

TRUST: AN ANTIDOTE TO UNCERTAINTY

An LOD report into the state of in-house
legal teams around the world in 2021



About LOD

We help in-house counsel answer ever-increasing calls from their business to deliver more value, run more efficiently and bring data, insights and ideas to the table.

With our world-class people platform, services and tech, we help them build legal functions that are strategic, responsive and ready for anything.



Foreword

It's tempting to view 2020 and 2021 as one protracted and indistinct period. For many people, there has been little to differentiate between the past two years – it has been a blur of lockdowns, video calls, home-schooling and virtual team-building exercises.

The term 'Blursday', coined to capture the disorienting effects of lockdowns, was one of Oxford Languages' defining words at the end of 2020. Despite the haziness of the past 18 months, we have witnessed meaningful changes in legal departments; transformations, not just tweaks.

Perhaps the most important change has been a material uplift in trust levels across organisations and their legal teams. We've seen organisations trust their lawyers more, lawyers trust their business colleagues more and in-house leaders trust their team more. Trust is a powerful enabler of both productivity and well-being. In higher trust environments, staff are empowered to get on with delivering work, instead of worrying about presenteeism or being measured against time spent on matters. Additionally, growth in trust fosters new ideas and supports more creative ways of working.

Our report confirms that COVID-19 has brought lasting change to in-house legal teams. As you will see in this report, over 96% of in-house legal leaders have sustained the use of remote working in 2021 and it's hard to see that changing in 2022. This is not overly surprising given the widespread restrictions on mobility, but make no mistake, it is permanently changing the expectations and reality of how we work. Greater personal autonomy on how and when you work has become a default and the question for in-house leaders will not be "how do I coax workers back to the office", but rather "do I need to"?

In-house teams trust that technology will enable them to innovate and improve performance (see section 5). Technology supports new, more distributed ways of working, more self-service and a greater ability to focus specialists where they add value. LOD has always embraced new and better ways of working. By joining forces with SYKE, we've supercharged our ability to help clients adapt and perform by bringing together the right expertise in people and tech.

The pandemic will continue to test our personal and organisational resilience, but trust in our teams, our partners and our ability to innovate will help us succeed through 2021 and beyond.

TOM HARTLEY
CEO, LOD | SEPTEMBER 2021

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Executive Summary

This report provides a snapshot into the state of in-house legal teams across the globe. Last year, our report *At a Crossroads*, analysed the initial impact of the COVID-19 pandemic and how it had shifted priorities and altered the types of challenges that faced legal departments.

12 months later and over 18 months into the pandemic, we again surveyed in-house professionals, asking similar questions and probing further into the depth and sustainability of the changes we observed. It will come as little surprise that over 96% of in-house leaders are retaining remote working as a working practice for their team.

In 2021, we've observed an interesting change. The slight but potent change in how organisations, and the legal teams within those organisations, are trusting each other. We've observed a tripartite rise in trust levels:

