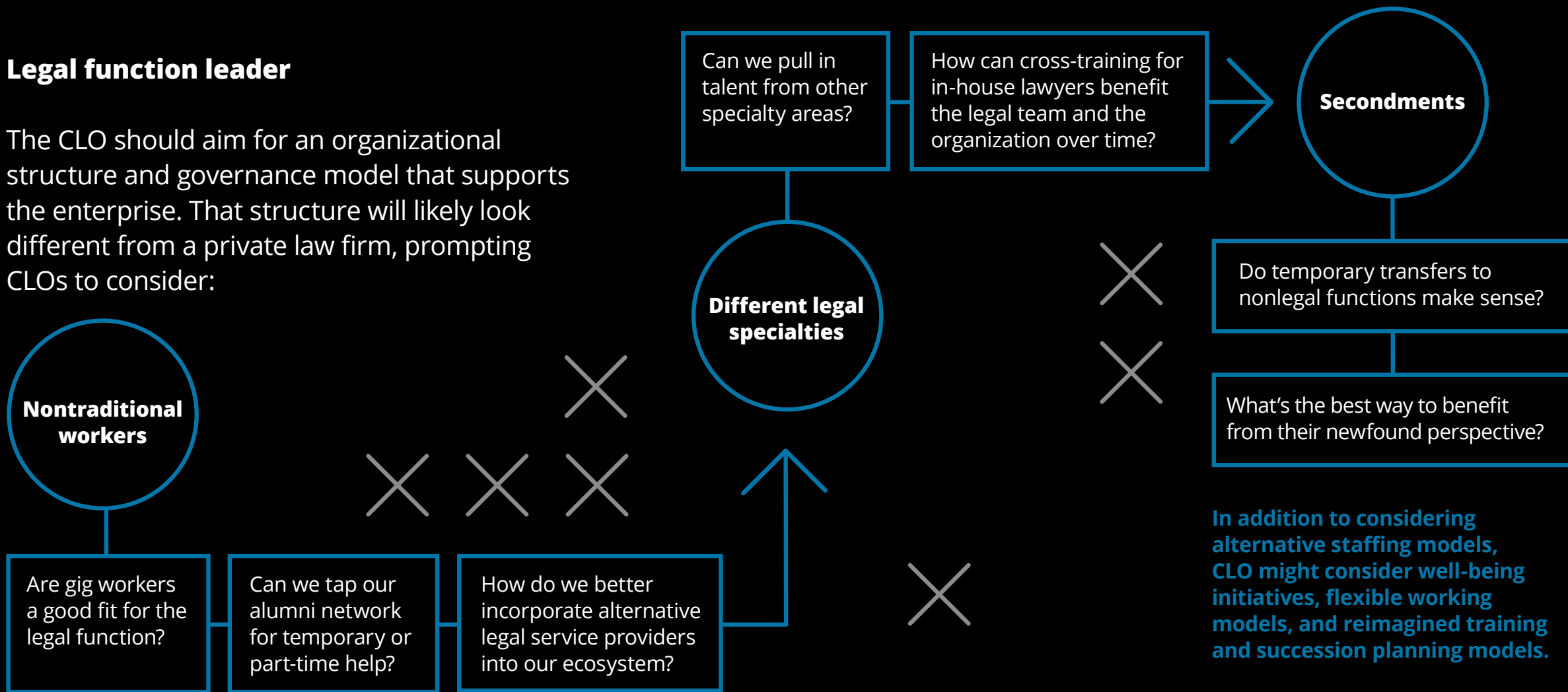
# 5

## Leadership

Consider the culture, talent, training, and behaviors necessary to enable success.

### Legal function leader

The CLO should aim for an organizational structure and governance model that supports the enterprise. That structure will likely look different from a private law firm, prompting CLOs to consider:



In addition to considering alternative staffing models, CLO might consider well-being initiatives, flexible working models, and reimagined training and succession planning models.

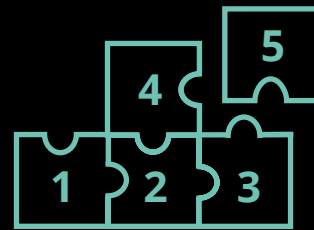
# When strategy goes awry

In our experience, when a strategy goes awry, the culprit can be found among three main sources of friction:



## Incoherence

Incoherence occurs when the underlying beliefs (orthodoxies) that have informed the strategy narrative are fundamentally misaligned with external and/or internal realities.



## Incongruence

Incongruence occurs when the five strategic choices aren't integrated and don't reinforce each other (e.g., when your capabilities don't support your value proposition)



## Inconsistency

Inconsistency happens when what you do is at odds with what you say you will do.

