

How to Excel as a General Counsel and Benefit your Business

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Legal IQ: Firstly, as general counsel at GDF Suez Energy Europe, Patrick, what is your reporting structure and how involved are you in board level decision making?

P Baeten: Well, that's quite simple, actually. We've got a... within the whole of the group, meaning GDF Suez, not only for Europe, but internationally, we have a principle according to which general counsel reports in the matrix line and double reporting line to the group general counsel on the one hand and to either the CEO or an executive committee member on the other hand. And for me, that's the executive committee member in charge of legal communications and HR at an inter-Europe [?] level. That being said, I have obviously direct access anytime to the CEO of our business line, which at the same time is vice president and vice chairman of the board at group level.

Legal IQ: Thank you. Now, in GDF Suez Energy, how would you describe the role of the general counsel and what are the key responsibilities, Patrick?

P Baeten: Well, the role is threefold. The first one is, of course, providing – and that's quite classical, of course – legal advice to all businesses, all managers across Europe. We've got a decentralised and flat organisation with a general counsel in each and every country and these general counsel report directly to me. The second part of my job is ethics and ethics is of growing importance, basically covering two main areas, first one being to put in place the necessary guidelines, policies, structures, what have you, on the one hand. And on the other hand and quite concretely, it's handling complaints and issues in this field. That can be related to fraud, to bribery, to harassment or to other topics. The third main area of responsibility: a part, of course, of managing the local teams is compliance. Compliance, well, in our group it's in its early days and today focusing on putting in place necessary processes on anti-bribery, competition and embargo-related matters [?].

So, to sum up, and, again, I think it's quite classical, the general counsel ethos should be a kind of trusted advisor to the top management, he's a factor of cohesion throughout the business lines and he's the guardian of the temple, making sure that legal risks are adequately dealt with by all businesses.

Legal IQ: Good analogy, guardian of the temple. And, Patrick, how do these responsibilities differ from the general counsel's role within a corporation ten years ago?

P Baeten: Well, the main evolution, at least that's my feeling, is that responsibilities are increasing at a very fast pace with more regulation we have at least in our business. We have more litigation. We have, of course, the financial and economic context instability, which even increases the role of the legal counsel. And putting in the front line; we used to be in my sense a pure legal advisor answering legal questions when those were put to us. Now we've evolved to a role of goal actor, goal determiner of the strategy of the business. We're playing an essential role with the CEO and obviously with the executive committee.

But I think it must be said that that role and perception of the role can be quite different from one country to another and probably from one company to another as well. But overall the trend is towards a role that can be compared to

the one traditionally devoted to the CFO. We're close to the CEO, we're consulted on maybe not every, but at least most of the important subjects. And we're providing advice through a legal as opposed to a financial lens.

Legal IQ: Now, there is much pressure on the general counsel to align their legal strategy with the wider business strategy. In practice, what challenges does this throw up and how do you align the legal department strategy with GDF Suez Energy's wider business strategy?

P Baeten: First of all, I think there shouldn't be any difference between the legal strategy and the business strategy. As in house counsel, we are there to accompany and where necessary re-goal orientate strategy from the business. That's what I call the guardian of the temple, not in the sense that the general counsel sometimes has to say no, although that can happen, of course, but most of the time he or she must be able to say, yes, but it would be smarter to do X or Y.

I think trust is of the essence and you won't have the trust if people in the business who are management level perceive you as being a naysayer or someone not entirely business-oriented or someone having a kind of different strategy or other strategy than the business, than the company you're working for.

Legal IQ: And how can the legal department add value to their business? And also how can they get involved in meeting the needs of a company's customers?

P Baeten: Well, you have multiple means I guess, but one of the things that could be determined for legal counsel, for especially in house counsel, is to be as the Romans put it, *contigo manu promptus* [?], meaning you must be quick in thinking, but you must be quick in acting as well. If you limit yourself to pure legal analysis, well, maybe you have done a great job, but only the first half of it. And you're not helping the company; you're not helping the company as much as you could and as much as you're expecting to. You've got to complete this, this thinking, this legal thinking, by proposing creative ways to act in line as I said with business needs and with business strategy.

And you've got to be fast, even when it's not easy, because being fast is maybe not the first thing we ask from lawyers, but the business will not wait for us. So, we have to take the initiative. We have to take on other roles the business will appreciate. Where possible we should buy our management some time; time being [unclear], of course. And we can do this by pre-empting and tackling the questions and worries [?] even before they're formulated if at all possible. And above all, we should be interested in the business itself, meaning the technical aspects, its commercial issues, its environment and the like.

Legal IQ: Absolutely, good points. Now that the general counsel needs to be a general manager as well as a legal specialist and to drive efficiencies in the legal department, Patrick, what extra skills does this require?

P Baeten: Well, I think legal is by essence a people business, so you've got to be able to manage individuals and you've got to be able to manage teams. And that's not necessarily the same, by the way. You also need to have a kind of helicopter view on legal issues. You should be able to see the broader picture, but you should as well be able and willing to get into the nitty-gritty details of the file [?] when need be, basically like a helicopter which is not just moving horizontally, but up and down as well.

Legal IQ: Another good analogy.

P Baeten: And above all I think you've got to know where you want to go. The time has passed where the CEO told you where to go. I think now you've got to determine it yourself and to convince him or her that your proposal is the only right one, or at least the best one.

Legal IQ: Now, your legal department has won awards for department management, which is excellent. What methods or processes do you put in place to ensure your legal department is working efficiently? What are your secrets?

P Baeten: I don't know if it's a secret. I mean, it's a general principle that has been used by the European Union for years, for tens [?] of years now. And the principle is subsidiarity. I think issues have to be dealt with at the appropriate level of the organisation and most of the time that's on the field with the business and not at headquarters level. I'm certainly not a fervent supporter of centralisation.

That being said, it can only work when the adequate reporting lines in both directions are in place and when people at headquarters level trust the legal people in the business and the other way around, a kind of network-based model as

opposed to the classical pyramidal structure. That's my view of the essence, of course with the necessary firewalls and policies to get a kind of structured chaos.

Legal IQ: And in the future, do you think that the role of the general counsel will develop further to take on any other responsibilities?

P Baeten: Well, there might be a tendency to entrust general counsel with even more responsibilities, but in my view, if you're already combining legal added to compliance, that's more than enough. At one point in time, I think you've got to focus as a general counsel on what's the essence of the job, being legal, otherwise – and maybe that's good for individuals, but I think it's not good for the function of the general counsel – you might evolve to a more French model with a secretary general covering legal, ethics, compliance, but also insurance and, I don't know, real estate or communications sometimes. And then the real legal part of it is getting squeezed or put in the background, which from my point of view is not the optimum because it increases the distance between the CEO and the general counsel. And for the general counsel to be able to play the most efficient role, I think the distance with the CEO should not be too high.

Legal IQ: Well, Patrick, thank you very much for your time. It's really interesting to know that the secret to winning awards in department management is structured chaos. But on a serious note, thanks very much. You've given some very good insight into how best to structure and work in this function. So, thank you very much, I'm sure it will be of key interest to our audience.

P Baeten: Most welcome. It was a pleasure and I'm looking forward to discussing some of these issues with anyone willing to discuss or to contest my views.

The 7th Corporate Counsel Exchange will take place 14th – 16th October in The Netherlands. For information please visit: <http://www.corporatecounselexchange.co.uk>, email exchangeinfo@iqpc.com or contact us on +44 (0) 207 368 9484.