What One General Counsel Expects in Outside Counsel

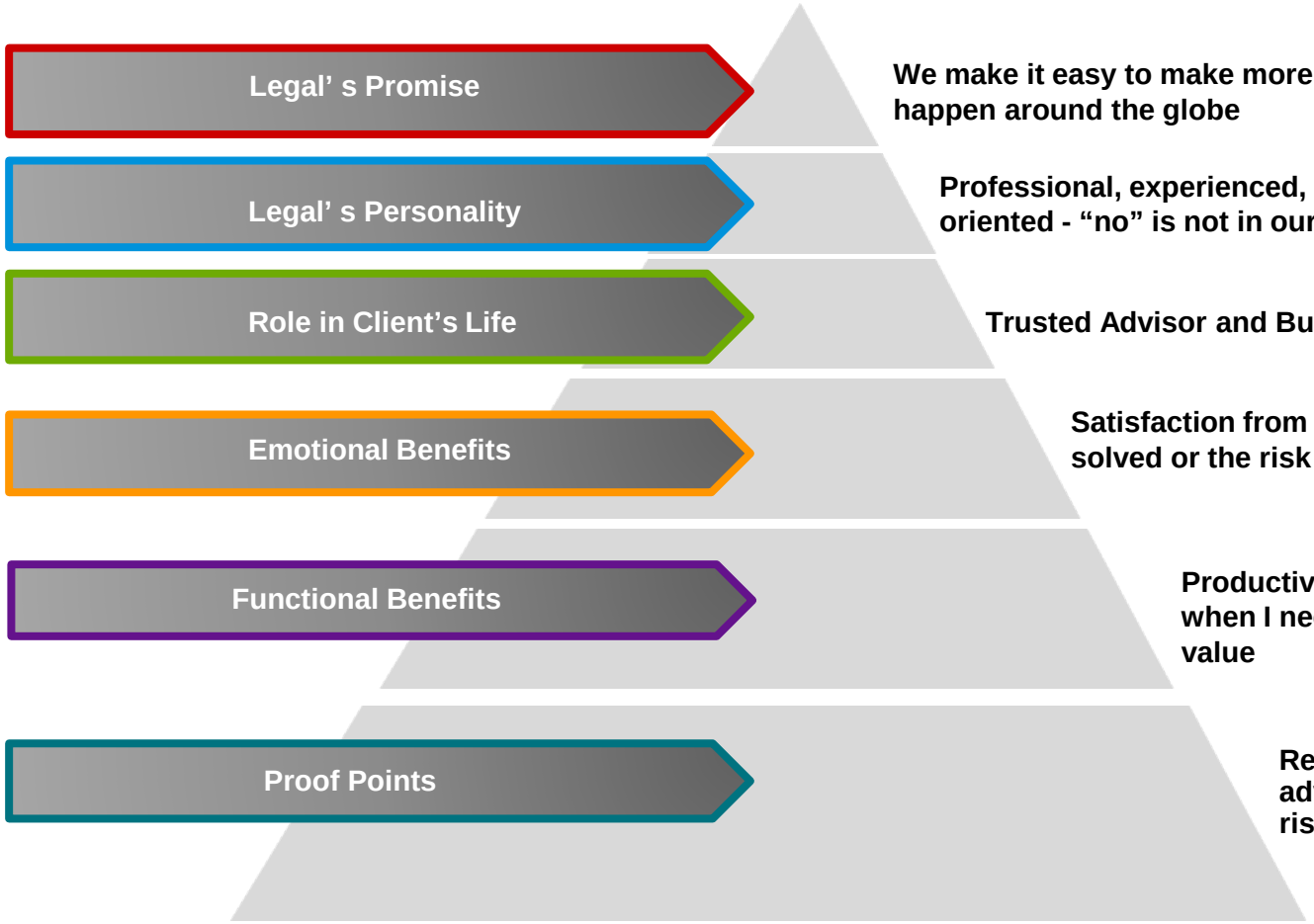
Michael T. Williams
Former Executive Vice President & Chief Legal Officer of Staples, Inc.

Agenda

- Different Perspectives
- Expectations
- Tips for Success

STAPLES
Legal
Advice. Guidance. Solutions.

