

# The ACC Value Challenge: It's More than Price

*Presented by:*

Bruce Goldberg, J.D., *Chief of Staff, Allstate Department of Law & Regulation*

And

James C. Partridge, J.D., *Chief Counsel, Outside Counsel Relations, Ally Financial Inc.*

# What is the ACC Value Challenge?

Working together, how do inside and outside counsel improve the value of legal services?

# Defining Value

What does value  
mean to you?

# Defining Value

Partnership

Understanding the business, goals and challenges

Understanding the law

Responsiveness

High Quality Work

Favorable Results

Cost-effectiveness

Innovation

Efficiency

360 degree surveys

CLE

Employee Education/  
Training

Top of the mind advice  
and counsel

Extranets

Knowledge Management  
Tools

Use of lower-cost  
vendors (outsourcing –  
on- or off-shore)

Alternative Fee  
Arrangements (Value-  
Based Billing)

Diversity staffing

Diversity scorecards

Use of third-party  
diversity suppliers

Community Service –  
Pro-Bono work

Secondments

Project Management

Overhead v. Itemized  
pricing (Westlaw/Lexis,  
faxes, long distance calls,  
meals, OT)

Early case assessments

Budgets

Tactical plans / case  
strategy outlines

Client staffing approval

Client ownership of  
Work Product

# Defining Value – ACC Perspective

Aligning Relationships

Value-Based Fee Structures

Staffing and Training Practices

Budgeting

Project Management

Process Improvement

Use of Technology

Data Management

Knowledge Management

Change Management

# Defining Value – The In-House Perspective

## What GCs value most in law firms

**Partnership**

**Understanding  
the Business  
and Goals**

**Responsiveness**

**High Quality  
Work in Cost  
Effective  
Manner**

**Innovation and  
Flexibility**

# To Recap

## Value is

Subjective

Not Constant

One Size Does Not Fit All

Context-Dependent

Collaboration and communication are essential

## Service Quality

- Is skillful and Professional
- Provides accurate, high quality work product
- Takes ownership of assigned matter
- Demonstrates substantive knowledge and stays current with trends

## Program Delivery

- Work product delivered when promised
- Matters are effectively planned to meet all deadlines
- Provides the correct resource level

## Cooperation/ Teamwork

- Builds relationships of trust and confidence
- Explains steps to be taken on matters
- Relates well to you and others as client
- Uses feedback to improve service
- Flexible and effective when handling changes

## Communication

- Available as needed for discussions and meetings
- Effectively communicates with you as a client
- Effectively communicates with third parties
- Promptly responds to your questions, phone calls, emails
- Provides updates as required

## Effectiveness

- Understands Ally's business and requirements
- Provides practical legal advice and solutions
- Shares research and supporting work product
- Outcomes meet expectations
- Is creative when addressing an issue
- Is pragmatic when addressing an issue
- Effectively balances legal risk with client relationship

## Financial Management

- Provides timely and meaningful fee and expense estimates
- Effectively manages fees and expenses
- Provides transparency of cost detail
- Submits accurate, timely invoices
- Offers additional services at no cost
- Complies with Ally's billing procedures and guidelines
- Is receptive and effective in considering AFA
- Provides good value



# Outside Counsel Scorecard – Example

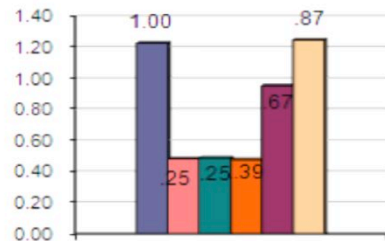
## Law Firm ABC- PRIMARY FIRM SCORECARD 2012

Firm Overall Weighted Average:

3.43

Timekeeper	Total Weighted Score	Evaluations Completed	How many would use this TK again?	How many would not use this TK again?	Percent of Yes to Total	Percent of No to Total
Timekeeper 1	2.00	1	1	0	100%	0%
Timekeeper 2	4.99	3	3	0	100%	0%
Timekeeper 3	3.13	1	1	0	100%	0%
Timekeeper 4	1.50	1	1	0	100%	0%
Timekeeper 5	3.57	2	2	0	100%	0%
Timekeeper 6	4.85	2	2	0	100%	0%
Firm Overall Weighted Average:	3.43	10	10	0	100%	0%

Timekeeper	Service Quality	Program Delivery	Cooperation/ Teamwork	Communications	Effectiveness	Financial Management	Total Overall Weighted Average
Timekeeper 1	0.25	0.25	0.25	0.25	0.50	0.50	2.00
Timekeeper 2	1.25	0.50	0.50	0.49	1.00	1.25	4.99
Timekeeper 3	1.08	0.50	0.35	0.40	0.80		3.13
Timekeeper 4	0.25	0.25	0.25	0.25	0.25	0.25	1.50
Timekeeper 5	1.22	0.48	0.50	0.48	0.90		3.57
Timekeeper 6	1.25	0.45	0.49	0.48	0.93	1.25	4.85
Firm Weighted Average:	1.00	0.25	0.25	0.39	0.67	0.87	3.43



The scores are based on the following weights:

Service Quality
Program Delivery
Cooperation/Teamwork
Communications
Effectiveness
Financial Management

# Allstate Scorecard

(On a scale of 1 -5, with 1 being “not satisfied” and 5 being “completely satisfied.”)