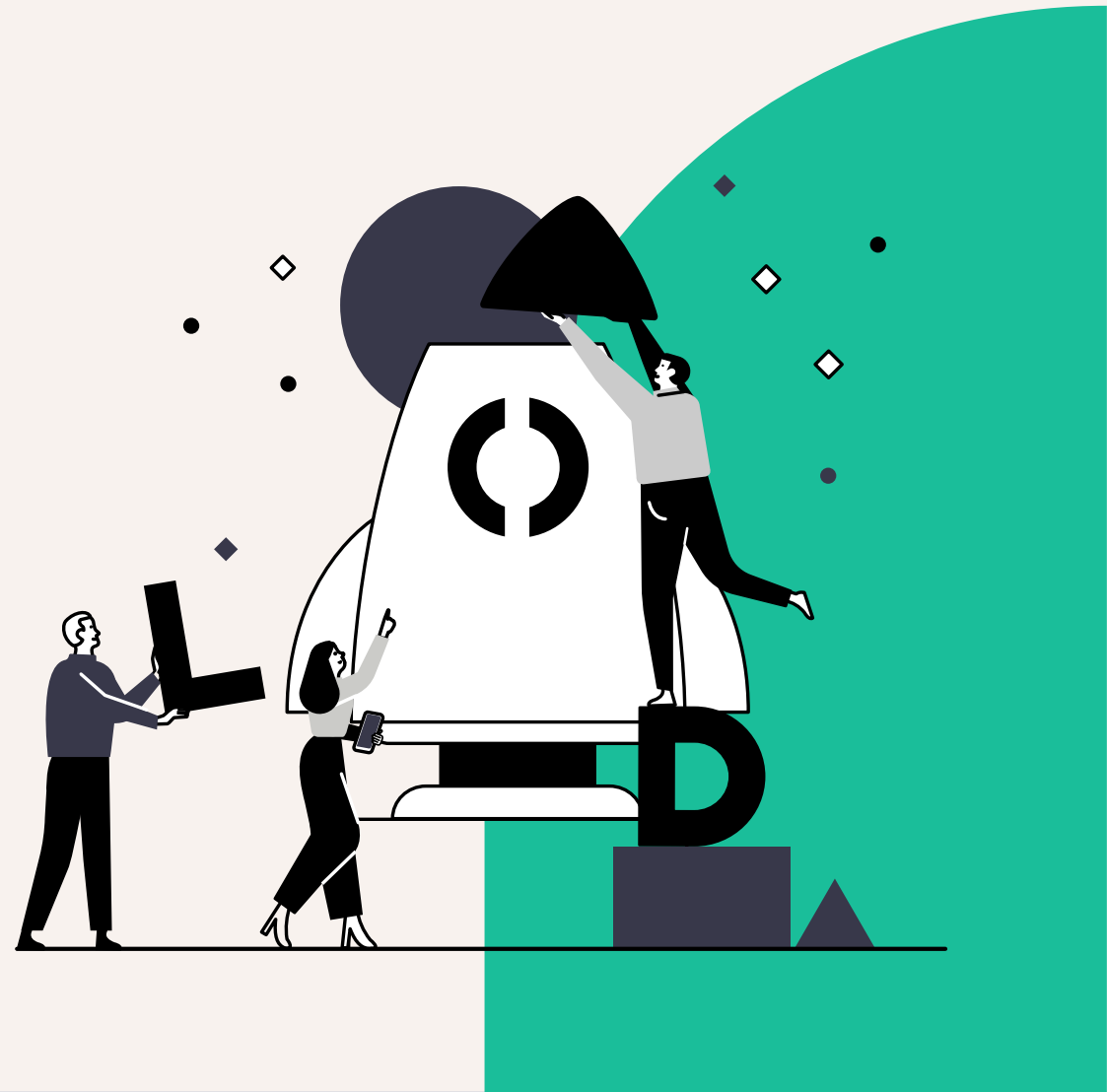
- Legal teams are trusting their organisation to do more, as evidenced by the increase of legal self-service (*see section 4*)
- In-house leaders are trusting their team to get on with the job, with over 96% retaining remote working into 2021 (*see section 4*)
- Over a third of in-house leaders are feeling more trusted by the business (*see section 3*)

This multi-level increase in trust is enabling a shift towards focusing on outputs, rather than tightly controlling inputs. Instead of measuring hours in the office, employees are trusted to get on with work at home and are measured against their deliverables. Instead of controlling all types of legal work, progressive legal teams are empowering their colleagues to manage their own routine legal work, with performance measured against output (i.e. number of signed commercial contracts), rather than hours worked by the legal team.

Apart from the notable shift in reported levels of trust, this report also reveals:

- The impact of the pandemic, while still high, is more moderate than in 2020 *(see section 3)*
- The biggest challenges facing in-house leaders *(see section 3)*
- The changing priorities of in-house professionals and how they compare across regions *(see section 5)*
- The top tips for in-house leaders *(see section 6)*

In the final section of this report, we cast our eyes forward. If we pull on the thread of these emerging themes and new priorities, where do they take us? What will the in-house legal team of the future look like? Read on to find out!



