

Pioneers and Pathfinders: Mark Smolik

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Steve Poor

We're joined today by a true leader and team-builder in legal tech: Mark Smolik, Chief Legal Officer at DHL Supply Chain Americas. I've known Mark for a long time, and he has been at the forefront of innovation in the industry for decades, having previously served as Senior Corporate Counsel at the Sherwin-Williams Company, as well as General Counsel & Secretary, Head of Human Resources, and Ethics Officer at Safelite AutoGlass. Across these various roles, Mark has been relied on for executing legal, compliance, and business strategies that mitigate risk and drive value.

In our discussion, Mark talks about the DHL Legal Innovation Summit in June, his approach to team building and shaping culture, the important advice he received on delivering value, and his DHL team's approach to managing risk. I hope you enjoy listening to it as much as I enjoyed participating in the conversation with Mark. Thanks for making the time.

Mark, it's so great to see you again. Thanks for making time for us.

Mark Smolik

Oh, Steve, for you anything. I really do appreciate the opportunity, and I'm just honored that you reached out to me to spend some time. So, thank you very much.

Steve Poor

Well, we've been down this road together for a long time. It's about time we had this chat.

Mark Smolik

Well, I, I think you're right. There's an awful lot of not only industry knowledge, but institutional knowledge between the two of us. If we added up the time that we've been practicing long, we'd probably scare ourselves, because it's pretty high number. Let's not do that now. We won't do that, but I look forward to the chat with you.

Steve Poor

Before we get into the substance of the chat, first, tell me about the DHL Innovation Summit, which you're putting on in June.

Mark Smolik

It's one of the most exciting things that I think we have done in a long time as a team. We've been on a journey here for a number of years that really started with us organizing our data a number of years ago, and we really had no idea what we were really doing at the time because we were operating off of Excel spreadsheets. But as we organized our data and as technology really began to grasp or be grasped within the legal industry, we realized that there's a process, there's an approach that we were developing, that we were experiencing, and we thought, boy, if we could just get corporate law

departments, law firms together to talk about some of the journey that we are on with regard to how we have successful use technology to help us do things better, faster, cheaper, particularly when it comes to leveraging our data to help give us insights into the risks and way to mitigate them, and then solicit input from others that are attending The summit as to how they are doing the same in a very non pressured environment where there is no vendors that are sponsoring the event, we would have something relatively unique, and the feedback has really been pretty significant. So we're pretty excited about it, June 3 and June 4.

Steve Poor

And if people want to learn more about it, where do they go?

Mark Smolik

Well, you can go to LinkedIn and just type in Mark smolick, and you'll see a whole bunch of posts from me and a host of other folks as well, but that's about the easiest way of learning a little bit more about the summit.

Steve Poor

We'll also post a link on the show notes as well. For those of you listening, go to the show notes and you can do it. It's unusual look innovation summits. It's a crowded field these days in the industry, but it's unusual to have a company be the sole driver of an innovation summit. What is it about the culture, the DNA, the conduct of DHL that puts you in that unique position to be able to do something like this?

Mark Smolik

Well, for one, we're not trying to sell anybody, anything. We're not in the business of selling legal tech. We're not the business selling software. DHL, people know us as a delivery company, a warehouse, a logistics supply chain company, but what we have experienced, at least with regard to how we do, what we do is really just emanating from the whole concept of everything begins with an idea. And I can't tell you how many times I will meet with folks at legal week or legal tech week, or just people in the legal industry, particularly on the buy side of legal services, who are struggling with, how do I best utilize technology innovation? What's the best software out there to really help me drive innovation or drive value my own organization? And we've been at this now for about a decade, among our team here, and we've developed some pretty significant tools that are actually leveraging AI, which we are referring to as augmented intelligence, to deliver services within our own organization that are freeing up people's time. They're allowing us to reduce our internal spend and our external spend. And we thought, what better way than to start with an idea of just sharing how we do what we do, and giving people a playbook if they want to begin to take their own digital journey as to a mutual learning experience. So it's really nothing more than giving a little bit back to the industry in a very non pressured environment.

Steve Poor

It sounds awesome. It sounds awesome. You guys have been doing some incredible stuff, so I'm sure it's going to be a great a great Summit. How large do you expect it to be?

