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## Focus On Law Department Managers

### Johnnie M. Jackson, Jr.: A Risk That Paid Off – “Business Approach” To Providing Legal Services Produces A Great Legal Bottom Line

*The Editor interviews Johnnie M. Jackson, Jr., Vice President, General Counsel and Secretary, Olin Corporation.*

**Editor:** Tell us about your career path?

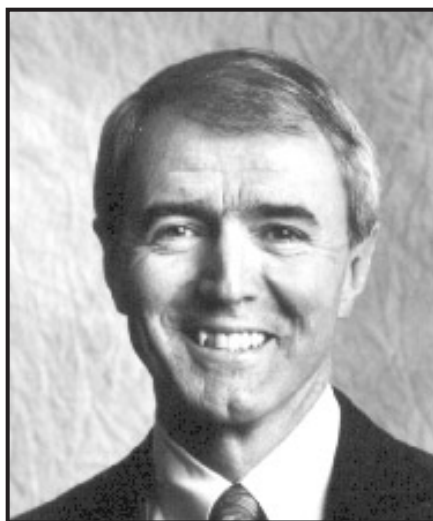
**Jackson:** In 1971, after serving as an officer in the United States Coast Guard, I received an M.B.A. in accounting and finance from Tulane University Graduate School of Business in New Orleans. I got my law degree from the University of Virginia Law School in 1974. I then went to work for Wiggin & Dana in New Haven, Connecticut and joined Olin in March, 1978. I have worked in corporate and in every division and major location of Olin. I became corporate secretary in 1993 and vice president and general counsel in 1995.

**Editor:** I gather that you have seen many changes at Olin during the almost 22 years you have been there.

**Jackson:** I have, indeed. Prior to my joining Olin, the company had evolved over the years into a large conglomerate. Over the last decade, however, the trend at Olin has been toward restructuring and focusing on businesses that we believe will best enhance shareholder value. That has resulted in a smaller company but one positioned to better take advantage of future opportunities. The law department has been right in the middle of that change and has helped drive it.

**Editor:** You mentioned that the legal department has become smaller?

**Jackson:** Yes, it has. Partly because of



**Johnnie M. Jackson, Jr.**

deliberate department reorganization decisions and partly because of the business restructuring. In 1993, when I first became co-general counsel, we had thirty-five plus lawyers, 10-12 paralegals and each year we used approximately 370 law firms. Since then the law department has streamlined itself and Olin has sold or spun off some of its businesses. The net result is that Olin's revenues have decreased from about \$3.5 billion to about \$1.5 billion. After our department "reengineering" and business restructuring, the law department now consists of five lawyers, three of whom also have business responsibilities, and three paralegals.

**Editor:** Was the law department's reengineering and reduction in the

**number of lawyers and paralegals attributable to changes in the company or to your philosophy of running the department?**

**Jackson:** A little of both. The primary impetus was driven by philosophy: we view ourselves as "business people trained as lawyers" and not just lawyers. Our job is to make, or help others to make, *good business decisions* – that's it! In 1993, my former co-general counsel and I took the initiative, without it being imposed on us, to rethink the role of the law department from a strict business standpoint. That initiative continues to this day. I am always looking for ways to do things better.

My view is that a law department should not strive to be a clone of an outside firm. Rather, my view is that a law department's role is to deliver (or manage the delivery of) legal services specific to an organization solely in support of making the best business decisions possible. The kind of law department created should be determined by the special needs of the company. One model does not fit all. Before getting to our current structure, we employed many of the available management techniques (which may now seem clichéd but which Olin, in fact, was among the first to use) – right-sizing, outsourcing, "customer surveys," "beauty contests," partnering, reducing dramatically the number of outside firms, focusing on specialists, team and task-based assignments, direct use of outside counsel by non-lawyers, empowerment, using communication and information technology, professional coaching, bench-mark-

ing, etc. – doing all of the things that the best business and management practices would suggest. But, in 1993 this was unexplored territory...there were no other law departments that had previously taken this comprehensive approach.

