



LOST IN TRANSLATION

RUNNING A
MULTINATIONAL
TEAM

THE QUESTION OF HOW TO EFFECTIVELY MANAGE A MULTINATIONAL TEAM IS A CENTRAL AND INCREASINGLY COMPLEX CONCERN FOR MANY LEGAL HEADS. GC FINDS OUT HOW LEADING CORPORATE COUNSEL ARE TACKLING THE CHALLENGE. BY JULIA ROSS

As the world's most challenging emerging markets open up and multinationals rapidly expand their global reach, legal functions are inevitably playing catch up. While some GCs are struggling to spread their manpower across wider and wider geographies, others are faced with the task of bringing together several disparate jigsaw pieces for the first time as one global team.

'I think the biggest challenge is understanding the cultural differences and being open to new

ways of thinking,' Carmel Mulhern, **Telstra Corporation's** group general counsel, says. 'You've got to think globally but act locally; you've got to make sure there is a common purpose and shared values and that you recognise different cultures.'

From a business perspective, there is the question of ensuring clients (both internal and external) receive the same standard of service wherever they are in the world. 'The customers themselves might be different but the actual

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principle doesn't change,' Mulhern says. 'A customer in Hong Kong isn't that different from one in Australia or the UK. You still need to ensure you're keeping yourself in those shoes – and apply it as a global value.'

Following the 2008 crash, growing levels of regulatory scrutiny have also made a consistent compliance approach essential. 'You have to constantly remember that you are part of a bigger global picture,' **QBE Insurance Group's** global GC, Peter Horton, says. 'For example, BHP Billiton was fined \$25m by US regulators for inviting African and Asian clients and government officials to the Olympics in Beijing. While I do not profess to know all the details – only those I have read in the press – this is an example of how you have to be conscious that more and more of the regulators are assuming that they have extraterritorial oversight of what you're doing.'

ONE TEAM

According to Mulhern, at the centre of effective management is maintaining a one-team culture. 'It's very important to have two-way communication – that can make a real difference to how much the teams feel part of the global function,' she says. 'You really have to work at open communication, so you have alignment and clarity of expectations.'

Simon Zinger, **Dentsu Aegis Network's** group general counsel, agrees. 'For me as GC, it was very important to try and maintain a sense of belonging – a sense of team.' Zinger feels it is important to give everyone a voice and, while

compiling a list of group-wide 'behaviours' to be followed, he gave all team members the chance to put their ideas across. 'Having that input and collaboration makes people feel like they're also owning it,' he adds.

Since arriving at Australian insurer **QBE** in 2014, Peter Horton's primary task has been unifying three previously separate regional functions, pushing forward one 'QBE way'. Building the foundations of this new, dual-reporting structure was a group effort, though. At the start of the process, he brought all GCs together to decide which activities could be kept at a local or divisional level, and which required group-wide collaboration and information-sharing. 'We came up with 30-odd categories of work, allocated these across the spectrum from local to global and ran workshops with each of the divisional teams as a whole to say "what do you guys think?"', he explains. 'All the divisional teams pushed more of the categories to the global end of the scale, favouring greater collaboration and standardisation.' As he continues to redesign the function, initiatives to date have included building a suite of legal precedents, centralising law firm instruction and building a global compliance framework. 'It's an evolving process, but wherever we can, we are standardising the way we operate, developing precedents,' he says. 'Hopefully to deliver consistency, but also cost-savings – so we're not reinventing the wheel constantly.'

Horton, Mulhern and Zinger all stress the benefits of talking regularly, as well as physically bringing people together when you can. Managing 200 people across Australasia, Europe and North America, Mulhern ensures that the



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whole function meets every 18 months – ‘which may not sound like much, but actually, for a team this size, it’s good to be able to do it at all,’ she says.

Training is, of course, another central component to a global function’s cohesive running. As his team grew rapidly in step with **Dentsu’s** global expansion, Zinger responded by devising skills and behaviour models for lawyers at all levels of seniority. ‘Our objective is to bring everyone up to a common level and almost ignore their previous training,’ he says. ‘You will inherit differences when people are

recruited – so with some people that is easier than with others.’

