

# Zen & The Art of Legal Networking

INSIGHTS & COMMENTARY ON RELATIONSHIP BUILDING WITHIN THE INTERNATIONAL LAWYERS NETWORK

## Change or Die? A General Counsel Panel - Part I

Posted on March 20, 2012 by Lindsay Griffiths

A few days ago, I offered my [initial recap](#) of the general counsel panel that we were treated to at this year's Legal Marketing Association Annual Conference, focusing on some key quotes from the session. Now, let's get into the meat of the panel, where even more value is to be found.



The one overriding thought I had (and I was not alone if you listened to the tweet stream) was that year after year, we're hearing the same comments and advice from general counsel. What does that mean? It means that law firms STILL aren't listening to what their clients really want.

In the past, this has been manageable, because the economy was thriving and there was plenty of work to be going around. But now, as Jeff Carr of FMC Technologies warns:

"There will be new business models that come into place. We'll build them if you won't. We don't need YOU to survive. We need the [legal] industry to survive."

Scary stuff.

The lesson to be learned here is that the client is in charge, as they should be. So we've got to listen to them in order to survive. Let's see what else the panelists had to say...

They began by reading Felice Wagner's "[A Client's Poem](#)," which does a good job of summing up what GCs really want (I encourage you to click through and read it).

### General Counsel: Lawyer or Business person?

Then, the moderators dove right into the questions they had prepared, beginning with a discussion of the GC's role as business manager versus their role as lawyer. Jeff Carr answered this very succinctly - "We are not lawyers. We are business people first."

Going into a little more detail, he said that their primary job is to be the strategic advisor for the business team, then to be the legal advisor, and then to build and run a high performance team.

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Because his job is to deliver shareholder value every day, he expects the outside counsel that he works with to understand and appreciate this.

Janet Dhillon of JC Penney agreed with him, and said that her job is about balancing her clients' business objectives with their legal requirements. She has a passion for her business and believes the firms they hire should share that passion. Along these lines, Ron Barger added that firms should try to understand what roles their clients fill, because these are not just legal roles. When firms have that perspective, there are avenues outside of the legal arena where firms can bring assistance and add value.

## **Creating Client Intelligence**

The moderators then asked the panelists to comment on how a firm's understanding of their business affects their purchasing of legal services. Janet said that it's such an easy thing to do these days with the existence of the internet and all the technology out there, and it greatly saves her time. She suggested that firms set up daily Google news alerts for their clients, and said that staying abreast on what is happening with them can keep firms relevant.

Janet emphasized again that firms need to learn about their business in order to become their go-to firm, and said that firms need to "Share our passion." Some of the best relationships that she has with outside counsel are with lawyers who will send her an email that demonstrates their passion and commitment to her company.

Ron said that in the past, firms used to send their clients newspaper clippings. However, there are now news aggregators online that lawyers can use to collect this information. He said that firms should be creating intelligence on their clients, and that it shouldn't be just one attorney at the firm doing it - it should be shared with the team. Don't simply look at what affects their business either, but also look at what their competitors are doing.

Janet illustrated this idea of staying focused on client intelligence with a story - the day after the Christmas holiday one year, a news story broke about her company, involving a plant in a foreign country. One of their firms emailed them to let them know that they had a partner vacationing in that very country, who was on the ground to assist them if needed. Although they didn't require his assistance, it was invaluable that the firm had taken the time to stay updated on the issues affecting the company, reach out to them to offer their assistance, and did so even during the holiday season. That has stayed with her.

Jeff added that outside law firms are never going to understand his business as well as he does. So instead, he expects them to understand them as a company and a legal team, and what they expect. What does he want from his firms? *"To be their most important and least significant client."* He wants

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his outside lawyers to think not like lawyers, but like business people, and to help give them a strategic advantage.

## **Keeping You Up at Night?**

Although Ron joked that nothing is literally "keeping him up at night," he does expect his outside counsel to keep on top of the things he might not know about that are coming down the pike. So the firms who can be their eyes and ears, and talk to him about these things, are the valuable ones.

Janet agreed and said that she wants her firms to tell her what she's not planning for or anticipating. If a firm sees a trend that might impact her business, she wants to know about it. Janet also said that firms shouldn't assume that their clients know about something already - even if they do, they will appreciate that their firms are thinking about them and their business.

Jeff added that he doesn't want to hear an attorney say "You've got a big problem on the horizon and I can help you!" He just wants to know what the problem is, and how he can deal with it.

The moderators asked the panelists to comment on what sources they're using for their own business intelligence gathering, so that the firms can avoid duplicating their efforts. Ron said that he reads the news, specifically the Wall Street Journal, the Washington Post, and the New York Times.