Mark Smolik

Well, we've capped out attendance at 200 and for those folks that are listening, we're getting pretty close. So if you want to grab your spot and remember there's no cost to attend, please get your registration in, because once it does hit 200 unfortunately, we'll we'll have to cap out, but sooner rather than later, is my best advice. I can give you if you're if you do have an interest in attending.

Steve Poor

So as you, as you look at let's change the topic a little bit, although the summit is a good exemplar of some of the advanced thinking you've you've led the industry in for a long time, as you've looked back on your job. Journey as in house counsel, whether it's as general counsel or or counsel, what have been those moments that have shaped your thinking in a significant way? Because you've you've been you've been at the lead of using data and technology for a long time. Where does that come from?

Mark Smolik

For me, it really comes from a position of really having had the opportunity to sit on the board of directors here at DHL. Steve, every single month, I have the privilege of sitting in and sitting in the seat that all of us as GCS or that play a prominent role in law departments strive to have, and being in that seat gives me insight into the operating plan reviews, what's going on with the business, what are they doing to drive value? But early on in my career here at DHL, I distinctly remember sitting there thinking how the various heads of the different operating sectors that we have, how their CFOs were explaining to the board, presenting to the board their business, what is working well and what is not working well, and what they are doing to deliver and drive value. And I sat there thinking, I am much like any other law department. I'm overhead. I don't make money, so I've got to find a way to convince the users of my services, the internal customers who we service that I am delivering value. So it put me in a position of saying, I got to think like the business. I've got to understand what is it that is involved in just getting \$1 for me to spend? And my CFO, at the time, said, you know, Mark, in order for you to have \$1 to spend, we have to generate multiple times that in sales just for you to have that dollar. And when I look at the cost of an average claim, when I look at the cost of my department, and I multiply that by that rather significant number that ultimately ends up in the amount of sales that has to be generated, I look at it and say, this is like a small business, it's not a negligible cost when it comes to running the department or handling the various claims. So the point being here is that insight continue to reinforce to me, month by month that I've got to look for creative ways to deliver the value. And when I saw our business people leveraging information, they have to communicate with our customers about how we can do things better, faster, cheaper by learning from past experiences. I thought, what better way than to take all of the information that I have on, all of the claims, all the projects, find a way to harness it, find a way to organize it in such a way that I can extract meaningful insight that will help us mitigate our risk and ultimately lower our costs.

Steve Poor

It must be fascinating working for such an advanced logistics company. Are there things that you've learned from the business in terms of not just philosophy, but the way they've approached solving problems that you've said, why won't that work for us?

Mark Smolik

When I sit to and I've had the opportunity in sitting in the boardroom of working with several CEOs, but boy, I'll tell you, we're a big company, but these guys operate like they own it. They're entrepreneurs at heart. They are excited about everything that we are doing, notwithstanding the growth and the other challenges, but they really do view it as their own. And sometimes they think a few things personally as well, and that can be a good thing, but it is that spirit that's a bit infectious. I mean, you don't just see it in the boardroom, boy, you see it trickle down throughout the organization. And you know, we all work in a pressure environment, depending on the various circumstances. And heavens no, COVID was an example where all organizations were under massive pressure, but that's when I saw people shine. People came together. They worked together collaboratively. They really took that premise that is on a sign right outside our boardroom that says, Everything begins with an idea, and they harness it from there. So we really strive to go to great lengths to really push that entrepreneurial spirit, something that keeps me going here, but it also is something that I really believe has allowed us to embrace new and creative ways that ordinarily a law department wouldn't even think about.

Steve Poor

Yeah, it's fascinating. One of the things I know you're proud of is the team you've built in the legal department over the last, oh, 15, 16, years, however long you've been at DHL. How have you been able to do that? How have you been able to build a team that's as entrepreneurial and as innovative as you have because that's a very unique characteristic of a legal department, and I know part of it is the culture you just described at DHL, but a whole lot falls on you and the culture you built in the legal department, I would think.