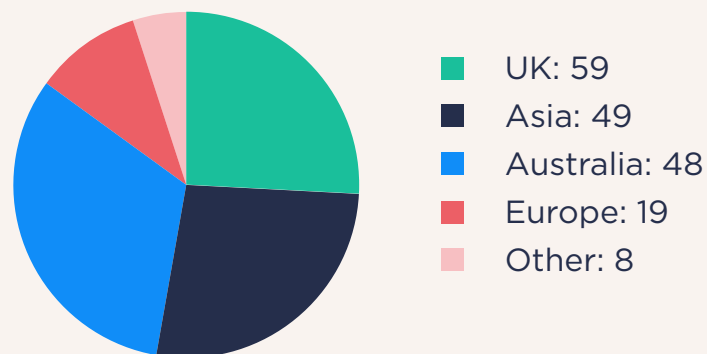
Demographics & Methodology

For this report, LOD surveyed **183** legal, risk and compliance professionals around the world. Of these **89** were in-house legal leaders (**In-House Leaders**) and **94** were LOD lawyers and compliance professionals (**In-House Professionals**)

Top 8 Sectors of Respondents:

- | | |
|---------------------------|----------------------------------|
| 1. Financial Services | 5. Construction & Infrastructure |
| 2. Information Technology | 6. Energy / Oil & Gas |
| 3. Law Firm | 7. FMCG & Retail |
| 4. Professional Services | 8. Media |

Regional Breakdown of Respondents:



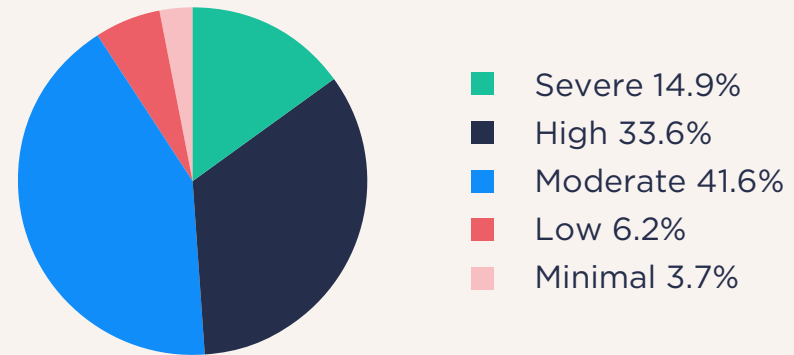
Job Titles of In-House Leaders



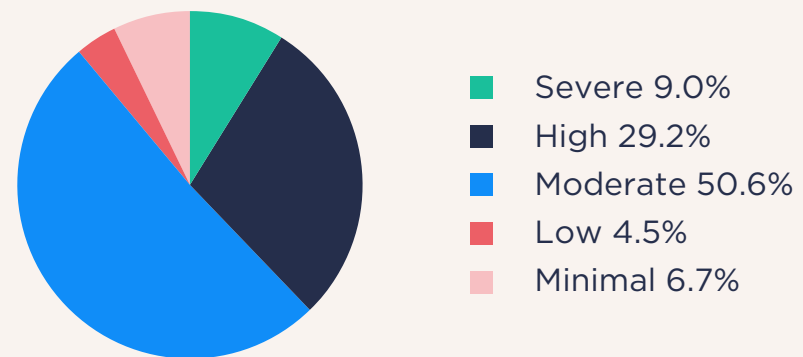
Impact & Challenges

Leaders

How would you rate the impact of the crisis on your organisation in 2020?



How would you rate the impact of the crisis on your organisation in 2021?



