

## **5 Things Every CEO Should Know About His Legal Function**

The Legal Function is just one of many levers the CEO controls to fulfill his duty as steward of his shareholders' assets. Properly designed and deployed, the Legal Function can help manage risk, control costs and optimize business outcomes. For any CEO to understand the extent to which his Legal Function is fulfilling its responsibilities to the Company, five critical questions must be answered:

- 1. SPENDING: How much are we spending on legal?**
  - a. Total Spending = Law firms, inside personnel, settlements, administrative costs and insurance
  - b. How does Company's legal spending compare to benchmarks?
  - c. What are key cost savings opportunities?
  - d. Does Company have positive ROI on Legal Function?
  
- 2. ACCOUNTABILITY: Who in my Company makes legal decisions?**
  - a. What is level of legal sophistication of key employees and functions?
  - b. Are legal decisions vetted and approved internally at appropriate levels of authority?
  - c. Does Company have clearly articulated accountability for Legal?
  
- 3. PRIORITIES: What legal issues should I think about every day, week, month?**
  - a. Urgent issues should not be allowed to displace longer-term contributions the Legal Function can make
  - b. Are CEO, Board and Shareholders properly and timely informed of material legal issues?
  - c. Is Company striking optimal balance of managing risk and capturing opportunity?
  
- 4. VALUE PROPOSITION: Is Legal Function adding value to the enterprise?**
  - a. Does my Company learn and improve from each legal experience?
  - b. Are our contracts and policies not only legally sound but sufficiently customer-friendly and transactionally efficient to support growth?
  - c. Is Legal Function an obstacle or a partner to our business units?
  - d. Is Legal Function able to add insight and perspective in a variety of non-legal contexts?
  - e. Does Legal Function anticipate and prevent problems or merely react?
  
- 5. STRUCTURE: Is Company's Legal Function optimally structured to meet its needs?**
  - a. Is Company's business model best served by outside legal support, in-house counsel or a hybrid?
  - b. Who selects and manages outside counsel?
  - c. Does Legal Function structure facilitate adequate visibility and decision-making throughout the organization?