Mark Smolik

Yeah, it is Stephen and thanks for asking, because the people part is what excites me most about what I do in and day out. One of those three CEOs joked with me once, and he said, You strike me as a better business person than a lawyer. And I laughed, and I said, Well, I'm. Only as good as my team, but if as the lawyer I was the coach in the dugout of a baseball game, I take joy in just watching all those players do what they do day in and day out, and they shine. Yeah, they're all better lawyers than I am. So I've surrounded myself with an incredibly talented team. But on the business side, if anybody were saying, Hey, tell me one of your one or two key strengths and then your weaknesses. I give them a list of weaknesses, but I'm a pretty good judge of talent. And you know, when you meet somebody, Steve, where you're talking to them, maybe for the first time or the second time, and if it's whether it's in a formal interview or whether it's just in a casual conversation, you reflect on the conversation, you say, you know that person has it. I'm not quite sure what it is, but they've got it. They've got something that just relates from a cultural perspective, from a way of thinking perspective, and we have taken a very disciplined approach when it comes to recruiting, to take our time to make sure that we are not hiring to fill a role, but hiring in such a way to make sure that what we know about the organization, what our expectations are, are going to be reflective of the needs of the person that is filling that role, so that they have consistent opportunities for career growth and, of course, challenging work along the way. So investing the time to really take the time to find the right people to fit the right roles has been a pretty good recipe for success for us.

Steve Poor

Well, it's been an amazing result. So that recipe is producing some pretty wonderful meals. So the other thing that strikes me is your team has produced sort of good idea after good idea upon which you've executed, whether it's data or technology or just improvement in the way a Legal Department operates. How do you manage that process? Do you have a structure in place where people formally come up with ideas? Do you brainstorm on a consistent basis? Do you just have a culture where people just pop up ideas in a suggestion box and you act on them? How do you facilitate that dynamic that's so powerful for you guys.

Mark Smolik

Well, we have a little bit of structure, but it's not overly I mean, like many organizations, we set objectives, goals, and we have strategies and measures that we put in place to make sure that what we are seeking to achieve as an organization is very, very deeply aligned with the business. So if the business has a value proposition that is tied to customer service, we will too in some capacity. So there is a lot of alignment in that regard. But we don't have a process where we sit down on a consistent, regulated basis to say, this is our brainstorming session. Now, don't get me wrong, we have our leadership team meetings, and I have my one on ones with my leadership team and the people that directly report to me as well. This is their time with me to share with me whatever that they want to share. We have a little bit of a process. Let's first talk about the people on your team. How are they doing? Let's talk about some of the significant, substantive matters, and then about our training and a couple of other initiatives. But by and large, it's whatever those folks want to share. Oftentimes it's ideas. Hey, I think we can do this better or this differently, and you take that and you kind of put it in along with the other ideas that come in and ultimately gain alignment on what the three or four key objectives are of the team. But with this entrepreneurial spirit, it's so critically important, in my opinion, for any leader, whether it is at a law department, a law firm, an accounting firm, you name it. Then, once you gain the confidence in your team and in your people, let them do your job and get out of the way. Now, of course, make sure what's going on and have your regular check ins, right? But when people have a sense of ownership, when they have a sense of pride that it is their idea, and they go to their supervisor and they explain what they're thinking, and that idea then is adopted. That sends a pretty good shot of adrenaline through the organization, and that's how we continue to operate.

Steve Poor

I want to pick up on something you said, where you talked about driving alignment through you got a lot of good ideas. Time and Money doesn't allow any organization to execute on every good idea all at the same time. So you have to select some. How do you drive that alignment? What are the what are the things that you're looking for that makes one good idea, the selected one versus another good idea? Perhaps, put it in the parking lot.