# Putting strategy into action

An optimally designed strategy requires action to be successful. But motivating others to change can sometimes be a challenge. One solution is to design an organizational change management initiative infused with human-centered design (HCD) to support the strategy. HCD is a take on design thinking that focuses on how people experience the solution that's being developed. **CLOs can build out an HCD-oriented change management initiative in four phases:**



## Discover

Immerse yourself in the world of your stakeholders so that you fully understand what's important to them. Provide context by developing a true understanding of the project, turning the ideas and documentation into real experiences. Use research and stakeholder interviews to assess resistance or acceptance to change; understand their fears, concerns, and hopes.



## Define

Define the problem you are trying to solve by analyzing research for trends, hidden meanings, insights, and opportunities for change. Ask: What did we learn? What should we pay attention to? What can we ignore? Then reframe the problem, if necessary: Does the data analysis change our original understanding of the problem? If so, how should we reframe it?



# Putting strategy into action



## **Develop**

Generate ideas and prototype, build, and test customized change techniques and creative solutions with your stakeholders. Consider using a small pilot to test the strategy and change management initiatives. Use the pilot experience to develop the change interventions that will help prepare a broader group of stakeholders for the transition. After that, continue to iterate prototypes of change interventions and see how key change agents receive them. Collect data as often as possible.



## **Deliver**

Implement and iterate as needed so that you're continually meeting the needs of your stakeholders. Deliver the change experience designed for the stakeholder, then evaluate, measure, and iterate.

# Making an impact on business outcomes

The CLO isn't just a lawyer anymore. Increasingly, CEOs are looking to their legal officer for advice about innovation, value drivers, and growth. And as more and different kinds of responsibility move under the leadership of the CLO, the greater the imperative to become intentional about setting, communicating, and executing on strategy.

In subsequent installments of the CLO strategy series, we'll put this model into action and explore what CLOs can do to develop effective strategies from three perspectives:



**Intellectual property**



**Cybersecurity**



**Ethical technology**

Each is a relevant issue in the commercial arena and an area where legal executives can make a significant, highly visible impact on the business.

