

# **‘HOURLY BILLING MUST NOT DETRACT FROM THE MAXIM OF PUTTING THE CLIENT FIRST’**

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**In-house lawyers that used to work at law firms know when external lawyers are billing for time**

## **unnecessarily, says Siemens Gamesa's Javier Cabezudo**

Though the billable hour is increasingly falling out of favour with law firm clients, Javier Cabezudo, Siemens Gamesa's senior legal counsel, says his organisation still, on occasion, pays external lawyers by the hour. He says hourly billing is very useful for law firms in that it helps them to better assess the size of the workload and distribute it more efficiently. In addition, he believes that hourly billing makes it easier for law firms to assess how they are allocating their resources – whether for high value advice, recurrent work, or deals, for example – and therefore make better strategic decisions regarding resource allocation on future.

However, from a client's point of view, the pressure on lawyers in law firms to invoice and the additional incentives such as invoicing provides external lawyers – such as bonuses and visibility within their firm – can sometimes detract from the maxim of “the client is first,” says Cabezudo. He adds that this can damage the relationship of trust between client and lawyer, which is vital. “We mustn't forget that many in-house lawyers working within corporations have for some years worked in the same law firms that now provide services to them,” Cabezudo says. He adds that such in-house lawyers are knowledgeable about how law firms work, and consequently are able to identify instances where lawyers are billing for time unnecessarily, or providing advice that is making issues more complex or “suggesting legal risks everywhere”. Cabezudo says this type of behaviour will jeopardise the relationship of trust between a client and their external lawyer.

### **Good track record**

In April 2017, Spanish wind turbine manufacturer Gamesa merged with Siemens Wind Power, creating a major global wind power industry company, with a presence in more than 90 countries, and total installed generation capacity of 75 gigawatts. The combined entity, Siemens Gamesa Renewable Energy, trades on the Spanish stock market and is one of the biggest industrial companies on the Ibex 35. Cabezudo says that Gamesa's merger with Siemens is an excellent opportunity for the organisation's in-house lawyers to grow as professionals in a sector in which he believes they compete with some of the best in-house legal teams in the world.

Regarding the type of work Siemens Gamesa outsources to external law firms, Cabezudo says: “A pre-litigation issue of certain magnitude or an operation in capital markets are questions that, from a logical point of view, require external law firms with an accredited track record and expertise in the matter,” he says. “On other occasions, resorting to an external lawyer can be due to a need to obtain very specific legal advice, such as a validation of a preliminary in-house legal opinion in a specific jurisdiction, assistance with the liquidation of a foreign company, for example, or on other occasions, the simple need for ‘legal labour’ to assist with an intense workload or a very tight and demanding exercise like due diligence.”

### **Investing time**

Siemens Gamesa's in-house legal department looks more favourably on law firms that are able to offer creative advice, while also having an in-depth understanding of the clients' requirements, says Cabezudo. He adds that the preference is for law firms that are “the most agile and imaginative when it comes to getting past the closely-watched pay-by-the-hour system, and who have the flexibility to adapt in order to improve the quality of the legal advice provided”. In addition, Cabezudo says he wants external advisers that “invest time and listen to and attend to the needs and concerns of their client –this is guaranteed to establish client-lawyer trust, and this is vital for law firms in securing recurrent work in the future”.

Cabezudo adds that the lawyers he values and appreciates most are those that are able to fully understand how their client's business works and then factor that understanding into the legal advice they provide. “In other words, what makes sense in terms of business, and what is common sense, can generally be carried out in practically all the countries in which we operate,” he says. “The lawyer will therefore add value by swiftly gaining knowledge of the legal metrics and being capable

of translating and adapting the initial focus of the business, and suggesting the adoption of a series of reasonable legal safeguards, which are suitable and appropriate to achieve the desired result."

**Javier Cabezudo Pueyo is senior legal counsel at Siemens Gamesa**