Mark Smolik

Yeah. Well, like many organizations, we are, we are not immune to cost pressures, and if anybody says that they are, well, their margins are probably too high. But in all seriousness, when you look at the size of a corporate law department, and we look at our own and you look at the organization's growth objectives, whether it's over the next year, three or five years, and you see the size of the department, you know the cost of the people, or what it costs to bring in a new, full time employee. It gets more and more challenging, being that you still are overhead not bringing in money to justify to the finance head

or to the CEO. CEO, new additions to the team, particularly on the premise of the business is growing. We need to grow for decade or more. Steve, we all heard doing more with less. I'm a little tired of that. I am too, but it is now. It is leveraging your resources to find ways to augment their work, and much of what we are seeking to do is put our people in a position that whether it is technology innovation or through augmented intelligence, they have a digital assistant working with them. Imagine a circumstance where a matter comes into the law department not through an email, not through a text, but through an intake portal, and we have one, by the way, that automatically routes to Judy Jones a new matter, and attached to that email as a request to review a contract that is also attached to that email. Now imagine a set of data that is taken from all of your various contracts that has the ability to review that contract that came into that intake portal before it even went to Judy and compared it against what your standard is, and gave Judy a marked up copy of that contract before she even touched it. Those are some of the things that we are working on. They're not pie in the sky. They are things that are actively under review and evaluation through some of the augmented intelligence that I'm talking about. And any organization who wants to go down that path of exploring that feasibility, it's not a daunting task. You just need to know where to start. Some of the things that we're going to focus on this summit, and when I refer to a playbook, we're going to be telling people here's how you go about doing it, if you have an interest.

Steve Poor

One of the challenging things, and I agree with you that the process you just described is both doable and exciting, and it may be on the edges of current technology, but it's not over the edge of current technology. One of the challenges, though, is getting people to focus on the process involved, because the way in which people take information in the way they move through their own system has to change a little bit as technology comes on board, and lawyers are not known for being incredibly flexible. How do you how do you incorporate the process analytics part into your innovation journey?

Mark Smolik

It's not easy. You know, many years ago, 13 years ago now, I was attending a legal leadership meeting in Europe, and I was talking with some folks about introducing a whole legal operations team, and some of the people looked at me like I had my head upside down. Why in the world would you hire non lawyers when you can't even keep up with the legal work. My response is because those non lawyers are going to find ways for me to do things more creatively and efficiently, so they don't need to hire as many lawyers. And of course, that's what part of the mainstream discussion is today. But leveraging that team that non lawyers, those legal ops folks, which are we are calling legal technology Leda is the acronym. It's perhaps one of the best decisions that I have ever made in leading this team here, because they are the ones that are attuned to the processes they're developing them. They are pulling, not pushing, the lawyers into the processes. When you look at members of your team, every person is a resource. Every person is an asset, and no different than perhaps a professional support coach. You're looking at the people on the field and say, How can I best utilize that person? And you're surely not going to if we analogize that back to a corporate law department, it makes no sense to me to have a lawyer doing administrative commodity, repetitive, low value work, use that resource, that asset, optimally by leveraging some of the technology, some of the processes in place to allow that work to be done in other capacities. So the process, it's a bit of a pull. It has to be a pull. It can't be a push. But that's where the legal operations folks really prove their value.

Steve Poor

One of the things that's a hallmark of your career, it seems to me, and you talking about the legal ops folks 13 years ago, is an exemplar of it, is that you've always been ahead of the market. You've always been ahead of the current thinking, whether it's how you use data to develop performance metrics, legal operations, has that been frustrating at times to be ahead of the market and having to explain to people ideas that a few years later everybody says is the way you'd need to do things?

Mark Smolik

Well, I'm admittedly a bit of a square peg in a round hole sometimes. I mean, even...

Steve Poor

That's how change happens.

Mark Smolik

I've had some very close people look at me and said, I don't understand the way you think. And it's not a criticism, it's not an odd duck type comment, it's a compliment ahead of the curve. I don't know I've had the good. Fortunate of being a GC now, either a DHL or safe flight Auto Glass since 2003 so quite a bit of time, but it's afforded me the opportunity, particularly when I was at safe light and I was running HR of how to best Interplay the people element of the service delivery along with the process and then the end result. But Steve along the way, in looking at the art of the possible, and that idea that I talked to you about data and when we started our digital journey 10 years ago, the idea was, can we just take our employment claims and outline them all on an Excel spreadsheet and look at those claims over a five year period to tell us the story. Where are these claims coming from, how much are they costing us? And we did that, and we had a massive spreadsheet that ultimately told us our average EEOC claim in the United States was costing us \$37,000 Well, that's great information, but what do you do with it going forward? Well, little did we know that the next step that we made was which was to put in a document management system, which allowed us to upload all that data and then take new data on new projects and organize it in such a way that it was like an old fashioned library. That was my idea. You and I are both old enough to remember. You go into a library, you open up a wooden drawer, you see and everything that library was categorized. My idea was to do the same thing with our data. The dumb luck that we had is that that initial organization, the tagging, the structuring of our data, allowed us to now have a set of database, have a set of data that we can leverage technology to really utilize the AI tools now. And yeah, we were ahead of the game. And I'm not one to look back and do anything other than to say, You know what that was, that was an incredible idea, and I'm glad we went down that path. It worked out.

