

Partnering

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strategy on behalf of your company and assuring that your outside legal spend is most cost effective. At the same time, the law firms must financially and professionally benefit from the relationship. I was involved in developing a law partnering program at Sears in 2001 and at MCI in 2003. The programs evolved over time based, in part, on the needs of the company but have consistently focused on certain fundamental concepts. The most important, in my view, is clear communications and expectations by both parties. Another is a true partnership in the development and execution of strategy. Technology has fortunately responded to an increasing need for the prompt exchange of information between outside counsel and companies.

Moderator: What would you consider to be some of the innovative elements to the partnering program at your company?

Petren: Technology is the key to reaching the next level of partnering benefits. More specifically, a case management and electronic billing system are absolutely essential once a company's legal issues reach a critical mass. And there must be a real commitment to the technology by both in-house and outside counsel. The systems will only be as good as the quality of the information provided – so all counsel have to understand what the systems are designed to accomplish and jointly commit to entering the appropriate data. Finally, counsel have to take advantage of the available reports that provide valuable information on such things as the type and number of matters opened, the cost per case, the time required to resolve matters and whether there is a difference among firms as to these key data points.

Moderator: How do you measure success at your company? How have your clients benefited?

Petren: The real measurement of success obviously is in the value to the company and the outside counsel. Has the legal strategy truly protected the interests of the company at a cost effective level? Has the representation been financially profitable to the law firm? Of course, there is also the more intangible rewards that come with a relationship of mutual trust and loyalty that I believe is more likely to develop through meaningful partnering. In my experience, companies cannot effectively meet the challenges of significant legal issues without law firm partners who understand the business and connect with the management team. Those relationships usually translate into financial and professional satisfaction for the law firms as well.

Moderator: What advice or lessons learned can you offer a general counsel whose law department is just beginning to develop a partnering program? How should one get started?

Petren: I recommend that the general counsel spend time with colleagues or

consultants who have actually implemented successful programs. It is important to evaluate the needs of the business and determine what best practices would be most useful to the company. Keeping an open mind and thinking creatively about the parameters of a program are also essential to developing something that works long term for the law department and its clients. Oftentimes, a process or technology has to be revised to better respond to the company's needs. A meaningful partnering program, by nature, is an evolving process that must incorporate changes in the legal environment and take advantage of developing technology in the marketplace. The best advice I can offer to any general counsel is to reach out to other law departments and consultants with a commitment to effective partnering in not only getting started with a program but also assuring that best practices are maintained over time.

Moderator: Jim, what were the motivating factors which led you to create a partnering program? When did you introduce the program, and how has it evolved over time?

Neath: Ten years ago, BP (then Amoco) began an outside counsel partnering program emphasizing techniques for jointly managing legal projects using what we called "Litigation Work Plans." This form of law firm partnership added depth and responsiveness to the relationship and brought our outside counsel closer to the business. Today, BP applies these partnering benefits in the selection and rewarding of our outside counsel. BP's current law firm partnering program emerged five years ago following significant consolidation in the oil industry, which changed the scope and scale of BP's legal profile in the U.S. almost overnight. To capitalize on BP's growing legal services purchasing strength, to assure senior management that procurement discipline and process were effectively deployed, and to motivate outside counsel alignment and responsiveness, BP developed its "Core Counsel Programme."

Moderator: What would you consider to be some of the innovative elements to the partnering program at your company?

Neath: BP has identified 15 to 20 of its outside counsel as "core" to our legal business. These firms have earned the right to handle our most significant matters, for which they are paid the largest share of our outside counsel budget. Each year these firms are evaluated on more than 30 performance criteria, including case outcomes, litigation and project skills, cost, diversity and success in key relationships. BP meets with each firm to share its scorecard and to explore issues and opportunities in the relationship. Based on these meetings, BP moves business to those "core" counsel most closely aligned with company goals. We are told by these firms that the rigor and transparency of our process are unique.

