



FROM THE INSIDE OUT:

IN-HOUSE COUNSEL'S ADVICE FOR YOUNG LAWYERS



***From the Inside Out: In-House Counsel's
Advice for Young Lawyers***

Table of Contents

Letter from Presidents	1
Client Choice: Understanding the Clients and Their Preferences	2
Client Choice: The Process.....	3
Client Choice: Communication and Client Service in the Digital Age.....	5
Client Choice: The Involvement of Generation Next	7
Acknowledgements	9



The Florida Bar Young Lawyers Division and the Texas Young Lawyers Association sought advice from in-house counsel across various industries in Texas and Florida in order to provide our young lawyers with practical advice to improve and enhance client service. The result of this analysis is the following guide, *From the Inside Out: In-House Counsel's Advice for Young Lawyers*.

We hope that our analysis of these survey results will assist the more than 50,000 young lawyers in Florida and Texas. Over 150 surveys were returned in both Texas and Florida. Client participants were asked a range of questions from the financial aspects of hiring counsel to other ways outside counsel's value is measured. Client participants also answered questions about hiring young lawyers versus more seasoned attorneys, the value of newsletter legal marketing, community involvement, and diversity.

The results we received did more than shed light on the trends amongst in-house legal departments. The responses also provided very specific insights into the characteristics and qualities that clients find most appealing in outside counsel. Our hope is that the analysis of these results will help young lawyers provide excellent client service. Therefore, it is our pleasure to provide, *From the Inside Out: In-House Counsel's Advice for Young Lawyers*.

Sincerely,

Paige A. Greenlee
President, Florida Bar Young Lawyers Division

C.E. Rhodes
President, Texas Young Lawyers Association

Client Choice: Understanding the Clients and their Preferences

It may not be the focal point of a law school career, but upon entering the legal market, lawyers must understand that this is a client service business. Understanding the clients and what they need and like is half the battle of superior client service. Below is information about who we surveyed and what they like:

- Of the client participants surveyed, the number of years that decision makers were responsible or supportive of hiring outside counsel varied. 20% held the responsibility for over twenty years, 20% held the responsibility from eleven to twenty years, and 25% held the responsibility from six to ten years. Only 35% held the responsibility for five years or less.
- When asked about how often they hire outside counsel, 10% responded always and 11% responded almost always. The majority of companies, namely 64%, hired outside counsel often. And, 15% of companies rarely hired outside counsel.
- The size of the legal departments varied, but the majority (57%) only had one to five lawyers/decision makers in the legal department. In-house legal departments that responded with six to ten lawyers/decision makers represented 14% and departments with eleven to twenty lawyers/decision makers represented 10%. In-house legal departments with over twenty lawyers/decision makers rounded out the survey representing 19% of the responses.
- While 69% of client participants noted that they like to receive email solicitations and marketing materials from the law firms with whom they work, 59% of client participants responded that these materials do not influence their decision to hire and/or retain outside counsel.

- Only 47% of client participants had written guidelines for outside counsel. Only 10% of the companies surveyed had an established formal feedback process for outside counsel.
- When asked what factors would cause a respondent to challenge a legal bill, the most common responses included (i) deviation from agreed-upon billing guidelines or budgets, (ii) multiple attorneys billing for the same tasks (“over-lawyering” a matter), (iii) excessive time billed in relation to the task performed, and (iv) the inclusion of administrative fees or charges.
- With 81% of responses, quality of work was the number one focus for evaluating current outside counsel. Success rate, billing practices, and relationships garnered less than 10%.

Client Choice: The Process

Unlike law firms, clients face tremendous pressure to keep costs down because legal costs in-house are an expense and not a revenue. Therefore, clients’ choice of lawyers is being scrutinized more intensely than in the past. It is important to understand how clients choose counsel in order to understand how to get more business. Fundamentally, our survey showed the following:

- 43% of client participants noted a preference to diversify the number of outside counsel and firms used for various matters. Although there is a strong preference for diversified counsel, 39% of client participants noted that where a niche subject matter expert is needed, they engage one outside counsel for that subject matter.

