SOME IN-HOUSE LEGAL DEPARTMENTS FURTHER RESTRUCTURING

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Category: In-house news

Lawyers to debate whether better use of technology is the answer

Iberian in-house lawyers are reporting that, as the economic downturn continues, many are now facing their second restructuring process – the euphemism for lawyer redundancies.

Many have already been through a downsizing process over the last year but it seems that in cases where companies are reducing overall staff numbers – legal departments are again being asked to do the same.

As one senior corporate counsel told Iberian Lawyer: "We have already reorganised the legal function – losing some lawyers – and will find it even harder this time. Taking a percentage approach to reducing costs and people across the business may not necessarily work where legal and compliance issues are concerned."

Internal debates on reducing costs and headcount are based upon financial restrictions and not on the company´s needs which means losing people who have very specific and still important jobs. Inevitably, some in-house lawyers suggest, some businesses may leave themselves open to serious legal and compliance risks, eventually attracting the interest and sanctions of regulators.

A second Iberian head of legal explained that headcount is the main issue – after reducing the size of their legal team they are now pushing more work externally to law firms: "Passing more work out may of course prove more expensive in the short term but is our only option for working around the recruitment freeze."

The picture is however mixed across different business sectors, and some of the redundancies are being balanced by new hires in sectors, like renewables, which are still growing.

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For both the expanding and contracting legal departments the challenge is therefore the same, achieving "more from less" through these difficult times – a topic that will be addressed at the upcoming Iberian Legal Summit to be held in Lisbon on September 24th. In the first event of its kind an invited group of General Counsel from across Spain and Portugal will debate these issues with law firm Managing Partners.

The main theme for the discussion will be whether adopting new technological approaches is the answer. While some areas of legal work will remain at the craft end of the spectrum, leading experts such as Professor Richard Susskind, predict that many areas of legal service are passing through stages of standardisation, systematisation, and commoditisation.

New ways of sourcing are emerging, he believes, including outsourcing, offshoring and subcontracting.

"These changes will affect not just high volume, low value work but also, and vitally, the routine elements of high value work," Susskind wrote in the May / June issue of Iberian Lawyer.

Christopher Barnard, General Counsel Coca- Cola Europe, agrees.

"The pressure on in-house legal departments to extract the most from their legal budgets is not just about obtaining legal services more cheaply and looking for different forms of law firm billing, it is also about working more productively, efficiently and effectively – getting more from fewer resources," (see Panorama on page 22).

The challenge, according to Barnard, is that the in-house legal function is often at the bottom of companies' IT departments´ list of priorities. In contrast law firms generally have more advanced technology than in-house teams.

"Anything a firm can do to help clients become more efficient and effective by sharing their technology would be seen as real added value. Technology is the key to making this work effectively," he adds.