

Bridging the Gap Between Outside and Inside Counsel

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Results of the [International Association of Defense Counsel](#)'s recently published [2016 Inside/Outside Counsel Relationship Survey](#) reveal a significant disconnect between inside and outside lawyers when it comes to perceptions of their own effectiveness versus the perceptions of their counterparts on the other side of the fence.

In the survey, respondents were asked to rate themselves and their counterparts on a variety of metrics, such as responsiveness, expertise and ability to collaborate with each other. The results showed inside counsel rate their outside counsel significantly lower in almost all categories compared to how outside counsel rated themselves. Similarly, in every category, outside counsel rate inside counsel significantly lower than inside counsel rate themselves.

The most negative ratings and comments from survey respondents centered on billing, budgets and alternative fee arrangements. The primary complaints from both in-house and outside attorneys centered on aspects of billing and compensation. One outside counsel respondent suggested that in-house counsel should “eliminate budget requirements when a case is new and remove absurd billing guidelines.” Comparatively, an in-house attorney complained that outside counsel “put multiple partners on the same matter; exceed budgets; do not offer fee arrangements that are linked to value.”

Encouragingly, however, there were key areas of agreement between in-house and outside attorneys. For example, in-house and outside counsel agreed on what the other did best and worst. Both sides agreed that outside lawyers contribute helpful expertise, and that the best traits of in-house attorneys are their responsiveness to questions, feedback and authorization requests. They also agreed that outside counsel perform worst with regard to providing timely and realistic budgets and offering discounted fees or alternative fees when requested. Both groups also gave in-house counsel their lowest marks in any category for not paying bills on time.

The [Siemens Perspective](#)

The IADC relationship survey results are not a surprise to Siemens. Long before the IADC relationship survey was executed, Siemens recognized the importance of continually improving collaboration between in-house and outside attorneys. As a result, Siemens began conducting annual feedback sessions with outside counsel who have significant relationships with the company.

Siemens initiated the process by surveying its own in-house counsel regarding outside counsel performance, and then developing metrics to express the findings. Siemens then summarized the information in a readily understood presentation format and invited outside counsel to attend face-to-face meetings in Washington, D.C., to share mutual feedback and engage in an open dialogue.

During the face-to-face meetings, outside counsel received detailed performance reviews and constructive comments regarding ways they could improve the services they provide to Siemens.

Notably, the information exchange is not a one-way street. The Siemens in-house team recognizes the challenges that large organizations present to outside counsel, actively seeks feedback regarding the performance of in-house counsel, and solicits suggestions on improvements that Siemens itself can make to improve collaboration. Siemens has also taken the unique step of pairing each outside firm with a dedicated in-house relationship attorney tasked with being not just a “manager,” but an in-house “advocate” for the firm and designated point of contact for any issues that arise.

The annual performance review process also provides an opportunity for the company and its outside attorneys to discuss alternative fee arrangements. Like many companies eager to make legal costs more predictable, Siemens is increasingly interested in finding logical ways to obtain legal services that are not excessively tied to the billable hour. Each law firm is different, and an arrangement that might be productive for one law firm model might not be workable for the next. By conducting face-to-face meetings with its key law firms, Siemens has the opportunity to explore specific fee arrangements to specific types of work and specific law firms.

From Siemens’ perspective, the overall purpose of the feedback process is not to criticize, but rather to improve every aspect of the partnership that exists between in-house and outside attorneys and look for ways to create true “win-win” opportunities on every level — financial, professional and even personal — for the lawyers on both sides. Siemens’ goal is to achieve long-term, meaningful improvements that benefit both sides and create a stronger, more efficient relationship. While Siemens uses the opportunity to clearly express its expectations and objectives, it also gains valuable insights into improvements that could be employed by its own in-house team and its corporate entities.

The Outside Counsel Perspective

[Ellis & Winters LLP](#) is one law firm that went through the Siemens’ annual feedback review process in 2016. The process was both enlightening and encouraging. From an outside counsel perspective, it offered the opportunity to receive concrete, constructive commentary from an important client, and insight into the perspective of multiple in-house attorneys. Since it is the firm’s objective to be excellent in all aspects of its performance, the direct feedback was very meaningful. The Ellis & Winters attorneys in attendance left the face-to-face meetings in D.C. with a specific set of objectives in mind to maximize performance and improve on an already healthy relationship.

Moreover, the opportunity for Ellis & Winters attorneys to provide feedback to Siemens created a real sense of partnership in the process. Obviously, it is the mutual goal of the company and the firm to improve collaboration. That is made much easier by the creation of a dedicated opportunity to identify areas of improvement, and an invitation to share open conversation with the company on such improvements. That openness and willingness to listen has contributed to improved communications between Siemens and Ellis & Winters that both sides hope and expect will continue and help foster positive collaboration.

Bridging the Disconnect Between In-House and Outside Attorneys

The gap between the perspectives of many in-house and outside attorneys identified by the IADC’s 2016

Inside/Outside Counsel Relationship Survey merits the attention of all in-house and outside attorneys. While the Siemens annual feedback review process was not specifically created in response to the IADC survey, the Siemens process reflects an effort to address similar concerns and observations as those driving the IADC survey results.

Of course, the annual feedback review process employed by Siemens was crafted by in-house attorneys to address the company's specific concerns and priorities. Since in-house counsel at other companies may well have differing concerns and varying priorities, the type of feedback system adopted by Siemens may not have application for every other company. It remains, however, an example of an effort to recognize the potential "disconnect" between in-house and outside attorneys, and to address it in a mutually constructive way. The results of the IADC relationship survey suggests that similarly candid efforts by other companies, tailored to their own needs and expectations, would be beneficial to both in-house and outside counsel.

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