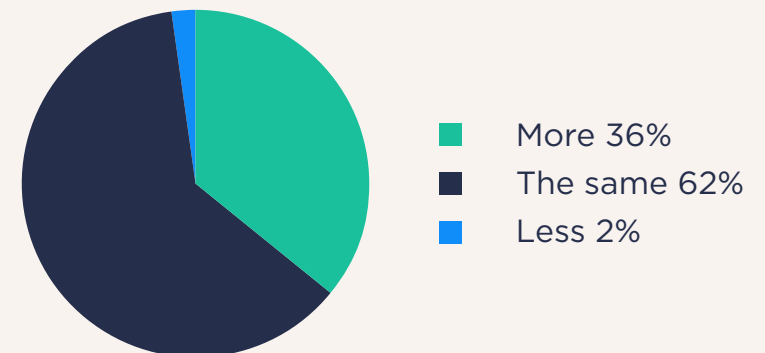
Top Four Challenges for In-house Leaders 2020:



Top Four Challenges for In-house Leaders 2021:

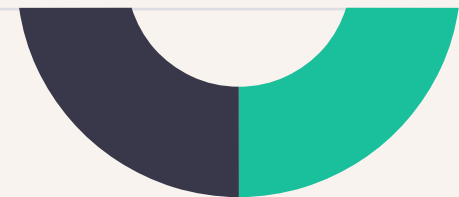


As a result of the COVID-19 pandemic, do you feel like more or less of a trusted adviser within your organisation? In-House Leaders 2021:



Impact & Challenges

In-house Professionals



For our In-house Professionals around the world, the most common challenges that emerged in 2021 were:



For professionals in the UK & Europe

- Dealing with the volume of work and determining what is important
- Collaborating remotely
- Trying to carve out time and space for thinking (as well as doing the actual work)
- Working efficiently



For professionals in APAC

- Ensuring risk is appropriately managed
- Dealing with the volume of work and determining what is important
- Collaborating remotely
- Working efficiently

What Is Your Number One Challenge?

“Balancing genuinely urgent work with tasks that aren’t urgent.”

In-house Counsel, IT Business, Europe

“Keeping up with a rapidly changing regulatory environment.”

In-house Counsel, Financial Services Company, UK

“One of the constant battles is maintaining involvement despite remote working.”

In-house Counsel, Financial Services Company, UK

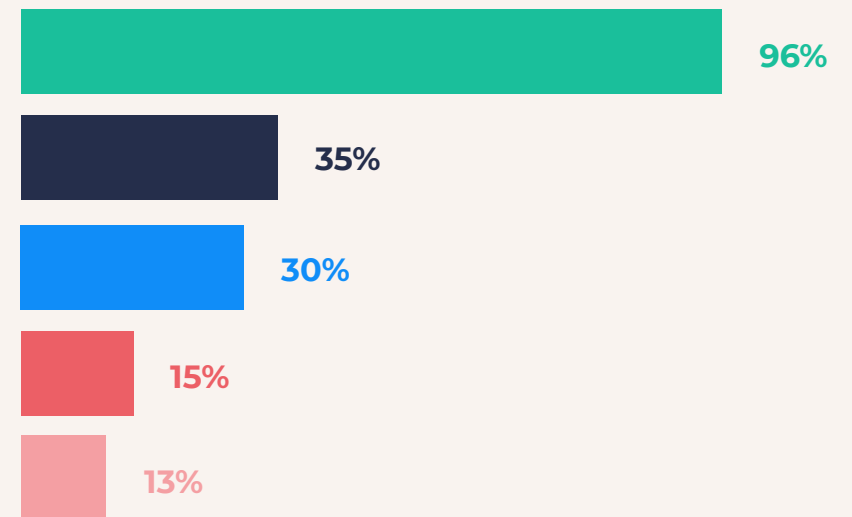
“My chief headache at the moment is getting more done and trying to stay on the front foot.”

In-house Counsel, Construction Company, Australia

Sustaining New Working Practices

In this year's survey, we asked In-house Leaders what new working practices, created in response to the pandemic, have been sustained into 2021. And it's no surprise that the number one sustained practice, by an overwhelming majority, is remote working.

