

**DLA Piper Global Women's Leadership Summit
September 19-20, 2016
CLE Written Materials**

Moderator:

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Panelists:

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Panel Topic:

The General Counsel as a Partner in Corporate Innovation

I. COURSE OVERVIEW

Organic growth through new business models, divisions and product lines within an existing business can present major challenges, including legal risks. However, the risk of not innovating is greater than remaining static. This forward-thinking panel will discuss how their companies are creating new ventures within existing business units and what corporate innovation means to the legal department particularly with respect to protecting the core business. The panelists will discuss how they guide their legal teams to provide their business leaders with the tools necessary to innovate while managing risks within their organizations.

II. COURSE DESCRIPTION

A. The Evolving Landscape of Innovation

Today's businesses are under ever increasing pressure to innovate or become obsolete. GCs and in-house legal teams face the challenge of supporting innovation while managing risk. Companies pursue different approaches to innovation, including with respect to employees, customers, marketing and new products and services. An in-house legal team effectively supporting its business partners will play a proactive role in accelerating the process of innovation and engaging in activities that affect the bottom line and have meaningful

business impacts. In addition, the in-house legal department will provide their business leaders with the tools to manage situations that did not produce the desired outcome. This panel will discuss different ways that diverse and growing companies are innovating, and provide perspective on various approaches that GCs use to support and accelerate that innovation by providing effective tools and guidance

B. How the GC/Legal Department Can Support Innovation and Mitigate Risk

GCs and in-house legal departments of today's dynamic companies must consider their role in balancing a company's business needs and risk management. It is critical that the GC fundamentally understand her company's business objectives and risk tolerance, and be able to effectively communicate with the business teams to ensure that both issues are addressed. These objectives are met both through internal processes such as early involvement of the in-house legal team with innovation projects and targeted use of outside counsel. This panel will consider how the diverse business backgrounds of a GC can facilitate creative solutions and effective interactions between the legal department and business teams. In addition, this panel will address ways in which the GC can use both inside and outside processes to mitigate risk and deliver solution oriented results to her business partners.

III. CONCLUSION/COURSE SUMMARY

While growth through innovation can present significant legal risks, it is clear that the risk of failing to innovate may have even greater consequences. For the leader of an in-house legal department, the challenge is to manage the potential risk of these innovations while still driving forward the business objectives of the organization. A GC should be actively involved in her company's innovation strategy, and consider what internal and external processes should be implemented to help her business partner's meet their goal. Additionally, a GC should consider whether her own background or experience can help inform creative solutions from both the in-house legal department and using outside counsel. With these considerations in mind, a GC can help guide her legal department in supporting innovation while protecting the core business.

Transforming Legal from a cost center to an innovative department with lasting business impact

Do you have a clear sense of your company's strategic vision for the next five years?

BY [NANCY JESSEN](#) AUGUST 16, 2016



We're all familiar with the pervasive stereotypes that have dogged corporate legal departments over the past few decades—an impediment to closing deals, a center of obstinacy, a bottleneck, the “department of no.”

But legal doesn't have to be relegated to a stereotype, merely “protecting” and “supporting” the corporation. Instead, it can aspire to be a vibrant center of innovation and set a new paradigm for the department.

It can embrace a much more active role in the organization, shaping strategy, accelerating change and leading a positive transformation of the business. In today's complex business environment, legal can become invested in the success of other

business units and engage in activities that reduce costs, generate revenue, add value and create meaningful, measurable business impacts.

If this is going happen on a broad scale, however, there will have to be a profound change in the way general counsel think of their role in the organization, and that probably means GCs will have to spend at least as much time making business judgements as they do making legal judgements.

If you are a GC and want to avoid the stereotypes and the “cost center” trap, you will likely need to retrain your own thinking.

Ask yourself these questions: Do you have a clear sense of your company’s strategic vision for the next five years? How can you add value to the company, the company’s business units and create value for shareholders? How can the legal department help shape and contribute to that vision and make it a reality? Do you have a clear sense of how your organization and its competitors are actually making money? What exactly are your company’s customers looking for? How can you simplify all legal processes that touch both customers and suppliers to ensure that the business runs more efficiently? How does what you’re doing positively impact revenue?

While all of these questions represent a pretty radical new way of thinking for legal executives, they represent a necessary and long-overdue response to the new fast-paced, data-driven, hypercompetitive landscape that most corporations, and their legal departments, now occupy.

As you transform the legal department from a cost center to a valuable contributor to the strategic and financial goals of your organization, consider these key principles to help you gain greater business impact within your organization.

Proactively provide insight and strategic direction for your organization on all major corporate event-driven activities.

Whether your organization is considering expanding its reach into foreign countries, planning for a major technology investment, looking for weaknesses in its cyber security defenses or issuing new stock—activities that, for the most part, fall under the purview of other departments—legal can play an important role to help leadership understand and evaluate the legal landscape, potential ramifications and business risks of such decisions.

To do so means building and fostering more positive day-to-day working relationships with other senior executives and being more aware of and involved in their day-to-day business operations. By having more insight into the workings of business dealings early, legal can maximize its business value. If legal is only being called upon at the 11th hour to handle contracts, send C&D letters or litigate, the opportunity to have any strategic input has long passed. The department will have been relegated to service-oriented support tasks and its inherent value marginalized.