Staples Legal “Brand” Pyramid



We make it easy to make more happen around the globe

Professional, experienced, solutions and action oriented - “no” is not in our vocabulary

Trusted Advisor and Business partner

Satisfaction from getting the deal done, the problem solved or the risk mitigated

Productivity, Legal gives me what I need when I need it, unquestionably great value

Results, client satisfaction, trusted advisor status , revenue generated, risk minimized

Staples Global Legal Department:
Team Norms

- **Put Staples first, and hold ourselves accountable**
  Zet het Staples belang voorop en neem je verantwoordelijkheid
  Coloque a Staples em primeiro lugar, e se mantenha responsável
  以史泰博为先，勇于承担责任

- **Fix the problem, not the blame**
  Los het probleem op en verval niet in beschuldigingen
  Tenha foco na solução do problema, não em encontrar o culpado
  解决问题，不去埋怨

- **Provide clarity and foster simplicity**
  Wees helder en duidelijk en hou het eenvoudig
  Forneça clareza e fomente a simplicidade
  以清晰简单的方法行事

- **Speak up, especially when we respectfully disagree**
  Geef je mening met respect, juist als je het ergens niet mee eens bent
  Manifeste-se, especialmente quando respeitosamente discordamos
  有不同意见时，以尊重别人的方式说出来

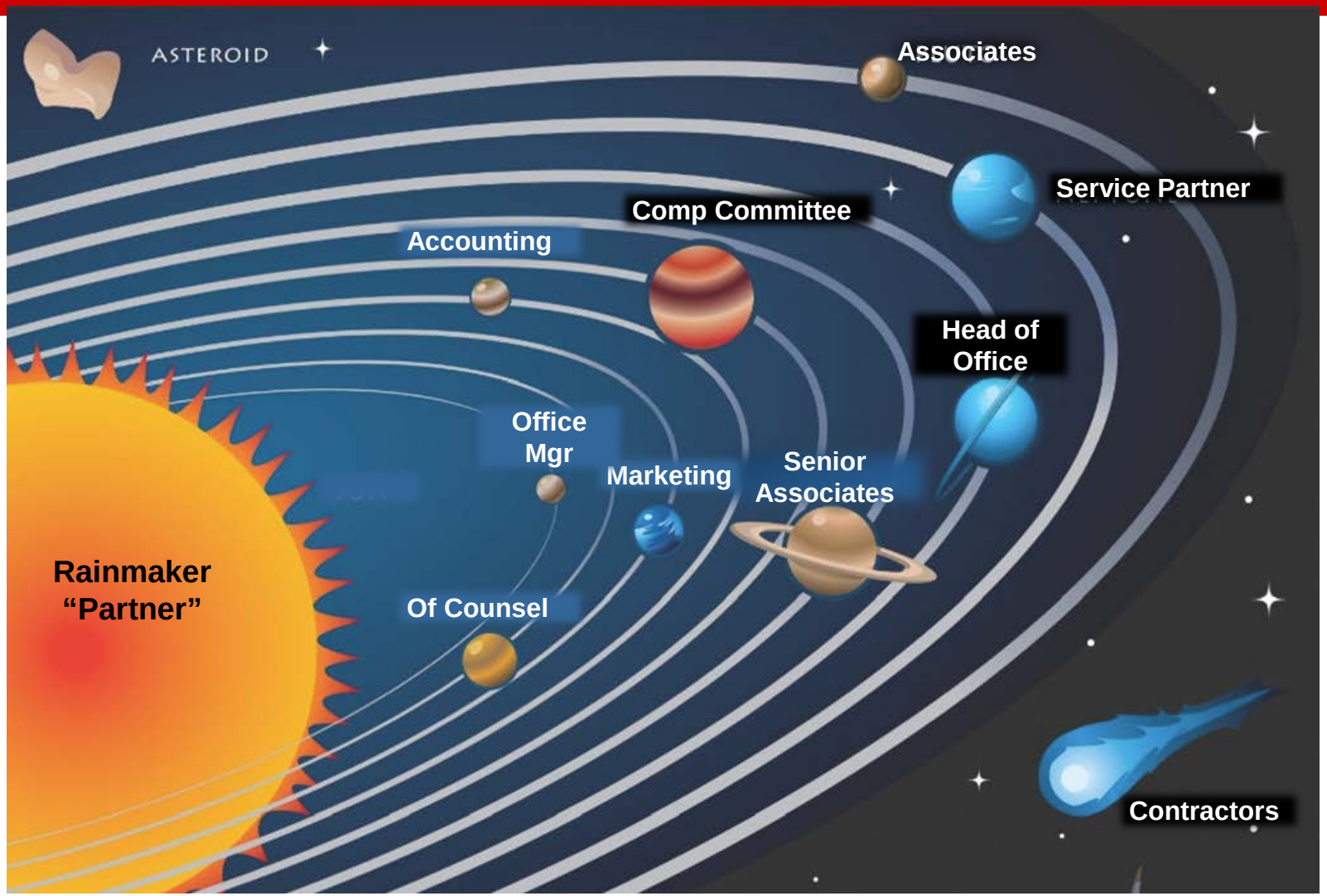
- **Act as one global team with confidence and respect for others**
  Treedt op als een wereldwijd team dat vertrouwen uitstraalt en respect heeft voor anderen
  Haja como um time global com confiança e respeito pelos outros
  我们是个全球化的团队，以自信和尊重他人的方式行事

