

The Future of In-House Legal



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The Future of In-House Legal

Understanding the challenges
and opportunities for in-
house lawyers



The Future of In-House Legal

What will the in-house counsel team of 2025 look like? What will have the biggest impact on lawyers' roles, and how should they prepare themselves?

They're just some of the questions answered in this report. Read on and you'll learn the three key areas General Counsel (GC) and their teams should take action on, including defining their purpose, embracing new approaches to team management, and improving service delivery.

We work with many in-house legal teams both nationally and internationally. This research was commissioned to help better understand both the challenges facing in-house teams and the methods being used to tackle them. And there were some interesting discoveries.

The common theme is an expectation that technology will solve many of the problems created by an ever-more complex working environment.

Of equal importance is the need to develop the business skills and operating model of in-house teams, so they can deliver the services their businesses require. But are organisations giving the right support to their legal staff?

As the world (and business in particular) changes rapidly, what strikes us is the similarities between the challenges in-house teams face and the challenges we face in private practice.

Our view is that these challenges will give rise to many opportunities for lawyers, whether in private practice or in-house. Through our in-house counsel programme, we bring in-house lawyers together to discuss these opportunities – and share further insight into the issues raised by this report.

We hope you find this research useful. If you'd like to discuss this report's findings, or learn more about our in-house counsel programme, please don't hesitate to get in touch.



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Thank you to all participants in our research, including:

Agilisys	Ferrero	Ramboll
All Saints	GLL	Royal Bank of Scotland
Almacantar	Illumina	Saga
Apollo Legal Services	Jewish Care	Semtech
Brighton & Hove Albion	Komatsu Mining	Sustrans
Brown Shipley	NG Bailey	Transunion
Car Gurus	OSI Systems	University of Chichester
Colt Group	Panasonic	Xoserve
Delph Group		



Action Points

What should in-house teams be doing between now and 2025?



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Visions for 2025

What are in-house teams' visions for 2025?



Visions for 2025

We asked interviewees to describe their vision of the ideal in-house team in 2025.

Key themes were:

- A real partner to their business, rather than a cost
- Proactive and forward-looking
- Improved capacity, capability and flexibility
- Wider role, including being ‘consultants’ rather than just ‘lawyers’
- Harnessing technology
- Better use of third parties (e.g. law firms and other legal service providers).

In terms of dealing with the challenges to come over the next five years, participants largely fell into three camps:

The People Believer: “Change is getting quicker, the working environment more complex, and life more unpredictable. We need to develop our team’s roles, behaviours, flexibility and influence.”

The Tech Believer: “Change is getting quicker, the working environment more complex, and life more unpredictable. Technology will save us.”

The Live-In-Hoper: “Hopefully things will be largely unchanged. I don’t have time to think about the future.”

The Live-In-Hoper was seen more in smaller in-house teams, where extreme limitations on resource meant they rarely had time to do anything other than firefight.

We expect the reality will fall somewhere between “The People Believer” and “The Tech Believer” – technology can play an important part, but it won’t be the silver bullet to in-house teams’ problems.

In general, participants described a “perception progression” (figure 1), wanting their teams to be as far to the right on this scale as possible. This is of course no easy task, requiring the in-house legal team to make themselves an approachable asset to the organisation, whilst maintaining the ability to say ‘no’ when the need arises.

Figure 1 – Evolution of the role of in-house legal



What can be achieved?

A real partner to their business, rather than a cost

- Represented on the board
- Working in a way that works for the business
- Working at the same pace as the business
- Involved earlier
- Providing commercial input, not firefighting
- Providing solutions
- Role in decision-making understood and aligned with business expectations
- Advisory, not transactional
- The head can concentrate on strategy (as efficient processes and sufficient resources are available to deal with day-to-day issues).



I think we're held in high esteem, but sometimes get the impression that we're seen as a necessary evil. I'd like us to be perceived as a delight to work with. The sales team don't resent the engineering team, but occasionally they do resent the legal team.

