

FOCUS

President's Message

Ken Bunge

Greetings All!

The first quarter of 2008 has been very busy at the Connecticut Chapter. On January 1, new court rules became effective in Connecticut establishing an authorized house counsel program for in house attorneys not admitted in Connecticut. Applications by affected attorneys must be filed by June 30 to the state bar examining committee for review. The new program is certainly welcome. There are some issues with the program yet to be resolved however, including the status of non-US attorneys. CONNACCA is actively working with Connecticut-based companies to try to resolve open issues in a favorable manner.

On February 26, the law firm of Tyler Cooper sponsored a program on the topic of electronic discovery law. Lori Rittman Clark, a partner in the firm, led the discussion. On April 15 the law firm of McCormick, Paulding & Huber LLP sponsored a program titled "What Is Your IP Strategy? Do You Have One?" Marina Cunningham, partner, chaired the panel, which included Gerald DePardo, IP counsel—The Travelers Companies

Inc.; George Romanik, IP counsel—Pratt & Whitney; Michael Cummings, senior corporate counsel—Pitney Bowes; and John Tomich, University of Connecticut School of Law. Both programs were very well received and we want to thank the sponsors for their continuing support!

I also want to mention that we are encouraging our members who are not involved in pro bono to consider two excellent pro bono alternatives in the state. The first is Pro Bono Partnership, Inc. The other is the Truancy Intervention Project, which is jointly sponsored by the Connecticut Bar Association, the CT Bar Institute, and the Connecticut Bar Foundation. We will be providing additional information and news about these efforts on our chapter website.

CONNACCA would also like to congratulate the Honorable Alvin W. Thompson upon his receipt of the 2008 Edwin Archer Randolph Diversity Award presented by The Lawyers Collaborative for Diver-



sity, Inc. This award is named for Edward Archer Randolph, a Yale Law School graduate, who was the first attorney of color admitted to the Connecticut Bar in 1880. Through his service in various

public offices, Mr. Randolph was instrumental in promoting the inclusion and advancement of attorneys and other professionals of color in Connecticut.

I would also like to mention that Robin Smith, corporate counsel at LEGO Systems Inc., was named secretary to our board in February.

Finally, we are also in the initial stages of planning our annual meeting for the fall. It will include a reception, dinner, and keynote speaker and will be held at a Hartford area location. Suggestions are welcome and you can always contact me on this or any other matter at bunge_kenneth-e@sbcglobal.net.

Very Best Wishes,
Ken Bunge

(R)evolution in the Law Firm Service Market

Susan Hackett

Senior Vice President and General Counsel, Association of Corporate Counsel (ACC)

Contact: hackett@acc.com

THESIS: Traditional law firm business models for providing legal services and law school training for lawyers are not necessarily aligned with what corporate clients want: value-driven, high-quality legal services that deliver performance for a reasonable cost and develop lawyers as both savvy counselors and efficient business partners.

THE PROBLEM: Sometimes I feel like the “old lady of the in-house bar” (even at 47) ... I’ve been at ACC for close to 20 years. If one thing has remained a constant, it’s that members are less than satisfied with their outside counsel relationships. They may like their outside lawyers (or at least some of them), and they may agree that there’s incredible expertise out there—there is no shortage of smarts or talent. They may even tell you about the 4,017 different metrics and mechanisms that they employ to assure themselves that they’ve got a handle on their outside spend. But still ...

... Even in the best relationships, in-house counsel often don’t feel their outside costs are predictable or value-driven. Somehow or another, for all that they like in their outside lawyers, they have a lot of concerns regarding the firms they employ. Somehow or another, more time often is spent arguing over the bill after the fact than in setting expectations and goals upfront that everyone can manage to meet. Somehow, they feel that more precious time is spent on process than on counseling.

Another thing that hasn’t changed is that clients aren’t happy about their in-house lawyers’ inability to get a handle on their ever-increasing legal spend. The “inelasticity” of the price increases in the law firm business is, frankly, mind-boggling. In every other marketplace of services, prices go up and down with the economy or as new efficiencies or ideas surface and talent moves about. At firms, especially bigger firms, prices go up 6 percent per year, and we all have a sneaking suspicion that even if we negotiate a 10 percent price reduc-

tion on our matter, they’ll simply bill us for 15 percent more “service.” And all this happens at the same time that in-house departments, across the board, have decreased their own expenses, while at the same time increasing efficiencies and productivity.