With **Telstra’s** ‘flexible resources policy’, Mulhern has found that offering her lawyers overseas experience is a great way to build expertise, as well as heightened awareness of the global context. ‘This gives greater agility in the team, so we have people who can easily relate to different legal roles onshore and offshore,’ she says. Horton concurs, adding, ‘it means that more of the team get to know other parts of the team much better. Once you’ve met people, it’s easier to pick up the

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phone and talk about things. It builds the whole collaboration and makes it much easier to have some common systems.'

PROTECTING THE BRAND

One of the biggest concerns for a multinational entering new territories is the question of maintaining identity. The more a business expands globally, the more remote the work and philosophy of central HQ can become among its more far-flung stations. With in-house lawyers increasingly viewed as central participants in strategic business planning, protecting the company's brand comes high on the list of priorities for a global legal head.

'Our global brand identity is all about making better, innovative products that solve problems,' Martin Bowen, **Dyson's** group general counsel, says. 'As lawyers, we need to provide innovative solutions reflecting the product innovation.' Geographically, he acknowledges it is a challenge

to ensure everyone feels connected to this central objective, wherever they are – making communication key: 'It's easy for me to be inspired, but my team are not in that privileged position, so I need to explain this to them and ensure there is this level of enthusiasm everywhere.'

Bowen allocates team members to specific product categories to promote greater engagement with the business. 'We're able to plant lawyers into those categories at the early stages of development – in that way the lawyers are tied into the team very early,' he says. 'If it goes well, people will want to take the lawyer with them onto the next product and the lawyer feels the passion and excitement from the engineers.'

In Bowen's view, having lawyers on the executive team in every region is also central both to business engagement and consistency of approach. 'Many of my peers outside this business say they struggle to do that, but I

think it's a struggle worth having,' he says. 'All my lawyers are on the executive team of the businesses they support and this adds a tremendous amount to the advice they are able to give.'

Simon Zinger was appointed to **Dentsu's** global executive in 2012, and agrees it has had a powerful impact on his team's engagement with the brand. 'I'm able to communicate to the function what the business and strategic objectives of the group are,' he says. 'I think that has been incredibly beneficial to how people work and also their sense of morale – that they're not back office, they have an impact on the business and are able to work with their commercial partners.'

A COMPLIANCE MINDSET

Ensuring that a sufficiently robust compliance framework is both in place and applied correctly worldwide is of paramount importance. At **Dentsu**, Zinger leads a team of specialists which devises policy centrally at head office to be implemented across the group. The team has actually promoted cohesion, he says, acting as a 'lever' for uniformity: 'Asking people to give us consistent standards around the world brings the team closer.'

HSBC is currently implementing a new global standards policy, set to give it optimal protection within riskier markets. 'Our global standards are amongst the highest and most effective financial crime controls, and are deployed globally and on a consistent basis,' Henk Crouse, the bank's Africa head of legal, says.

TOP TIPS FOR MANAGING A MULTINATIONAL TEAM

1. **Communication, communication, communication – make sure the global team speaks regularly and encourage individuals to build relationships with their counterparts in different regions.**
2. **Work with local legal heads to devise clear guidelines on what issues should be dealt with centrally, and what can be handled on a local or divisional basis.**
3. **Consider the pros and cons of different compliance approaches, ensure all guidelines are workable on a global basis, and accommodate the need for local variations.**

Consistency is key, Peter Horton agrees, but he believes that you also need to recognise differences when operating across so many disparate legal and regulatory frameworks. 'You can develop a framework and some standard processes, but they still need to be looked at both in a global and local context,' he says. 'For example, you can't have a one-size-fits-all global clause about sanctions, because some Latin American and European countries specifically prohibit you from enforcing US sanctions. There needs to be flexibility, but within a framework,' he argues.