Research participant

Proactive and forward-looking

- Spotting future challenges and opportunities, and feeding into the businesses
- Proactive
- Future-oriented
- Innovative
- Ensuring the legal process doesn't stifle innovation
- Collaborating in project teams.



The role is increasing in responsibility – more transformation projects. We don't have the resource to deal with the ones we'd like to. And GC/in-house legal are currently getting involved too late. I'd like the function involved in less firefighting and more transformations, strategy – the forward-looking things.

Research participant

Improved capacity, capability, flexibility

- Agile working
- Flexible working, harnessing communications technology
- Broader range of legal skills, with knowledge being shared across the team and with the business
- Upskilled team
- Greater depth of experience
- Career plans for younger staff
- Appropriate structure and more admin support
- Expertise in specialist areas.



It's very important that we develop and provide a career path for the younger members of the team, with them hopefully finding their feet as lawyers themselves.

Research participant

Wider role, including being 'consultants' not 'lawyers'

- Engaged in a wider role
- Governance, risk management, compliance and others
- Better business understanding
- More accepting of risk
- More numerate
- Better communicators (no more 'tomes')
- Owning issues (e.g. Brexit)
- Using knowledge to greater effect (e.g. able to advise on training needs for the company).



Legal will be moving away from just doing transactional work, and more in the direction of risk management and compliance. It might be an environment where either legal needs to rebadge itself and claim that ground, or it'll end up a subsidiary of a wider and less specialist commercial function.

Research participant

Harnessing technology

- Tech supporting routine, providing efficiencies
- Enabling humans to deal with strategic, judgement issues
- Business 'DIY' via templates
- Knowledge management
- Matter management
- Online precedents
- More sharing of data
- Staff skilled and comfortable with technology.

Better use of third parties

- Diverse third party models
- Greater transparency in fees
- More commercial advice from third parties, being pragmatic about risk.

Organisational Challenges

What challenges are in-house teams expecting their organisations to face?



Organisational Challenges

To understand the context in which in-house legal teams consider themselves to be operating.

Figure 2 shows how participants rated the potential impact of various factors on their organisation over the next five years.

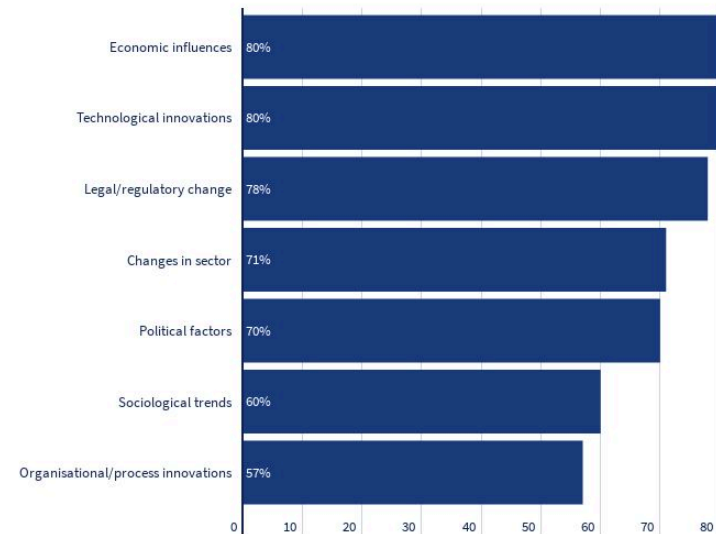
The conclusion is very clear: in-house teams expect very significant change from now until 2025.

Each factor was viewed as having at least a high impact by the majority of participants.

It's possible that some changes may be more widespread and significant than participants anticipate. For example:

- Sociological trends have a habit of gathering pace very quickly and having a wider-reaching impact than is immediately apparent. For instance David Attenborough's 'Blue Planet II' has driven rapidly changing attitudes to single-use plastics, leading organisations to rethink their products
- Changes in one factor may lead to changes in another. For instance, a regulatory change may make it practically impossible for an organisation to comply without considerable investment in new processes and/or technology, as we've seen with GDPR.