Accordingly, a lot of very unhappy corporate counsel tell me that their corporate procurement departments are closely scrutinizing the legal department and their spend. And increasingly pressured managing in-house managers counsel look for the fix: they host beauty contests, develop convergence strategies, apply collars and cuffs and whatever’s new in fee management, they set up dashboards and compare costs by firm and regions and matter type and turnaround time, and they spend lots of time training their lawyers to engage in early case assessment. While some have some success (and while none of these are “bad” ideas), at best, all this tinkering does little more than rearrange the deck chairs on the Titanic.

Some blame the ubiquitous billable hour and its perverse drivers toward inefficient and terribly expensive results. Some blame the morph of law firms (professional entities) to a business model (profit driven). Others point to the almighty “profit per partner” ratings, highly leveraged pools of stunningly inexperienced and overpriced associates, and an increasingly de-equalized middle class of partners. Indeed, one of the most disturbing trends in all of this mess and despite the tall stacks of money paid out by clients is the incredible number of lawyers who are either pushed out of the profession, or run screaming from the building, often before they’ve enjoyed any semblance of the career and professional fulfillment we all envisioned we’d have when we were in law school.

In-house counsel from large departments, small departments, and every kind of company in every kind of industry are very powerful people and we can choose to hire

whom we want—everyone says so, right? And yet, we just can’t seem to get outside counsel and their costs “under control.”

THE SOLUTION: So I say: Time to roll our sleeves up and talk about what we *can* do if we work together to create long-term institutional change, rather than railing that everything we try on our own doesn’t return results consistent with our expectations—nothing changes on the larger scale.

Revolution + Evolution = (R)evolution?

SETTING EXPECTATIONS: I recognize that nothing anyone can do will change everything overnight, and lots of different folks want lots of different things, so there’s not even consensus around what success might look like even if we could envision it. So here’s what we ask and what we think is a reasonable expectation: join ACC in thinking like a revolutionary change agent (that is, thinking big picture and out of the box), but also help us implement real reform by working on evolutionary advances over time (that is, focus on practical solutions).

The Proposition: ACC’s Value Challenge—Re-connecting value to the cost of legal services.

What ACC’s Value Challenge is and isn’t: The value challenge is not an answer, but a movement. It’s not about laying blame; it’s about creating responsibility for change.

So let’s all agree that firms need to be responsible for addressing client dissatisfaction. And let’s recognize that no one’s saying that firms shouldn’t profit; on the contrary, firms must be sustainable entities. Let’s also get it straight: a focus on connecting cost to value does not mean that everything should be cheap or that we’ll lose our commitment to quality. There are lots of expensive lawyers out there who are worth every penny (the problem is the expensive lawyers who aren’t), and there are many high quality

lawyers who don't cost what some of their peers in big firm practices charge for the same services.

On the corporate counsel side, if firms are providing services we aren't happy with, why do we keep buying those services, thereby enabling inefficiency, inflated cost structures and poor practices? It's in-house counsel's responsibility to better manage their spend, help firms understand what we and our clients want, and reward outside counsel who deliver the outcomes we've asked for. If we're to convince corporate management that we know what we're doing, we better start recognizing that in 2008, no one gets hired or promoted just for retaining the expensive firms with big reputations. Regardless of their ranking status, in-house counsel will be evaluated for managing firms that provide value and results.

Accordingly, ACC will:

- promote intelligent and facilitated dialogue among corporate counsel, law firms, and eventually other stakeholders, including law schools, to help drive alignment and focus on value;
- develop methodologies and metrics that corporate counsel can use to assess the strengths and weaknesses of law firm vendors;
- create tools that in-house counsel and firms can share to drive change in the performance of valued legal services; and
- enhance awareness and promote communication of success stories in achieving value and alignment—creating practical benchmarking.

