



Select '**Print**' in your browser menu to print this document.

[Back To Article](#)

©2001 Law.com

Page printed from: <http://www.law.com>

Enough Is Just Enough

Outside counsel, listen up: Perfection is not the name of the game. Just get the job done

Debra H. Snider

Corporate Counsel

October 17, 2001

"That deal was so overlawyered."

"I just wanted an answer, but what I got was a five-page memo."

"The closing stretched into the wee hours while the lawyers kept bickering over the fine print in the opinion letters."

In-house lawyers and businesspeople often level these complaints at outside counsel. Why the griping? There is often a crucial mismatch between what clients want when it comes to legal services and what outside lawyers deliver. Simply put, clients want "good enough" legal services, and outside lawyers frequently strive to deliver work worthy of an A+ on a law school exam.

What are "good enough" legal services in the client's mind? Corporate counsel want just what's required to achieve the desired business objective. They don't want a grand opus when a short essay will do, and they don't want to know everything about the fall of Rome when, really, the question was simply how Caesar died. The incremental value of the difference between good enough and perfect legal work is simply not worth the incremental cost to clients.

"Good enough" legal work is neither sloppy nor inadequate. Instead, it is competent, expert work shaped for the client's specific business need. Clients want to get deals closed, cases won, and companies taken public. Technical legal expertise is one necessary element of accomplishing these business objectives, in the same way that financial know-how and the right human and technological resources are necessary elements.

Take an acquisition. In the best-case scenario, clients, investment bankers, and outside counsel work smoothly and efficiently to make the deal a win-win for seller and buyer. But that isn't always what happens. Hyper-meticulous lawyers may over-negotiate and redraft parts of the acquisition agreement long after the client's needs have been met. Outside counsel may also dwell on the required legal opinion letters in a way that stalls the closing without meaningfully adding to anyone's benefit.

Money is also a big part of the "good enough" problem. Clients want to find a legal answer in the most cost-efficient manner. In-house counsel don't want to explain to their internal business clients why an answer to a simple compliance question has cost thousands of dollars in legal

fees. Most importantly, in-house lawyers don't want to be seen as responsible for a large chunk of operating expenses in the form of outside legal costs that are essentially unpredictable or unmanageable.

Of course, outside counsel face their own financial pressures to keep billable hours high and costs low. Moreover, they may find it hard to devote nonbillable time to learn more about their client's business and industry without a reasonable belief that doing so will enhance the law firm's revenues and profitability.

The key to resolving this "good enough" dilemma is an approach that aligns outside counsel's and clients' interests. Here are solutions for both sides:

- Outside law firms need to set up a formal process to understand their corporate clients better. Lawyers in private practice need to develop a rich understanding of each client, that company's competition and industry, its risk appetite, and the dynamics of its marketplace. While initially this may entail hours of research, the efforts will pay off over time. The firm will learn to deliver "right-sized" work, and satisfied clients will seek repeat business.
- Outside law firms need to build whole client-service teams. Everyone on the team, from paralegals, information technology staffers, and administrative assistants on up needs to be focused on meeting the client's specific business objectives. A robust team with competent professionals at every level, coordinated by a "relationship manager" -- a lawyer who manages the team, and has clout in the firm -- is best equipped to meet clients' needs.
- In-house counsel must articulate their company's business goals. In-house attorneys need to be direct, clear, and aggressive when conveying their company's goals, both on a macro level and with regard to each specific project. Companies may want to hold regular meetings with their outside counsel to discuss upcoming business trends or brainstorm about new product or service possibilities.
- In-house counsel should recognize and compensate outside counsel for delivering value. In-house lawyers need to set up a compensation system that acknowledges the work that outside counsel has done to understand the client's business fully. Repeat business for firms that "get it" is a must. Rewards may also include public recognition of the outside counsel's work and other thank-yous that enhance the firm's standing in the community. At Chicago's Heller Financial Inc., where I served as general counsel and chief administrative officer, we noted on our legal department extranet (the private Web site for the department and its outside counsel) when our firms closed a big deal, improved a process, or accomplished other notable goals.

Financial rewards for value (instead of just for hours billed) are also a must. When legal services are "good enough," the overall costs go down, and there's room to pay extra for the kind of value typically considered nonbillable. A generous bonus for superb relationship management isn't out of the question.

These rewards, along with fair payment for right-sized services, will thrill outside counsel. They'll also help the firm's bottom line. And if they present the firm with a slight accounting dilemma for the unexpected largesse, well, that's a nice problem to have.