Steve Poor

Yeah, I think that starting with the data is it was either a stroke of genius or, as you said, dumb luck. I don't know which one it is, but I think a lot of legal departments, a lot of law firms, they're struggling with the use of technology, advanced technology now, because they haven't done the work to organize their data and to structure it and to put it in a format where it can be useful. And so they've got a lot of got a lot to learn from your journey.

Mark Smolik

Well, we have a lot to learn from each other, but I can't tell you how many people I speak to that asked me my opinion about the bright, shiny new software platform or technology. And I can distinctly remember walking through the grand exhibit hall at legal week, not this year because I refused to walk through it, but last year, and just kind of overhearing some people tried to pitch their wares, and I wanted to stop, but I didn't and say, Hey, why don't you make sure you explain to this gentleman that he first needs to organize his data before your tool will work. And so many people get enthralled with the excitement of the shining red tool in the toolbox that they lose sight of the most fundamental decision they need to make in order to utilize that tool, which is to first start with organizing their data.

Steve Poor

It's hard, non glamorous work, but it's absolutely critical. I agree with you, it is.

Mark Smolik

But more and more companies are beginning to embrace the element of I really want to help corporate law departments make a meaningful impact. I'm going to help them do the most fundamental thing, which is build a foundation for their future, and that is all based on pulling your data together, aggregating it, tagging it, structuring it, and organizing in a way that you can extract information in a sustainable way.

Steve Poor

I know that one of your focuses on data is to create performance metrics and to measure performance of your your vendors. I assume your team, various people of the organization, services. How has that evolved over the years?

Mark Smolik

Well, we have been evaluating our law firms now for the better part of 14 years. A little more than that. It used to be a paper process. It is now an internal process, driven, of course, by our innovation ie legal ops team, and it's allowed us to identify which law firms are performing to our standards, which attorneys at those law firms are performing to our standards. But it's also allowed us, when we get the requests from external counsel, which typically come every January, February, announcing a rate increase, to look at the performance input from users of those law firms and those lawyers, and that input are from members of my team, to then look at the request for the rate increase to say, hey, look, I can't possibly give Joe an increase this year because he was subpar in performance last year. And, of course, vice versa as well. So you look at it for both means to to justify so that has really paid some pretty significant dividends for us.

Steve Poor

As you look forward, how do you see technology impacting the delivery of legal services, either to you from outside vendors or from your legal department to your your internal client?

Mark Smolik

I think a couple of things, if not more, are going to happen. I do believe that there's going to be some folks on the sidelines in corporate law departments that are so overwhelmed with what is going on with

AI that they run the risk of it blowing right past them. And you've got to view it, view AI, view the technology, view the new innovative ideas as a competitive advantage, whether you're a law firm, an Alsop or a corporate law department, but the most important thing for anybody, and the advice I would give myself 22 years ago is take the time to understand what value looks like in your organization and what the expectations of your CEO and CFO are. And I say this, Steve, because one of the best pieces of advice I've ever gotten in any role I've ever played with any company was here at DHL. Now he's retired, but my former CFO in response to a request that I had to spend a little bit of time with him to understand their CEO's requirement that we present a one page piece of paper with nothing more than our metrics every single month. And I said, I am failing miserably, because I've got the same lawsuit year, day after day, month after month, my metrics don't change. And he said, You know what? Stop it. Just don't prepare it anymore. And I kind of looked at a mod and and I said, Yeah, but how am I going to adhere to this value proposition? He said, Let me tell you about value. You know what value is? You look right at me. He said, when you walk out of a room or the CEO in this and I are talking to you about a problem, and we look at each other and we say, good hire. He said, That's all you got to know, because you've created a perception in our mind of the value. So manage to the perception and continue to find ways to enhance that perception because, because I can guarantee you, we will not remember how many lawsuits you won or lost or contracts you closed. It is how we ultimately feel about the legal department, and the way we feel about your organization is very, very good and very, very strong. And that's something that I've never lost sight of.

