
Resource

January 2022

ADDED VALUE AND CORPORATE LEGAL DEPARTMENTS

By
Gustavo Carmona



| gustavocarmona.com/recursos-descargables

Objective

Achieve the strategic inclusion of legal departments in the general business strategy of companies.

The role of corporate legal departments.

Introduction

The role of legal departments in companies as well as their director (CLO) has been unimportant in the overall corporate strategy, and this has been mainly due to the fact that the legal departments are preventive in nature and do not generate direct income for companies.

If we compare the legal departments with other functional areas, they share similarities in the fact that some are not generating income for the company.

For example, the accounting area is a management area that supports decision-making, but the area itself does not generate income, but rather the decisions that are made based on the information generated.

However, it also has a moderately preventive function because it helps to reduce costs in certain areas to make others profitable.

What has happened is that the role of the legal departments in generating value for the business is not properly integrated.

It is important to mention that the legal area is directly related to other functional areas of companies, in the fact that many decisions made in these areas depend in one way or another on the considerations of the legal departments.

What has happened is that the role of the legal departments in generating value for the business is not properly integrated.

Let's take a couple of examples:

The marketing department when creating strategies and campaigns for the launch of a product must consult the legal area to avoid intellectual property violations.

A software development company must consult the legal department to draw up contracts for end users.

A pharmaceutical company depends on the legal department for the registration of patents for its products.



Preventive nature & reactive nature.

Now let's return to the subject, the reality is that this preventive nature if merged with the reactive nature of other functional areas such as operations and marketing, it can be converted into a minor investment versus the profits that are going to be obtained by preventing certain situations. What must exist is as I say, a **balance of forces**.

Legal departments and risk management.

Another synergy that exists is that of the legal area with the activity of managing risks since they are directly intertwined. In fact, one of the risks companies face is **legal risk**.

This legal risk is not limited to financial institutions (which itself has a risk management department separated from the legal one) and here I again mention the synergy between the legal area and the risk management area.

In fact, I would dare to say that they should be one, since if they join forces, the cost reduction due to unpredictable events would be greater.



What must exist is a balance of forces

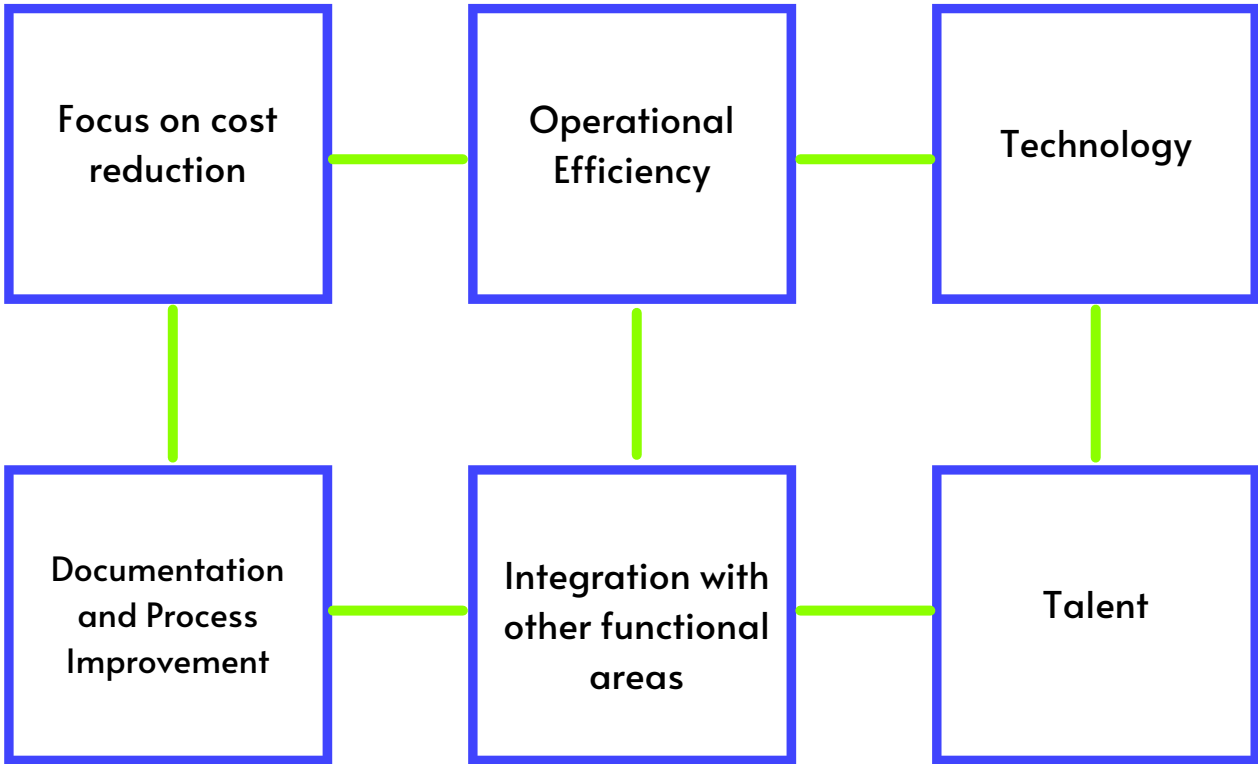
How can legal departments add value?.

