

Why Recently Hired General Counsel Should Issue an RFP

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In April, BTI Consulting published a post titled 22% of Clients Bring on New GCs: New Game, New Rules, New Rates.

The post notes the following two implications for law firms about general counsel actions when they join a new company.

- **This is only the beginning of a trend. The growth rate in retiring baby boomers will increase before it drops—expect a steady stream of new GCs. Plan ahead and develop a standard set of protocols to welcome all new GCs—and build yourself some serious relationships with this untapped source of new business.**

- Almost every new GC puts out an RFP for legal services somewhere between 18 and 24 months into their tenure. Take control and offer to help write the RFP. Avoid the RFP by introducing yourself and befriending the new GC early on. Help with onboarding and start the conversation about complexity.
*Source BTI Consulting

What I wanted to focus on in this blog post was the sentences that reference industry feedback that almost every new GC issues an RFP. I've noted below 4 reasons why it's a smart move for new GC's to do this.

To Better Understand the Company's Historical Legal Spend Management Process and Strategy

One of the things an RFP allows you to do is audit your historical legal spend strategy. While some companies have a system in place that may have captured this information, most

new general counsel will not have that luxury. This is a good opportunity for general counsel to issue a Request for Information (“RFI”). What this means is that they issue a document to the current law firms letting them know that they will be issuing an RFP down the line and inviting them to be considered for an invite to the RFP by requesting historical data from law firms in areas such as:

- How much each firm has billed per year broken down by type of law/practice
- Descriptions and results derived in key matters
- Billing structures used (hourly/AFAs, etc)
- Pricing discounts
- Key relationship managers
- Areas of service/legal capabilities

To Ensure Your Company is Receiving the Most Value for Your Dollar

RFPs allow newly hired general counsel to revise your pricing strategy with outside counsel. A new general counsel will want to confirm that they are paying “market” rates and see how each firm’s rate card compares to peer firms. RFPs can also be used as a tool to help convert legal services from the hourly billing model to a more cost effective alternative fee arrangement (“AFA”). Volume discounts can also be incorporated via the RFP process to incentivize law firms to provide more value in exchange for a larger volume of work being sent to the law firm. New general counsel have significant leverage at the onset of a new role because law firms will often be aggressive with pricing in order to keep the work from being moved to another provider that the GC may have a historical relationship with from her past company. General counsel often find savings of 20% or higher off total annual legal spend when an RFP is properly used with law firms.

To Set Consistent Outside Counsel Guidelines

One of the most under-looked benefits of issuing an RFP is

that it allows the company to create a single set of guidelines and expectations that every law firm must agree to in order to be a preferred provider. These guidelines allow a new corporate counsel to ensure that for each law firm they use, they have agreed to abide by your preferred methods of client service, billing, staffing and to ensure they have the proper level of cyber security in place for your data. Many of the historical issues that the company may have had with outside counsel law firms should be addressed in the outside counsel guidelines that are included as part of the RFP process.

To Identify Ways to Incorporate Alternative Legal Service Providers

RFPs provide a great opportunity for general counsel to consider how and where alternative legal service providers might be able to be incorporated into their legal spend management strategy. General counsel can use the RFP as a tool to invite ALSPs to respond, but also to query law firms as to how they best incorporate or collaborate with them to reduce overall legal spend. Even if a company may not be ready to make the change, the RFP provides them the opportunity to learn about how these new companies are impacting the legal industry.

While there are many more reasons as to why an RFP can be a great tool for newly hired corporate counsel, the above 4 reasons highlight some of the top issues that an RFP can address. For more information on how RFPs are impacting the legal industry please visit our webinar on RFP Best Practices which was created for corporate counsel who may be looking to issue an RFP but who do not have an in-house legal operations or procurement team.

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