How would you rate the firm in:

- Adherence to Premier Law Firm Billing Guidelines
- Managing of resources to staff matters appropriately
- Responding timely to your requests
- Providing clear and effective communication
- Providing accurate and meaningful advice
- Cost Consciousness
- Knowledge of relevant Allstate business and processes
- Knowledge of laws and regulations that relate to your matters
- Fostering a sense of collaboration
- Achieving desired outcomes
- Anticipating, recognizing and/or communicating about issues for the Company outside of a particular assignment or task
- Overall quality of the work provided by firm

This Premier Law Firm provides opportunities to enable the matters on which I work with the firm to be staffed using diverse attorneys. “Diverse,” in the context of this question, takes into account, but is not limited to, race, ethnicity, gender, openly gay/lesbian/bisexual/transgender, and disability

- Strongly Agree
- Agree
- Disagree
- Strongly Disagree
- Don't know

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**Alternative Fee  
Arrangements  
(Value Based Billing)**

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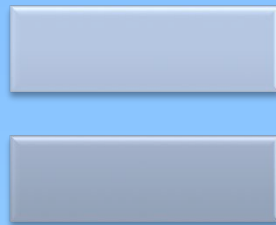
Tactical plans / case strategy  
outlines

Client staffing approval

Client ownership of Work  
Product

# Value-Based Fees - Defined

Billing  
arrangements  
which are partly  
or entirely non-  
hourly



Value-Based  
Fees

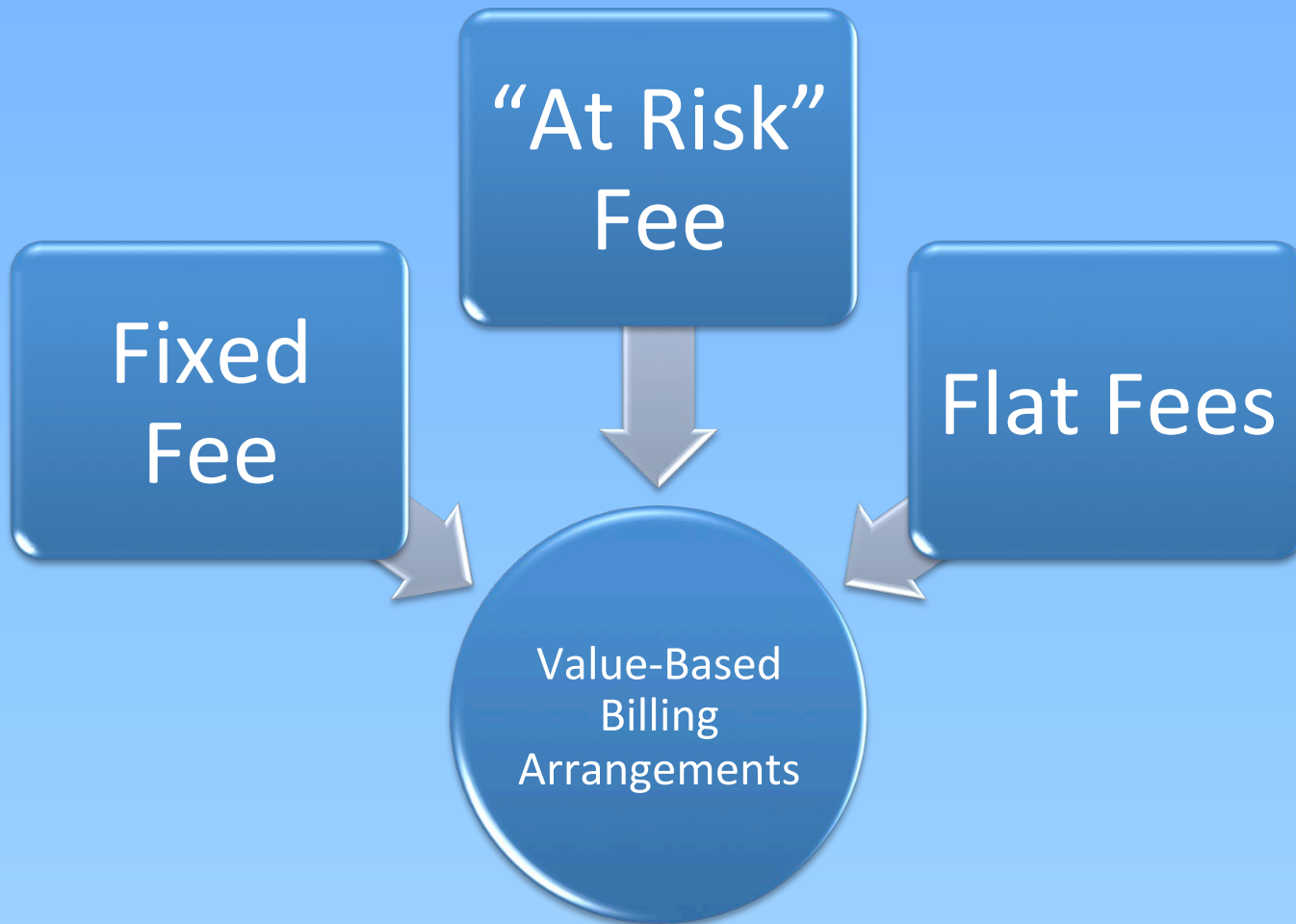
# What's Wrong with the Billable Hour?



