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What Do Business Leaders Want From Their Lawyers? A Corporate Counsel Roundtable Discussion

moderated by Lisa Goldstein and Kathleen M. Shay

It's been thirteen years since DuPont developed the DuPont Legal Model and started a paradigm shift in the way law firms work with outside counsel. The model created a new dynamic where lawyers went from dictating the terms of relationships with clients to strategic partnering. Yet, a recent survey conducted by the Association of Corporate Counsel and Altman Weil revealed that an overwhelming 58.9 percent of chief legal officers expect to fire one or more of their law firms this year.

Although there is more discussion about law firm/client service than there ever has been in the legal community, the survey indicates that there's still a disconnect between what corporate clients want and what law firms are providing. So, this roundtable discussion is designed to begin a dialogue with key members of the business community who can shed light on critical law firm business issues such as law firm selection, client service, efficiency and pricing models.

Lisa Goldstein: Charisse, you've recently moved from a partnership role at Ballard to an in-house position on the business side. Can you tell us how the change has been for you?

Charisse Lillie: It's been fantastic. In the role of human resources, I'm using all the skills that I developed as a labor employment lawyer at Ballard Spahr. And I am working on the gamut of human resources issues: hiring, firing, compensation and determining benefits. We have a number of negotiations with labor unions, and I serve as an advisor on human resources issues.

Lisa Goldstein: Do you get involved in hiring lawyers to work at Comcast, and what do you look for?

Charisse Lillie: Human resources is involved in every aspect of hiring. In terms of lawyers, our legal staff is lean. Most of the lawyers we hire are people who are experienced and independent. They are specialists who can hit the ground running. We're hiring mostly mid-level people. There are very few entry-level lawyer positions because people have to be very knowledgeable and be able to function on their own.

Lisa Goldstein: What are the current legal concerns that keep you up at night?

David Freschman: In my venture capital firm, we're investing in emerging enterprises throughout the region. The thing we constantly run into with these emerging enterprises

is that the housekeeping is not always as clean as we want it to be. And, as an investor in companies, we have to ensure that we maximize the value of all the shareholders, not just our own interest.

Richard DePiano: As a small public medical device manufacturer, compliance is important. We have to deal with the FDA, the SEC and ISO. We just acquired a company in the UK, so now we're learning all new standards.

Lisa Goldstein: John, you've been in private practice, and now you're in-house. What are some of the differences?

John Gregory: I am the first and only lawyer with Streamlight, Inc. We're a multi-million-dollar manufacturer of high-end lighting products including flashlights, lanterns and headlamps primarily for law enforcement and firefighters, although we have a growing market in sporting goods and industrial applications. We're privately held, so I don't share some of the same headaches as many of my colleagues. One major difference is that I am growing this department from the ground up and creating the department, which is both a compelling experience and one that forces me to apply the utmost professional care to what I do. The primary difference really is a cultural one. In a law firm it's a much more high-pressure, high-paced environment. At Streamlight I'm fortunate to be on the same wing with my executives and it's a more congenial and relaxed environment. I know practically every one of the 110 employees by name.

Lisa Goldstein: For lawyers who have not had experience being in the corporate environment, how can they best help you to achieve your goals?

Ramona Romero: One of the key issues for DuPont, because we have such a large legal department and such a significant docket in all areas, is having outside counsel that is proactive, creative and efficient about how they staff cases and handle matters. It seems like pretty basic stuff, but it's the stuff that ultimately matters to us. One of the ways in which lawyers fall short is that they don't necessarily understand the business of the law. The lawyers who distinguish themselves in my mind are the lawyers who are responsive and actually understand how our business works, both the legal business and the DuPont business as a whole.

David Freschman: That's an excellent point with respect to forecasting and budgeting. We're a small group and we need to know what things are going to cost. I used to be with big public accounting firms, and we would always budget.

Lisa Goldstein: What are some of the successful creative fee arrangements you've seen from outside counsel?

Richard DePiano: The most creative thing is when I trust the counsel that I have a relationship with to monitor their staff appropriately, to look at the total project and determine whether the bills are appropriate from that level. I don't want to be scrutinizing every single bill. I want to have confidence that the counsel I've been dealing with for a long time has a good handle on what the project should be.

David Freschman: The practice of law should be on the same plane as any other professional business. My view is that if you work with an experienced firm that understands litigation, the industry, your business and the case that's being presented, they should be able to get a handle on eighty to ninety percent of what the issues are and what the costs should be.

Ramona Romero: I agree that there's a great deal of uncertainty associated with litigation, but I also agree that experienced litigators can assess a case and come in with a reasonable budget and a reasonable expectation of how the case is going to be litigated. Because of that, at DuPont we use something we call early case assessment. Any time we are sued or we sue somebody, within the first ninety days the lawyers retained are working with in-house counsel and are required to make an assessment of all the issues in the litigation and develop a plan for the litigation going forward. Of course, things happen that you don't predict, but frankly in most litigations there shouldn't be much that you can't anticipate at the beginning.