Figure 2 – % saying impact very high/high



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Economic influences

Legal teams were mainly concerned about how economic uncertainty might affect the type of work their teams are doing, and the mix of skill sets required within their team. Others were concerned about legal being seen as a cost line, and therefore being more susceptible to cost-cutting exercises.

Legal / regulatory

Respondents had noticed an uptick in the amount of regulatory change coming their way. Some felt the business was becoming more and more risk-averse, and others felt it was simply that the pace of regulatory change was becoming faster and faster. Either way, a greater focus on dealing with regulatory change naturally increases the demands on legal teams.



Recent years have seen continued regulatory change. Legislation, such as GDPR, has caused organisations to engage in extensive compliance projects, often in a time-pressured manner.

Effective horizon scanning can identify what change is coming, what action will be required, and when. That way appropriate resource can be deployed at the right time.



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Technology

Legal teams seemed less concerned about how this would impact the legal team itself, with more comments on what innovation means for the wider business and the type of work the legal team is doing.

For instance, helping the business figure out the right sourcing strategy (e.g. bespoke, off-the-shelf, off-the-shelf but customised, customised in-house versus externally) and greater focus on new product development (NPD).



Technological innovations won't only impact how legal teams deliver their services, but also how the people they work for within their business deliver services.

Understanding the wider business impact of technology (e.g. threats, opportunities, changes in liability, risk, compliance, ethics and supply chain requirements) is fast becoming a key capability needed by the legal team.



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Team Challenges

What challenges are in-house teams expecting to face?



Team Challenges

Given the widely-expected changes to businesses over the next five years that were identified, we asked “How ready are you and your team to meet the demands and challenges of your business in 2025?” (figure 3).

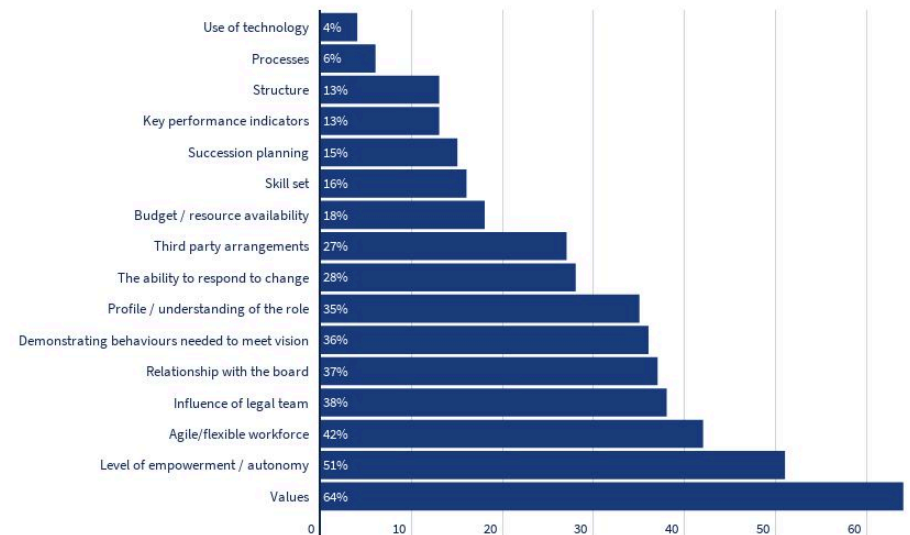
The only areas where a majority felt ready were the legal team’s values (64%), and the legal team’s level of empowerment / autonomy (51%).

Otherwise, people felt most ready in regard to agile/flexible working (42%), the influence of the legal team (38%), and their relationship with the board (37%).

These characteristics are all in keeping with legal teams having an advisory relationship with their business.

