HARVARD LAW SCHOOL
Center on the Legal Profession

Harness the Power of Smart Collaboration for In-house Lawyers

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Introduction

Collaboration isn't just a buzzword; it's a business necessity. As the legal, business, technological and regulatory environment changes more and more quickly, lawyers need to specialize equally quickly in order to stay at the cutting edge of knowledge in their domain. One-dimensional legal problems have swelled into multi-faceted, goliath-sized business problems that span departments, disciplines, and geographies. As one general counsel put it, "I don't have legal problems. I have 'problem' problems." The complexity of today's problems call for those specialists to collaborate across disciplinary and organizational boundaries to tackle those sophisticated issues. In-house legal departments are grappling with the clashing together of two trends: the specialization of expertise and increasingly complexity of business problems. The tension between the two trends is what produces the need for smart collaboration.

In this sense, smart collaboration is a means to an end, rather than an end in itself: in-house lawyers must integrate their individual, specialized expertise in order to deliver high-quality, customized outcomes on complex issues. Increasingly, they must also rely on experts in other functions throughout their company, and to become "business partners" with managers and executives across their company. By truly collaborating, a team of knowledge professionals is able to address issues than none could tackle individually, no matter how clever or hardworking.

Yet, collaborating across these boundaries is often messy, risky, and costly. Teamwork is never cheap—the risks, coordination effort, and start-up costs are real—so unless professionals know why they're collaborating, it may not be smart.

Over the last decade, first at Harvard Business School and now Harvard Law School's Center on the Legal Profession, my research has examined collaboration among high-autonomy, powerful professionals. I have collected millions of data records across multiple firms, including a decade's worth of time-sheet, personnel and financial records. Statistical analyses reveal patterns in the data that are difficult for the human mind to detect, and these are supplemented with insights from hundreds of in-depth interviews and thousands of survey responses. My book *Smart Collaboration: How Professionals and Their Firms Succeed by Breaking Down Silos* (Harvard Business Review Press, 2017) elaborates these findings. I continue to research and work with firms in the law, accounting, engineering, financial services and other knowledge-intensive arenas, along with dozens of in-house legal departments.

My research shows that when lawyers get collaboration right –that is, do complex work that spans legal disciplines, business units, or geographies within their organization–they produce better business outcomes and attract and retain the highest-caliber talent. This paper examines how in-house lawyers can overcome organizational and cultural barriers to reap the benefits of smart collaboration.

Benefits of Smart Collaboration to In-house Lawyers

For some experienced in-house lawyers, collaboration is a natural way of working and they can't imagine why others need convincing. More often than not, however, even seasoned collaborators realize that with some further thinking, they might figure out additional ways to leverage smart collaboration for maximum gain—including strategic, financial and talent-related outcomes. Based on my research across hundreds of General Counsel and in-house lawyers, along with their stakeholders, including c-suite executives and board members, here are some of the findings about how the best-functioning in-house legal departments gain from smart collaboration.

Solves Complex Problems Effectively

More and more, in-house lawyers must combine their specialized legal knowledge with inputs from experts in other parts of the organization in order to tackle complicated issues and opportunities that span disciplines and geographies. Take cybersecurity as an example: The threat landscape has grown increasingly complex, with attackers weaving together all sorts of malicious tools and gaining access through every imaginable entry point in a company. Warding off these threats demands an ongoing, comprehensive, cross-organizational effort that brings together in-house lawyers with their counterparts not only in IT and security functions but also human resources, manufacturing and logistics, public relations, customer service, and others.

Produces Innovative Outcomes

On the positive side, collaboration produces more innovative outcomes—that is, solutions that are both novel and useful, which lead to long-term business benefits. A growing body of research demonstrates that innovation is most likely when specialists team up. For example, a study of 2 million patents and 20 million academic publications across half a century shows that teams are more productive than individual scientists, and teams produce innovations that have a greater impact in their domain—even in fields like engineering and social science that were historically dominated by freestanding "geniuses."