We decided that we could find specialized legal expertise when we needed it on the outside at reasonable prices – sometimes in big cities, sometimes in smaller ones. We reduced the number of firms used from 370 to seven or eight primary firms and ten to fifteen firms that are used on a semi-regular basis. Our expenses and overhead went down. Our results got better. We now have about 80 outside lawyers to call upon whom we know very well and who know our businesses and know our issues. In most cases, the lawyers that had been inside are now thriving at our primary firms and continue to provide services to us from time to time. Of the lawyers who left during the restructuring, two are general counsels of public companies in their own right. It's been a success beyond what even I had imagined. I would do it again in a heartbeat.

**Editor: Did you go through an analytical process to determine that it would be better to do more of the work outside?**

**Jackson:** The focus is not just on an analysis of whether the work should be done inside or outside, but how it can be done better and more effectively. No one analytical technique or approach answers all the questions. What I have found is that there are many important subjective elements that must also be factored in. For instance, it is more important to have a relationship with a law firm that spends our money as if it were their own than to have a 10% discount agreement. How can you assign an appropriate value to the trust and relationship factor? It's intuitive and you know when you have it and when you don't. I would advise anyone thinking about changing the way they do things not to base their decision solely on a seemingly precise numerical analysis but to understand that subjective measures may also be very important.

**Editor: Do you feel that a law firm with higher hourly rates may still be the best bargain if the skills of those lawyers are used effectively?**

**Jackson:** It depends on how you define

“bargain.” The best “bargain” is related to the importance of the matter to the company. When it really, really counts, I want the best and the best may not have the lowest hourly rates but they may turn out to be the best bargain in town if I get the results I want. All of the firms we use are blue ribbon firms at what they do for us, no exceptions. Our primary corporate firm is Cravath. Our primary environmental and litigation firms are Husch & Eppenberger and Morgan, Lewis & Bockius. Our primary intellectual property firm is Wiggin & Dana in New Haven. And our primary antitrust firms are Howrey, Simon, Arnold & White and Cravath. Each of these firms and several others have demonstrated both their commitment to our philosophy and their effectiveness over the years on our behalf. A proper evaluation must include consideration of both total cost and total benefit.

**Editor: Do you have engagement partners at the firms you use who assure that they keep their eye on the ball from your standpoint?**

**Jackson:** We do, and it's absolutely essential to our success. The relationship partners know exactly what we expect of them and they of us. Communications are key and constant. Response times are almost instantaneous. Mutual respect and commitment to quality and the goal of helping our businesses make good business decisions is ingrained to the core.

**Editor: Have you been able to find quality legal service from firms outside major metropolitan areas such as New York?**

**Jackson:** Yes. Absolutely. For example, our national litigation firm for products liability cases is Husch & Eppenberger located in St. Louis. The contact partner there is Tom Carney, truly an outstanding lawyer and relationship partner. Husch has been working with us for over a decade. Husch gets fantastic litigation results for us. Their blended hourly rate for paralegals and lawyers is very competitive when compared with major metropolitan firms anywhere in the country. Using a firm like Husch & Eppenberger as national litigation counsel has meant that we are not constantly reinventing the wheel and we have been able to realize efficiencies without compromising quality that would never have been possible

otherwise. They know our business. The results have been great.

The outside firms we use have become part of Olin's team. We have a relationship where there is a free and frequent exchange of views on a variety of problems and solutions on an informal basis. They have our best interests at heart. If and when I sense that this is no longer the case, we change firms and move on.

**Editor: Do the outside firms interface directly with the business people?**

**Jackson:** They do, but this is managed. We have designated particular outside lawyers that work directly with designated business groups and with designated people within those groups. Our people know what the rules of engagement are. The people that are still on the inside have tremendous knowledge of the company and its people. They also have significant experience in their areas of expertise, common sense, good judgment and very good managerial/people skills.

**Editor: Tell us about the inside lawyers? How can you find people who have the required expertise and can meet the supervisory and coordination challenges posed by the way in which the legal function now operates?**

**Jackson:** I admit that not everyone would be suited for the model we have chosen. The model presents both a challenge and an opportunity. The skill-sets that our inside lawyers must have to succeed are many and include their technical legal skills, their knowledge of the company, and their “can do” willingness to work with our new structure. They must be able to manage an ever-changing docket of matters and people, including the interface between Olin people and outside counsel. Their most important characteristics are common sense and the ability both to make good business decisions and to facilitate the decision-making process generally. I have a great deputy general counsel, Stuart Roth, who personifies all these qualities.

