

Call In a Specialist

The changing needs of law departments are leading consultants to offer new services.

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Legal consultants agree: Change is good. And they're moving into new specialties to meet the shifting needs of corporate law departments.

"In this business, you need to reinvent some of your offerings every few years," says Jeff Nielsen, a managing director of Chicago-based Navigant Consulting, Inc. Nielsen, who heads the financial services disputes and investigations practice at his firm, points to the subprime mortgage crisis. He says that the litigation surge caused by the mortgage meltdown has increased the demand for Navigant's services, while other firms that specialized in transactional consulting have seen a drop in demand.

Law departments are also looking to consultants for more help with electronic data discovery, especially since the adoption of new amendments to the federal rules of civil procedure in 2006. Scott Rosenberg, the managing director of Chicago-based Huron Consulting Group Inc., says that his firm now has a team that focuses solely on e-discovery. "It's almost like a consulting group within a consulting group," says Rosenberg.

According to Pamela Woldow, the need for increased consultant specialization dates back to the passage of the Sarbanes-Oxley Act in 2002. "Legal departments became more focused on general corporate compliance," says Woldow, a principal at Altman Weil, Inc., a Newtown Square, Pennsylvania-based consulting firm. The emphasis on compliance "required new knowledge and skills, new professionals, and new protocols and procedures."

Woldow, who works exclusively with corporate counsel, says that law departments are also tapping consultants to help with organizational or cultural adjustments in the wake of a merger or divestiture. Woldow explains that if a U.S.-based company acquires a business in another country, for example, the GC will have to consider "how to consolidate the department, how to unify the department, how to assess which lawyers need to remain, and how to integrate processes and procedures."

One of the biggest concerns for law departments has always been outside counsel management. Rees Morrison, who started his own consulting firm in April after leaving Somerset, New Jersey-based Hildebrandt International, says he's often asked to help a

company rein in its outside legal spending. "I help pick which kinds of legal work should be bid out, select which firms should be invited to propose, draft the RFP, project-manage the bidding conference and analysis of proposals, and coordinate the selection," Morrison says.

Despite the continuing need for consultants, those in the field say that their profession isn't growing that much. John Wallbillich, author of the legal blog *Wired GC*, says that he expects to see "a larger number of smaller firms that are focused on one part of the legal industry, rather than a few big firms with large practice groups who try to cover the waterfront."

According to Elizabeth Davis, head of the legal business consulting practice at Boston-based CRA International, Inc., "It's hard for someone new to enter the market at this time unless they have a unique specialty or niche that a corporation needs." Davis adds, "No one is going to hire you unless they believe there is going to be a good return on their investment."

Deborah House, deputy GC at the Association of Corporate Counsel, agrees that law departments are carefully considering the bottom line when hiring outside experts. "Outside consultants can be very expensive," she says. "It's important to make sure the consultant has the right experience and skill set."

House adds, "I think [consultants] can be a valuable tool, but only if you get the right consultant."

One general counsel thinks that the extra cost of consultants can help save money down the line. Thomas O'Neil III, GC of Tampa-based WellCare Health Plans, Inc., says that "as [law] firms continue to increase their hourly rates, it becomes very difficult [for law departments] to be cost-competitive in projects such as drafting a document retention policy or a code of conduct. In-house counsel often need to tackle those initiatives with a fixed-fee approach that has little room for slippage in the budget."

As a result, O'Neil says, "consultants have emerged as a critical factor in the equation."