

## **How Your General Counsel Sees Business Blind Spots**

The role of the General Counsel (GC) is undergoing profound expansion. They're no longer just, "the top lawyer in the company."

Smart CEOs and Boards harness their GCs, increasing their chances of winning. How can you take advantage of this change?

### **Good GCs Identify Invisible Issues**

The effective GC identifies issues that are invisible to other parts of the organization. In volatile, highly inter-dependent businesses, these "blind spots" represent zones of opportunity or unmitigated risks. To see through the blind spots, you need an effective *combination* of functions.

### **Transforming from Tactician to Executive**

Back in the day, GCs were "merely" administrative overseers of a company's litigation and contracts portfolios. Today, a strong GC actively manages the risk profile of the enterprise. GCs are business catalysts, identifying opportunities, capturing them, and creating competitive advantage. Forward-looking leaders of tomorrow's business won't overlook this vital resource.

The GC's influence can be felt in virtually every area of an organization. Here are three ways...

#### **1. Horizontal and Vertical Vision**

The General Counsel's role differs from most other members of a corporate executive team: The GC enables and accelerates the agendas of all other departments—not just mitigating risk.

An effective GC should deeply connect with every other function. Unlike other functions that make up an enterprise, GCs occupy a special position where they can see not only all

aspects of the business, but critically their inter-relationships as well. This is especially true in volatile and deeply interconnected businesses.

The GC and team must see up, down, *and across* the organization, vertically and horizontally, effectively putting the legal department inside the company's other functions and disciplines—sales, operations, HR, PR, marketing, product development, intellectual property, etc.

## **2. Blowback from Corporate Scandals**

21st-Century accounting and business-ethics scandals—from stock-option backdating to sub-prime lending—have had a huge impact on how companies run.

This has augmented the GC role for three key reasons:

*New reporting attestations*—certifications such as CEO and CFO 302 and 906 have required new systems and processes to avoid financial statement errors. As the development of these systems brought GCs deeper into the operational guts of their companies, so they discovered new opportunities to contribute.

*Legislation for good “governance”*—this was a well-intended idea that was unfortunately co-opted to bludgeon companies into building bureaucracy. It's put the GC in the pivotal role of ensuring proper functioning of Board-level corporate reporting systems. Again, new opportunities come from the GC's deepening relationship with the rest of the organization.

*Many GCs lost their jobs*—for alleged complicity with accounting and business-ethics scandals, or mere proximity to them. The “survivors” realized that deeper influence and impact mitigated their personal risk. So GCs became more proactive in understanding and influencing a company's direction and activities.

## **3. Information Pricing and Value Disconnect**

The third influence driving the expansion of the GC role is a fundamental change in the modern law firm.

In the pre-Internet days, many billable hours were spent on legal research by associates, who had access to hard-to-reach legal treatises and ability to interpret them: Rare

knowledge justified premium pricing. But today, we can access highly reliable legal analysis of virtually any issue—in seconds, from anywhere in the world.

The knowledge has become democratized; the friction between the knowledge and the client has eroded. However, the pricing model hasn't changed to reflect its current value.

The GC and team can significantly reduce expenses and increase business velocity by making a few more judgment calls, rather than outsourcing the analysis.

## **The Bottom Line**

Smart CEOs and Boards value today's GC as more than just a lawyer. GCs are critical to tomorrow's business.

How GCs are helping their companies succeed, including:

- today's fragile global supply networks,
- the collision of privacy rights and cybersecurity concerns in the cloud,
- the corporation under fire, from activist shareholders to activist legislators,
- the ensuing erosion of traditional protections and expectations of corporate law.

The consequences of managing these issues well or poorly will significantly affect a company's profits and risk.