To accomplish these goals we're prepared to really dig in, dig deep, and commit ACC resources and stake our reputation for delivering results. While we have lots of ideas on tap and will be working on several plans concurrently, I wanted to use this forum to discuss an early role for chapter leaders and members:

WHAT CAN YOU DO?—Getting Started. We hope to engage members, local law firm leadership, ACC chapters, local and national bar groups, law schools, and other stakeholders to discuss what we should

do and how we should do it in a highly interactive discussion format involving small groups focused on delivering recommendations and direction. These conversations will cover a variety of topics, discuss best practices at work, help define “value” in legal services, discuss alternative models for law firms to use to conduct their business and to cost/bill their work, and really drill in on retention, training/development, and promotion of talent (at the entry level, in the middle ranks, and at the highest end of business). We will use the resulting intelligence to help shape more and better tools, resources, models for consideration, best practices and so on. In other words, we'll evolve together.

You will also be receiving an email soon (depending on publication dates, some of you may have already received it) from ACC's Value Challenge Steering Committee that asks you some simple survey questions that will allow us to collect some baseline information and feedback to target meaningful dialogue in these first sessions. Please watch for it and invest the 3-5 minutes it will take to complete this survey (it's online, so it's simple to do).

WHAT WE HOPE TO ACCOMPLISH: Desired Outcomes

1. Create a national dialog about the need to reconnect value to costs, especially within the law firm community, with a common language and framework that ACC will have helped define and that our members will help drive.
2. Identify and empower core groups of leaders in the in-house and outside firm communities, as well as in consulting houses, vendor organizations, legal and business media, and the law school community: engage them and then solicit more participants every year.
3. Offer a tool kit for use by in-house counsel and another for outside firms (and shared resources, as well, of course), containing leading practices, management tools, models for managing value, and networks by which participants in this process can communicate their experiences and ask questions of each other, including “who do you use and how do you do this?”

4. Nourish the development of an in-house client community that gives law firms reasonable comfort that their efforts to implement change will be supported and rewarded.
5. Encourage law firms that are more focused on retention of talent valued by clients, and matter management driven by the client's expectations and needs.
6. Foster greater satisfaction and pride in their work for both inside and outside lawyers—spending less time bickering over bills and more time focused on solving client problems.
7. Ensure recognition by senior (non-legal) management that in-house counsel are taking the lead, rather than simply being reactive, and that they are exercising strong business skills in balancing their inside and outside legal spend—targeting results and outcomes, rather than just hoping to manage an unpredictable process.

All of this is in pursuit of perhaps the most important outcome: a legal profession in which all attorneys deliver value.

As the “increasingly mature” lady of the in-house bar, I see this initiative as the culmination of my career with this organization to date; yeah, I guess that makes it personal for me. But if these problems, and your dissatisfaction with the way things are is personal to you, too, please join me in starting the ACC Value Challenge (R)evolution. We here at ACC can think of nothing that's more *valuable* that we can offer you, your clients and our profession.

Susan Hackett: hackett@acc.com

Board Members and Contacts

President

Kenneth Bunge

KEB Advisory Services, LLC
860.663.0567
bunge_kenneth_e@sbcglobal.net

Vice President

Amy Gallent

The Hartford Financial Services Group, Inc.
860.547.8712
agallent@thehartford.com

Secretary

Robin Smith

LEGO Systems Inc.
860.763.6888
robin.smith@america.lego.com

Douglas Brown

Kuehne & Nagel, Inc.
203.597.5352
douglas.brown@kuehne-nagel.com

Treasurer

Dennis Mayer

Otis Elevator Company
860.438.5028
dennis.mayer@otis.com

Immediate Past President

Philip Wellman

MassMutual Financial Group
413.744.7575
pwellman@massmutual.com

Board of Directors

Catherine Bashaw

United Technologies Corporation
860.728.7809
catherine.bawshaw@utc.com

John Beers

The Phoenix Companies, Inc.
860.403.5050
John.Beers@phoenixwm.com

Douglas Brown

Kuehne & Nagel, Inc.
203.597.5352
douglas.brown@kuehne-nagel.com

William Longa

Pfizer Inc.
860.732.6158
william.c.longa@pfizer.com

Frank E. Rudewicz

UHY Advisors
860.549.8500
frudewicz@uhy-us.com



1025 Connecticut Avenue, NW, Suite 200
Washington, DC 20036-5425

Welcome New Members

We wish to welcome the following new members who have joined our chapter recently:

Frank J. Chesky, Northeast Utilities

Jesse R. Dunbar, The Aspen Insurance Group

Wendy Estela Scaringe, Gemma Power Systems, LLC

Thomas J. Schultz, Dickinson Brands Inc.