

**PRACTICE NOTE ON  
APPOINTMENT OF OUTSIDE COUNSEL:  
“HORSES FOR COURSES” AND “CONSOLIDATE AND CONQUER”**

*Practice Notes represent the author’s view of good practice in a particular area. They are not legal advice and the author will not accept any legal liability in relation to them.*

**Issue**

Is it better for a company to appoint one law firm to handle all its legal needs in a jurisdiction, or to appoint different firms to handle different types of legal work?

How should a company go about selecting outside counsel?

**Strategy**

“Horses for Courses”

Especially when a company commences operations in a new jurisdiction, the normal tendency is to appoint a single law firm to handle all its legal affairs. While this approach has the advantage of simplicity and makes sense when the company has limited need for legal assistance, as its business and legal fees grow, the company may find that it is more efficient and less expensive to work with law firms with specific expertise in areas where the company routinely needs legal support. After all, no law firm is expert and cost effective in all kinds of legal work. For example, it may make sense for the company to instruct one law firm to handle contracts with clients and suppliers, a second to handle employment law matters, a third for immigration law matters, a fourth to handle corporate matters like statutory compliance, and a fifth to handle office leases and property matters.

“Consolidate and Conquer”

On the other hand, when a company or group has more than one business unit operating in a jurisdiction, there are clear advantages to consolidating the same kind of legal work with a single law firm.

For example, when the company or group in question acquires one or more business units in the same jurisdiction which already have existing relationships with different law firms, there is a unique opportunity to create synergies by eliminating redundancy and reducing costs, while at the same time improving service and internal control, by having all the businesses use the same legal advisers for the same types of matters.

### Eliminate Redundancy

Let's say there are two business units in the same country under common ownership and there is a change in the employment law which makes it necessary for them to use new employment agreements. One law firm can draft a new contract that can be used by both companies, eliminating duplication of effort and costs.

### Reduce Costs

Also, appointing the same law firm to represent two or three business units instead of one will inevitably generate more legal work, which will give law firms an incentive to propose more competitive rates (and provide better service) in order to secure the business.

### Improve Service

Overall service will by definition be improved if the group chooses to work with the best of its business units' existing law firms, or with another firm which provides better service than the existing firms (see "How to Select Outside Counsel" below).

An equally important contribution to both improved service and cost savings derives from the preventive law advantages of centralizing all related work with a single law firm: If that law firm notices that one business unit has a legal problem that could affect another business unit, it can contact the second business unit and take action to prevent the recurrence.

### Improve Internal Control

Having the same firm work with more than one business unit of the group means that the group is the ultimate client and not the business unit, which in turn ensures that outside counsel will bring any problems to the attention of the group. For this reason, even if the group has only one business unit in a country, the group (or the shared service center, if appropriate) – not the local business unit – should have responsibility for appointing local counsel.

### **How to Select Outside Counsel**

While time consuming, an excellent way to select outside counsel is to conduct a formal Request for Proposal process – at least in the countries where the group incurs the highest legal fees. The key to success is to invite the best firms for the work in question to participate in the process. When business units of the group are already working with local counsel in the country in question, the group should normally invite the existing service providers (provided the business units are satisfied with their services and would recommend them to their affiliates), as well as other law firms which are known to be expert in the subject matter, to submit proposals. One reliable way to identify qualified firms is to ask trusted counsel in other jurisdictions whom they would recommend. Other ways include asking the group's local auditor for a recommendation, or consulting one of the international legal directories (e.g., Martindale Hubbell, Chambers).

After the list of candidates has been determined, the group should send each firm a Request for Proposal which explains who the potential clients are, what they do, and how they are set up in the country; describes what kind of legal support they require; and asks the law firm to submit a written proposal explaining how they would propose to provide the requested services (identify specific lawyer in charge, set out fee structure, describe collateral support such as monthly legal bulletins or training seminars).

After the proposal has been received, each law firm should be asked to attend a separate meeting with its potential clients (e.g., for the employment lawyers, with the HR Directors of the business units concerned) to enable the clients to get to know the contact lawyer better and to ask follow-up questions. After the meeting, the clients should make their preferences known to the group representative.

Once the group has decided which firm to retain, the appointment should be made in writing, normally for one year, with no change in legal fees during the year and an undertaking to review the relationship and refine it as necessary after the first year.

In groups with an in-house legal department with responsibility for appointing outside counsel, the responsible in-house lawyer can drive the RFP process, coordinating with the business units to prepare, submit and administer the Requests for Proposal. In the absence of an in-house lawyer, the finance director or some other executive at a business unit or shared service center can fill this role.

## **Conclusion**

In today's business environment with its emphasis on doing more with less, consolidating legal work with a small number of trusted, specialist advisers is a winning strategy in any country.

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