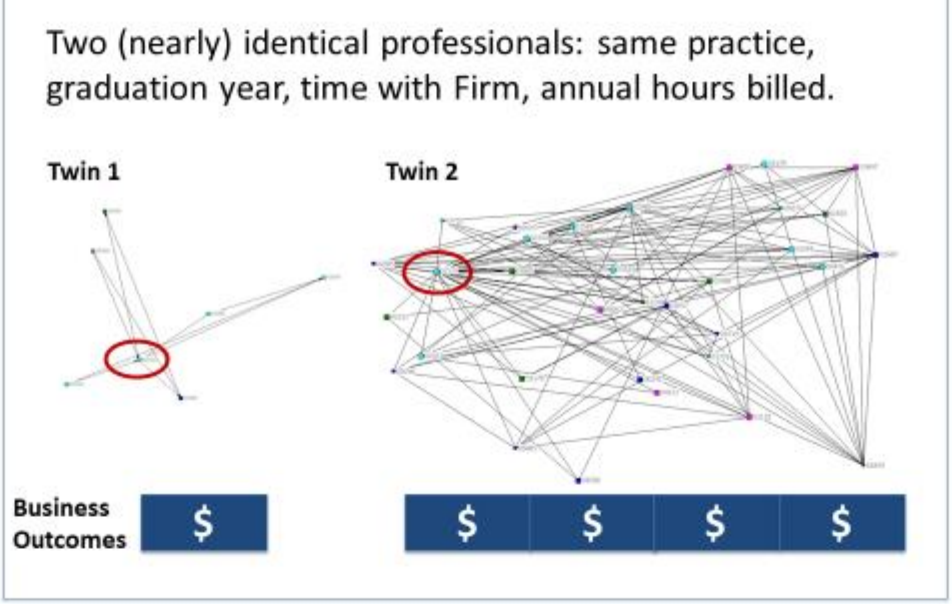
Work Smarter, Not Harder

Of course, not every problem requires a brand-new solution. Instead, many just involve tailoring an existing solution to a specific business situation. For example, the general counsel for a major manufacturing company recollected his experience of taking a "gold standard," web-based compliance approach and adapting it to production workers who lacked access to computers. He needed inputs and commitment from the factory managers and shift workers to transform his initial solution into a pragmatic one. While the resulting paper-and-pencil "innovation" was more like "back to the future," it was the nonstandard advice that his internal client needed. This kind of innovation often requires new attitudes, as well as a new configuration of resources for in-house lawyers, in order to collaborate across traditional boundaries.

Strengthens Network

Lawyers who have grown up and succeeded in a more individualistic system might need to be convinced about the benefits of collaborating with legal peers and non-legal counterparts. My research shows the power of internal networks for business outcomes by comparing lawyers who work in a more siloed versus more collaborative fashion. Figure 1 illustrates this contrast for two demographically similar lawyers. Lawyer 2's network, mapped on the right, not only contains many more colleagues across many more business units, but they are interconnected among each other–which gives him the ability to access better knowledge, trusted advice, and so on. Lawyer 2's multidisciplinary approach paid off: his business outcomes were four times higher than his less-networked peer.

Figure 1: Collaboration and Business Performance



Reduces Risk

Collaboration also helps to reduce risk of various types. When multiple people work together on a complicated issue, the probability increases that one of them will spot errors or nuances that teammates missed. For many professionals who have built their reputation on being an expert, it may be tempting to act as a "dabbler" — someone who has a clearly defined area of expertise, but when a problem arises outside that area, they decline to search out a colleague with the relevant expertise, and instead, "give it a go." Finally, collaboration mitigates against key-person risk; if multiple in-house lawyers are up-to-speed on an issue, the company is better protected if that issue blows up while one of the experts is on holiday or leaves the company.

Better Retains Talent

Just like external law firms, many in-house legal departments are fighting a war for talent, and collaboration can help in this regard, too. Millennials –the generation of people born roughly between the mid-1980s and 2000- are an important component. Although they currently make up about a quarter of the total workforce, in just over a decade, millennials will exceed 75 percent of the global workforce. Millennials expect to be more involved in all aspects of the work, to be continually challenged, and to be able to challenge their hierarchical superiors. They expect to get exposure to both important assignments and access to top decision makers early in their careers. If senior attorneys in an in-house legal department insist on operating in a siloed, non-collaborative kind of way, they're probably going to lose some of their most valuable younger colleagues quickly. Given the time and expense of recruiting talent into legal departments, leaders should consider an investment in collaboration as a near sure-fire way to get important returns on talent.

Increases Success Rate of New Hires

Collaboration is important for attracting and retaining talent at all ages, and its especially critical in the early stages of a new hire's orientation. A common problem is that, once hired, newly acquired talent don't have an actionable, data-driven strategy to help them flourish. For new lateral hires, a company's collaborative prowess indicates how easily they'll be integrated and how quickly they'll thrive. Collaboration helps bring lateral hires up to speed with organizational practices, allows them to get to know their colleagues (and vice versa), and, most important, builds trust between lateral hires and their colleagues. The trick, of course, is making sure that your company is set up to foster this kind of collaboration between incumbents and new joiners.

