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**The CLO journey to
the strategic role**

Four areas to build trust as a business advisor and leader

Chief legal officers, or CLOs, don't just run the legal department. They also serve as business advisors who contribute to the enterprise strategy. And increasingly, they may today lead parts of the business that traditionally haven't been under the general counsel's purview.

But their effectiveness in this broader capacity often may rely to a significant degree on trust. Trustworthy leaders consistently exhibit two types of behavior. One is a high degree of competence, a combination of capability and reliability. The other is the right *intent*, which requires transparency and humanity to establish trust.

There's no universal formula for conveying competence and intent in a job as complex as the CLO's. That said, there are approaches CLOs can take to lay the groundwork for the trusted business relationships they need to carry out their new, less traditional responsibilities. Let's break it down with a look at four business functions where CLOs can have a strong role to play.



1

Cybersecurity

Cybersecurity is a top priority for legal and compliance executives.¹ Cyber threats to businesses remain high, and according to IBM, the cost of an average breach in the U.S. runs \$9.44 million.² That means the CLO may often be asked to help leaders across the organization:



Navigate the evolving regulatory landscape by untangling the rapidly evolving legal and regulatory framework around cybersecurity and—where possible—proactively engaging with regulators to help shape the direction of emerging regulations. Help the organization understand its vulnerabilities and reduce ambiguity for executive leadership teams, business leaders, and the board



Manage cyberthreats more effectively, starting with areas of greatest potential risk and value to the business. Work with the chief information security officer to become more familiar with the investments, processes, and technologies required for threat monitoring and prevention



Plan for incident response so that it mitigates the impact of a data breach to the organization. Put together a playbook for likely crisis scenarios and team with other leaders on tabletop exercises to test the response to a breach in crisis simulations

¹ [A tale of trust and transformation: Highlights from the 2022 CLO and CCO strategy survey](#), Deloitte, 2022.

² Cost of a data breach 2022: A million-dollar race to detect and respond, IBM, 2022.

2

Technology

From data management to the application of artificial intelligence (AI), business technology has raised new questions about right and wrong. Although these questions often have associated legal risks, the CLO needn't always be a tech wizard to manage them. What the CLO does need is to enlist other leaders in crafting a consistent approach to the ethical use of technology. For example:



Conduct an “ethical tech check” of each technology asset. Determine what the organization should do versus what it can do (e.g., read customers' emails or access certain health information). Lead a team that's engaged in learning about technology, embedded with development teams, and be able to communicate effectively around ethical technology concerns



Stand up a testing and remediation program to tackle ethical risks before they become problems that may have legal, regulatory, reputational, and financial repercussions



Help the workforce understand how to recognize ethical dilemmas in the application of technology. This includes knowing what their responsibilities are and where they can go for tools, training, and other institutional support

3



Product development

Whatever a new product might be—a tangible good, a virtual good (such as software), or a service—legal typically doesn't get involved until the later stages of its development. That may cost companies the opportunity to shift direction early so product teams can remain within the bounds of the company's risk tolerance. CLOs can narrow this gap when they lead and enable a legal function culture that does the following:



Engage throughout the product lifecycle, joining regular team meetings to understand the process and tackle issues in a way that's timely and specific to what the product team is trying to accomplish



Classify risks for the business instead of simply pointing out all the things that could go wrong. Help the product team weigh factors like the nature of the industry, the regulatory environment, and previous consent orders or fines



Bring in experts as the situation demands and collaborate with them to brainstorm alternatives that allow the product team to continue innovating



4

ESG

Deloitte research indicates that more than 64% of legal executives are responsible for their organization’s environmental, social, and governance (ESG) strategy.³ A key part of that responsibility is building trust in the company’s ESG efforts, which CLOs can enable when they:



Clearly communicate to all stakeholders—including employees, customers, and shareholders—how the company identifies and prioritizes ESG risks. Back it up with an ESG compliance program enforced across the enterprise



Develop ESG reporting and disclosure mechanisms that go beyond data and metrics to tell a compelling, consistent ESG story on the company’s behalf. As part of this effort, stay in good communication with the audit and other board committees that have a hand in ESG oversight



Influence the regulatory environment for ESG by sharing experiences with regulators and supporting more reliable disclosures

³ *CLO priorities for the legal function* (unpublished data), Deloitte, 2022.

Rethinking the importance of trust

As an influential member of the executive leadership team, CLOs can expect to spend most of their time on legal guidance, innovative solutions, and strategies to move the organization forward. These are broad responsibilities affecting functions throughout the organization. Meeting them often requires managing the legal department in new ways.

One place to start is by boosting the legal team's resilience. Consider integrating well-being initiatives into leadership and talent efforts and creating opportunities for professional development. Also consider encouraging team members to embrace collaborative teamwork and adopt new ways of working. Support them with well-thought-out technology innovation and change management strategies. The aim is to reduce workload where possible and elevate individual and collective strategic contributions.

The currency of trust is earned through a track record of competence and intent. By understanding what stakeholders need from the legal team and taking steps to deliver on it, CLOs can build the relationships they need to inform business decisions and lead wherever trust is paramount.

Contact our team today



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