



ACC Value Challenge

SUMMARY REPORT LOS ANGELES SESSION- March 27, 2009

- A. Ideas and Practices to Focus on Value:** participants at the session were asked to identify good ideas/practices they are implementing that focus on value—to help improve the value of services to corporate clients.
1. **Implement a preferred providers program-** helps create efficiencies: outside firms have a better understanding of the company and in-house counsel get to know the firms participating in the program.
 2. **Try secondments to enhance training and implement creative staffing options-** secondments help firm lawyers to get to know the client better and to be more efficient and provide greater value.
 3. **Monthly flat fee arrangement with hold-back for success; clients decide what success is-** an alternative fee structure that pays for outcomes and results and enhances alignment with client objectives.
 4. **Create a budget and stick with it.**
 5. **Absorb ramp-up costs of getting to know client business-** send firm lawyers to client sites, encourage them to spend time learning the client's business—all without charging the client.
 6. **Use uniform task codes and create budgets for tasks-** helps 'unbundle' or 'deconstruct' legal services and sets budgets that can be tracked and compared on a historical year-to-year basis, across cases and across firms or service providers.
 7. **Perform process mapping and use historical data to determine what services for case or transaction-types cost-** example of a firm that used six sigma

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methods to deconstruct legal service processes, determine what work was repetitive and could go away, which services could be performed more efficiently by lower cost service providers, which services could be handled in-house; process mapping plus historical data allowed firm to help set fixed fees for certain types of legal services.

8. **Involve a cross-disciplinary team of service providers to help gain efficiencies.**
9. **Provide a 'guide' to outside counsel with client expectations on staffing, billing, communications, results-**helps set clear expectations and avoid surprises.
10. **Set fixed fees for stages of litigation-** deconstruct litigation into smaller pieces, evaluate progress and determine path forward for next phases of work.
11. **Create a litigation plan for each case-** may not always be the same for each case; determine what objectives are (e.g., early settlement, win on principle, etc.) and set budget appropriate to goals for outcomes.
12. **Set fixed fees tied to results-** for example: if a transaction closes, the fee is 'x.' if it doesn't close, the fee is 'y;' if the recovery is 'a' then the fee is 'b.' This type of fee structure helps provide incentive to achieve client objectives.
13. **Implement phased fixed fees-** set fixed fees for various milestones.
14. **Establish fixed fees and 'true up'-** set fixed fees but have law firms also track time; 'true-up' by splitting anything under or over.
15. **Use blended rates.**
16. **Commit to providing repeat work over time as long as client continues to receive quality work and good service-** helps firm to view work across a spectrum.
17. **Know in-house counsel's budgets, priorities and business objectives-** need to align with client goals.
18. **Communicate regularly-** a basic for any good relationship; clients do not want surprises—keep the lines of communication open.
19. **Spend a day with the GC –** a suggested way to observe first-hand the dynamics of in-house practice for GCs, the need to be nimble and to gain a better appreciation of how to become a consigliere.

20. **Set fixed fee retainers, such as monthly fees for certain types of advisory services or for entire portfolios-** allows in-house counsel to call upon law firm for ongoing support with certainty on both sides of costs for services.
21. **Maximize efficiencies by developing the relationship and structuring portfolios of work-** helps firms to maximize efficiencies by giving them volume and allowing them to determine how best to staff and manage workload given the portfolio of services they will provide.
22. **Pool work from several small companies-** consider having several small companies pool work together and structure a retainer-based engagement arrangement.
23. **No rate increases-** law firms need to recognize the realities in the marketplace; do not send or plan on rate increases—it reflects a disconnect.
24. **Outsource projects and tasks that are not necessarily best for law firms to handle** –certain tasks and services can be handled more cost-effectively and with good quality from other service providers; determine what services can be performed by others and outsource.
25. **‘Insource’ work to handle it more cost-effectively-** consider whether services can be provided more cost-effectively by bringing the work in-house; outside counsel can come train in-house legal staff to manage certain tasks and services in-house for a fraction of the costs.
26. **Ensure that associates are well-trained.**
27. **Keep the legal service team together; minimize churn-** attrition and rotating lawyers on and off the legal service team is disruptive and inefficient. Minimize churn to enhance efficiencies and help nurture relationships.
28. **In-house counsel needs to be forthright and clear on objectives and budget-** conduct early meetings, share goals and communicate clearly to that law firms can provide service consistent with budgets and goals.
29. **Deconstruct projects and audit progress-** breaking projects into pieces helps to better control and track costs for various elements; allows both in-house and outside counsel to see where costs may be out of line and determine whether adjustments to process or goals are necessary.
30. **Be accountable for bills-** outside counsel needs to review and be accountable for bills they send; someone is actually paying for these services and

