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# CLOC: Joining Forces to Drive Transformation in Legal: Bringing Together the Legal Ecosystem

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## Abstract

Many corporate legal departments still run in much the same way they always have, failing to keep up with the changing needs of the modern marketplace. In today's fast-moving and competitive markets, where companies need to enter into new types of agreements and relationships with customers and partners, this is no longer good enough. Corporations need innovative strategy and cutting-edge execution from their legal departments.

Everyone leading a legal department, today, must define their goals. Do they want to focus simply on being an effective and capable legal department? Or do they want to think like a business, and focus on growth, innovation, and opportunity? The further they go from the traditional, limited model of corporate legal teams, the greater the potential impact on the organization—but the greater the risk.

The non-profit group CLOC (Corporate Legal Operations Consortium) is a direct response to that challenge. It is a collaborative, community-driven organization of legal professionals focused on defining the future of corporate legal departments. The association is focused on modernizing, streamlining and amplifying the Legal Operations role within the legal ecosystem.

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# 1 Rethinking the Corporate Legal Department

## 1.1 Three Types of Legal Departments

There are few parts of the modern corporation that can be more conservative, defensive, and conventional than the legal department. That type of approach is now out-of-date and no longer sustainable. Consider an analogy with the IT department. No company could succeed if the CIO focused only on fixing what was broken, without setting a vision for the company's technology future. Yet, that is exactly how many legal teams operate, however—in a completely reactive mode. No business would succeed that way.

Legal teams today define their mission in three possible ways:

- **As a function.** Still the dominant model for many companies, this is the narrowest possible interpretation of the corporate legal role. These teams view themselves as owning only issues and processes tied directly to legal work. They don't focus much, if at all, on the broader context of their organization, responding only to legal work reactively, as it pours into their departments.
- **As a service.** For more progressive legal teams, the emphasis is on internal service. In this model, the business leaders within the company are the clients. Success is judged by how effective the team is at satisfying internal client needs efficiently and repeatedly. Teams following this model tend to think of themselves as problem-solvers and partners within the business.
- **As a true business unit.** These teams don't simply solve the problems that their internal clients bring them—they anticipate and plan. They don't just try to run more efficiently—they innovate and experiment. They listen to their "customers"—the internal client teams—but don't limit their contributions simply to addressing their issues. Their numbers are fewer, but growing.

## 1.2 Bringing a Business Mindset to Legal

The emergence of new categories of technology and service providers, combined with heightened pressure for transparency, have brought the industry to what can only be described as a tipping point. This increased role of legal departments—accompanied by heightened demand for more efficient delivery of legal services, availability of technology, and new entrants to the legal ecosystem—has rendered it impossible to maintain the status quo.

It's time to start running legal departments like a business. The General Counsels of today's legal departments must find ways to add value, deliver premium legal and business consulting services to their internal customers, and provide a competitive advantage to their companies.

To address this need, they are increasingly adding a new function to their management teams—the Corporate Legal Operations Executive, a COO for legal. This new role, for the first time, gave a business focus to the legal department.

Because it was a new role in inhouse legal departments, training was acquired either on-the-job or through sharing best practices with others new to the role.

Today's Corporate Legal Operations Executives face significant challenges as they seek to transform and modernize their departments. The shift from thinking about Legal as functional or service unit to considering it as a true business unit is immense. It requires a huge leap forward in culture, approach, and skills. The core challenges for these leaders fall into a few core areas:

**Change the Culture and Skill Set** To shift towards a business unit model requires a big shift in the culture and composition of the legal team. It means stepping back from the mindset of "legal experts" to include other priorities, skills, and focus areas. Take any group of smart corporate lawyers and certain qualities are likely to be well-represented: intelligence, motivation, attention to detail. Others might be harder to find: innovation, risk-taking, entrepreneurship. To make the change work, leaders not only need to shift the priorities they set for their organization, they may need to bring in new contributors to the team who don't come from traditional legal backgrounds.

**Set Clear Goals** There is no growth or evolution possible without goal-setting and measurement. This starts by setting the right goals. What are the things that matter the most to the team? Is it speed of execution? Service to internal clients? Innovation in processes and practices? Goal-setting can be a shallow and limited exercise at some companies. Done right, it is a powerful opportunity to focus objectives and get aligned as an organization.

