

Diversity invites you in, Value begs you to stay

By Jason L. Brown

In an article to LawMarketing.com in December, 2010, [Larry Bodine](#) summarized information from the [ACC/Serengeti Managing Outside Counsel Survey](#). The survey reports approximately 180 law department's insight on managing work with outside counsel. Based on the survey results, Bodine made suggestions to law firms for increasing their business with in-house legal departments. I want to highlight some key points from Bodine's summary that I think have special meaning for NAMWOLF members as M/WBE law firms.

Bodine relays good news for law firms: under 1/3 of law departments reported that they engaged in convergence and the number of RFPs jumped from 20% to 25%. But counter to that good news is data stating law firms were unable to substantially raise their fees and that in-house departments project zero increase in spending for 2011. While In-house law departments are increasingly looking for ways to get more out of their budget, competition for their work is greater.

I see this challenge as a golden opportunity for NAMWOLF law firm members for two reasons: we offer superior value/service and competitive rates. After the 2009 introduction of the ACC Value Challenge, Serengeti's Vice President of Strategic Development stated in an interview with *European GC*, "This increased level of scrutiny is being driven by necessity: reducing outside legal spending has jumped to the top of the most pressing issues facing law departments, ahead of compliance concerns which predominated for several years." NAMWOLF firms are value added, meaning they offer the same high-level experience and service, if not better, than a majority firm. By focusing on value we can better appeal to in-house departments on a budget.

NAMWOLF firms are value-added by nature of their diverse background and multiple perspectives. We offer more creative solutions to client challenges, but we do ourselves a disservice if we stop there. As noted above, the issue of compliance or supplier diversity has become secondary to the issue of the bottom line. According to Bodine, the most common expectations of outside firms are as follows.

- Encourage alternative dispute resolution.
- Require associates to have a minimum level of experience.
- Technology requirements—such as putting matter information on a client-centric site used by multiple firms—not a patchwork of individual law firm extranets.
- Impose policies regarding diversity of service providers.
- Require discounts from standard rates.
- Take ownership of work product.
- Require budgets for all projects.
- Prohibit any change of assigned lawyers without client consent.
- Limit Travel Expenses.
- Expect early case assignments.

Willingness and flexibility in regard to the above expectations of in-house departments combined with the value that M/WBE law firms inherently provide will increase your chance of cultivating long-lasting, mutually-beneficial relationships with in-house counsel.

Concern with value in selecting outside legal counsel has persisted and articles on the topic are ubiquitous. For example, new ACC chair J. Gonzalez-Pita listed the [ACC Value Challenge](#) initiative as one of four long-term organizational goals that he will inherit and continue to address, stating the initiative seeks—among other things—to move law firms away from the billable hour and more toward providing value. Relevant to this statement, Bodine’s final point for law firms to consider is that alternative fee use is growing and that “resistance of law firms to alternative fees is much greater than at companies.” It is likely that firms feel this type of project management is merely a tool to restrict billable hours, but is it possible that alternative fee structures could force your firm to be more efficient and, therefore, more profitable?

Some argue that law firms might have something to gain from alternative billing arrangements. An ACC Docket, December 2010, article explored the issue of potential advantages for firms who embrace corporate interest in alternative billing: competitive advantage, improved resource planning/budgeting, and a boost up the value chain—a boost “from pure legal advisor to business counselor.” It’s helpful to know that the most common types of work for which in-house counsel consider alternative fees are routine high volume matters, small litigation matters, and large business transactions. Willingness and flexibility in the matter of billing will likely increase the overall value of your services in the eyes of in-house legal departments.

Companies and public entities support NAMWOLF’s mission for a variety of reasons. Many organizations are seeking to improve their diversity platform, while others are searching for diverse perspectives. Regardless of the motivation that brings them to NAMWOLF, the key to their continued patronage is the value our firms provide to their organizations. The strength and longevity of NAMWOLF is directly linked to the focus and dedication of our law firms on providing exceptional service. I encourage each of our law firm members to actively promote themselves as ‘value-added with diverse perspectives’ and seize every opportunity to create real, effective partnerships with your clients. This is who we are. This is what we do.

References and Suggested Reading:

Bodine, Larry. (Dec. 14, 2010). *Clients are happier, but offer less legal work with a tiny fee increase*. Retrieved from <http://www.lawmarketing.com/pages/articles.asp>.

[Rousing the silent majority](#). *European GC* 1 (15), 3-4.

[The new chair at ACC: continuing the tradition while blazing new paths](#). *The Metropolitan Corporate Counsel* 19 (1), 1,49.