At the other end of the scale, people felt least ready with use of technology in the legal team (4%), processes within the legal team (6%), team structure (13%), key performance indicators (KPIs) (13%), succession planning (15%), and skill set (16%). These characteristics tend to be more focussed on how legal teams can best deliver services to their business.

Figure 3 – % saying the team is already fit for purpose on...



Many of the areas where legal teams didn't feel ready are highly dependent on other factors.

“

KPIs are difficult to monitor without the right processes and technology. But without the supporting evidence that KPIs provide, it can be difficult to convince your IT team to invest time in implementing the technology platform you're looking to buy, even if you're agreeing to pick up the licensing and/or operational costs from your own budget.



Chris Bridges

Associate solicitor and technology expert

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“

As the leader of a team, it can be hard to plan for succession without the right budget and existing team structure, the latter of which might only come when the team reaches a certain size. Without a good relationship with your board or good KPIs to point to, it's difficult to acquire and retain the right people with the right experience.



Stuart Padgham

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In some areas, however, it may be easier to make quick changes.

“

Marginal gains can be made by implementing new processes within the legal team and/or by tweaking existing ones, many of which will not require input from elsewhere in the business. Those marginal gains soon add up.



James Northin

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“

Sharing knowledge within your legal team, and with the law firms that you use, can be an effective way of cross-training and upskilling team members. Key benefits to this include supporting peoples' professional development (without the impact of the usual overheads), and mitigating risk exposure that would ordinarily come with all the technical expertise resting with one person.



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Figure 4 - The characteristics in-house legal teams most need to change

Area	Percent choosing it
Use of technology	38%
Processes	19%
Succession planning	18%
Influence of in-house legal team	16%
Skill sets	12%
Structure	10%
Key performance indicators	9%
Relationship with the board	9%
Budget/resources	7%
Third party arrangements	7%
Ability to respond to change	4%

When asked which areas in-house legal teams most need to improve to meet the challenges of 2025 (figure 4), technology, process and succession planning were areas of significant concern.

But there were some inconsistencies between responses to this and the previous question (figure 3), including:

Influence of the legal team

A high proportion felt ready (38%), yet a relatively high proportion also see it as one of the biggest areas for improvement (16%).

Third party arrangements

A relatively low proportion felt ready when it came to third party arrangements (27%), yet very few saw it as one of the areas requiring the most improvement between now and 2025.

This could, among other things, be down to in-house legal teams expecting to resource more and more work internally between now and 2025.

Ability to respond to change

Again, a relatively low proportion felt ready (28%) when it came to the ability to respond to change, yet very few saw it as one of the areas requiring the most improvement from the legal team.

