

GCs Share Tips On Stepping Into Corporate Limelight

Promoting Your Accomplishments To The CEO Is The First Step

BY AMALIA DELIGIANNIS

GENERAL MOTORS and its financing unit, GMAC, made history last summer with the largest corporate debt offering ever. GM shares shot up 52 cents on the heels of the news.

The debt offering, which consisted of eleven different deals handled simultaneously, allowed GM to resolve its pension-funding problems and provided GMAC with \$4 billion for general corporate purposes and the funding of ongoing operations. In total, GM and GMAC issued \$17.8 billion worth of bonds.

But what wasn't mentioned in the news

COUNSEL to COUNSEL COVERAGE

was that GM and GMAC attorneys were faced with the near-impossible task of borrowing billions of dollars in a tight credit market. Called Project UVW, the deal was finished by the in-house lawyers in just four weeks.

"Not only was the magnitude of the project significant, but frankly the project couldn't have been accomplished without the integral involvement of the lawyers," said GMAC's vice president and general counsel, William B. Solomon Jr. "The nature of the transaction made clear that the legal staff has a critical role in the overall success of the business, including something as foundational as the borrowing function for the operation."

The problem, however, is that senior management and the board often overlook the work of in-house counsel in such deals.

"We can pull out the stops and do a heck of a job for the client and still have them not necessarily recognize that we've done something special for them," Solomon said. "But that goes with the territory, and you learn to live with it."

At the recent Martindale-Hubbell Counsel to Counsel forum in Detroit titled "What Have You Done For Me Lately? Demonstrating the Value of In-House Counsel to the Corporation," in-house counsel and law firm lawyers divulged best practices for getting the recognition legal deserves. Counsel agreed that instituting measures to highlight the accomplishments of the legal department, and periodically retooling it to meet company demands, are crucial steps to getting noticed.

Paper Trail

According to some of the participants at the forum, benchmarking the work of the legal

department is one of the most important steps you should take. At the end of the year, some of the participants said they sit down with their CEO not only to hash out budget issues, but also to discuss the successes and failures of the department during the year.

"It's important to delineate what you have done right and where you think you have opportunities for improvement," said John J. Collins Jr., senior vice president, general counsel and corporate secretary for Champion Enterprises Inc., an Auburn Hills, Mich.-based company that manufactures homes. "Part of how you build credibility is saying, here is what I am trying to do, here's what I did well, and here's where I am trying to do better."

Others participants said they create a report that identifies all their departments' accomplishments during the year. The report details such items as the cases the department won and lost; expenses incurred for transactional work; law firm arrangements and costs; and any major initiatives the company has undertaken in which legal was involved. The GC then gives that information to senior executives and board members. Daniel Iannotti—vice president, general counsel and secretary of Origen Financial—compares the value of this type of exercise to the advantages of promoting a company's accomplishments to shareholders and the public.

"It's just like advertising and promotion for any business," said Iannotti, whose Southfield, Mich.-based company provides retail financing for the manufactured housing market. "GM built its brand in large part through promotion. It's the same thing for internal legal departments. We have a product and a brand, and we can do things that determine whether our clients like our brand."

In addition to producing a report, Iannotti surveys the executive team to gauge his department's performance.

The Counsel to Counsel Forum At A Glance:

"What Have You Done For Me Lately? Demonstrating The Value of In-House Counsel to the Corporation"

Co-Chairs:

- > **Paul Marcela**
Associate General Counsel & Assistant Secretary
Dow Corning Corp.
- > **Daniel Iannotti**
Vice President,
General Counsel & Secretary
Origen Financial

Law Firm Co-Hosts:

- > **Butzel Long**
- > **Dykema Gossett**
- > **Foley & Lardner**

Facilitator:

- > **Deborah McMurray**
Deborah McMurray Associates

These surveys cover such issues as overall client satisfaction with the department, quality of work performed and how long it took lawyers to answer the client's needs. Iannotti believes that 90 percent of client satisfaction has to do with responsiveness.

"Clients are very happy when you get back to them on a timely basis, and you keep them up to date and involved in whatever the matter is," Iannotti said. "In this digital world we live in, there is no excuse for a lack of responsiveness."

Business Alignment

After discussing the need to benchmark the activities of the legal department, participants at the forum debated the value of aligning the department's activities with the company's overall business strategy. Economic issues—such as budget cutbacks, the threat of bankruptcy and overall company attrition—has forced many legal departments to become more closely aligned with the business units, board and CEO.