- **Share and celebrate successes**
  Vier successen met elkaar
  Compartilhe e comemore os sucessos
  分享并庆祝成功事迹

Perspective of an In-House Practitioner

	Private Practice	In-House
Measure of Productivity	Billable Hours	What you produce and how quickly you do it
Standard of Quality	Fear of malpractice 80% vs. 100%	Best you can do – “Good plan executed today is better than a perfect plan tomorrow”
Resources	Vast; unlimited	Spartan, online
Position	Revenue generator; center of universe	

Partner = Center of the Solar System



Perspective of an In-House Practitioner

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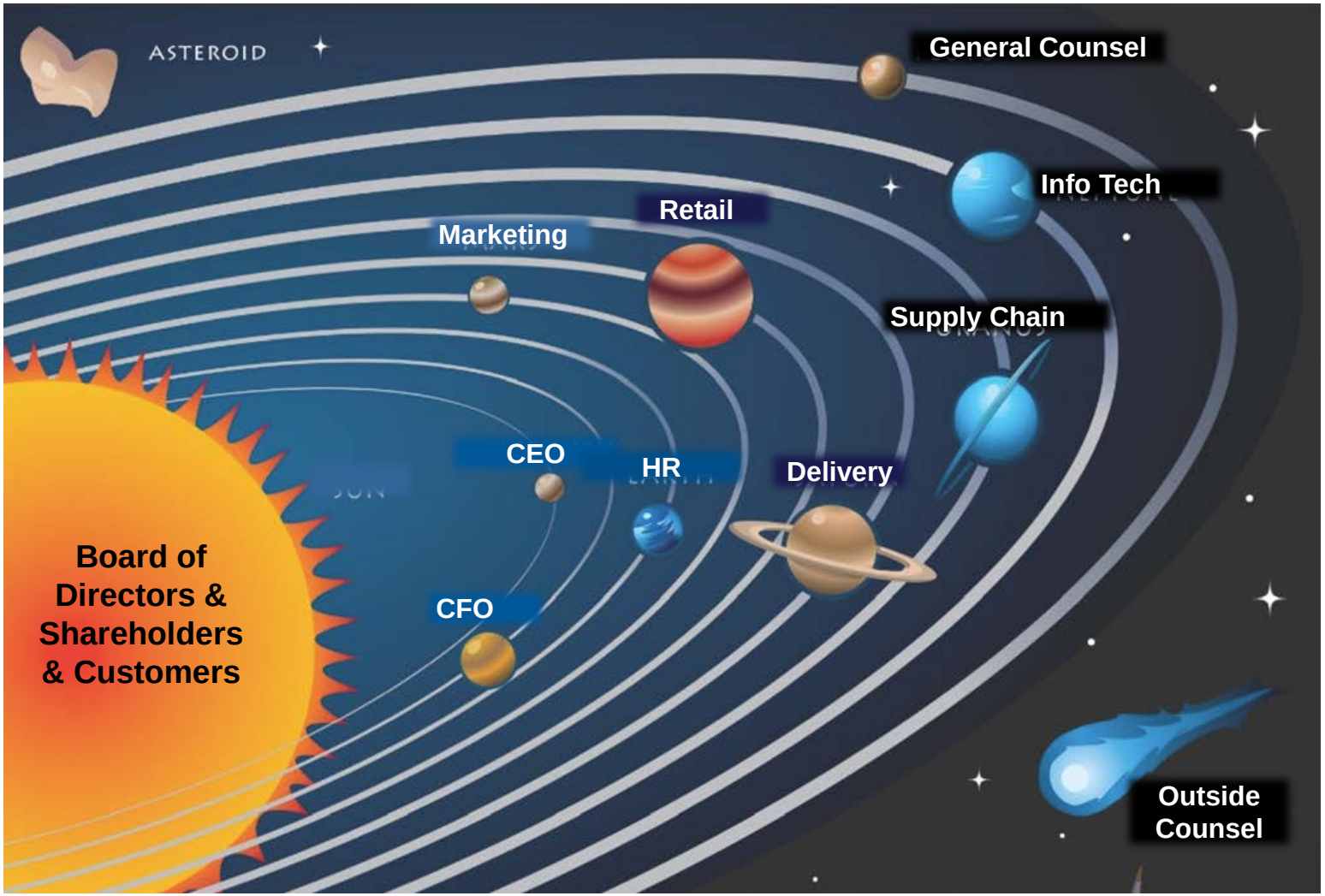
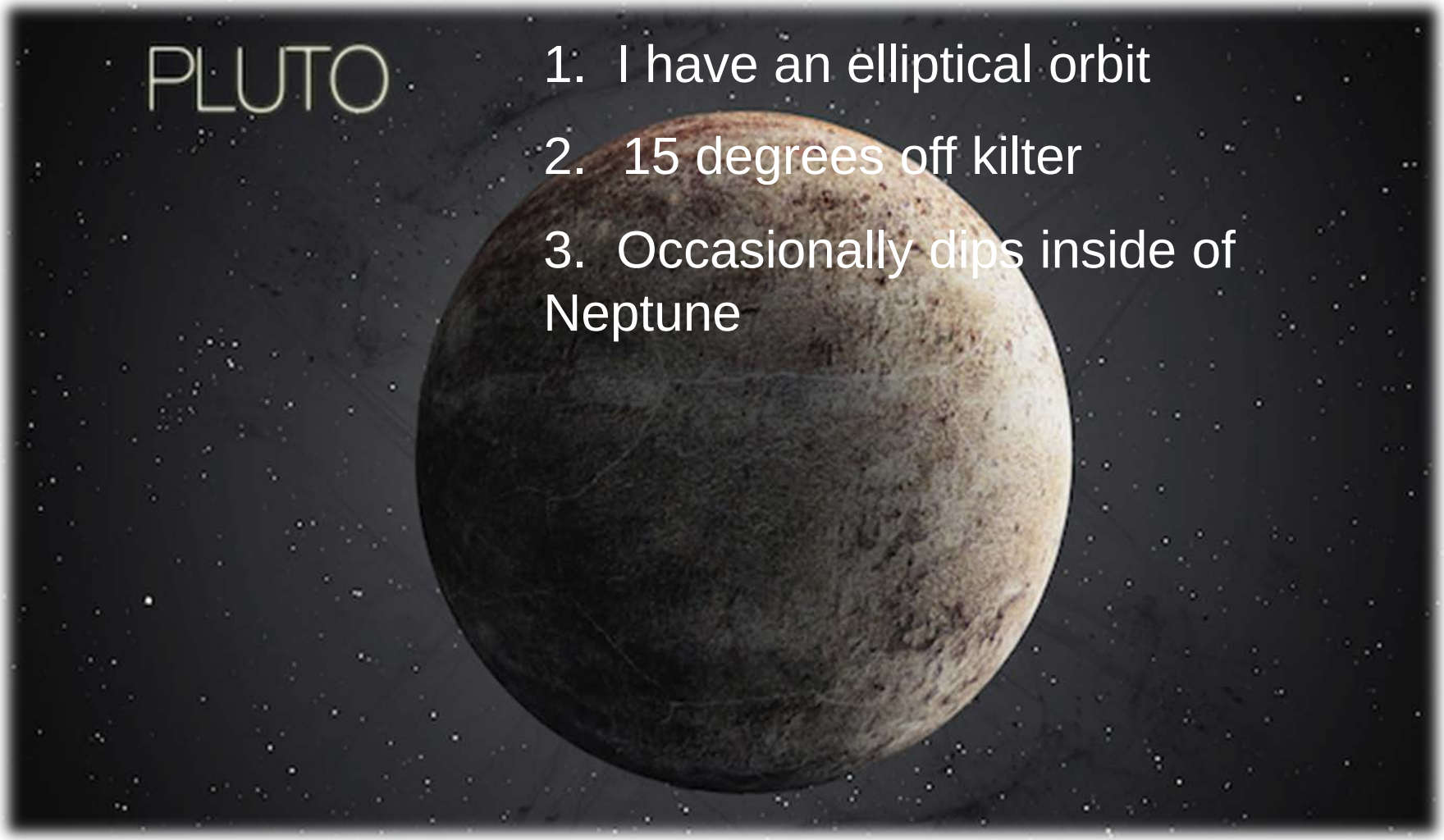
Resources	Vast; unlimited	Spartan, online
Position	Revenue generator; center of universe	Cost, overhead, obstacle