Improves Cultural Fit

Collaboration doesn't just make people *feel* as if they are in the right place. In fact, it's a self-fulfilling prophecy: Collaboration makes the "fit" better, makes the hard work more efficient and effective, and thereby makes the company more successful. Of course, doing it "right" requires strong leadership, sustained efforts, and strong commitment from your lawyers at all levels to collaborate with colleagues. The money and energy your firm puts into fostering high-level collaboration will almost certainly pay you back many times over.

Reaping the Benefits of Collaboration

My research strongly suggests that many in-house lawyers are not only open to the idea of fostering collaboration, but desperate to find business specialists and outside lawyers who can help them address their problems and put pure, technical expertise into the context of solving their biggest headaches. But many aren't sure how to get started. And therein lies the motivation for this white paper – to dive into the "why" and "how" to achieve collaboration across and within a legal department, external counsel and company experts in other business functions.

The Dynamics of Internal Collaboration

Within a robust organization, internal collaboration should move side-to-side and up-and-down. Specifically, lawyer-to-lawyer, lawyer-to-executive, and lawyer-to-another functional expert serve as the load-bearing links within the framework of an organizational fortress as illustrated Figure 2. Without these connections, excellent collaboration is difficult – nay, nearly impossible – to achieve. Lawyer-to-lawyer collaboration is vital in dissecting legal issues since most legal departments have a healthy mix of specialties, background and work experience.

Figure 2: Smart Collaboration inside Organizations

In-house lawyers should also seek to acquire a keen sense of individual and collective expertise along with the short- and long-term business objectives of each department. Completing this exercise provides in-house lawyers with the business intelligence and networking relationships to pinpoint both problems and solutions simultaneously. Now, let's flip the scenario. Typically, department heads do their best to avoid the legal departments. According to one marketing manager, "Getting legal involved just opens a can of worms." However, when relationships are forged across organizational siloes, these same folks are much more willing to reach out and share potential issues earlier with their in-house legal team, which help to nip problems in the bud before they explode.

Executives appreciate and value in-house lawyers who can not only address the legal problem at hand, but broaden the scope to contextualize the issues within the risks and strategic opportunities the organization faces. Quickly, these lawyers build a reputation of promise for their strategic thinking and are invited to join the company's elite decision makers. Indeed, these lawyers become indispensable to executives, colleagues, and departmental experts.

Strategies to Promote Collaboration within Your In-House Legal Department

In order for smart collaboration to flourish within your organization, a strong foundation of trust is required. Competence trust –the belief that another's expertise is both high-quality and useful –is a precursor to effective collaboration. According to my research, the lack of competence trust is a major, two-way barrier for legal departments: many in-house lawyers neither trust their business counterparts' judgment nor are they trusted by those same people as being able to add value beyond the "Department of No" stereotype. To overcome this barrier, in-house lawyers need ongoing development programs focusing on business issues so that they learn to identify business (not merely legal) points of view. Their ability to speak the language boosts their credibility in the eyes of their business partners. Programs that develop in-house lawyers' broader leadership development capabilities, not just technical finance or accounting skills, allow them to operate at a multi-faceted level with insight and confidence. Even better: short rotations into non-legal positions inside the company allow in-house lawyers to deepen their understanding of the broader context and to build strong, interpersonal connections throughout their organization.

In-house lawyers need to collaborate among their legal colleagues, too. Forward-thinking General Counsels are disaggregating the workflow in their departments and sending more routine parts of matters to lower-cost locales or less-expensive legal resources. This strategy frees up their true experts to focus primarily on high-value work, but it requires them to collaborate with colleagues who might be strangers in a far-flung location. To build the necessary trust, invest in initial face-to-face meetings to build mutual understanding and rapport, then encourage lawyers to use technology like FaceTime or Skype to maintain the personal connection when interacting with distant colleagues.

Finally, the shift toward more collaborative behaviors requires vigilance and determination. Because there are up-front investment costs to learning new skills and building relationships, lawyers need ways to know they are on track –and to demonstrate progress to others, too. Define clear metrics that capture in-house lawyers' collaborative behaviors and outcomes. For example, one General Counsel sets the goal that every in-house lawyer must show dignity and respect in collaborating to complete assignments across units, and then has managers rate each direct report on these behaviors. They also measure results of collaboration, and can demonstrate that it now takes fewer people to handle a file than it did with more traditional, less collaborative staffing models. Metrics are critical both for accountability and signaling. Build them into performance review systems, but just as important: make them a living, breathing part of the legal department's culture by recognizing and celebrating people who are making strides.