**Editor: To operate such a successful legal function with a small inhouse staff must be challenging. First, tell us about your role?**

**Jackson:** I am the quintessential generalist with a corporate emphasis. I am responsible for all legal matters involving

Olin around the world and am one of four people on what Olin calls the company's leadership team, which includes the CEO, our executive vice president and CFO, and our senior vice president of corporate affairs. On that team my role includes the role of legal adviser but also includes active involvement and participation in making the major business decisions affecting the company. Remember my philosophy and approach, I am a business person trained as a lawyer. I directly report to Olin's Chairman, President and CEO and have a close advisory relationship with all our senior officers. I have an excellent overview of the company's current business portfolio, its planning process, and its legacies.

I have major responsibilities with respect to the board. I am the corporate secretary and have responsibility for helping the chairman manage the board and its committees. Also the vice presidents of business ethics and integrity and of risk management report to me.

**Editor: What is the role of the legal department in the compliance area?**

**Jackson:** We don't even use the word "compliance" any more. What we have developed over the last five years instead is a values-based ethics program. The lawyers are not the "compliance police."

Our program is values-based. It encourages our employees to adopt a values system that is intended to provide a decision-making framework for our employees. Our premise is that if the right company values have been clearly articulated and it is also clear that the CEO and business leaders support them, employees will "do the right thing." We also teach our employees about the legal requirements that govern their behavior, of course, but we do it in the context of teaching values. And I should point out that the vast majority of this training is done by a network of non-lawyers.

**Editor: One of the most important functions in any legal department is employment law. How do you handle that area?**

**Jackson:** My staff includes Bill Dickinson, a seasoned labor and employment lawyer, who has been with us for many years and knows this company and the people who run it. We have just under seven thousand employees. We have several outside firms that we use from time to time for employment matters, but we do most of this work inhouse. Because of Bill's long history and experience working with our people and businesses, we have found that using him has been more effective than bringing in an outside firm as national labor and employment counsel.

**Editor: Another major generator of legal expense is litigation. How is that handled?**

**Jackson:** For a company our size, we have a very active and varied litigation docket that is managed, among his other responsibilities, by our deputy general counsel, Stuart Roth. Stu is also a chemical engineer and is able to apply a very analytical approach to case management, as well as sound business judgment. He is also our vice president for regulatory audit. By combining in one person the litigation management and regulatory compliance areas, both functions benefit.

**Editor: Given the fact that legal work is dispersed among a number of outside firms as well as being handled by inside counsel, do you use technology as a management tool?**

**Jackson:** Yes. Without it we could not succeed. For over a decade, we have been using a computerized matter management system. Before Internet e-mail became available, we had added our primary law firms to our internal e-mail system. Now, of course, every firm we work with is integrated with us through the Net. Much of our billing and payment is done electronically. There are more examples and we are always looking for technologies that will enable us to improve.

**Editor: In any company, much of the**

**litigation affecting the company is handled by insurers, are you involved with the insurance function?**

**Jackson:** Our risk management department reports to me. The vice president of our risk management department is a lawyer and is also our general tax counsel. He and I have a close working relationship.

**Editor: Is the environmental area also under your leadership?**

**Jackson:** Our senior vice president is responsible for this area functionally. The law department and outside counsel work hand-in-hand with our engineers, environmental specialists, and community relations people on assigned environmental teams to proactively assist in the decision making process.

**Editor: Can industry and professional organizations be helpful in terms of providing information and sharing the cost of broad based advocacy and initiatives?**

**Jackson:** They can. It is generally more effective when an association speaks on an issue because regulators realize that they are speaking for an entire industry. The cost sharing aspect is also important. The give and take at an industry association meeting is very valuable because the outcome is usually a consensus that avoids extreme positions that may not be politically viable. Corporate counsel organizations like ACCA and WES-FACCA, for instance, have been immensely helpful in providing educational and networking opportunities for me and members of our department. They can also be effective advocates on issues of importance to the corporate bar. (By the way, I was happy when I learned that Lee Cushman had returned to WES-FACCA as Executive Director. She has done a great job over the years. She has assured a degree of continuity for the important work of that association and we're glad to have her back.)