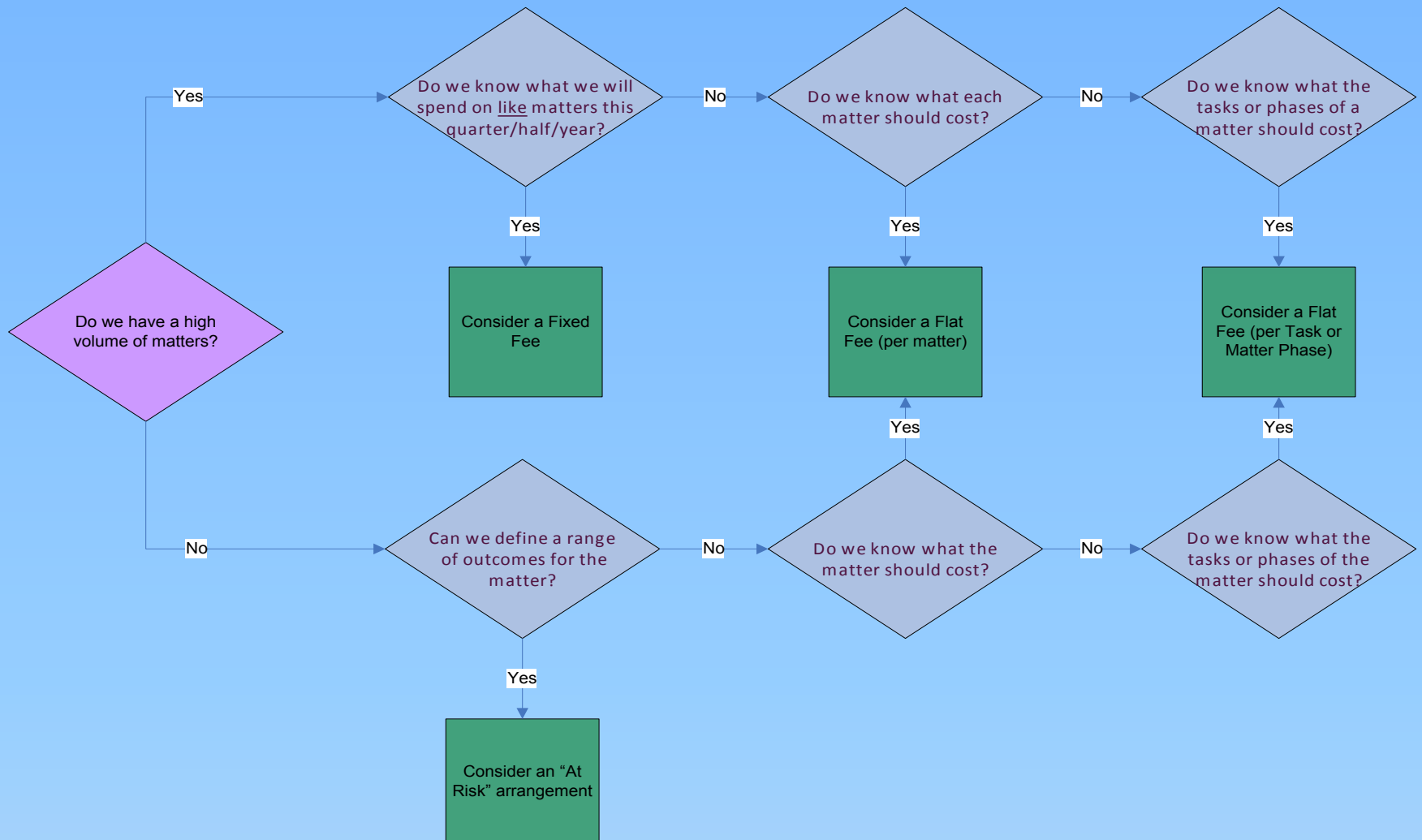
# What is the Value of a Value-Based Billing Arrangement?