Charisse Lillie: If you've got that trust factor, I think it's possible for law firms to make

money by entering into economic arrangements where you agree to some sort of fixed fee arrangement.

Ramona Romero: I do agree with Charisse, trust is very important. I'm a risk allocator when it comes to litigation. We should, in as many instances as possible, share the risk with our lawyers. And sometimes that works very well for us and sometimes it doesn't.

Lisa Goldstein: **Are there any other alternative fee arrangements that you've used successfully?**

Ramona Romero: About thirteen years ago we converged our legal department and we reduced the number of law firms we were using from about 350 to about 38. These law firms are our primary service providers and we are loyal to them in terms of directing our business and in promoting them to other companies and to the public. So we negotiate different kinds of fee agreements with the law firms for discounted rates overall and for specific cases.

John Gregory: I think it would actually behoove the outside law firm to offer as many alternative billing solutions as may be practical because it gives the clients, ourselves in this instance, the opportunity to compare and to see what's going to work best for us. I set very firm standards in terms of requesting as solid a prediction or estimate as they can give us on almost every matter. I would like to move further and have some of the repetitive business, such as our trademark filings, done on a fixed fee basis so that I know exactly what to expect. And I know that there are lawyers out there who do it that way. So if our current law firm is not as interested in doing that, then perhaps more of the trademark work comes in-house because they're not giving us the incentive to continue to use them.

Kate Shay: **Do you have one relationship or do you use more than one firm as outside counsel? And what are your criteria?**

John Gregory: My company is thirty years old, founded locally, and had used the same outside patent counsel for fifteen years. We are fortunate to have, for a company our size, a fairly nice intellectual property portfolio. Recently it came to a point where we needed to assert our patents more regularly because there were imitators and infringers in the marketplace. I went through an elaborate process of interviews with eight to ten firms in Philadelphia. And each of them made a very strong effort for our business because, despite the size of our company, we represent a nice chunk of business to an outside firm. At the end of the day, we ended up going with a firm that was doing more of our corporate work anyway. My executives were reluctant to go with several very worthy firms in lieu of staying with what was familiar. But I think that is a reflection of the culture and not a reflection of the services available.

Kate Shay: **Other criteria that some companies consider are their law firm's diversity programs and pro bono activities. Ramona, how important is that to you?**

Ramona Romero: That's very important. Every year we review our law firms and one of the things we ask about is what they've done in terms of community contributions and diversity. Also, we host four job fairs around the country so that the law firms we work with at DuPont can interview and hire lawyers. And we've become very concerned about the number of minority-owned law firms. There are strong minority-owned law firms out there, but they've been declining in number over the past fifteen years. So we started a new initiative with four other companies to try to promote minority-owned firms to corporate America. Diversity is certainly something we care about, not just because it's the right thing, but also because it makes economic and legal sense for us. Coming from the perspective of a company that operates globally and has litigation all over the country and all over the world, we need people who are going to be culturally competent.

David Freschman: People come from all walks of life and have different perspectives. In our world of investing in start-up companies and in venture capital, we think we can look at an opportunity and evaluate it. But there are opportunities I might not quite understand because of cultural barriers. So it helps to have attorneys who are diverse.

Richard DePiano: When I make an assessment of a firm, I wonder whether they are doing any corporate pro bono work. Corporate pro bono has been a great resource. I like

firms that are involved. And most firms are doing a lot. But from a general counsel standpoint, I know a lot of people have been allowing counsel to get more involved in pro bono and there's more opportunities for it. I would say it's a factor tactically when you're looking at staffing.

Kate Shay: What about hiring international or foreign counsel? John, do you get involved in those kinds of matters?

John Gregory: As far as our patent and trademark business is concerned, we work with agents who hire our local counsel and our local patent counsel in Philadelphia. That's a system that's been in place for a while and they're trusted partners of our local counsel, so there's no reason to challenge that model. When we're dealing with compliance issues as far as customs is concerned, such as expediting our imports through customs, we will use outside counsel and counsel with international experience to assure that our vendors and suppliers are compliant with what's needed by customs.

Kate Shay: And do you find those counsel through your existing counsel?

John Gregory: The firm we use is large enough so it's like one-stop shopping. We have a primary contact within the firm, but if I have a question that's not relevant to that person, I'll be referred to the person within their system who will have an answer for me. That's the benefit of using a large firm with a multi-national focus.

Kate Shay: Does anyone else have another perspective on working with international and foreign matters?

