

# CORPORATE COUNSEL

An **ALM** Website

corpcounsel.com | June 23, 2017

## In Conversation: A GC and Outside Counsel Compare Notes on Keeping Their Business Relationship Honest and Strong

### From the Experts

*Lee Reichert and Andy Spielman*

**Lee Reichert** is Deputy Chief Legal Officer & Corporate Secretary for Molson Coors Brewing Co. He oversees a wide variety of commercial matters for the company in both the U.S. and internationally.

**Andy Spielman** is a Denver-based attorney who is Reichert's go-to counsel for regulatory, environmental and land-use matters. Spielman chairs WilmerHale's energy, environment and natural resources practice group and is co-partner-in-charge of the firm's Denver office.

Reichert and Spielman have worked together for 13 years on a variety of land-use issues. Curious about why their professional relationship has strengthened over time, they launched a candid conversation on their operations, fees, predictability and value. (Some remarks have been edited for clarity or brevity.)

**Reichert:** The bigger and the more complex your operations are, the more challenging it is to manage your budget. We study our spend on a monthly basis and use that to anticipate what

the next three months—and the rest of the year— will look like. Some matters, like IP protection and securities reporting costs are pretty easy to predict. But even matters that look predictable sometimes aren't. Where possible, we like to use flat fee arrangements to better control costs.

If costs in one legal area are greater or less than budgeted, we have to start moving dollars from other parts of the legal budget. It happens all the time. We've got to live within our approved budget, so we need to make sure the firms we hire are not just good lawyers but are good business partners in helping us meet our obligations to the company.

We work with about two dozen law firms in the United States and a totally of nearly 100 globally. Honestly, you're ahead of everyone else in estimating costs. Your bill for a matter is often amazingly close to your quote. You've got to tell me how you do that.

**Spielman:** Well, I'd never ballpark an estimate. Because if I'm wrong, we both lose. In the old



Photo by Nic McPhee, via Flickr

days—less than a decade ago—we all did it differently. We just did our thing and added up the attorneys' hourly rates times the number of hours. Then the bill came ... and the client would be unhappy.

That's totally changed. I don't pull these numbers out of the air. Our analytics and finance teams feed everything into a very

sophisticated database. We attorneys provide as many details as we can: the type of matter, number of parties, size of the legal team, jurisdiction, etc. Then our matter-management folks, who include legal project managers, crunch the numbers and compare the project to similar matters we've handled. They use that to draft an estimate for the legal work you need. That's the number I give you.

**Reichert:** The more predictable you are, the better. We have to manage an annual eight-figure legal budget for a group of more than 50 attorneys worldwide. Every month I'm going through multiple reviews, as well as forecast sessions with my direct reports. Our budget is never static because I'm getting updates throughout the month as invoices are posted. Keeping tabs on our legal spend is a huge challenge. That number is always in flux.

**Spielman:** I get that. I'm watching the same metrics internally. I get a real-time snapshot of our group's performance on your matters, and I can see how we're tracking with commitments we've made to you and each client.

Since you asked, I'm going to spill the beans and reveal that one of my secret weapons is our daily time-entry requirement. At other firms where I've practiced, it's monthly or twice a month. That doesn't really help clients who need a weekly status report.

A client can take the information I get to their CEO and CFO and say 'Yep, I'm on track with

my legal spend,' and that shows they've been managing and doing their job properly. They get a great result without risking blowing their budget. And our firm shows well because I'm on top of this.

**Reichert:** I've been in the unpleasant situation of being surprised by a legal bill. You end up negotiating what's the appropriate and fair amount to pay for the value you've received. In some cases, matter management would presumably have avoided what turned into somewhat difficult conversations. And in some cases, that type of a mismanaged bill killed the relationship with outside counsel.

**Spielman:** Ouch.

**Reichert:** My job is also about driving value for our business. It's more than just financial value. It's coming up with creative solutions that either help solve problems or approach an issue in a different way that makes us a better and more efficient company.

As you know, we recently had a delicate situation involving land we wanted to sell, and there was some community opposition. Your team gave us a range of costs to help us figure out how to navigate the business, legal, regulatory and political sides of the equation. You were squarely on target. What we want in outside counsel is someone who can also provide us with good, sound judgment, which is really important to us. Not just good legal judgment but good business judgment.

**Spielman:** A good outside counsel won't cut corners to meet budget. There's no difference in how we attack a legal problem or in how we approach it. The difference is at the front end. We're going to scope out a range of options for you and agree on roughly what the bill will look like for pursuing any of those.

**Reichert:** I want to add that the lowest-cost lawyers aren't necessarily the best value. Timeliness and responsiveness are big. Quality is sort of table stakes, right? We need people who know what we're talking about and trying to achieve.

Curiosity is an important characteristic for outside counsel too. It's pretty apparent when you talk to counsel which ones understand our business. The attorneys who add value are those who help us help our business and drive top-line growth.