Moderator: How do you measure success at your company? How have your clients benefited?

Neath: Our program is successful if it builds deeper and longer lasting relationships with our most important, institutional law firms. We are convinced that those partnerships generate better risk outcomes because the firms know us (and our business) more intimately, they are more loyal and available to us, they are more skilled in the areas most in need of such skill, and they are more attuned and responsive to our relationship. We measure success not only in case results and subjective performance evaluation, but also in financial metrics, which we track scrupulously across peer groups in the aggregate, by timekeeper across experience levels, and by weighted average rates.

Moderator: What advice or lessons learned can you offer a general counsel whose law department is just

beginning to develop a partnering program? How should one get started?

Neath: First, understand thoroughly the law firms you currently are using and why you are using each of them. Second, be explicit about the goals of your program. What is most important to you: Better risk management? Lower legal expense? Predictability and avoidance of surprise? Flexibility? Knowledge of the business? Diversity? Finally, there is no substitute for good, hard, reliable law firm data: track it and use it.

For more information regarding this topic or other law department management best practices, contact Jim Ewing at james.ewing@duffandphelps.com or Jerry Kral at gerald.kral@duffandphelps.com.

Partners Notes

Increased Retention Efforts Vital, Robert Half Executive Says

As the economy gains momentum and the hiring climate improves, job opportunities for experienced legal professionals are increasing, notes Charles Volkert, executive director of Robert Half Legal, a staffing firm specializing in the placement of attorneys, paralegals and other highly skilled legal professionals. As a result, managing partners and general counsel must make a concerted effort not only to address growth, but also to make retaining their best and most experienced attorneys a front-burner issue.

According to Mr. Volkert, current business expansion is giving tenured attorneys with expertise in high-demand practice areas such as intellectual property, real estate and litigation more career choices. He offered advice on retaining attorneys to those managing law firms and corporate legal departments.

"Compensation is an important element in any retention strategy, but it's just one of several variables that must be considered," Mr. Volkert says. "Law firms and legal departments also must bolster their investment in staff through avenues such as professional development, training and mentoring while working to foster a balanced work environment.

If efforts are not made to prevent staff migration, an organization may

find itself in a difficult position as experienced attorneys look elsewhere to find a workplace that better meets their goals and needs."

Mr. Volkert offers the following retention tips:

- Keep compensation competitive. A firm's pay and benefits package should at least match prevailing rates. Ideally, salary levels and bonuses should exceed industry standards.

- Facilitate employee development. By emphasizing career growth and training, law offices can demonstrate that they support employee growth and success while investing in the organization's future.

- Create a worker-friendly environment. Establishing a workplace that promotes a healthy work/life balance can be instrumental in keeping your best talent. To give employees more flexibility, consider adopting practices such as telecommuting, compressed or flexible work weeks, and job sharing.

- Celebrate a job well done. Praise and recognition demonstrate to employees that their contributions are valued. People who have positive attitudes about their jobs tend to do them well, are more invested in the organization and are likely to see themselves as part of the team, rather than soloists who are detached from co-workers and management.

DataCert Named Finalist For Third Annual Dell Excellence Award

DataCert, Inc., a leading provider of electronic invoicing and legal spend management solutions, has announced that it has been selected as a finalist in the third annual Dell/National Federation of Independent Business (NFIB) Small Business Excellence in Innovation award program.

The award recognizes small businesses employing unique information technology practices to enhance the customer experience. Launched in 2003, the Small Business Excellence Award is a collaboration between Dell and NFIB,

the largest small-business advocacy group in the United States.

The application process included an in-depth explanation of DataCert's Advanced Invoice Management System (AIMS) and a demonstration of its benefits through customer case studies.

"Since its founding in 1998, DataCert has focused on developing and applying innovative legal spend management technology," said Eric M. Elfman, DataCert's president and CEO. "Being recognized as a finalist for this award is a validation of our efforts."