costs, and outside counsel should know what is on the bill and determine in advance whether it is appropriate.

31. **Use technology to enhance efficiencies.**
32. **Get to know each other better; consider monthly retainer with ability to call whenever necessary-** discuss goals, organizational structure, how to best align; consider a monthly retainer to help facilitate ease and comfort with trusted advisor communications.
33. **Be up front about costs; avoid uncomfortable conversations down the road-** be clear about the budget and expectations; communicate clearly about what happens if expectations are not met and/or budget is exceeded.
34. **In-house counsel care about result-** outside counsel need to align interest and consider results rather than focusing on process.
35. **Find ways to incent efficiency.**
36. **Allow outside counsel to be proactive-** encourage and provide flexibility for outside counsel to be proactive and to provide preventive legal counseling.
37. **Consider an approach where outside counsel send a bill and in-house counsel can pay whatever they want as long as they pay within a week.**

B. Alternative Fee Structures: participants were asked to create checklists with questions outside counsel and in-house counsel should ask in setting alternative fee structures.

[SEE NEXT PAGE FOR CHART]

IDEAS ON QUESTIONS TO INCLUDE ON CHECKLISTS FOR IN-HOUSE AND
OUTSIDE COUNSEL FOR CONVERSATION TO SET ALTERNATIVE FEE
STRUCTURES

What Outside Counsel Should Ask	What In-House Counsel Should Ask
<p>SCOPE OF WORK; GOALS -What is the scope of work/nature of the matter? -What are the business goals (scorched earth, early resolution, etc.)? -Where is the shared risk/what is the company’s risk tolerance (do you want a 1-page memo or a no stones unturned approach)?</p> <p>INTERACTIONS; COMMUNICATIONS -What level of involvement will in-house counsel have? -What level of communication/how often/what type of communication would you like (are you hands off, do you want regular updates, do you want to simply hear from me at the end)? -Will I have access to decision makers/who will we interact with?</p> <p>COSTS; VALUE -Do you have historical costs for previous similar matters? -In your view, is the matter amenable to alternative fee structures? -What is the matter worth to the company/what is the price of victory/value of the outcome? -Who is paying for this?</p> <p>RELATIONSHIP -What is the nature of our relationship—now and long term?</p>	<p>STAFFING -Who is handling the work/what level of expertise/what are their costs? -Will the team stay the same throughout the matter? -How do you train associates? What is the value to the law firm of the opportunity to use young lawyers on my matters? -What is your turnover rate? -What is your leverage? -Do you plan to use third party legal service providers—for what services and who? -Who is the billing partner?</p> <p>EXPERTISE -How will you creatively solve problems/how will you charge me for this? -What is your expertise?</p> <p>COSTS/BUDGETS -Will you comply with my guidelines? -How will you budget? -Have you handled this type of work before and what were your historical costs? -How will you be proactive in handling matters? -What types of alternative fee structures can we consider—different levels of charging for different phases/early results/efficiencies/outcomes?</p> <p>RELATIONSHIP -What is the nature of our relationship—now and long term?</p>