

OUTSOURCING MAKES FINANCIAL SENSE - CASAIS GROUP

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Passing complex legal work to external firms has economic benefits and can free up time to focus on other matters, says Casais Group's Manuel Luís Gonçalves

Sometimes it makes financial sense to outsource legal work to an external law firm. Manuel Luís Gonçalves, legal director at construction company Casais Group, says that complex legal matters

can take up too much of an in-house legal department's time and that, in these instances, it is wise – from a cost perspective – to pass such matters to external advisers.

"Matters or disputes that involve a high degree of complexity or much time makes outsourcing more effective, the resources at an internal legal department are limited," he says. "In these cases, outsourcing turns out to be more practical and even economic."

According to Gonçalves, using external advisers also enables the legal department to call on the wide range of expertise he says is now necessary when handling legal matters. "Nowadays, legal affairs are increasingly diverse and complex and involve the integrated analysis of many areas of knowledge, often related not only to scientific knowledge but also to experience of similar legal operations," he says. Gonçalves adds that with so much legislation being continually produced, it can be very difficult for law firms to keep up-to-date with the latest developments and monitor legislative changes. This is where an external law firm comes in handy. "The recourse to law firms is an asset as it brings us greater security in the management of legal files," Gonçalves says.

Casais Group uses a number of external firms. Gonçalves says the company often outsources to Uría Menéndez-Proença de Carvalho, Gómez-Acebo & Pombo, Campos Ferreira, Sá Carneiro & Associados or Sérvulo & Associados because of their "specialisation in certain subjects". With regard to the type of work Casais does in-house, Gonçalves says the legal department takes responsibility for contract negotiation, as well as civil law, commercial law, labour law, administrative law, urban rent, construction law and real estate law. The in-house team also handles litigation, though if it is a case that involves "great technical complexity" it is outsourced to an external firm.

Casais also outsources any legal work relating to the establishment of businesses where several practice areas, such as real estate or tax, are involved. In addition, due diligence work is also outsourced. "In these cases, it is an asset to look for specialised law firms, insofar as the existence of specialised departments in each legal area contributes to an enrichment of the discussion and helps to mitigate the legal risk associated with some businesses," Gonçalves says.

In addition, Casais uses external law firms when it is forming legal partnerships with other entities.

"As a rule, we also make use of outsourcing whenever a contractual relationship or litigation involving other companies besides the Casais Group is concerned, particularly when we are dealing with joint ventures or other forms of legal association," Gonçalves says. International arbitrations are also a scenario in which Casais turns to external legal advisers.

The economic crisis changed the working pattern of Casais' legal department, according to Gonçalves. "Management of the [department's] agenda began to take place in light of the problems that arise in everyday life," he says. Gonçalves adds that it has become imperative that time management takes into account the current priorities of the business. "Not all subjects are important or urgent but when there is an important and urgent subject, it becomes our priority."

Law firms "adapting" fees

Casais was forced to lower its legal budget as a result of the crisis but Gonçalves says all the company's stakeholders are aware of the situation. He adds that, consequently, all the external firms with which the company works have taken steps to "adapt their fees to the economic reality".

Gonçalves insists the crisis has had some benefits: "It forced people to understand that sometimes it is possible to maintain the same level of performance spending less or even sometimes reducing costs that before we thought were indispensable."

The contraction of the Portuguese economy is having an impact on the type of legal work Casais' legal team is currently undertaking. "We are too busy settling legal issues related to delays and lack of fulfillment of contractual obligations, in particular of pecuniary obligations," Gonçalves says.

"Never before have we seen such a high number of bankruptcies or such a large amount of credit recovery litigation."

Yet Gonçalves is optimistic about Portugal's economic prospects. "While still very tenuous, we already talk about economic recovery," he says. "Although the problem of the crisis is not exclusive to Portugal, the truth is that we expect a resumption of economic activity during the next year."

Manuel Luís Gonçalves is legal director at Casais Group