

EDITORIAL SEPTEMBER/ OCTOBER 2009

Posted on 29/10/2009



Category: [Uncategorized](#)

Tag: [cat-general](#)



Discussions during Iberian Lawyer's recent forums for General Counsel and Managing Partners returned again and again to the tricky issue of the billable hour.

Mientras el ciclo decadente de los servicios jurídicos se ha suavizado por el impacto inicial de la crisis económica en los despachos, los asesores jurídicos internos han sufrido un cambio increíble en un plazo muy corto. Las empresas en cuestión de meses han sido refinanciadas, reestructuradas, han perdido algunos compañeros y sus carreras profesionales se han visto amenazadas. La tarifa por horas se ha convertido en un símbolo de inquietud en el mercado, apareciendo además otros aspectos subyacentes aún más profundos. Tanto los clientes como los abogados externos están ahora dispuestos a reconocer que la diferencia entre la facturación de servicios jurídicos rutinarios (a un alto coste) con las labores de mayor valor añadido y estratégicas no se ven reflejados de forma realista en la factura final. Cómo estructurar y plantear un contrato puede, literalmente, ahorrar millones de euros a una empresa, mientras que los procesos posteriores y rutinarios, como la due

diligence, más administrativos genera menos valor. El desafío consiste en separar labores y comprender mejor estos procesos y su valor.

While the counter-cyclical nature of legal services has softened the initial impact of the economic crisis on law firms, in-house lawyers have suffered a huge change in a very short time. Businesses have been refinanced, restructured, colleagues lost and careers threatened in a matter of months. Many in-house lawyers are viewing their relations with external lawyers in a new way and law firms, like other external providers, will need to adapt.

If the billable hour has become the symbol of disquiet, the underlying issues may however be more profound. Clients and external lawyers alike are now more comfortable admitting that at the top of the market, fees for lower value advice may currently be high, while that for the highest value work does not currently reflect its true worth. Initial advice on how to approach and structure a deal can literally save a business millions, while later processes like due diligence, being more administrative, generate less value.

The challenge for general counsel and firms alike is to break down and review the stages of legal processes and understand better where value accrues, selecting the optimum mix of personnel, know-how and technology to provide each.

The one-stop-shop may now be eclipsed by the new mantra of unbundling – decoupling higher and lower value services even within the same transaction. Some Iberian firms are already ahead of the curve, packaging both higher and lower value services – at widely differentiated prices – through their regional offices or external 'associates' .

And the crisis has already shifted clients' demands towards more senior lawyer involvement and a much closer approach. This may prompt some Iberian law firms to lower their leverage and 'drop' (or should we say "more carefully select"?) clients in a way that some UK firms have been doing, while putting their lawyers much closer to their clients.

Whatever the scenario, law firms will undoubtedly require fewer but higher quality associates. More attention must therefore be paid to recruiting and acquiring high level skills through longer training periods and on minimal pay rates.

Change has become inevitable, but the speed at which it is evolving is surprising many. The crisis it seems has opened a Pandora's Box of issues and raised the spectre that some Iberian law firms may have to embrace what could have been a decade of change almost overnight!