

Law firms question cost of responding to corporate RFPs

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Law firms are increasingly questioning the practice of spending tens of thousands of dollars responding to corporate requests for proposals (RFPs), or invitations to compete for legal work, given that companies reject most bids, according to legal consulting firm Altman Weil Inc.

An Altman Weil report authored by principal Charles Maddock, "What's the Real Cost of Responding to RFPs?," pegged the outlay at \$35,000 to \$65,000, or between 100 to 200 partner hours. Maddock's report also noted that the success rate for answering RFPs is 30%.

"Worse yet, 'winning' typically means being placed on a list of approved counsel with no guarantee of additional work," Maddock wrote. "Most of the wins produce no income whatsoever, let alone personal contact with the firm."

Altman Weil's general counsel, Pamela Woldow, who is also a principal, said she just finished "two very large projects with two very large firms that are completely revamping the way they respond to RFPs."

"They were spending a lot of time and effort and the return rate was not satisfactory," Woldow said.

Firms should most carefully analyze the costs and benefits of answering RFPs offering a position on the company's so-called preferred counsel list, which is about 50% to 60% of RFPs, if there's no guarantee of legal work, Woldow said.

"The tendency, the knee-jerk reaction, is: 'Here's an RFP, let's respond. It's better than doing nothing, because we really need the work,'" Woldow said. "There are many things that may be more productive for that time and those resources."

Company RFPs for specific legal work are often more expensive to bid on because they involve analysis of the company's current issue, and possibly input from multiple practice areas, but they're usually a better gamble, Woldow said.

"You'll have a lot more time invested," Woldow said. ""On the other hand, if you win one of those, it's real work, right now."