Here are a few additional points to increase the odds that your legal department is equipped and willing to lead their collaborative efforts to generate the maximum returns.

- **Start small.** If you're not ready to dive in feet first with a company-wide overhaul, launch a pilot program. A small cross-functional team can help to identify and resolve the 'kinks' before institutionalizing a massive revamp of your current approach.
- **Select the *right* leader.** Promote people who already model collaborative behaviors and gauge their interest in leading the charge. Be choosey. Don't be swayed by tenure alone or perceived "gravitas"; instead seek an individual with the strong company-wide relationships and social capital. Most importantly, avoid jerks.
- **Facilitate personal within-team interactions**. People won't build relationships or feel the benefit of peer support unless they have the opportunity to interact during collaboration. Institutionalize frequent face-to-face meetings when possible. If a team spans geographies, provide a small travel budget for teammates to establish trust.
- **Mandate regular feedback sessions** to determine best practices specific to your organization. You understand your company better than any outside consultant. Don't overlook the junior perspectives, especially in strict, hierarchical organizations. Insights from worker bees can be incredibly insightful when determining how to practically streamline collaborative efforts.
- **Use a technology platform** that makes it easy for collaborators to see each other's work-in- progress, and to share knowledge about the project. This transparency helps foster a sense of common purpose by giving participants a deeper understanding of the issue and how various pieces intersect; it also aids learning as participants get exposure to others' ways of thinking—not simply their end results.
- **Showcase collaboration** in high-visibility meetings. If you want lawyers to emulate collaborative behavior, praise it.

How Collaborative is Your Outside Counsel?

Nearly all in-house legal departments are facing increased budget scrutiny, and no in-house lawyer wants to receive work from their outside law firm that feels as if it's been "over-lawyered" for the sake of padding a bill. But if your default is to reject any teamwork on the part of your external counsel, then you are surely not getting the service you deserve. Your job is to figure out when smart collaboration is truly necessary on a matter—when different experts' inputs will add value and net benefit to the end result—and then insist that your external legal providers work in an efficient, effective and collaborative way. Not all law firms are set up to provide smart collaboration; some firms' culture, compensation and reward system, growth patterns, outdated technology or even leadership deficiencies make it highly unlikely that partners will combine their expertise in an integrated and cost-effective way. Increasingly, these sorts of firms will end up as providers of simpler, more commoditized work. So you should be wary of working with only this type of firm because you'll have a deficit when a complex issue arises where you need outside counsel who are experienced collaborators.

Sophisticated General Counsels deeply care about how well their law firm is collaborating amongst its own lawyers because it impacts the quality and value of their legal advice. On GC explained, "If a firm wants to have a deep relationship with our business, their people need to know and understand what we do and how we do it. The more a firm's lawyers know our business, the more we are going to want to hire them." It's difficult for any individual outside lawyer to develop that level of insight; they need to collaborate with their peers who are also serving the client, and jointly create a deeper, shared understanding of the client's risks and opportunities. Beyond this, Figure 3 lists the top 10 reasons why GCs place a premium on collaboration amongst partners in the external law firms they hire.

Figure 3: Top Ten Reasons GCs Value Collaboration amongst External Lawyers
1 Access to the firms' best knowledge/experts
2 Deeper understanding of your own business
3 Insights from across your sector
4 Innovation
5 Global perspective
6 Collaborative capacity (Shows firm can team with 3rd parties)
7 Consistency (Across teams and over time)
8 One-stop shop
9 Efficiency/economy
10 Relationships/respect (GCs care that their law firm is willing to invest)

Only law firms with exceptional internal collaboration deliver high-quality, innovative solutions, that are both holistic and tailored to your specific business (not just legal) challenges. If you're not getting a solution like I just described, your external counsel is under-performing. You should expect them to *proactively* bring you market intelligence and ideas for how to improve. Your colleagues in other business functions expect this from their external professionals. One said, "One of the global firms used to get kudos for sending white papers about industry trends, but now other sophisticated firms write them, too. So now what really distinguishes a partner is when she not only sends me the white paper, but knows my business well enough that her cover note says, 'The most important point for you is the chart on page 6.' That demonstrates her commitment." Are you expecting—and getting—the same level of customized service from your outside counsel?

Sophisticated GCs can sniff out excellent collaboration among external lawyers. As a client, in-house lawyers should care about the level of collaboration taking place behind the scene because it dramatically impacts the quality and strategic prowess of their firms' legal recommendations. Collaborative behaviors can be easily and discretely observed without much effort during a pitch or meeting. You just need to know what to look for, and Figure 4 provides some guidance.