Steve Poor

That is great advice. I know we're we bumped up against the time, so I appreciate your your willingness to devote some of your time to me. But one last thing, and it's a slightly different path. We talk a lot about servicing your internal clients, on the legal operations, the technology, but one of the services that you perform, and your team performs, is dealing with, you know, significant risk variables for the corporation, and those things come up in sometimes unexpected ways, tariffs, affect supply chains and everything else. How does your team manage that flow of, I won't say, crisis, but that flow of significant risk variables that are unanticipated. Do you have go to law firms? Do you have go to lawyers in your department? Is it fall to you?

Mark Smolik

Now, we do have go to lawyers in the department. Now, I'm spread out in multiple countries. I mean, I've got a general counsel in Brazil and Argentina, Mexico, Colombia, and of course, I serve as a general counsel up here, but I also have senior members of the leadership team. Somebody runs the corporate commercial practice, somebody handles employment and litigation. So depending on where the risk lies, I will engage them and leave it up to them to decide whether or not they feel they need external support, and if they do, we have a panel of firms that we have used as our go to firms, depending on the subject matter. But you know, that's the easy part, the hard part, and it is the art of learning, is the balance and how you communicate the likelihood of a risk and the probability of a risk, the magnitude of a risk, when you look at the book end of what the theory of the law provides and what the reality is, and I find so many times both internal and external, throughout the course of my career, those lawyers that focus on, well, here's what the law says, and there's a risk that X may happen. They're not given a whole lot of deference when it comes to in the minds of the CEO, the CFO, the business leaders, it is those people that understand what the law provides and have enough

experience to say Now here is where I feel the risk really is, and that's a delicate balancing act, and some people are more comfortable with it than others, but you've got to understand what the appetite of your organization is for risk, and I think we've done a really good Job and partnering with our business people to understand that, but that is all part of the perception, because I can tell you that I've seen multiple instances where I have heard people saying, You know what, they are so risk adverse they can't get anything done, and that's because they are so afraid of running a fall of some law, rule or regulation. But the more you understand the risk appetite, and the more that you partner with your external advisors who are going to help you quantify the risk, the better off that you're going to be.

Steve Poor

How do you inculcate that philosophy in your in your legal team? Because that's not native to most lawyers when they're practicing. It's a it's a learned skill. It's it comes from experience. How do you nurture that?

Mark Smolik

Well, one is by example. Once they get the feel for okay, I hear where my general counsel is coming out on that risk, you begin to learn that you begin to develop a safe zone. Well, if he or she thinks that way, then you make a decision on your own whether you are aligned with that approach. But I've had some discussions with even members of my team in the various countries, of saying, Don't overthink this. Make sure that you understand what the law provides. Make sure you understand what the business wants to achieve. And if you are uncertain, reach out to your external service providers, most notably the law firms, to help you quantify the risk and explain it in plain English, or depending on the language, so that the business people are in a position of being able to make an informed decision. Oftentimes, they're looking for us to make the decision for them when it comes to the risk, and you can't be afraid of doing so.

Steve Poor

Well, Mark, we've run out of time. I can't tell you how much I've enjoyed catching back up with you and the conversation. You've done such interesting things and continue to do it. So thank you very much for making the time. And I encourage those who are listening, who are interested, to check out the Innovation Summit.

Mark Smolik

Thank you, Steven. Just in closing from me, I can't do anything without the team right next to me, so all of your comments are attributed to them, and for that, I really do appreciate it. But to have the opportunity to connect with you in this forum, somebody that I hold in so high regard and have for a couple of decades now, it's been an honor for me. So thanks for the privilege of chatting with you.

Steve Poor

Thank you. It's very kind of you to say that. Thanks for making the time.

Mark Smolik

Of course.

Steve Poor

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