# Types of Value-Based Fee Arrangements



# Value- Based Fee Decision Tree





# What Have We Learned in 3+ Years?

## Implementation Varies

Not “all or  
nothing”

You can ease  
into them

## Know your Goal

Predictability?

Efficiency ?

Lowest cost?

Risk-sharing?

## Create Your Own

Fixed fee plus  
quality (“at  
risk”)  
component

# What Have We Learned in 3+ Years?

Carefully  
consider the  
scope of the AFA

All-in

Per-phase

Costs

Transition

Termination

Cost is  
Important

Most Work is  
Operational  
not Strategic

Discounts not  
Enough

Memorialize the  
terms of the AFA

Ensures all  
parties have  
common  
understanding  
of key terms

# What Have We Learned in 3+ Years?

## Biggest Hurdles to implementing an AFA

Unrealistic expectations

Leaving money on the table

Spending too much money

Paralysis by analysis

Takes too much time

## “Just Do It”

Perhaps too much emphasis on quantity, type and source of data required.

Pick something and get started

Experiment, evaluate, adjust

“Meet, Talk, Act”

## Value Based Billing Works

Don't be frustrated

Change takes time

# Data Drives Demonstrable Value

## Your Data

What data do you collect?

What do you share?

Does your data mean anything to stakeholders?

Do you know what it costs to provide service?

## Their Data

What data do your clients have?

Do you know what they know about you?

Do you know what they know about other firms?

## Value

How does your data relate to your clients' metrics (i.e., what they value)?

# Evaluation → Improvement

You can't  
drive value  
unless you  
know

- what your clients want
- how you are vested in improvements that build your capacity to provide it

Things to  
Ask

- How do you evaluate yourselves?
- How do your clients evaluate you?
- Are your evaluations objective?
- What do you do with the results?
- What are your goals in driving change?
- Do you reward performance to change goals or something else?

# Parting Thoughts (almost)

In designing, implementing and operating a value-based relationship, keep in mind the actions suggested by the ACC Value Challenge:

Improve the value of legal services

Decrease costs

Keep the client out of trouble

Maintain firm profitability

Develop approaches that can be scaled up and attempted in other areas

Improve training and career satisfaction, on both sides, and reduce attrition

# Remember The In-House Mantra

“What my boss finds interesting, I find fascinating!”

What’s fascinating your in-house clients and interesting to your clients’ management these days?

How can you benefit from that knowledge?

Please take a moment now to evaluate this session.

Go to: <http://alanet.org/ip/eval>

*Your opinion matters!*

Thank  
You!



# APPENDIX

# Additional Resources

[www.acc.com/valuechallenge/index.cfm](http://www.acc.com/valuechallenge/index.cfm)

[www.acc.com/gcvalueinsights](http://www.acc.com/gcvalueinsights)

Managing Value-Based Relationships with Outside Counsel

ACC Legal Project Management Primer

ACC Value Challenge Practices for the Small Law Department

ACC Primer – Using a Structured Process to Allocate Work

# Flat Fee Arrangements

Client pays firm a set price for a specific service

The service could be a task, matter, or stream of work

Fee is established based on projections of what work should cost (i.e., analysis of historical data)

Fee can vary based on complexity of matter or task

Benefits

Efficiency

Cost visibility and predictability

Low administrative burden

Risks

Low incentive to produce quality work and/or successful result

Recommended For

Repetitive type of work

Transactional work

Intellectual Property

Immigration

Stages of litigation

Litigation of "known" case varieties (i.e., consumer or employment cases)

# Fixed Fee Arrangements

Client pays firm set price for a specified period of time

The service could be a task, matter, or stream of work

May include all matters that exist at the time the arrangement is effective, as well as new matters that arise during the course of the agreement

May also be used for dissimilar matters (i.e., all of the matters on which a firm works can be bundled into one fee)

Benefits

Efficiency

Cost visibility and predictability

Low administrative burden

Risks

Low incentive to produce quality work and/or successful result

Recommended For

Repetitive type of work

Transactional work

Intellectual Property

Immigration

Litigation

# “At-Risk” Fee Arrangements

All or part of the fee is determined based on the results achieved

Can be outcome-dependent

Can be quality-dependent

Can be contingent

## Benefits

Incentive to achieve desirable outcome

Easier invoice review

Aligned objectives

Billing transparency

Attorneys can focus on the results and not on the time spent

## Risks

Potential for perceived “windfall”

Difficulty to predict legal costs

May create conflict of interest between client and counsel

Success can be difficult to define

Invoice review consumes time

## Recommended For

Litigation

Complex Transactional work