Figure 4: Signals of Excellent and Deficient Collaboration within Outside Firms

Signs of a collaborative external firm

- Each lawyer on the team knows what the client's core priorities are, even if the ones outside the expertise in his or her practice group.
- Partners have interpersonal "chemistry." They give each other credit during a meeting; they look like they're having fun.
- Lawyers are familiar with each other's expertise and experience. They're able to talk in some detail about another's work with clients.
- A developmental pipeline exists. Partners delegate important, client-facing roles to younger partners or associates and are willing to give up the limelight to give them opportunities.
- There's consistency in billing, pitch documents, briefs, memos and the like.

Signs your outside counsel need to collaborate better

- The client needs to introduce lawyers to each other (their own partners!) during a pitch.
- Lumpy bills. Really good collaboration means that people are working in a steady state. When the number of timekeepers gets too big, too fast, or there are uneven spikes, collaboration may be suffering, either because of inefficient work or ineffective work.

To get the most out of your external law firms—that is, to become a better client-in-house lawyers should stop automatically redlining any bill that says, 'team meeting.' Clearly, a degree of internal coordination and communication should be part of excellent client service; the law firm should be willing to absorb some of those costs. But if they're meeting together in order to provide you higher value solutions on your most important problems, why punish them? While such teamwork may be expensive, getting the right solution for multiple, complex variables swiftly and effectively is worth every penny. With business problems compounding daily, GCs can't wait for their external counsel to rework solutions. Getting it right the first time is paramount. Insist that your external lawyers discuss the complexity of the issue with you up front, and that they suggest the types of expertise needed. But you need to be able to trust them to access the right experts without micro-managing them or the bill. If you don't have that level of trust, you don't have the right law firm serving you on complex issues.

To be clear, if you're the General Counsel, you also need to make sure that your in-house lawyers are motivated and capable of smart collaboration with their outside lawyers. Jennifer Daniels, General Counsel for Colgate-Palmolive Company, explained, "Being able to get law firm partners and in-house lawyers to collaborate with one another and present a unified and business-focused solution is much better than having to go to many different specialists individually and then having to harmonize everything." If you set up their performance metrics properly—not focused exclusively on cost savings but rather on the value they're able to deliver to the business—then you're more likely to encourage in-house lawyers to work in the most effective way with legal providers. You might also need to invest in some capability-building programs to ensure your teams have the skills they need to initiate and lead smart collaboration. They almost certainly didn't learn that in law school, and may not have picked up the ability in the organization where they worked before you hired them. But our research is starting to quantify the return on investment of development programs, and it's a wise outlay for certain.

Conclusion

Smart collaboration unleashes the full potential of in-house legal departments by helping them to better utilize their existing expertise and work with other business units. General Counsels and their in-house legal departments also have a tremendous opportunity to better manage their relationship with their external counsel by breaking down the legal and non-legal siloes within their own companies. Sophisticated in-house lawyers are learning that by collaborating, they can extract the maximum value from within their organizations and from outside counsel.

About the Author

Heidi K. Gardner, PhD, is a Distinguished Fellow in the Center on the Legal Profession at Harvard Law School. She also serves as a Lecturer on Law and the Faculty Chair of the school's Accelerated Leadership Program executive course. She was previously on the faculty at Harvard Business School. Gardner has also been awarded an International Research Fellowship at Oxford University's Said Business School.

Dr. Gardner's research focuses on leadership and collaboration in professional service firms, and her book *Smart Collaboration: How Professionals and Their Firms Succeed by Breaking Down Silos* was published to great acclaim by Harvard Business Press in January 2017. Her research received the Academy of Management's prize for Outstanding Paper with Practical Implications for Management. She has authored or co-authored more than sixty book chapters, case studies, and articles in scholarly and practitioner journals, including the Academy of Management Journal, Administrative Science Quarterly, and Harvard Business Review. Her first book, *Leadership for Lawyers: Essential Strategies for Law Firm Success* was co-edited with Rebecca Normand-Hochman and published in 2015. She was recently named by Thinkers50 as a Next Generation Business Guru.

Dr. Gardner has lived and worked on four continents, including positions with McKinsey & Co. and Procter & Gamble, and as a Fulbright Scholar. She holds a BA in Japanese Studies from the University of Pennsylvania (summa cum laude, Phi Beta Kappa), a masters degree from the London School of Economics (with honors), and a second masters and doctorate in organizational behavior from London Business School.

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