Dow Corning Corp., for example, has been operating under bankruptcy protection since spring 1995 as a result of thousands of claims by women alleging the company's silicone-gel breast implants

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—John J. Collins Jr.
Senior VP, GC & Corporate Secretary
Champion Enterprises Inc.

damaged their health. During this period, the company's law department increased in size to deal with the associated legal issues. In the past couple of years, though, the company reduced the department's headcount by half. That, however, didn't impact the quality or effectiveness of the legal services provided to the client.

Part of the reason the quality of service didn't suffer was that the legal management team assigns lawyers to specific business and functional units within Dow Corning. This gives the lawyers a better understanding of



(Clockwise from top left): **Daniel Iannotti**, vice president, general counsel and secretary, Origen Financial; **Marian Durkin**, vice president and deputy general counsel, United Airlines; **Paul Marcela**, associate general counsel and assistant secretary, Dow Corning Corp.; **William B. Solomon Jr.**, vice president and general counsel, General Motors Acceptance Corp.; **John J. Collins Jr.**, senior vice president, general counsel and corporate secretary, Champion Enterprises Inc.; **Marcia B. Goffney**, vice president, secretary and general counsel, Yazaki North America Inc.

the plans and strategic focus of those units. As a result, they can provide their clients with more effective and efficient legal counsel.

"It's a relationship issue," said Paul Marcela, associate general counsel and assistant secretary at Dow Corning. "If the law department's clients know who their lawyers are for all of their transactions, and those lawyers are involved in understanding the strategy of the businesses they're counseling, the result is consistency, efficiency and effectiveness in the delivery of

legal services to those clients."

Dividing up a small legal team and assigning them to specific teams also has helped Chicago-based United Airlines through its bankruptcy. Before the carrier was hit with the double whammy of September 11 and the economic recession, its legal department was exploring better ways to integrate itself into the business and get involved in projects earlier. The bankruptcy forced the legal department to expedite that process.

In preparation for bankruptcy, the com-

pany formed task teams to deal with strategic issues that would arise during the process. The legal department then assigned a lawyer to each team.

“Now those business units involve the lawyers earlier, and we don’t hear the complaint that legal is an obstacle in the process,” said Marian Durkin, vice president and deputy general counsel at United. “The legal issues are identified early, dealt with and incorporated into the strategy.”

Throughout its bankruptcy proceedings, United’s legal department also has positioned lawyers in key areas dealing with

matters such as labor negotiations and aircraft contracts. The GC also restructured the department so the lawyers are involved in business decisions earlier on.

“The best part of all of this is it really has broken down a lot of silos that existed before,” Durkin said. “We think they’re better business partners as well as legal partners for having gone through this, and so this is one of the things we will definitely want to carry going forward.”

Basic Instincts

Establishing benchmarks for the legal department and adapting to corporate demands only goes so far. The reality is that there is no one best practice you can use to ensure that senior management will understand the value of the legal department.

“You’ve got to pick the way or ways that are consistent with the approach that the client’s comfortable with,” said Philip J. Kessler, president of Butzel Long in Detroit. “Lawyers have to know that or they’re going to be less effective.”

But there is one simple practice that all general counsel should adopt—no matter what the client is comfortable with—in order to prove the value of the legal department: Take the extra time to educate the client on legal issues, whether that means briefing the CEO about a regulatory change in the industry or a court decision that will impact the company.

“Very often I think lawyers sit in the legal department and basically wait for people to come to them,” said Marcia B. Goffney, vice president, secretary and general counsel of

Yazaki North America Inc., a Canton, Mich.-based supplier of electrical components for the automotive industry. “You can talk about how you want to be out on the front lines, but unless you’re out there communicating with your client on a regular basis, you’re not going to know what’s going on.”

It also is imperative that lawyers invest time to understand their client’s needs and business operations. Until that happens the client may never appreciate its in-house lawyers.

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—Daniel Iannotti
VP, GC & Secretary
Origen Financial

“You need to understand what the client’s needs are for legal services both in terms of strategic planning and what problems now need attention. To do this, you need to be in touch with the client,” Solomon said. “That comes from being part of their regular business meetings and having the confidence of the client to come to you and say we’re going to need some help. It also comes from delivering great service over a period of time, and then creatively considering alternatives for delivering those services.” ◀

Selling Yourself: The Champion Way

The legal staff at Champion Enterprises Inc. offers the following advice on how legal departments can prove their value to senior management and the board:

- > Always remember who your client is.
- > Focus on the project at hand and take one step at a time.
- > Demand top-flight technical skills and act quickly if you are not satisfied.
- > Ignore office politics.
- > Be professional at all times in conduct and demeanor.
- > Maintain an unswerving dedication to accuracy and honesty.

Source: John Collins, senior vice president, general counsel and corporate secretary, Champion Enterprises Inc.



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