My Staples “Solar System”



General Counsel = Pluto



1. I have an elliptical orbit
2. 15 degrees off kilter
3. Occasionally dips inside of Neptune

So, I may be Pluto, but outside counsel is a comet

Expectations: To Know Me is to Love Me

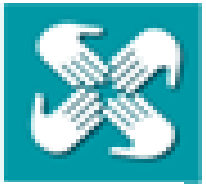
Outside counsel should understand our corporate culture

Own It

Say it like it is

Be caring

Keep it simple



Work together

Expectations: To Know Me is to Love Me

Outside counsel should know and understand our business and our strategy

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

STAPLES, INC.

STAPLES
that was easy!

Staples, Inc. Announces Strategic Plan to Accelerate Growth

Category: Corporate

Tuesday, September 25, 2012 8:15 am EDT

Dateline:
FRAMINGHAM, Mass.

Public Company Information:
NASDAQ: SPLS

FRAMINGHAM, Mass.--(BUSINESS WIRE)--Staples, Inc. (Nasdaq: SPLS) the world's largest office products company and second largest internet retailer, today announced that it is embarking on a strategic plan to better serve the needs of its customers and accelerate growth. Staples will integrate its retail and online offering, increase investment in its online businesses, reorganize its operations, implement leadership changes, initiate a multi-year cost savings plan, and restructure its international Operations.

"Our vision is to establish Staples as the single-sour product authority for millions of businesses,"

Expectations: To Know Me is to Love Me

Outside counsel are expected to know our Industry and competitors' activity

Expectations: To Know Me is to Love Me

Outside counsel are urged to use our products

Expectations: Understand my job

1. **Accomplish the mission**

   - To provide accurate, timely, proactive and cost effective legal advice and guidance to the business unit so it can accomplish its business goals

   - To protect the Brand

2. **Know your people and look out for their welfare**

Expectations: Understand my job

3. **Remember Why In house Counsel Exist**

- To make $$$ for shareholders
- Recover $ and manage costs by *Managing* risk

Expectations: Understand The Company's Litigation Doctrine

- The Company should not commence litigation or commit its resources to litigation unless the **vital** interests of the Company are involved.

- Litigation should either be pursued or defended **wholeheartedly** and with the clear intention of winning. Otherwise, litigation should be avoided.

- Litigation should be commenced or maintained only with **clearly defined business objectives** and with the resources committed to accomplish those objectives.

Expectations: Understand The Company's Litigation Doctrine

- The relationship between the business objectives and the resources allocated should be **continually reassessed** and adjusted if necessary.

- The commencement of litigation should be considered only as a **last resort**.

Expectations: No Surprises!