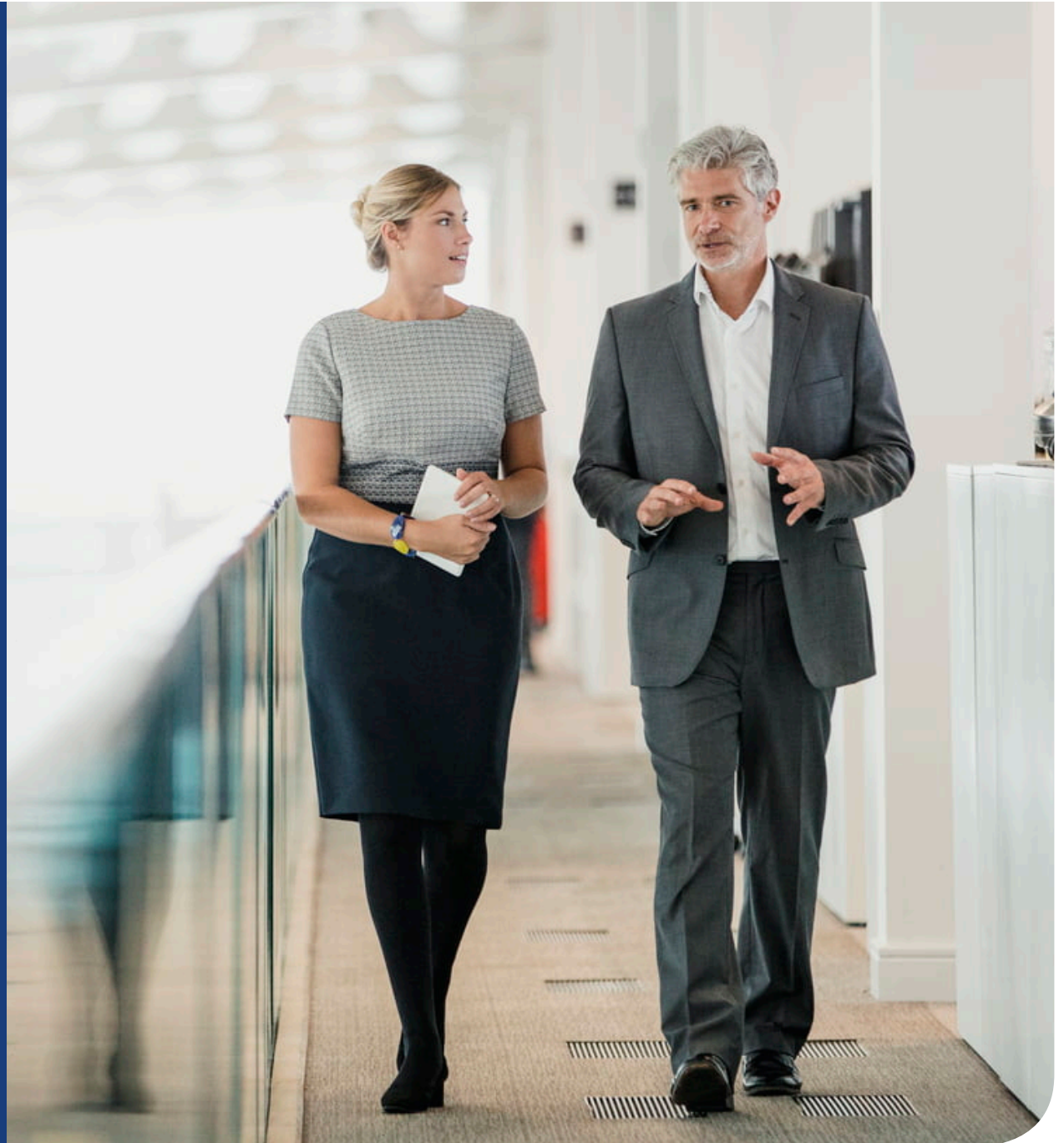
This may simply reflect that in-house legal teams are relatively small, and therefore believe that, whilst not ready for change yet, it'll be relatively easy to achieve.

When assessing the legal team's ability to respond to change, you should consider its dependencies on other parts of the organisation – for instance:

- Do you have enough influence on other parts of the organisation to (a) get the input or assistance you need, when you need it; and (b) convince the business to follow the new process, or use the new technology, even if you did implement it perfectly?
- Do you have the ear of the board to get the investment you need into the technology you're after?
- What impact might wider organisational governance have on your timelines?

Skills and Behaviours

What skills and behaviours does the in-house team of the future need?



Skills and Behaviours

The Leaders

In-house teams won't develop effectively in a vacuum. It's the job of a leader to understand how developments in the organisation and wider world impact what's required from an in-house legal team now and in the future.

As a leader, you should:

- Effectively engage with senior colleagues throughout the business
- Evolve and communicate a direction to their team
- Motivate and lead people both inside and outside the team, particularly during periods of change.

Responses revealed how daunting this challenge can be, particularly for those who achieved progression to this stage with little formal management education.



If you just view yourself as a lawyer, there's a risk of not having a job in the future. Our value comes from using our legal ability to analyse, rationalise, mitigate risk and spot issues in a different way.