What working practices, which arose in 2020 in response to the pandemic, have been sustained into 2021?



- Remote working
- Greater reliance on legal technology tools
- Getting the business to self-serve some legal work
- Interim legal staff
- Using data to influence decision-making

It's clear that COVID has been a major disruptor – and not just in the short term. As observed in this response, the pandemic has been a catalyst for many positive changes to how legal teams operate.

While remote working is the most pronounced example, the boost in usage of self-service legal solutions and the greater reliance on legal technology tools by roughly a third of In-house Leaders could signal a more meaningful transformation.

Digital change has been over-egged in the past and change management has proved a powerful roadblock, but the disruptive force of COVID has propelled many legal teams past internal change resistance.

We're still yet to see whether the more complete recovery from the pandemic will result in some form of a "snap-back", but it seems increasingly clear that many of the changes are here to stay in the long term.

The GC Perspective on the New Normal:

“We’re focused on the development of more self-service intranet tools. One of my tips to other GCs is to think about decentralised models of staffing if corporate budgets are tight.”

General Counsel, Healthcare Company, Australia

“In the post-COVID world, we make sure everyone has the right tools to support remote working.”

General Counsel, Property Business, Asia

Priorities In 2021



Top 4 Priorities from In-house Leaders

- Managing & prioritising the team's workflow
- Effective communication & remote collaboration
- Employee engagement, well-being & retention
- Using legal technology to drive efficiency



Top 4 Priorities from In-house Professionals

- Staying on top of the volume of work
- Managing legal risk
- Communicating effectively with stakeholders
- Improving efficiency

What Is Your Top Priority

“Staff engagement and retention.”

Head of Legal Ops, IT Business, Europe

“The reduction of risk.”

In-house Counsel, Not-for-profit, Australia

“Managing my team’s workload and priorities. The rising tide of work shows no sign of slowing.”

Head of Legal, Financial Services Company, Asia

“Getting things done. It’s as simple and as hard as that.”

In-house Counsel, Travel Company, Asia

Tips For Successful Leadership

Last year, we asked our In-house Leaders what their top three tips were for managing the prevailing business environment. These boiled down to four areas in 2020: focussing on the team's well-being, establishing clarity of purpose, being brave and having a bias to action.

In 2021, we asked the same question and distilled the responses into four broad categories of advice:



Trust your team

You're not alone, avoid micro-managing and have confidence in your team to do the right thing.



Super-charged focus

Concentrate on what's most important to the business and don't lose sight of the medium and long term.



Practical advice

Take a risk-based approach when giving legal advice – you can't gold-plate everything.



Positivity

You're the leader of your team and need to role-model a positive and resilient mindset.

What are your Top Tips?

**“Keep on blocking those free/
think time calendar slots.
We’re still dealing with endless
Zoom meetings.”**

General Counsel, Professional Services, Australia

**“Don’t sweat the small stuff, that is,
understand what really matters and
focus on that.”**

General Counsel, Aviation Company, Australia

**“More communication especially at
the outset of a project. Remotely it
seems easier for people to go off on
the wrong tangent.”**

Head of Legal, Entertainment Company, Europe

**“Stay calm. Listen.
Trust your team.”**

Group General Counsel, Retail Business, UK

What Does The Future Hold?

Legal departments have experienced a high level of change and many of these shouldn't be a cause for concern. The industry has embraced more flexible ways of working, something LOD has been advocating since 2007. We're trusting each other more and shifting measurement from inputs (low-trust) to outputs (high-trust).

We believe that the growth and sustenance of higher trust levels, coupled with a focus on deliverables, will enable a more productive and responsive legal team. So, what does life look like for in-house professionals for 2021 and beyond? Here are five predictions from the team at LOD:

It's been over 18 months since the world dramatically changed. Like almost all business functions, in-house legal teams have changed and remain transformed. It now seems quite unlikely that things will "snap back" to how they were pre-2020.