“You can bring me good news. You can bring me bad news. But never, ever bring me a surprise.”

M. Williams to his former outside counsel after being told of a budget overrun of six figures

Expectations: Conflicts

- The Company expects outside counsel to conduct diligent conflict searches
- Conflict review obligation is continuing and ongoing
- Company does not provide advance conflict waivers
- Be sensitive to “business” or “position” conflicts

Expectations: Staffing and Billing

- Diversity is important
- Diversity in the team is important
- Hourly rates should be commensurate with capabilities and experience
- No “automatic” annual or seniority rate increases
- Be open to alternative fee arrangements
- “Bait & Switch” is the Kiss of Death

Expectations: Billing

1. Invoices are transparent and provide full narratives and explanations that will withstand the scrutiny of the billing director and reviewing attorney

Description	Translation
"Review File"	I forgot what I actually did for the client, but I know I spent time on it
"Meeting with Senior Partner"	Went to Ron Holman's office and listened to war stories about his glory days at Dartmouth and Columbia
"Telephone call with Opposing Counsel"	Called opposing Counsel's office, but really did not discuss the case
"Analyze Document"	I forgot what client information I reviewed, but I know I had the file delivered to my office

Expectations: Billing

1. Invoices are transparent and provide full narratives and explanations that will withstand the scrutiny of the billing director and reviewing attorney

Description	What you should write
"Review File"	Reviewed amended complaint to determine allegations of citizenship and whether case is removable
"Meeting with Senior Partner"	Meeting with Mr. R. D. Holman II to discuss local rules, trial setting conference and settlement offer from plaintiff's counsel
"Telephone call with Opposing Counsel"	Telephone call with opposing counsel to discuss upcoming trial setting conference and joint settlement
"Analyze Document"	Reviewed marketing manager's file for documents relating to advertising claims made to any customers

Expectations: Qualities in Outside Counsel

Four Qualities:

1. **Selflessness**

   – Concerned more with the needs and wishes of others than with one's own

   – Acting with less concern for yourself than for the success of the joint activity

2. **Courage** (Moral)

   – The ability to do something that frightens oneself; strength in the face of danger

   – A quality that enables you to face uncertainty with resolve

Expectations: Qualities in Outside Counsel

Four Qualities:

3. Integrity

- The quality of being honest and morally upright
- It is the one quality that cannot be stolen or taken away from you

4. Leadership

- Do not confuse Management with Leadership
- Management is doing things right
- Leadership is doing the right thing

Expectations for Outside Law Firms

- My Company is the most important, most valuable client the firm has. You make me feel loved every time I call.
- Every firm decision must be made through a client lens

Expectations: Mike's Maxims

1. Fix the problem, not the blame
2. I would rather do it right, than right away
3. A good plan executed today is better than a perfect plan executed tomorrow
4. "When you're dying of thirst, it's too late to think about digging a well."

Expectations: Mike's Maxims

5. Even Monkeys fall out of trees

Tips for Success – Self Test

Friday Self Test
What did I do this week to….

… better know the other members of my law department and their challenges?

… maintain my expertise?

… develop relationships through professional networks tied to my area of interest?