The answer is simple: improving everything.

In the graph on the next page, I mention some pillars that must be improved for legal departments to generate business value, and these include:

- The cost reduction approach
- Operational efficiency
- Integration with other functional areas
- Documentation and process improvement
- Talent
- Technology

The 6 pillars of Added Value



The cost reduction approach

This has already become fashionable due to the use of technology and automation in substitution of some activities, leaving it said that it does not mean the replacement of lawyers but rather that these lawyers can carry out more activities at a lower cost and in less time. Which translates into cost reduction.

Operational efficiency

If we use operations management and project management tools (whatever the case may be) and apply them to the activities of the legal department, we can have the same result as, for example, in manufacturing: operational efficiency. It is worth mentioning that methodologies associated with manufacturing such as LEAN or Six Sigma can be applied to legal departments, it is simply a matter of changing the terms, processes and activities and adapting them to the legal context.

Integration with other functional areas

Since I mentioned it at the beginning of this resource, I will only mention that this integration depends mainly on the implementation of an internal communication strategy between areas.

By having good communication between functional areas, the risk of future problems is reduced, so this strategy must be part of the company's corporate strategy.

Documentation and process improvement

If we do not document processes, how are we going to achieve operational efficiency and produce added value to the business.

Large companies must have documented processes that must be constantly reviewed to improve and adapt them to new business environments and the effects of globalization and of course this includes the legal department.

Talent

I mentioned earlier, the talent of legal departments must be cultivated in the same way as in other functional areas through training and the provision of technological tools that facilitate their work.

Technology

At present, nothing works without the use of technology, which is why the technological empowerment of companies must be extended in the same way to legal departments to improve their capacities in risk management, operations and communication.

150 MARKETING, SALES AND STRATEGY PAGES FOR LAWYERS.

This book will teach you the basic knowledge necessary to begin developing your own marketing strategies and to begin promoting your legal practice successfully.



Buy now on
amazon >

Conclusion

It is extremely important to incorporate legal departments into the general strategy of companies since their role in preventing risks and contributing to the business is increasingly evident.

This incorporation should always be done focusing on the improvement of processes, the use of technology and professional training.

Contact me



gc@gustavocarmona.com



+524428760815



www.gustavocarmona.com

About me

My name is Gustavo Carmona and I am a consultant and instructor in project management, process improvement, marketing, sales, legal operations and digital transformation for law firms and legal departments.

My job is to help law firms achieve operational excellence through project management, process improvement, change management, and digital transformation.