- 30% of client participants preferred counsel with at least ten years' experience when making hiring decisions. 22% of client participants want counsel with at least six to nine years' experience. However, 31% of those responding expressed that they would hire outside counsel with one to five years' experience.
- Only 27% of client participants noted that their decision to hire outside counsel is based on an "approved" list of law firms. In many cases, the General Counsel decided whether law firms were listed on the "approved list." In some cases, other legal counsel were able to make recommendations. Many companies use a "Request for Proposal" process every few years and consider various criteria such as rates and expertise.
- When considering the qualities clients look for when hiring quality outside counsel, subject matter expertise, rates, and constant communication ranked highest. Following these top traits, client participants looked (in the following order) for loyalty, transparency, years of practice, availability of alternative fee arrangements, firm prestige, number of offices, diversity of employees, and community involvement.
- Of those responding, 49% said that their company's General Counsel made the final decision for legal budgets.
- For hiring, 74% of the client participants stated that in-house lawyers make the final decision on who to hire and 21% of the client participants stated that executive management makes the final decision.

Client Choice: Communication and Client Service in the Digital Age

In the client service business, understanding how a client wants its matters managed is also key to repeat business. Our survey showed the following:

- 77% of client participants noted that they like to be involved with outside counsel on a particular matter on at least a weekly basis (13% daily; 64% weekly).
- When asked to describe an example of when outside counsel was involving clients too much on a matter, many of the client participants noted that this situation had never occurred and that they preferred their outside counsel to consult often with them on their matters. Where specific examples were noted, the most common examples included: (i) outside counsel repeatedly contacting clients where there was nothing new or material on the particular matter; (ii) outside counsel unnecessarily seeking clients' permission or guidance on routine or mundane tasks; and, (iii) outside counsel expecting clients to perform tasks that should have been performed by the outside counsel.
- When asked to describe an example of when outside counsel should have involved clients more on a matter but did not, the most common examples included: (i) outside counsel making key legal strategy decisions (e.g., seeking arbitration or mediation, selecting experts or agreeing to settlement) without consulting with client; (ii) outside counsel performing unnecessary or unanticipated work without approval; (iii) outside counsel making decisions that will delay a particular matter; and, (iv) outside counsel making filings without consultation with client, often resulting in inaccurate statements in such filings.

- 55% of client participants expected a response from outside counsel within twenty-four hours to a non-emergency issue. 29% of client participants expected a response that same day, while 12% responded that they would expect a response within a few days. Several client participants indicated that a touch back with an expected response date that day or the next was a best practice.

Client Choice: The Involvement of Generation Next

The focus of this survey was to see how to assist young lawyers in providing excellent client service. It was our goal that young lawyers review the statistics and evaluate how they can personally adjust their practices to meet the needs of clients. For instance, a young lawyer can set himself/herself apart by developing a niche practice. A young lawyer can provide twenty-four hour responses to client inquiries, seek opportunities to get to know clients, but focus on providing quality work. The following information from our survey revealed how clients view a young lawyers' role in their matters:

- Client participants responded that advantages of working with young lawyers ranged from eagerness for client contact, responsiveness, and saved costs to having a fresh perspective on the law, flexible schedules, and faster research skills.
- The survey results revealed that 42% of the client participants surveyed use young lawyers occasionally and 6% use young lawyers frequently. Only 9% of client participants surveyed never used young lawyers. 42% rarely used young lawyers.
- 86% of client participants indicated that they would expect young lawyers to be utilized to save money. Between 33% and 35% thought young lawyers should be utilized to build a stronger working relationship, to provide alternative perspectives, and to obtain training. Only 9% indicated they prefer that young lawyers not be utilized on their matters.
- When asked about disadvantages of working with young lawyers, high billing rates for inexperienced associates was a repeated theme. Many client participants seemed concerned with the idea that they were paying for a law firm to train associates. The words “inefficient” and “inexperienced” were often repeated.

Last, but certainly not least, our client participants had the following words of wisdom for young lawyers:

Young lawyers should take care to seize opportunities to work with clients and gain trust so that the client calls the young lawyer directly. Young lawyers should be responsive. Young lawyers should not bill the client for time used to gain a basic knowledge and understanding of the case or the client's business. Also, young lawyers should realize that clients want a firm, confident and decisive lawyer, but they also want one who is nice.

Provide clients with choices and an opinion about the best course of action for their problems. Add value to everything you do and partner with clients for mutual success. Client participants want to be viewed as part of the team and they can assist young lawyers to get staff and management cooperation at the client. Listen first and talk second. Respond as quickly as possible. Young lawyers should remember they are not only building a business, they are building a relationship. Shadow when appropriate and take the lead when appropriate. Quality and value are the key to any successful relationship with outside counsel. Young lawyers should not sell themselves short just because they are young. However, young lawyers should put pride aside and do what they can to seek meaningful opportunities to gain experience and learn. As a last word of warning, lawyers should never take a client's business for granted, young lawyer or otherwise.

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