**Define and Track the Right Metrics** Once the right goals are in place, then begins the hard work of measuring and tracking your results over time. This is the only way to drive progress and change, but it is also a very uncomfortable practice for many legal departments. In many cases, the data may not exist—it can simply be something that is not currently tracked. It takes time and effort to create a true dashboard that actually speaks to performance against goals, but it is worth it.

**Connect to Internal Customers** How successful would a business be if it simply waited for customers to walk in? Yet, that is how many legal departments operate. Possibly the biggest key to running a legal department like an effective business is engagement. This means, first of all, engaging with internal customers. Do you meet regularly with your stakeholders around the business to understand their context and to identify ways you can help? Do you adapt your processes to fit them, rather than expect them to change how they work? The goal is to be engaged and connected with stakeholders and to foster a lasting relationship with them.

**Engage with Partners** It also means engaging with potential partners. Don't look at other companies' legal teams as competitive threats but as potential allies. It makes sense to create relationships and connections across the industry because some threats and opportunities require collective action.

**Manage the Value Chain** To be effective, every business must optimize its value chain. This means deciding what is created internally, what is outsourced, and everything is combined to deliver value to the customer in a cost-effective way. Is the team working with the right suppliers? Are they supporting the same strategy and goals? Are business terms structured in the right way?

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## 2 Realizing the Vision: The Corporate Legal Operations Consortium

In 2010, a group of legal professionals from Fortune 500 companies across the country got together with the goal of codifying and bringing these principles to life in the modern legal department. Since its inception, the Corporate Legal Operations Consortium—or CLOC—has been charting this relatively new territory in collaborative fashion. It has been seeking new ways to enable efficiency, simplicity, and impact within legal departments. The organization’s mission is to drive innovation and sharing of best practices across legal teams.

Today, CLOC has become an incorporated entity and is the first legal association to open its doors to the entire legal ecosystem—General Counsels, law firms, technology providers, managed service providers, legal associations, venture capitalists, law schools, students, and others interested in its mission. Initially formed by members from companies in California and the Pacific Northwest, CLOC has expanded to include members from around the world.

### 2.1 Focusing on the Basics

The CLOC team began by focusing on simple, core challenges that are common to all legal departments. One of the first was around billing. How could law firm billing be managed in a more consistent and effective way?

Traditionally, faced different billing terms from client to client, resulting in time and resources wasted. In keeping with CLOC’s mission to drive efficiency and simplicity, it sought to standardize the industry around routine and administrative tasks, leaving time for attorneys to focus on bespoke legal work. This particular goal has been furthered by the creation of a comprehensive set of billing guidelines.

The result: a process that once required significant time and resources for both, inhouse and outside counsel, has now been made simpler. This is precisely the type of efficiency gain that CLOC strives to facilitate.

CLOC’s billing guidelines are driven by its goal to simplify and create efficiencies across legal departments. Legal departments do not compete on efficiencies. There is no need to recreate documents across departments of different companies. A concise set of guidelines makes things easier for everyone.

## 2.2 Defining the Role and Focus of Legal Operations

The CLOC team has worked to define the elements of Legal Operations (Fig. 1):

- **Strategic Planning:** Create a long-term strategy, aligning yearly goals and corresponding metrics.
- **Financial Management:** Manage the departmental budget. Track accruals and forecasting. Work with Finance to identify spending trends, potential cost savings and efficiency opportunities.
- **Vendor Management:** Create a vendor management program to ensure quality outside counsel support at the right rates and under optimal fee arrangements. Hold regular business reviews. Negotiate fee agreements. Drive governance of billing guidelines.



**Fig. 1** This graphic is available online here: <http://cloc.org/what-is-legal-operations/>

- **Data Analytics:** Collect and analyze *relevant* data from department tools and industry sources, define objectives to provide metrics and dashboards that drive efficiencies and optimize spend, etc.
- **Technology Support:** Create a long-term technology roadmap including tools such as e-billing/matter management, contract management, content management, IP management, business process management, e-signature, board management, compliance management, legal hold, subsidiary management, etc.
- **Alternative Support Models:** Drive departmental efficiency by leveraging managed services, LPOs, and other service providers.
- **Knowledge Management:** Enable efficiencies by creating seamless access to legal and department institutional knowledge through the organization and centralization of key templates, policies, processes, memos, and other learnings.
- **Professional Development and Team Building:** Deliver improved GC Staff and overall team performance by globalizing the team and creating a culture of growth, development, collaboration and accountability.
- **Communications:** Work collaboratively across the legal ecosystem to create consistent global processes, from onboarding to complex project management support. Publish regular departmental communication, plan and execute all-hands.
- **Global Data Governance/Records Management:** Create a records management program including a record retention schedule, policies and processes.
- **Litigation Support:** Support e-discovery, legal hold, document review.
- **Cross-Functional Alignment:** Create and drive relationships with other key company functions, such as HR, IT, Finance and Workplace Resources. Represent the Legal organization at CLOC.

