

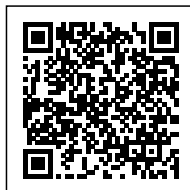
# EXTERNAL LAWYERS MUST BE PRAGMATIC - BEAM SUNTORY

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**In-house lawyers understand the technical aspects of the law, what they often want from**

## **external counsel is practical advice, says Pino Bermúdez from Beam Suntory**

How does spirits company Beam Suntory choose its external legal advisers? According to the organisation's legal department director Pino Bermúdez, Beam likes to take the approach of meeting its legal service suppliers in person.

In general, the company does not normally use a tender process for selecting its preferred law firms, she explains. "Instead, we take the time to visit them and have face-to-face meetings with various firms and then decide based on certain criteria," Bermúdez says. "We review our preferred firms yearly, though we normally stick with the same firms – if there is something we're not happy with, it's easy to communicate with the firms and there is always a way of addressing any concern."

Beam Suntory's six-lawyer legal team based in Spain is responsible for legal matters in Europe, the Middle East and Africa. The team has doubled in size since 2005 – when it consisted of three lawyers – largely due to the fact that it is now involved in more markets. The team carries out work relating to commercial matters such as distribution agreements, marketing, promotions and co-packing agreements.

Bermúdez acknowledges that Beam's legal department does not have the capacity or resources to carry out all the legal work required by the organisation. For example, litigation is always outsourced. "We don't have the expertise to do that," she says. Bermúdez adds that the company is not involved in a lot of litigation so there is no justification for having the necessary resources in-house.

Employment is another area that is referred to external lawyers. This is partly because employment legislation differs between jurisdictions so, Bermúdez argues, it makes more sense to use local lawyers. In addition, complex M&A deals are also outsourced.

According to Bermúdez, while Beam Suntory does have preferred law firms – in Spain, the recipients of most instructions from the company are Uriá Menéndez and Blecuá Legal – she adds that, on occasion, Beam will also instruct other smaller firms if there is a highly specialist matter, such as a counterfeiting issue, that needs addressing. For example, Beam does from time to time use small local firms in Valencia and in Madrid for certain criminal matters. Meanwhile, in other jurisdictions in which the firm operates – such as the UK, Germany, Russia and the Ukraine – Beam prefers to use local, rather than international firms "because they tend to have more experience in the market".

Bermúdez adds that Beam spends a lot of time selecting its external legal advisers. "We treat it [selecting external law firms] as a project in itself. We look for a practical approach, we don't always need a technical approach because we already understand that, what we often need is a risk assessment and a pragmatic recommendation," Bermúdez says.

Many companies have been forced to make reductions to their legal services budgets in recent years and Beam is no exception. Beam's annual budget for legal advice across all the jurisdictions in which it operates is €200,000. It has been cut by around 20 per cent in recent years – the annual spend used to be around the €250,000 mark.

### **Integrating people is challenging**

Beam Suntory is the product of a recent merger, which was confirmed in May this year. Under the terms of the deal, Suntory completed the acquisition of all outstanding shares of Beam with a statement saying that the new company intends to integrate the spirits business of Suntory Liquors Limited before the end of 2014.

It is the process of integrating the two companies that is one of the main challenges currently facing the Beam in-house legal team, with the issue of bringing two sets of employees together presenting the department with a considerable amount of work. "Integrating people is always challenging," Bermúdez says.

In addition, Bermúdez says that the drinks business is a highly regulated sector and that consequently, the legal team is always kept busy. "There are new regulations for the labelling of products as well as new advertising regulations," she adds.

Meanwhile, international relations are currently a source of worry for Beam. As Bermúdez points out,

geopolitics is posing one of the biggest challenges for the company's legal department. Given that Beam has interests in Russia and the Ukraine, the political tensions between the two countries is creating a certain level of anxiety, she adds. Bermúdez says that while the conflict between the two countries has not affected the company as yet, the situation is a "big concern".

Pino Bermúdez is legal department director at Beam Suntory