Richard DePiano: We use Melanie Stevens of the Delaware Valley Corporate Counsel Association (DELVACCA) and Don Brown of the Association for Corporate Counsel as resources for international contacts. I'm comfortable that they'll give me the best referral and direct us in the right way.

Ramona Romero: We have lawyers in a lot of different places across the globe, in-house lawyers in South America, Asia and Mexico. Usually the in-house lawyers have relationships with law firms in those countries. We also have as part of our network a London-based firm that has operations all throughout Europe, and we have a firm down in Mexico that has a lot of operations in Mexico City and a lot of contacts throughout Latin America, so we hire those firms. We're also in the process of trying to identify firms in Geneva to do some of the international arbitration work.

Kate Shay: Let's turn to technology. What are your recommendations and perspectives about using technology to make attorneys more efficient?

David Freschman: Technology is critically important in today's world. It creates efficiencies only if you're well versed in it.

Charisse Lillie: There are a few holdouts, but my sense is that the legal profession is making a lot of progress in terms of people being technologically efficient. We all have concerns about security and there is sometimes resistance to using the Internet, but as security increases and people have a comfort that they're going to be able to maintain the integrity of documents, we're going to be doing more of that. The younger people in our profession definitely are keyed in to the technology, understand it and understand how it enhances the practice of law and the ability to service our clients.

David Freschman: You make an excellent point on the security issue because so many documents are just being e-mailed across the board. And general e-mail has zero security, especially as it's going through all the servers around the country. And once it enters into the world of cyberspace, you don't know where it's going.

Charisse Lillie: Once it's been filed in court, then it's a matter of public record. But while you're negotiating, you have questions of privilege, so there may be some limits.

Ramona Romero: If you're not open to technology, you cannot work for DuPont. DuPont is completely technologically based. We use something called the EDGE, which is a collaboration tool that permits people secured access. We also do a lot of e-mailing back and forth with law firms.

John Gregory: I find technology to be a valuable training tool. You can take CLEs online or you can listen to live Web casts. The one I listened to most recently dealt with the idea of e-mail security, e-mail policies and e-discovery.

Ramona Romero: It's also great economically for the law firms and the clients in the sense that it reduces costs. You don't need to be faxing and charging for faxes; instead, everything gets done with a PDF. In addition to that, we use electronic billing. People who submit their invoices through our electronic billing get paid within ten days.

Lisa Goldstein: Do you have technology guidelines set up that you dictate to outside counsel?

Ramona Romero: Outside counsel has to agree to adhere to our guidelines. If you don't, we'll take our business elsewhere.

Charisse Lillie: I bid on a lot of business and we have lots of packages. If you want to do business with Comcast, you have to have the technology or be willing to incorporate the technology. Most corporations are pretty savvy on that point.

Richard DePiano: We like to use the retainer letters for that. And most firms now in their acceptance letter have a scope of services they're providing and they lay out the parameters. We are in the process of updating an internal review and adding some kind of guidelines that we can incorporate into all litigation and all deals that we do. But the retainer letter and the firm's scope of services letter is what we usually use as a guideline for any matter or transaction.

Kate Shay: What other expectations do you have of your outside counsel?

John Gregory: I don't think there's any replacement for competency. The ability for me to pick up the phone and get a quick, precise response to a question is of utmost importance to me. Of course, I need to have outlined all the possible issues and how I think they're going to affect the equation before I pick up the phone.

Ramona Romero: Competency is the first criteria, and then everything else comes after that. We like people who have creativity and who are open to different ways of doing business. The worst answer you can possibly give me is "I've always done it that way" or "This is the way it has to be done because of xyz."

Kate Shay: Is it important for you that your lawyers understand your business?

David Freschman: Absolutely. I think if they don't understand it, they shouldn't be your lawyer.

Richard DePiano: Yes, it's critical. It could be something as simple as a lunch or a dinner to catch up with your counsel. You get in tune with what's going on and then they are more aware of what's going on in your business. Or maybe they offer seminars that anticipate our needs, or newsletters that have interesting information and practical ideas on relevant issues. Those things that anticipate what I may need let me know that I can go back to my counsel and get a quick answer. I may even get that free advice from the checklist for what I need for an upcoming deal or for a new hire.

Lisa Goldstein: People are busy. It's hard to catch up. One of the breakdowns that occurs is client service. When you do reach out to your outside counsel in terms of a telephone call, how quickly do you expect them to respond?

Richard DePiano: I'd say within twenty-four hours for a non-emergency, but it's usually less than that. The one thing I like is the Blackberry. Every counsel inside and out should have one because you do find yourself able to get a quick response on a Blackberry no matter where you are. You might not be able to answer a question or send a document, but even if it's just, "Here I am, I can do this tomorrow or here's someone else who can handle that," you have that direct response.