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WHEN ONE SIZE DOESN'T FIT ALL

Co-ordinating people across a wide geography is never going to be clear-cut – particularly when it involves making significant changes to a framework already in place. ‘Some people are almost naturally taken aback by working together as a wider team,’ Simon Zinger says. ‘I don’t think it’s a question of regions – it’s typically a question of personalities.’

Implementing global procedures also costs money, and finite resources inevitably restrict how far things can actually go in practice. ‘When I arrived [at QBE] there were various levels of

internal clients across all jurisdictions, unless there is a strong business reason for doing otherwise. ‘You have to be very aware of where you do have to offer different service standards because of resource limitations,’ he says. ‘You need to make the relevant MD aware of this and make sure they understand why.’

It is clear there are certain regional markets where a one-size-fits-all approach just doesn’t cut it. In Bowen’s view, it is essential to factor local business customs into universal standards of behaviour. ‘You have to give people the ability to be flexible – they will immediately recognise when your approach is not going to fly with local stakeholders,’ he says. ‘It’s all about striking a

balance... you have to mark out areas where you will adjust to local approaches and concerns.’ Where exceptions exist, you have to be very clear on where they begin and end, he adds, and consider everything carefully from a compliance perspective. ‘Unless you’re quite analytical about it and you

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maturity in terms of how well-staffed the team was,’ Peter Horton says. ‘I think some absolutely struggled on a shoe string, turning their hands to everything, whether they had the expertise in that area or not.’

This can be a particular issue within certain emerging markets, where the brand may be less established, though the legal pitfalls are sometimes even greater. Martin Bowen stresses the importance of providing equal service to

communicate effectively, you can look quite inconsistent.’

ENTERING UNCHARTERED TERRITORY

Microsoft legal director Christopher Akiwumi heads the team in Africa, where bribery and corruption is a common denominator among some countries. But Akiwumi feels businesses

are sometimes equally damaged by being too risk averse, and failing to embrace Africa's nuanced business climate. 'Legal or commercial challenges are not unique in Africa,' he says. 'But more often than not, it's how multinationals – and middle management in particular – respond to them that presents the challenge. If multinationals are not structured, culturally, with the right mindset, or with appropriate resources, the likelihood is that they will walk away from challenges in the first instance, or have a lingering bad experience.'

As the pioneer in-house lawyer in Africa for the likes of **GE** and **Barclays**, Akiwumi has built regional legal functions and devised best practices from scratch. He has also taken an active role in his companies' business development within the region, at times acting as an intermediary between governments and global head office. He strongly advocates listening to local counsel and using their experience when setting up in a new region. 'The in-house legal practitioner (and business partner) as a trusted adviser plays a pivotal role in developing, nurturing and embedding the growth mindset in the organisation.'

Africa's customary law also cannot be ignored, Henk Crouse says, as it is central to how day-to-day business is conducted. An uncodified system created and followed by indigenous communities, it brings with it inevitable uncertainties for foreign businesses operating in the region. To tackle this, Crouse recommends building strong relationships with local firms, but also stresses the importance of developing internal policies to deal with the issue. 'Local laws and customs are most applicable when it

comes to security,' he says. 'Whilst the majority of my legal contracts in Africa are governed by English law, I insist that all collateral is subject to the local law where the collateral or security is situated.'

'It is really important when you operate globally to understand local laws and regulators which might be different, even within a region,' according to Carmel Mulhern. 'If a law applies in one jurisdiction and not another, what is the principle you'd apply?' In these circumstances, she too puts her faith in local GCs to understand the law and make the right judgement calls.

Martin Bowen, by contrast, advocates defining specific 'carve-outs' centrally. It is an issue particularly relevant to **Dyson**, given varying manufacturing standards around the world. 'Advertising is another example,' he says. 'We are innovators, so we like comparative advertising, which is easy in some places, but impossible in others – like China.'

Looking at a cross-section of leading global brands and their legal functions, a variety of operational models exists, across a shifting scale of centralisation and delegation. There is one thing most GCs seem to agree on, however. 'I think it's communication,' Mulhern says. 'You've really got to have strong communication between yourself and the global team, so there's an alignment in values and the way you do things. The rest will follow.' 