

BAD SERVICE IS NOT ACCEPTABLE - BRITISH AMERICAN TOBACCO

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It is important law firms have knowledge of their clients business but the most important thing is good service, says British American Tobacco's Abraham Franco

What Abraham Franco, legal counsel for Iberia at British American Tobacco (BAT), likes to receive from legal advisers is advice on strategy with a view to better achieving the company's targets. "What I value from our external lawyers is being able to tell them what the goals of the company are and them being able to propose new ways of working," he says. "Having knowledge of the industry we work in is important."

Franco says that he is currently in the midst of one of the busiest periods for BAT's legal department. "After the summer, the company plan is approved, we review contracts and we terminate contracts. If we're renewing contracts, that may involve tenders," he adds. In addition, Franco says that the BAT

legal department, which consists of two lawyers covering Spain and Portugal, with support from the company's legal team in London, also has an important role to play in business development. "We help develop business, we review suppliers and may change the company's way of working with those suppliers if necessary," he says. "We also look at which suppliers should be involved in the marketing operation."

BAT does work relating to commercial contracts and marketing – "a big chunk of our legal work," according to Franco – internally. However, litigious matters are passed on to external law firms. "We outsource litigation. If we have hearings in court, we are represented by external lawyers, though I co-ordinate it, I don't lose control," Franco says. In recent years, BAT was involved in litigation relating to the regional government of Andalusia's unsuccessful attempt to recover health service costs from tobacco companies, though Franco says that, at present, the company is not involved in any tobacco-related litigation. "At the moment, it is just normal types of litigation that would affect any company."

Which external law firms does the company use? Franco says BAT uses three external law firms in Spain, though he declines to name them. "We've been working with them for a long period, I've been with BAT six years, but we've been working with some of our external firms for around 13 years," he adds. "Some matters can be shared between firms – it's good to have more than one firm." Franco says that BAT reviews the performance of its external firms at the end of each year at a meeting with the lead partner. "At the meeting, I forecast what my legal work will be in the coming year and how they can help – though we have a meeting at the end of the year, I can also pick up the phone at any time if I want to bring up an issue."

Though Franco values the industry knowledge that BAT's external legal service providers offer, this is not the only criteria on which the company bases its choice of law firm. "I could easily change if I wasn't happy with the service they are offering. I don't use the firms simply because of their industry knowledge, if they provided a bad service, I would change lawyer."

'If I need a bigger budget, I get it'

How big is BAT's budget for external legal advice? Franco does not reveal the scale of his department's spend, though he does say: "It's a good budget, I can't complain." He adds: "We spend our budget wisely. Our budget has remained more or less the same [during the economic crisis], though we have a bigger budget some years than others. If the company understands something is necessary it will provide me with the resources."

Franco says he prefers to have a fixed fee arrangement in place when dealing with external lawyers. "Instead of hourly fees, before the project begins I will ask for a budget," he says. "The fees usually stay the same, though sometimes they may be reduced a little, it depends on the lawyer."

What is the outlook for the coming year? Franco says the main priority in the tobacco industry in the next year will be regulation. "The Royal Decree regulating the tobacco market has been amended, introducing changes to the market, to which operators will need to adapt," he says. Additionally, the EU recently approved the revision of the Tobacco Products Directive (TPD) and the transposition process in Spain will start soon. "We are carefully studying the outcome of the TPD and how it will need to be transposed in Spain – we will be busy next year working on it."

Abraham Franco is legal counsel for Iberia at British American Tobacco