Lisa Goldstein: Do you prefer to communicate by e-mail or telephone?

Charisse Lillie: I say we have to use all the technology that we have. The Blackberry is a way of being in contact and being responsive to my internal clients as well as to outside people who are advising.

Ramona Romero: Charisse makes an important point by mentioning internal clients. The one thing outside lawyers often don't appreciate is that we do have internal clients that have expectations of us. Even though I'm sitting in-house I need you to be prompt and I need you to understand what my other obligations may be.

David Freschman: The advent of technology has put a sense of urgency on every issue whether or not it's urgent. And because of that people want immediate response. It's the responsibility of us, as clients, to recognize that everything we ask for is not always an urgent matter.

Ramona Romero: One thing that technology is doing is driving FedEx and fax charges down because a lot of the stuff that used to be FedExed to me is being sent as a PDF with a signed document and that's good enough for me. Put the original in the regular mail if I tell you that I want the original, otherwise forget it.

Richard DePiano: We need to invest in technology first. If you have the right machine—the kind that copies, prints, scans and sends it by e-mail—I can eliminate the FedEx charges. We invested in the technology for a multi-purpose copier, spent more on it, but alleviated FedEx, the faxes and some of the other issues that came with storage.

John Gregory: I think there can be overkill on an outside law firm's side relative to telephone calls. I have one lawyer who I use who is very competent, but he constantly wants to call me just to tell me what we have that's coming up. And I'm constantly finding ways to try to get out of that conversation, because I know that I'm going to see it on the next bill and I think it's unnecessary.

Ramona Romero: Outside lawyers need to understand that if you're good, if you're doing your work right, I know it. You don't need to tell me. Don't waste my time on the phone recounting blow by blow what happened. I care about the bottom line. I care about the results. You're working with me because you're good; otherwise, I will replace you.

Lisa Goldstein: Do you have a formal evaluation process with outside counsel so they know what they're doing that you don't want them to do?

Ramona Romero: We do have an evaluation process, and it's both formal and informal. We do it every year. We ask the law firms to answer certain questions in a survey called the Benchmark Survey that we send at the end of the year. It's a self-assessment that the firms do. In addition to that, for a limited number of firms we do in-depth evaluations. I will consult with every colleague that has done work with that firm about the cases, the issues, the financial data, performance, diversity and so on.

Kate Shay: Is the role of inside corporate counsel working with the Bar Association something that is meaningful or helpful?

Richard DePiano: The leadership of the Philadelphia Bar Association met with the leadership of DELVACCA recently to talk about joint programs. We started it last year, working with the Business Section, trying to target in-house counsel and outside counsel programs that would be beneficial to both members. Chancellor Andrew Chirls has said one of his concerns is about the number of students leaving the area and the schools here having lower attendance. So DELVACCA got involved and started a law school initiative program, going out and talking to law students, getting involved in extern and internship programs.

John Gregory: I think the issues that face in-house counsel are unique compared to the rest of the bar. And as a result of that, it often helps to have that kind of group that you can share your experience with and learn from other in-house counsel. Those kinds of programs should be highly encouraged.

Charisse Lillie: I'm not practicing law anymore, but I intend to maintain my license. I think the Bar Association can offer a tremendous value to lawyers who are in-house either in legal capacities or in other capacities both from a CLE standpoint and from a

networking standpoint. The Bar Association is very good at that. And this sort of outreach is really important and very good. I encourage it.

About the Corporate Counsel Roundtable Moderators:

Lisa Goldstein, Esq. is a former practicing lawyer and president of Rainmaker Trainers. She's been in business development for ten years and her company assists law firms with strategic business development.

Kathleen M. Shay, Esq. is a partner with Duane Morris LLP, where she's been practicing for twenty-eight years. She is chair of the Business Law Section of the Philadelphia Bar Association.

About the Corporate Counsel Roundtable Participants:

Richard J. DePiano Jr., Esq. is vice president of corporate and legal affairs for Escalon Medical Corp., a small public medical device manufacturer in Wayne, Pennsylvania.

David J. Freschman is president of the Delaware Innovation Fund and managing principal of Innovation Partners Venture Capital firms in the region.

John C. Gregory Jr., Esq. is general counsel for Streamlight, Inc., a local manufacturing company, and a member of the Editorial Board of The Philadelphia Lawyer.

Charisse Lillie, Esq. joined Comcast as the senior vice president for Comcast Cable and vice president of Human Resources for Comcast Corporation in February of this year. Previously she was a partner at Ballard, Spahr, Andrews & Ingersoll and chair of the litigation department at Ballard Spahr.

Ramona E. Romero, Esq. has been with DuPont for six years as corporate counsel and recently began managing DuPont Law Firm Partnering.