Tips for Success – Self Test

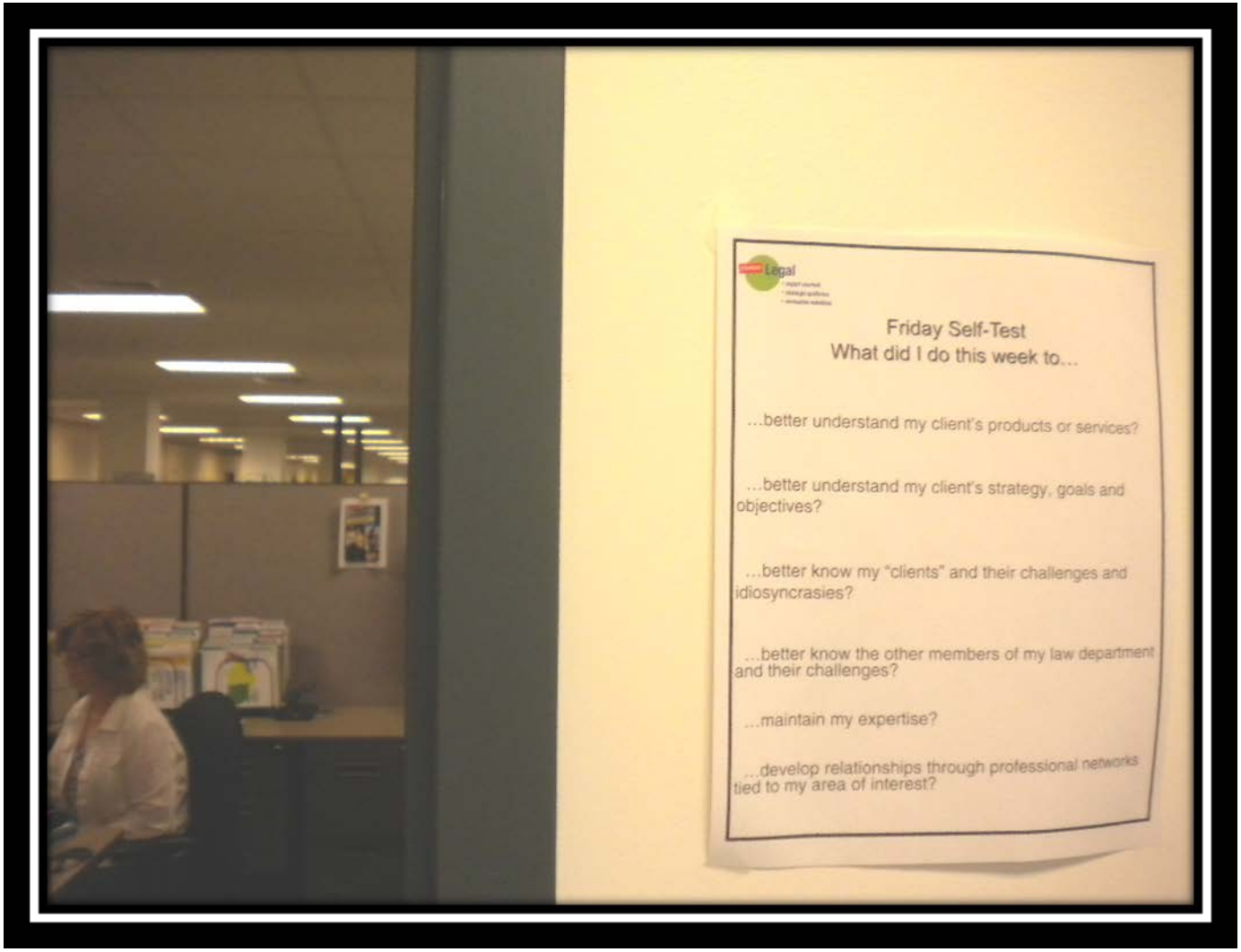
Friday Self Test
What did I do this week to….

… better understand my client's products or services?

… better understand my client's strategy, goals and objectives?

… better know my "client's" and their challenges and idiosyncrasies?

