

**Value Practice:*****Creating Value by Selecting Strategic Practice Area Providers- Practices at GE Canada******Bruce Futterer******Interviewed while Vice President, General Counsel and Secretary  
General Electric Canada*****Background**

As part of an effort to get a 'birds eye view' of all of the legal services performed for GE Canada, the General Counsel for GE Canada went to all the law firms that he knew or suspected were being used to provide services for the company and engaged them in a process to select strategic partner firms with which the law department would create deeper relationships.

Results include:

- the law department identified 21 practice areas (or 'rooms') of legal services;
- narrower scope of external law firms providing these services; strategic partner firms aligned by practice 'room;'
- deeper appreciation of firms, their key players and capabilities;
- offers from firms to be creative in billing arrangements;
- significant value creation -- 23 % incremental value creation during the first year of this new strategic provider program

Following is a summary of the approach used to design the law department's strategic provider program.

**Key Steps in Process to Select External Firms**

1. **Get a clear picture of the department's legal spend-** identify the firms that you know or suspect may be providing legal services for your law department; ask them for detailed information on billings to your company by lawyer, subject matter and task; review and log data and create comparison charts to show allocation by firm and practice area.
2. **Define Practice 'Rooms'**- also known as practice areas, organizing legal service providers by practice area helps identify panels of strategic partner firms and helps align services with needs and objectives of the company; GE Canada's law department identified 21 different practice 'rooms' and each room now has 2 to 7 or 8 firms that provide services.
3. **Develop and issue an RFP; Invite firms to describe value-adds-** working with the company's Sourcing group (more on this below), the General Counsel issued an RFP that included an open invitation to firms to bid on providing services for any of the room(s) plus list information on value adds that would be provided as part of a successful service arrangement (might include rebates, credits, services 'off-the-clock' and more). The law department received in excess of 30 submissions; 22 firms were selected.

4. **Set objectives; GE Canada's included deeper relationships and value-** the purpose of the RFP process was not to generate a bidding war based purely on price; instead, the goal is to identify those firms that would be identified as strategic partners, enhance alignment and focus on nurturing deeper relationships with the selected firms. An imperative of the GE Canada RFP program is that there be no sacrifice of quality.
5. **Meet with external firms-** during the course of a week, after having received the bidding firms' written proposals, the General Counsel and the Company's Indirect Sourcing Leader met with a short-listed group of 22 firms; meetings were 90 minutes each, scheduled from 9am-5pm from Monday morning until Friday afternoon. As part of these discussions, the General Counsel provided feedback to the firms on how they fit into the current legal market for GE Canada's work, the slice of the GE Canada pie they held, and encouraged opportunities for deeper, stronger relationships. He also concluded each of the sessions with a request for each firm's best and final proposal.
6. **Select firms by value, and enter into provider agreements-** GE Canada law department's provider program includes 3-year provider agreements; selection process included ranking firms by 'value;' starting premise is that firms must have expertise and quality (e.g., the 'horses' to run with GE); beyond that, the GC and Indirect Sourcing Leader looked for systems to control rate inflation and value offerings that could be proven (virtually every firm offered to be creative in terms of billing arrangements.)
7. **Monitor performance and elicit customer feedback-** ongoing and underway; process includes two-way feedback: external firms are asked for information on what files their lawyers work on and who is instructing them within the GE Canada law department and types of practices that make them less efficient or that could make them more efficient; GE Canada lawyers are asked to complete scorecards (see Net Promoter Score discussion below) and surveys providing feedback on external lawyer performance. GE Canada has now met with all of its major providers to give face to face performance feedback based on the input of the various users of their services within GE.

### **Role of Indirect Sourcing Leader**

The General Counsel explains that the sourcing leader was a tremendous asset throughout the selection process. Benefits include:

- commercial perspective that was very helpful
- sensitivity to the quantifiable aspects of the relationship
- metrics, tools and experience of how other service procurement situations were handled.

### **General Counsel Insights on Partnering with Procurement**

- **Value the GC brings to the process is very important-** while procurement professionals can be a tremendous asset and very helpful, the General Counsel cautions against handing over the process in its entirety.

- ***Procurement is helpful advisor; don't relinquish role*** –strengths of procurement professionals complement and add to quantifiable components of the process; legal relationships also include element of quality, chemistry, ability to anticipate issues and trust.
- ***Don't focus on cost savings to the detriment of value-*** in assessing cost savings and value creation, remember the intangibles in the relationship that may not be as easily quantified and also focus on cost savings and value creation that can be quantified.

### **Contact Information**

Bruce Futterer (bruce.futterer@ge.com)