Research participant

Responses focussed around seven key leadership themes:

- Building a team with clear goals, and a shared understanding and clarity of purpose
- Empowering your team to deal with stakeholders effectively by being assertive whilst understanding others' spoken and unspoken agendas
- Being flexible and managing people with different motivations
- Trusting others, sharing knowledge, and building a culture of sharing among others
- Building the team's technical knowledge, and allowing them to learn by doing
- Accepting risk where appropriate, and encouraging the team to do the same

- Equipping the business to help themselves where appropriate to do so.

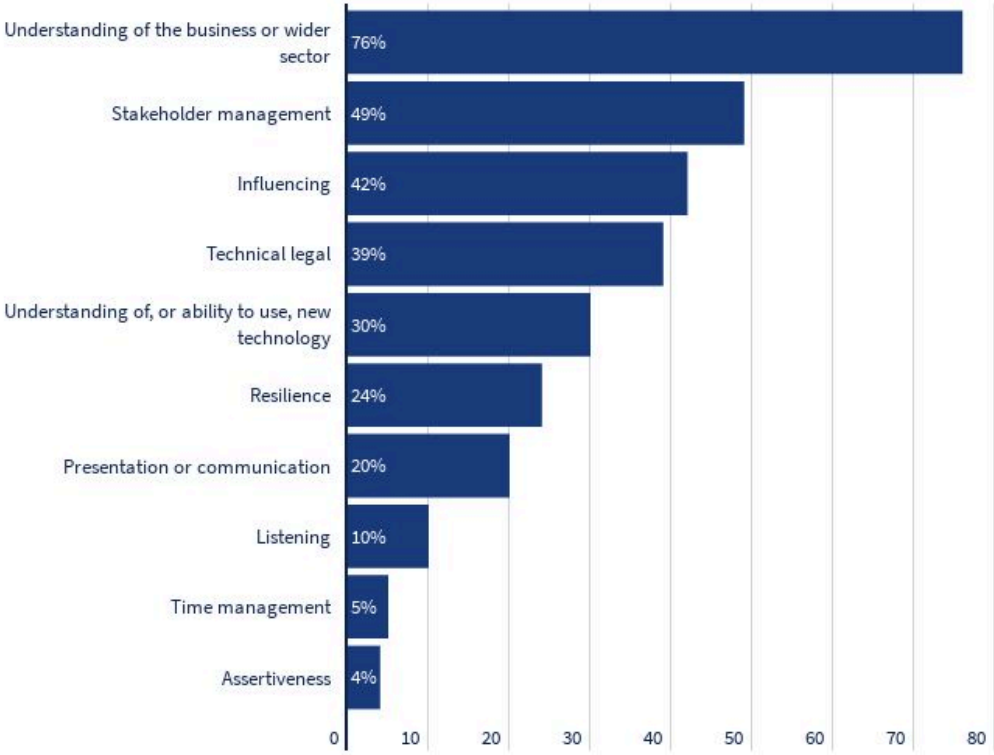
The Team

Leadership behaviours are just one part of the picture. Equipping the legal team with the right skills will play a significant part in achieving in-house legal teams' 2025 aspirations.

So what skills do in-house lawyers think are most important in achieving their visions?



Figure 5 – The most important skills for in-house lawyers by 2025 (% choosing)



We asked which three skills, from a list of ten, people saw as most important (figure 5). We also asked which skill they needed to improve most, and which they thought the in-house team in general needed to improve (figure 6).

Figure 6 - Skills identified as needing to be improved

Rank	Skill I need to improve	Skill in-house team need to improve
1	Understanding of / ability to use new technology	Influencing
2	Influencing	Understanding of / ability to use new technology
3	Stakeholder management	Understanding of the business and wider sector
4	Understanding of the business and wider sector	Stakeholder management
5	(=) Technical legal Time management Resilience	Resilience

We asked participants what skills they and their teams most needed to develop (figure 6).