### 2.3 Evangelizing the Legal Operations Role Across the Industry

Another significant function of CLOC has been to help drive awareness and understanding of Legal Operations across the industry. A decade ago, most corporate attorneys would not have been able to articulate what the Legal Operations role was or why it was important. Thanks in large part to the work of CLOC, it now holds a prominent spot on the legal industry map.

Significantly, CLOC's championing of Legal Operations professionals has propelled those professionals upward. They are now trusted advisors to their General Counsels, holding places among legal executive staff. Further still, the value of the role is being recognized beyond the in-house space, as Legal Operations directors are being added to law firms as well.

CLOC members have been active in speaking to broad audiences about their roles, experiences, and aspirations for the future of the industry. The range of talent among current Operations executives is diverse; about one-third have JDs, one-third have MBAs, and another third has both. Their backgrounds range from traditional legal roles to finance to technology. However, as the role increases in prominence and law schools begin adding an operations curriculum on the heels of

CLOC's education-driven Institute, the legal profession will begin to embrace this career path from the outset.

CLOC has similarly been driving awareness of the sort of changes that spurred them to create the organization in the first place. CLOC members have collaborated on presentations at high-profile events around the world—ACC, CxO/CLOC, IACCM, P3, and others—to explain the changes the industry has been seeing and why awareness of those changes is so important. This is another indicator that the operations role is becoming a force.

In these forums, Legal Operations experts have explained exactly what is driving such inhouse change: the evolution of the General Counsel role, combined with the increased prevalence of legal technology and legal service providers, has driven the inhouse department as we know it to a tipping point. What was once a model of slow growth and change in corporate legal departments has quickly transformed into a sink-or-swim environment, where legal departments either start to drive competitive advantage or lose out to the emerging non-traditional providers. CLOC members are teaching others how to swim.

#### **Liquid Legal Context**

By Dr. Dierk Schindler, Dr. Roger Strathausen, Kai Jacob

*Show me what you offer and how you do it, and I tell you who you are.*

Brenton provides a tangible litmus test for legal departments to determine how far they have progressed into the future state: still a traditional function? Already a service? Or even a true business unit?

All authors agree that the General Counsels of today must find ways to create value, deliver premium legal and also business consulting services to their internal customers, so that their departments provide a competitive advantage to their companies. Against that background, Brenton details out the—still emerging—new function of Corporate Legal Operations, a COO for legal.

We are watching legal transformation in motion, when we read the story of how they established CLOC, starting in 2010 with a group of like-minded professionals that had a similar role and/or vision for a legal operations function, to now be the first legal association to open its doors to the entire legal ecosystem—General Counsels, law firms, technology providers, managed service providers, legal associations, venture capitalists, law schools, students, and others interested in its mission.

The need for an operations role in Legal is obvious, if we just look at the quite brutal forces and the pace of change, but also if we admit the complexity that comes with it. Today's call to action on legal is not evolutionary, it is disruptive in every possible way: process innovation and outsourcing become the new normal; legal tech is a must, not an option; performance management

(continued)

to ensure true creation of business value is mandatory. While front-facing players in a department need to change to master the challenges that come with that in day-to-day practice, there is also a vital need for a function that establishes and constantly improves the operational platform on which an inhouse department can step up to the task.

Besides the functional role of a COO for legal, Jacob adds to the profile when he identifies that “*we need people that are technical affine, process minded and open to new technology*”. Is the “*Legal Information Manager*” the new norm?



**Connie Brenton** is a pioneer in Legal Operations and widely regarded as one of the world’s foremost experts on legal industry innovation. For more than 5 years she has served as Chief of Staff and Director of Legal Operations at NetApp Inc. (NASDAQ: NTAP), a Fortune 500 data management and storage provider. She is the co-founder of the Corporate Legal Operations Consortium (CLOC), an innovative and global Legal Operations Association. Connie holds a JD, MBA, and BA in Economics.