Friday Self Test……For Real



Final Tips for Success

- Focus on the client and work backward

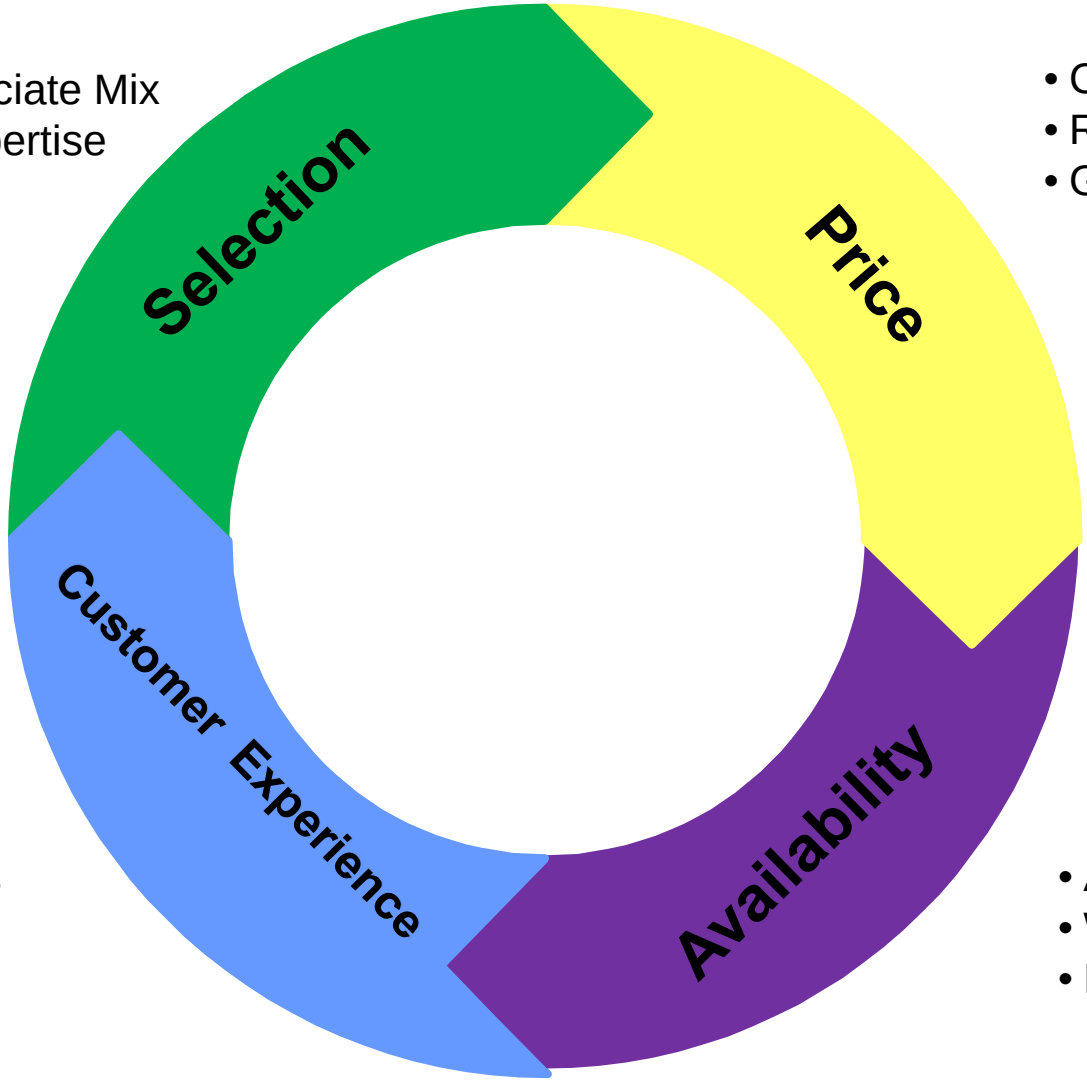
  No, really, focus on the client

Jeff Bezos,
Founder and CEO, Amazon

"The most important single thing is to obsessively focus on the customer. It's our job everyday to make every important aspect of the customer experience a little better."

It is all about inputs, not outputs.

- Partners / Associate Mix
- Skill Level / Expertise
- Diversity



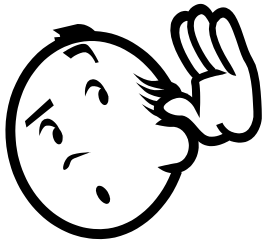
- Competitive
- Reasonable
- Good Value

- Timely Updates
- No Surprises

- Accessibility
- When
- No Bait and Switch

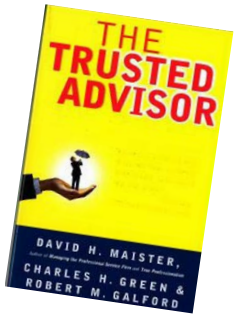
Final Tips for Success

- Grow Big Ears



- Become a “Trusted Advisor”

  Be the first lawyer the Company wants to call in your area of expertise



Outside Counsel Trust Equation

$$\textbf{Trust} = \frac{\text{Credibility} + \text{Reliability} + \text{Intimacy}}{\text{Self-Interest}}$$

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Legal

Bill. Collect. Settle.

Legal

Show Me The Money & Sue.

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Questions