The top three skills chosen as most important were all what are widely considered soft skills, as opposed to technical legal ability:

Understanding of the business or wider sector (chosen by 76% as one of the top three most important)

This was the most chosen skill, by quite some distance, and the only one which was chosen by the majority of participants. Generally individuals considered themselves quite good at this (ranking #4), and leaders thought their teams were already quite good at this (ranking #3).

Without an understanding of the business and the individual business area you're advising, it'd be impossible to provide stakeholders with a holistic view of commercial risk versus legal risk, or be pragmatic as to whether the legal risk is likely or unlikely to arise in the context. This was overwhelmingly represented in comments.



You need to balance commerciality, risk, understanding of the business... and that's not trained in the Legal Practice Course (LPC) or training contracts.

Research participant

Stakeholder management (chosen by 49% as one of top three most important)

This was ranked as second most important, but generally individuals considered themselves quite good at this (ranking #3), and leaders agreed (ranking #4).

To become a valued strategic adviser, in-house lawyers need to invest in their relationships with stakeholders, knowing what makes them tick and what approaches work or don't work. Building those relationships takes time, so in-house lawyers should start working on them long before they need to use them.



One or two people have been quite challenging. This has helped me develop awareness of how things may impact others and understanding others' perspectives. This underlines the need for personal relationship development.

Research participant

Influencing (chosen by 42% as one of the top three most important)

While only ranked as the third most important area (see figure 5), participants said influencing required the most improvement.

Individuals ranked it as the second biggest area for improvement for themselves, and leaders ranked it as the number one biggest area in need of improvement for their teams.

A strategic adviser needs to be able to sell the vision. At a more basic level, in-house lawyers need to help their internal clients see things the way they see them, otherwise they'll always just be considered the 'nay-sayers'.

Being able to convince the business that 'no' is the correct answer, rather than just saying 'no', will be vital to in-house teams being seen as approachable, easy to work with, and able to add value, whilst also retaining the ability to draw a line in the sand where needed.



You've got to convince people that lawyers aren't the bad guys, not there just to say 'no'. Build relationships, for the people you're supporting, take on board their concerns (or even the fact they aren't concerned when they should be), and explain to them the things they do and don't need to worry about.

Research participant

The organisation's view of the in-house legal team clearly has a key role to play in the effective influence of the legal team on their business.

The greater influence the legal team has, the easier time it'll have in reducing risk and obtaining the stakeholder buy-in and investment it needs to drive the function forward.

We therefore asked people to "describe [their] organisation's perception of the role of the legal team".

The key positive, neutral and negative characteristics included:

Positive

- Business partners
- Part of the strategic planning process
- Trusted counsel
- Valued
- Facilitators (that can speed up transactions)
- Responsive
- Team-players
- "Prevent people getting into trouble"
- The "corporate memory"
- The "conscience"

Neutral

- Widening into other roles
- Reliable
- Focussed on contracts
- A compliance unit
- The policemen.

Negative

- Prevent things happening
- Pedants and fence-sitters
- Cautious
- Uncommercial
- Difficult to work with.

Whilst not ranked as particularly important by participants (see figure 5), understanding or having the ability to use technology was ranked by both individuals and leaders as an area requiring much improvement (ranked at #1 and #2 respectively).

Participants' comments also identified some other skills not on our list, although in many cases these were related.

Some of those were overt – for instance, emotional intelligence, pragmatism and sharing knowledge and work.

Others can be deduced:

- If leaders want these behaviours from their team, they need to lead by example
- In-house lawyers need to be able to put together an effective business case if they're to receive the investment they need to implement new technology and processes.

Changes and Improvements

What changes and improvements are in-house teams making?



Changes and Improvements

We asked what characteristic of the in-house legal team people had made the most progress with over the past twelve months (figure 7).

In-house teams are currently making the most progress on what you might call the preparatory steps which enable other improvements.