1. GETTING THE JOB DONE... IN YOUR OWN TIME

Remote working is here to stay – whether employers like it or not. Too many people are accustomed to life working from home. The removal of the commute and the ability to manage home affairs has been a great boon to many in-house lawyers. This isn't an unadulterated triumph for everyone, as many have missed the physical office and its concomitant benefits. Employers will need to carefully manage their position on remote working with the priority of staff retention likely pushing them to allow their people autonomy to flex between home and office.

Leadership tip: If the long-term shift is towards distributed teams, in-house leaders will need to treat the capability to remotely collaborate as a hard skill – not a "soft" one. Training and development in these areas will be a priority as we move forward and not a simple nice-to-have skillset. Effective remote collaborators will be essential to high-performing in-house teams.

2. SELF-SERVICE, NOT SELF-SACRIFICE

As legal teams learn to trust the business to manage specific and routine legal matters, they will be able to allocate their time to more strategic or high-risk work. Empowering the business where possible, and trusting them to follow well-designed guidance will be a key feature in successful legal teams. The trick here will be in the “well-designed” part. As soon as the self-service contains ambiguous elements or a poorly structured intake mechanism, the net benefit will drop away as the legal team will be forced to spend time cleaning up the various errors and faulty inputs.

Leadership tip: Consider either placing greater focus on design and technology skills for members of the in-house legal team or think about outsourcing to third-party providers with specialist expertise in legal demand management. More on this in point four below.

3. THE ELEVATION OF THE GENERAL COUNSEL

There is a trend in organisations relying on their legal advisors for more than ‘black letter’ law. Not only is this clear from our survey, but it’s also been the latest focus of Harvard Law School’s Centre for the Legal Profession’s research centre. As the tech industry, often a lead indicator for other industries, elevate their GCs to more strategic roles (think Brad Smith at Microsoft and Kent Walker at Google), there is a strong chance that senior legal leaders across the board will be increasingly relied on for broader commercial wisdom and selected for higher appointments.

Leadership tip: This means that current managers or those in-house professionals with senior aspirations need to think about how to diversify their skillset and receive training and development in areas beyond the law. MBAs will be a strong option, but with the proliferation of free and quality online training, they won’t be the only choice. Internal secondments into the commercial parts of your organisation are becoming a popular, low-risk way to dip your toes.

4. YOUR TECHNOLOGY TOOLING CAN’T BE A SIDE-JOB

The increased reliance on technology over the past 18 months is undeniable. Without our technology, the impact of the pandemic would have been far more dramatic. This reliance is only set to increase. With a slowly unifying (but still fragmented) legal tech landscape, it will be important for in-house teams to have a strong grasp of how to optimise their tooling. Not only will this be important from a whole team productivity perspective, but legal technology tools have started to become a common interview question from prospective talent. There is less and less willingness on the part of employees to put up with a poor technology eco-system.

Leadership tip: The resources you dedicate to optimising your legal tech tooling can no longer be the side-job of one of your more tech-savvy lawyers. The scaled benefits of smooth and smart tech are more valuable than ever, and you should have a resource allocation that reflects this. Getting impartial and agnostic guidance from a third-party provider is a sure way to get credible and actionable advice.

5. LIQUID WORKFORCES

As the survey results demonstrated, there has been a growing reliance on interim legal staffing – a trend set to continue. One of the virtues of flexible resourcing is that your team capacity will more closely match your workload. This should help mitigate relying on a stretched workforce to “push through it” or, conversely, wasting resources on excess legal capacity during quieter months. A more liquid workforce won’t make sense for every in-house legal team, but its growth in usage suggests that it is becoming more and more central to effective legal team management.

Leadership tip: In your forward planning, try to take note of any cyclical busyness or other deadlines that you know will be a large drain on your team – for example, an upcoming legislative or regulatory change. You can then resource your team appropriately and flex your team up and down to match demand. The growth and increased sophistication of legal managed teams is providing a new tool for consideration in your resourcing arsenal.

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