# Author

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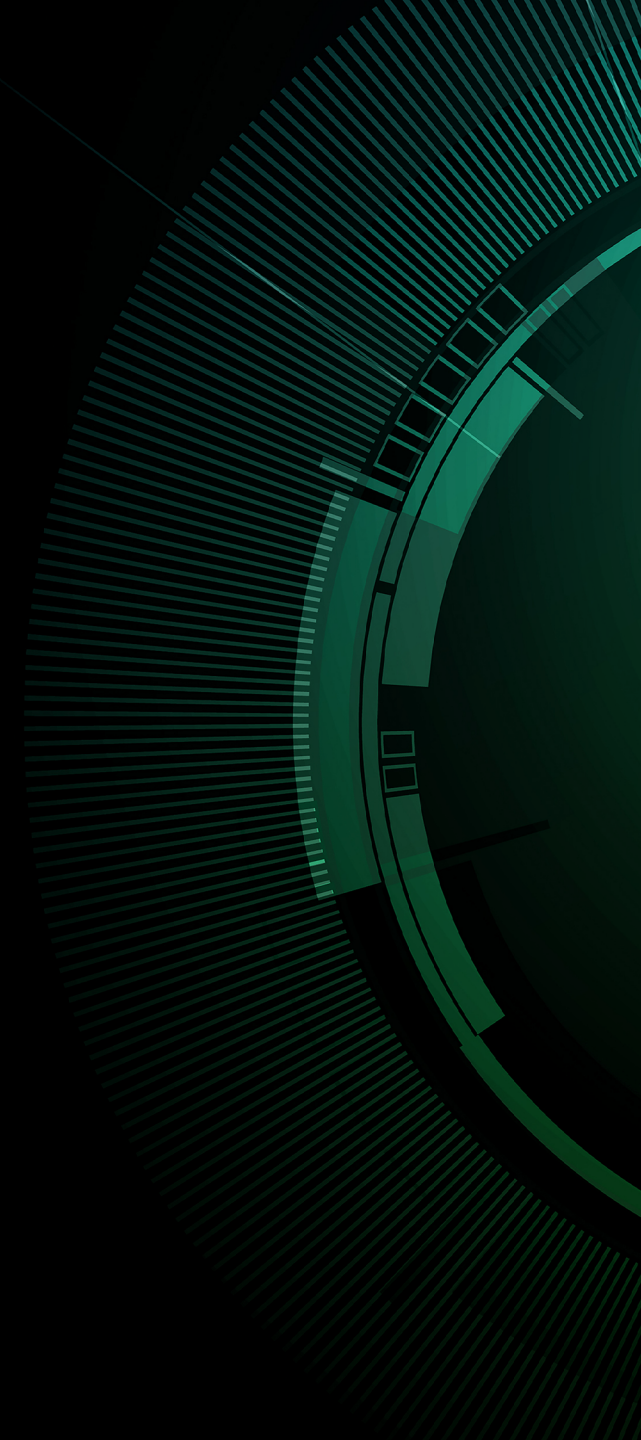
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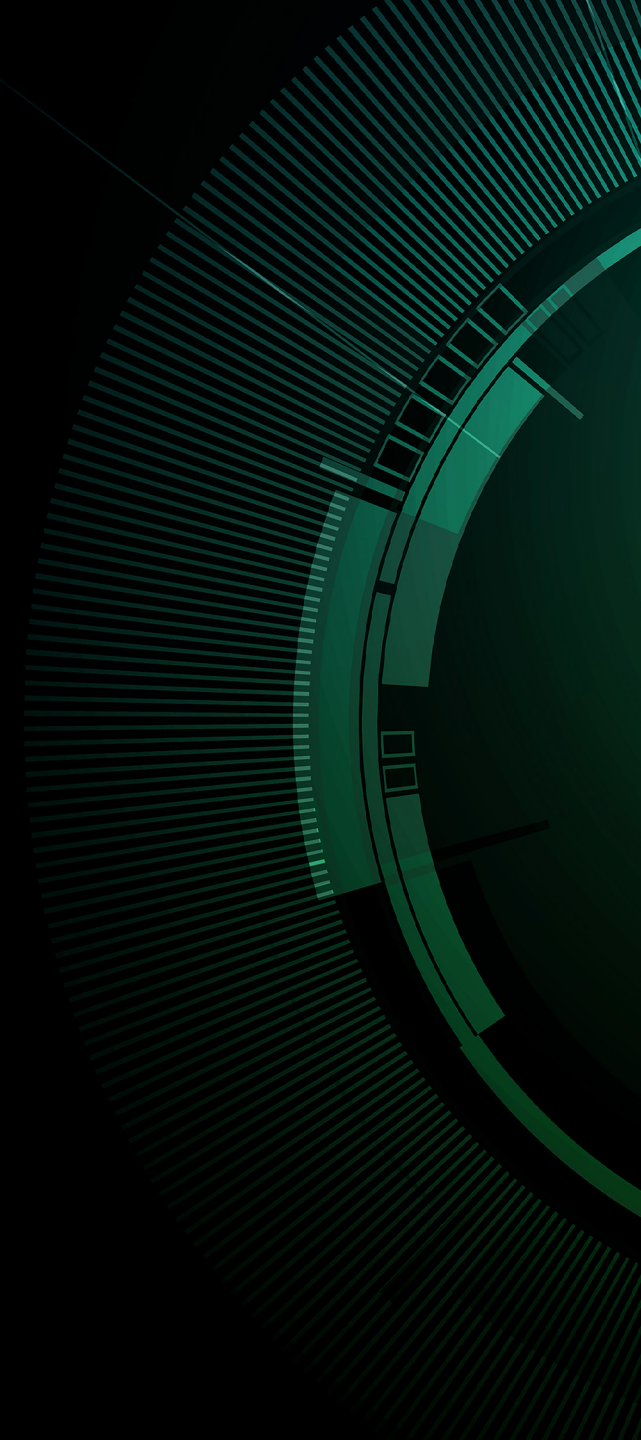
## **See also:**

1. Association of Corporate Counsel (ACC), [2021 Chief Legal Officers Survey](#), 2021.
2. ACC, [2020 Chief Legal Officers Survey](#), 2020.



# Endnotes

1. Association of Corporate Counsel, [\*2021 Chief Legal Officers Survey\*](#), March 2021.
2. Deloitte, *The four faces of the chief legal officer*, 2019.
3. A.G. Lafley and Roger L. Martin, *Playing to win: How strategy really works*, Harvard Business Review Press, 2013.
4. Deloitte, [\*Resilient leadership 2020 legal department strategy survey\*](#), 2020.
5. Deloitte, [\*CLOs and leadership: Closing the gap between today's strengths and tomorrow's expectations\*](#), 2019.
6. Deloitte, unpublished survey results from the [\*2021 State of Legal Operations Survey\*](#), June 2021.
7. Deloitte, [\*Resilient leadership: Chief legal officers and COVID-19\*](#), August 2020.
8. Deloitte, [\*Reflections of a CLO: An interview with Mark Roellig\*](#), February 2020.
9. Deloitte, [\*Why good strategies fail: Addressing the three critical strategic tensions\*](#), 2019.





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