Be proactive in your relationship with regulators.

It's not just a matter of playing defense or "staying out of jail" any more. Instead, think about how you can shape the regulatory environment in your organization and in your industry. Consider that you have an opportunity to work with regulators and help shape their thinking.

Ask yourself, "How can I make this work for our business? How can we make this industry different and better?" One not-so-obvious answer is to view the regulation challenge through a customer-focused lens. If you are persistently proactive and committed to creating a positive regulatory environment in your industry, and if you make sure that regulators understand that the interests of your customers are a top priority, the result will be fewer fines and fewer admonitions—which is good for your company's bottom line.

Help your organization accelerate the speed of business and speed to market.

How long does it take your company to complete a deal—from conception to closure to revenue? How can the legal department streamline its own processes to speed things up? Speed-to-market is not a business metric to which law departments typically pay much attention.

They should. Can your team respond more quickly to contract negotiations? How many back-and-forth cycles do you engage in when negotiating contracts with customers and vendors? If the answer is in the range of eight or ten cycles, you're not really contributing to the creation of value.

Instead, you're reinforcing the perception of legal as the "department of no." When you start to think in terms of business objectives and the speed at which your organization is able to move from a specific objective to the generation of actual revenue, things look very different. There are metrics for that: Look at a number of cycles over a period of time, quantify your speed and efficiency, identify bottlenecks in the workflow, and then see if you can improve your performance.

Constantly analyze and simplify processes to promote efficiency and reduce costs, both in your relationships with other businesses and within your own department.

Ensuring that you have budget management discipline is crucial. Hidden costs often lurk in poorly conceived templates such as sales, manufacturing and supply chain contracts. That's something you can investigate and fix. You can also optimize your relationship with outside counsel, establishing metrics to evaluate their effectiveness, performing routine accuracy checks on billing and pushing for value-based billing arrangements.

Within the legal department, GCs can create a business and finance culture by committing to greater transparency and predictability in their litigation budgets. They can also do a better job of managing demand for legal services within the organization. One approach to that problem might be training in-house attorneys to respond more firmly to recurring requests with a "Here's a link to follow to find that answer."

Progressive GCs in a variety of industries are embracing a new paradigm in which they are true business leaders who make crucial contributions to their organization's strategic vision and financial goals. They are cultivating meaningful and ongoing relationships with CFOs and CIOs, and many are now an integral part of the executive leadership team.

They are continuously monitoring and measuring processes and workflows in their own department to increase efficiency and cost-effectiveness—as well as those in other departments. Most importantly, they have rejected the defensive posture implicit in the “cost center” label and have turned their attention—without apology—to the aggressive pursuit of the organization's business objectives.

Inside Counsel Magazine: <http://www.insidecounsel.com/2016/08/16/transforming-legal-from-a-cost-center-to-an-innova>

3 Ways In House Counsel Can Facilitate Innovation

By William Peacock, Esq. on May 12, 2014 12:57 PM

Creativity. Innovation. These aren't adjectives that are typically applied to lawyers, and for good reason: we're not Picassos, Hemmingways, or even code wizards like ten-years-ago Zuckerberg.

But in-house lawyers *are* involved in innovation: you can invent the next big thing, but if the IP isn't protected, it'll only be valuable until a bigger, stronger company steals the idea. You can build the next great product, until your team flees for a different company. You can challenge the status quo -- until a regulatory war grinds your progress to a halt.

Corporate counselors may not be the artists, but they make the artists' work possible, and profitable, in these three ways:

Protect Intellectual Property

This one is may seem obvious, at least to us, but it's worth repeating: a company's innovation is only as good as its IP protection. Most startups don't know the first thing about patents versus trademarks, the [legality of software patents](#), remedies for infringement, DMCA takedowns, and all of the other minutia of day-to-day intellectual property protection and enforcement. But really, these IP details are the most important aspect of their business, aside from the innovation itself.

Human Resources

Is there a bigger trap for small businesses? Let's start with the NLRB, with its ever-evolving standards. Social Media policies [can't restrict complaining about work](#). Regulating [workplace gossip and conduct](#) is apparently also a difficult move to pull off, legally. These are things that a small business owner would never think about. Plus, there's considerations of non-disclosure and non-compete agreements, [anti-poaching agreements](#), adjusting company policies to promote an open and tolerant workplace that can lure top talent. And you'll need to put out fires when someone inevitably does cross a line.

Regulate the Regulators

When Square introduced a device that could turn your iPhone into a credit card processing machine, it ran into state regulatory walls in the Midwest. When Uber swapped hand-waving at taxis for smartphone cab and car hailing, it was immediately attacked by taxi regulators nationwide. Don't even get us started on [AirBnB](#).

When [startups meet state regulators](#), and innovation clashes with regulation, a company's chief asset is their legal department, which can research the regulations beforehand, or fight to change regulations when the company is greeted with a cease and desist.

How do you facilitate innovation? Tweet us your tips [@FindLawLP](#).

http://blogs.findlaw.com/in_house/2014/05/3-ways-in-house-counsel-can-facilitate-innovation.html#sthash.VnhgtlHr.dpuf