## **Lawyers and Non-Lawyers**

The moderators then asked the panelists about their feelings on non-lawyers being responsible for managing a case. In one of the most applauded lines of the session, Jeff Carr said "I could care less if I talk to a lawyer, or I talk to a janitor. Just give me someone who can do the job." He said that lawyers need to "get over" the difference between "lawyers" and "non-lawyers."

However, that being said, Janet cautioned that she doesn't see professionals as being a substitute for a lawyer on their matters.

## **It's All About Culture**

Interestingly, Ron commented that he has never been asked by a firm about their culture, though understanding a company's culture is crucial, since that's what drives the business. Jeff agreed - he said that companies hire for credentials, experience and culture - the first two can be fixed, but you can't fix culture if there's a mismatch between the company and the firm. Ron emphasized, "*If your firm's culture doesn't match my culture, you're dead.*"

Understanding a client's culture is also about understanding what they DON'T like, and in this case, the panelists agreed - they don't like surprises. Janet said that getting an unexpected bill, or learning about something she should have known already tells her that there's a communication breakdown.

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Ron added that a breach of confidence is also a no-no, as well as representing a competitor. Even if there isn't a legal conflict, representing a competitor can look like an "allegiance conflict." However, Janet didn't agree with him, saying that sometimes when a firm represents their competitors, it can show that they have a particular understanding of their industry, which can help them be better advocates.

In another popular quote from the session, Jeff said that "*The legal industry is perverse. It is the only industry where buyers act like sellers and sellers act like buyers.*" He said that another of his pet peeves as a client is when a firm won't take responsibility for something that is their fault. He doesn't want to argue fault; he just wants to know what the firm will do to make things better, and that it won't happen again. Janet agreed, saying that if a firm makes a mistake, own up to it. They can understand most mistakes, but arguing about it or not being candid is a problem.

## Managing Costs

One of the things that gets everyone's attention these days is the discussion of fees, and it was no different during this client panel. Janet said that clients aren't looking to cheat their attorneys, they just have an expectation that their fees be reasonable. She also said that when there's trust on both sides and they're appropriately structured, alternative fee arrangements can really work. If you really understand a business, you will understand the level of importance of an individual matter and plan accordingly - but make sure to gauge your approach according to the importance of the matter to the CLIENT.

Ron commented that five years ago, he had said the billable hours would be gone in ten years. Since we're already halfway there, he told the audience "You guys have to work on that." He also agreed with Janet, saying that there is the misconception that clients are trying to screw down fees to grow revenues. But they just want to spend their money wisely. It comes down to aligning on the ultimate goal, understanding the deliverables, and being thoughtful about something.

Companies look at legal costs, and costs per matter, so they're irritated when their outside counsel don't. Ron said that as a whole, outside counsel are lagging behind inside counsel on competitive intelligence. GCs are looking at metrics and costs, and while law firms should, they're not. Jeff agreed and said:

"The traditional law firm model is dying. Get over it and understand what the new world is going to be. There will be new business models that come into place. We'll build them if you won't. We don't need YOU to survive. We need the industry to survive."

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In terms of managing costs, Jeff said that he has banned the word "alternative" - "there is nothing 'alternative' about 'alternative fees.'" Instead, he wants to talk about value-based fees, etc. His company is currently doing all of their legal work in the United States using *value*-based fees, and he told the audience "You guys have got to figure this out."

He emphasized that firms must know what their costs are to do a certain kind of work. Firms must understand their cost structure, which is too high and based on pass-through and on inefficiencies. Jeff says he won't tolerate that, and there are others in the industry who won't either.

Janet said that as a GC, she has the cost data for matters that have been handled for them. Firms would have even more data if they chose to capture it, but they're just not doing it. Firms should be able to figure out with every matter on average how much it will cost them. For example, she knows what it costs to litigate a certain type of matter. But if there are firms out there who know these costs, she hasn't found them yet. She's baffled when she shows her own data to firms and gets blank stares because they don't know their own costs.

Once firms understand what their costs are, Janet says that it's reasonable to build in a profit rate that's fair.

Ron recommended that everyone read Richard Susskind's [The End of Lawyers](#), which will amplify what they shared in the panel. He said that in terms of managing costs, in his experience, when they've run firm proposals by the same matters that they've done historically, they always come in 25% higher than what they were billed. That isn't right.

He said that until firms know what their costs are, they can't be good partners to their clients. Janet agreed, saying that it's in line with their values, which is also why understanding a company's culture is so important. For JC Penney, their model is "fair and square pricing." So they expect their law firms to be consistent with that, or it's a cultural mismatch. She said that they'll walk away from firms if they think they don't share their values - it's not "win at all costs."

Tune back in tomorrow for Part II of the General Counsel Panel, when we discuss how firms can find out what their clients really want to accomplish, using secondees, whether size matters, true differentiation, and what's at the heart of it all - relationships.