

## *Standing Out from the Crowd: A Former In-house Attorney's Perspective on the Role of Effective Outside Counsel*

In these crazy economic times, companies of all shapes and sizes are exploring ways to minimize their operating expenses and overhead costs in order to avoid being the next Lehman Brothers. One of the first costs to be cut and/or minimized is outside legal fees. As a result, partners are rightfully concerned about their relationships with both existing clients as well as prospective clients and how to best solidify and foster those relationships. In my experience as a former in-house attorney at a well-respected private equity/investment management company, I have utilized the services of numerous law firms, some of which were very effective in their duties as outside counsel while others were, unfortunately, not as much. This article addresses several different, and relatively simple, ways in which outside counsel can demonstrate their worth to a client that can help them stand out from the crowd and solidify that relationship.

### **Help Manage Outside Legal Costs**

At the end of the day, one of the most important factors from the client's perspective in the decision to retain outside counsel is the overall cost of external legal fees. This issue is at the forefront of the most recent annual "Managing Outside Counsel" survey conducted jointly by the Association of Corporate Counsel (ACC) and Seregenti Law -- "In-House Counsel Becoming Bolder -- Requiring More From Their Outside Counsel" (the "Survey") -- which discusses the fact that in-house attorneys are acting more aggressively to address their [all-too-common frustration with managing outside attorneys and legal costs](#). Specifically, in-house counsel are demanding more and more from their outside law firms. Thus, in order to address those concerns, law firms should do what they can to help in-house counsel accomplish their primary goal: providing effective [legal counsel](#) to the company in the most cost-efficient manner.

[One technique that can be helpful in achieving this goal is to provide a projected budget for the expected fees and expenses for a new deal. This approach is particularly helpful for repeat transactions.](#) By doing so, you allow the in-house counsel to manage expectations with management regarding the total costs associated with a particular deal so that there are no surprises at the end of the deal, which can often lead to angry and frustrated clients. As the Survey notes, more and more companies are using Internet-based systems to track spending, budgets, and accruals. This was the case at my old company, which routinely requested projected budgets for each new fund formation deal from our primary outside counsel. While this may seem to be an incredibly difficult task, and one that most firms would prefer not to do for obvious reasons, you will demonstrate to your client that you understand their fiscal concerns, which will be greatly appreciated in the current market. Clients understand that unexpected circumstances generally arise in every deal, and when that happens, simply provide an updated budget. More importantly, clients will appreciate your willingness to help make their job easier. Remember, in-house counsel have to answer to their internal bosses and do not want to be embarrassed or blindsided by an unexpectedly high legal bill for any given deal. Thus, setting a budget that is signed off on by the client can help avoid this undesired outcome.

### **Be Responsive and Have Open Lines of Communication**

[While this may sound incredibly simple, making every effort to respond as soon as possible to a client's voicemail/email is widely appreciated and will definitely score points with clients.](#) In my experience, outside attorneys who routinely responded in an extremely quick manner were definitely at the top of my list whenever I needed a question answered. Even if your response is to simply let the client know that you may not have an immediate answer but will be working on providing a response in the near future, your response will help manage the client's expectations as to response time and assure the client that someone is actually working on the issue.

In addition, routinely updating your client as to the status of a current matter is also quite worthwhile. This is especially true if the original deadline cannot be met, at which point as much prior notice as possible should be given so that appropriate actions can be taken. Again, while an extremely simple solution, I cannot stress how often this simple piece of advice is ignored. In one extreme and unfortunate case, not receiving a timely answer ultimately placed the general counsel of my old company in the awkward position of having to attend an important strategy meeting without being properly prepared for the primary issue being discussed. The outside firm had been given weeks to advise us as to how we should address an important issue. However, instead of providing a timely response, the general counsel was put in the undesirable position of having to track down the attorneys to whom the question had been addressed in the last few hours leading up to the meeting in order to obtain the necessary legal advice, which turned out to not be as detailed as desired. Not surprisingly, this did not sit well with the general counsel as it placed him in a fairly embarrassing situation. Needless to say, the outside law firm was soon replaced by another firm.

## Provide Legal Updates

Another way that law firms can be of assistance to their clients is to provide them with legal updates regarding relevant issues that will affect the client's business. In-house attorneys typically do not have access to legal research tools such as Lexis or Westlaw. Thus, in-house counsel typically rely upon their outside attorneys to keep them updated regarding developments in relevant areas of law. Again, while this seems to be a fairly simple idea, the number of firms that actually provided such updates was surprisingly small. Instead of being reactive to your client's legal questions, a proactive approach can often lead to new business.

In addition to sending out the standard monthly newsletter, one creative way to keep your clients apprised of legal developments that will be greatly appreciated is to invite your clients to continuing legal education (CLE) seminars. Like private practice lawyers, in-house attorneys also have to maintain their CLE requirements but typically have a much more difficult time finding ways to satisfy such requirements. At a firm, CLE seminars are usually plentiful, either through firm-sponsored meetings or through outside sources. In-house attorneys, on the other hand, have to actively search for seminars/workshops to help them fulfill their CLE requirements. Thus, invite your clients to attend any firm-sponsored or outside CLE events to which you have been invited. Your in-house attorney will most likely be very appreciative, as I was whenever I received such an invitation.

If there are no upcoming CLE seminars to which you would want to invite a client, consider volunteering to conduct your own CLE seminar through the Association of Corporate Counsel (ACC), of which most in-house counsel are members. The Southern California Chapter of ACC routinely sponsored monthly lunches during which a law firm would give a presentation on a particular topic for CLE credit. Almost the entire legal department at my old company routinely attended these lunch meetings, primarily because it provided the perfect opportunity to earn CLE credit in a relatively easy manner. These meetings were often well-attended by in-house attorneys within the area, thus providing the opportunity for the firm to establish itself as an expert in a particular area of law and opening the door to potential new clients.

## Maintain a Dedicated Client Team

A client is more likely to provide you with additional matters if you have demonstrated that you can run a deal in the most cost-effective manner for the client. One way to accomplish this is to have a dedicated team assigned to a particular client, and try your best to maintain continuity with that team even in light of the usual attrition. In this way, the client will feel comfortable that you understand their specific way of approaching certain transactions. For example, my old company used one law firm as their primary outside counsel for fund formation matters. In addition to the primary partner, a mid-level/senior associate was assigned to all of

our fund formation deals and thus understood our preferred method of handling such transactions. This proved extremely effective in avoiding the frustration of feeling like we were re-inventing the wheel and having to "teach" the outside law firm our specific preferences and approach. She was responsible for the vast majority of the hands-on work involved in each deal. Thus, while junior associates would usually come and go, having a primary constant in the mid-level/senior associate in addition to the partner-in-charge provided us with the comfort that the deal was being done in the most efficient and cost-effective manner.

## Conclusion

The foregoing are just a few examples of techniques successfully used by outside attorneys in maintaining long-standing relationships with happy, satisfied clients. Again, some of these methods may seem incredibly simple and obvious, but surprisingly are too often ignored. Remember that in-house counsel have to answer to their own "client" (i.e., company management), and they will greatly appreciate your efforts to help them do the best job possible for their own client. So, while clients will continue to appreciate the invite to a dinner at Daniel Boulud's new five-star restaurant or to seats in your suite for the next Lakers game, consider some of these suggestions as [additional ways in which you can demonstrate to clients that you have their best interests in mind](#), thus helping you stand out from the crowd.