Figure 7 - The characteristics that have been improved most over the last 12 months

Characteristic	%
Team size and structure	17%
Embedded processes	12%
The ability to respond to change	12%
Profile / understanding of the role	10%
Relationship with your executive board	10%
Agile / flexible workforce	7%
Influence of legal team within your business	7%
Use of suitable technology	7%
Skill set	5%
Demonstrating the behaviours needed to meet the vision	2%
Values	2%
Key performance indicators	2%
Third party arrangements / use of legal advisors	2%
Budget and resource availability	2%

Team structure and understanding of the legal team's role

Most comments were around clearly defining the scope of the legal team e.g. whether compliance and employment sits within the legal team, or in a separate team.

At one end of the scale, one legal team broke down all labels to create more generalists.

At the other, one team created a separate compliance function to enable people in the legal team to specialise.

Others focussed on being clear with the business on what they were expected to do without legal involvement, and what they had to come to legal for.

Influence of the legal team and relationship with the board

A lot of work was done on making the legal team's voice heard – holding executives to account, getting a seat at the table at executive committee and board meetings, and getting legal representation on change and risk committees.

One participant commented they had to move away from asking for an invitation and just turning up anyway.

Use of process and technology

Much of the focus here was on self-service.

For instance, questionnaire-based contract generation for sales teams, contract lifecycle management and bid approval processes, all in aid of reducing the burden on the legal team and reducing the amount of time lag previously introduced by 'legals'.

People characteristics and behaviour

Legal teams have been improving the way they communicate with the business, with a particular emphasis on not sitting on the fence, being more proactive, and gaining a better understanding of the business.

One respondent commented how they'd encouraged the team to approach things in the same way they would in private practice: they need to be out in the business, building relationships, and winning new work.

Methodology

How we reached our results



Methodology

We commissioned The Thriving Company to carry out the fieldwork underlying this survey. They're focussed entirely on gaining insights from users of professional and financial services.

Two phases of research were carried out:

The first phase consisted of a series of 33 in-depth interviews with GCs, heads of in-house legal, and other senior in-house legal staff.

These interviews lasted 45 minutes on average, and provided significant insights about expectations of the future, as well as the key challenges faced.

Importantly, they also provided ideas

and success stories about how leaders and in-house teams are working to overcome challenges and get ready for the future.

The second phase was an online survey.

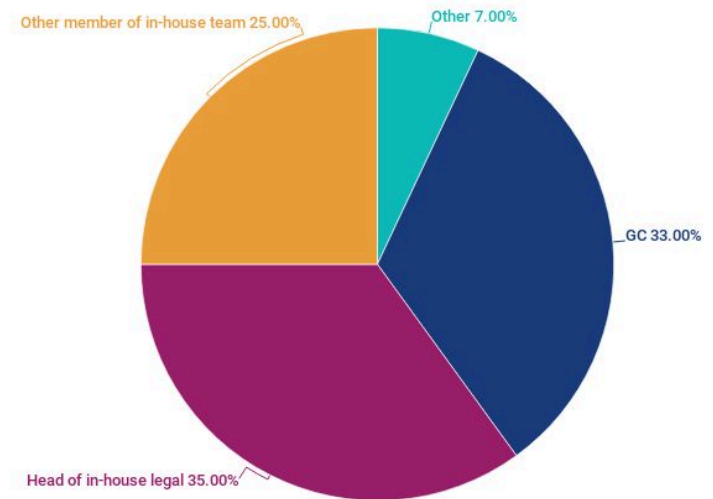
Eighty people participated in this, adding to our understanding about the overall significance of various issues.

The study and conclusions are therefore based on feedback from 113 people in total.

The interview and online survey phases gained a wide range of responses, from both GCs and their team members.

As a result, we believe the inputs and conclusions are a robust picture of expectations of the future, as well as of the most important challenges.

Roles of the research participants



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The Future of In-House Legal