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International

How in-house counsel in Russia are  
managing their legal departments

2009 Research Study



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**“How in-house counsel in Russia are managing their legal departments”  
2009 Research Study**

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# 1. Foreword

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Following the 2008 research study *“How in-house counsel in Central and Eastern Europe select and retain their external counsel”*, LexisNexis Martindale-Hubbell presents this report on issues facing in-house counsel in Russia. Rather than focusing on general trends in a particular European region, this survey focuses only on Russia and seeks to provide benchmarks on how heads of legal departments have been managing the economic crisis.

The research identifies the needs and expectations of Russia’s corporate lawyers, but also explores the relationship between in-house lawyers and their external providers. Of key concern, given the current economic climate, is the client’s need to reduce costs while maintaining quality.

The findings provide heads of legal departments and law firm partners with unique benchmarks which give an inside view of how the corporate legal function in Russia is adapting to economic challenges. This information will interest not only in-house counsel in Russia but also law firms who want to maintain or expand their position in this key market.

All survey respondents were heads of legal departments for their company and responsible for managing the legal budget – including the hiring of external counsel.

The research looked at how legal departments at major companies in Russia are being managed in five main areas:

- Hiring, training, rewarding and motivating their staff;
- Increasing the legal function’s productivity and saving money by implementing process improvements or using technology;
- Ensuring the legal department is aligned with the priorities of the company’s business units;
- Reducing external legal costs without sacrificing quality;
- Communicating risk regarding the company’s legal liabilities.

These five areas represent the management priorities that heads of legal departments in Russia are adopting in an increasingly uncertain business environment.

While this study cannot predict the outcome for corporate legal departments who emulate the best practices found in this report, it does confirm that companies can and do thrive in a crisis due to their strategy, management, and the ability to adapt to change. Many law firms would be well served to study more closely the business principles of their clients who are succeeding in this tough economic climate.

## 2. Acknowledgements

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We would like to thank the heads of legal departments who gave their time to participate in this study. Their input into the study has provided valuable insights into the Russian legal market. We would also like to extend our thanks to Jeffrey Forbes of the Forbes Institute, who was the principal researcher for this study. Jeffrey's knowledge of the market and ability to understand the issues facing the Russian legal market have created a report that is both informative and useful. This report and its predecessor "*How in-house counsel in Central and Eastern Europe select and retain their external counsel*" provide tremendous insights into this important market.

To create a dialogue of issues facing in-house counsel in both Russia and the region, we have set up a discussion forum in Martindale-Hubbell Connected, our online professional networking site for the global legal community ([www.martindale.com/connected](http://www.martindale.com/connected)). We would like to acknowledge Jeffrey's help in building a discussion as well as thank the in-house counsel and private practice lawyers in our "CEE Research Group" group that have contributed to the conversation. To find out more, go to page 24 in this report.



**Derek Benton, Director International Operations**

LexisNexis Martindale-Hubbell

### 3. Survey participants

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A majority of the companies (64%) that responded to this survey agreed to allow us to use their name to say they participated. Below is that list which helps illustrate the quality of the data that was gathered for this report.

<b>ABBYY</b>	<b>Japan Tobacco International</b>
<b>ABK</b>	<b>Kimberly-Clark</b>
<b>Amway</b>	<b>LUKOIL Overseas</b>
<b>AVIVA</b>	<b>Mineral Trading</b>
<b>BALTIKA Breweries</b>	<b>MOSENERGO</b>
<b>BNP Paribas</b>	<b>MTS</b>
<b>British Council</b>	<b>Pepsi</b>
<b>Coca-Cola</b>	<b>Red Bull</b>
<b>Commerzbank</b>	<b>Renaissance Capital Bank</b>
<b>COMSTAR – UTS</b>	<b>Renova Group</b>
<b>ConocoPhillips</b>	<b>ROLF Group</b>
<b>Danone</b>	<b>Russian Alcohol</b>
<b>DuPont</b>	<b>Swissôtel</b>
<b>EFES Brewery</b>	<b>Technoprom</b>
<b>Ernst &amp; Young</b>	<b>TENEX</b>
<b>Genser</b>	<b>TransCreditBank</b>
<b>Hewlett-Packard</b>	<b>UniCredit Bank</b>
<b>ILIM Group</b>	<b>VimpelCom</b>
<b>Indesit</b>	<b>VOLVO Vostok</b>
<b>Integra Group</b>	<b>World Class Fitness</b>

## 4. Introduction

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This is the fifth major study into the European legal services market commissioned by LexisNexis Martindale-Hubbell. Rather than taking a regional approach, this report focuses mainly on heads of legal departments at major companies in Russia and how they are dealing with the global economic crisis.

Even before the onset of the crisis, the leaders of corporate legal departments in Russia were beginning to gain more influence in their companies (See our 2008 report: *How in-house counsel in Central & Eastern Europe select and retain their external counsel*). Now they have even greater challenges put upon them, to manage more risk and achieve greater results with fewer resources, in the midst of market turmoil and great uncertainty.

This situation has forced many heads of legal departments to seek greater predictability and efficiency when hiring external legal counsel. And their number one priority to achieve this is to negotiate fixed fee billing. This comes at a time when many major and international law firms in Russia have grown complacent, if not spoiled, with a steady flow of work which has suddenly ebbed.

Russia is different than other major markets because there are only so many blue chip companies there that maintain their legal budgets no matter what. So when the margins get tight, sometimes management will decree that no legal costs will be incurred. And even when it's absolutely necessary, it still has to be signed off by the General Director.

In this environment, suddenly many large well-known American and Magic Circle law firms looked over-extended. After all, everyone saw the storm clouds on the horizon, but few thought it would affect them until it actually hit them. The market also became saturated with mid-level international firms all trying to fill an ever shrinking niche.

This report therefore gives an inside view to the challenging task of managing a corporate legal department in Russia under extra-ordinary circumstances. It also provides heads of legal departments with important management benchmarks and gives law firm leaders greater insight and understanding when dealing with clients.

## 5. Executive summary

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### **Most companies reduced their legal budgets in 2009**

The economic crisis has clearly had an effect on most companies in Russia during 2009. Regarding how this affected companies' legal budgets, more than three quarters (78%) said they reduced their legal budget this year. Not surprisingly, external legal costs were the biggest target for this reduction. The largest group of respondents (36%) said that they would mostly be reducing their external legal costs. But more than two thirds said their budget for hiring external legal counsel would be reduced this year. Although internal (i.e. legal department) costs also came under the knife, this was less severe, as 8% of our respondents said that mostly their internal legal costs would be reduced. Though some industries were more affected than others (see Table 8 on page 11) on average legal budgets were reduced in 2009 by about 19%.

### **Slimming down for some, an unclear career path for many**

The good news for the in-house legal profession, as far as job losses are concerned, is that only 8% of respondents said that they were reducing the number of in-house lawyers in 2009. The majority (60%) said that they would be maintaining the same number. However, there is some caution in the numbers, as 5% were hiring new in-house lawyers as outside contractors (not full-time employees) and 16% said that they were considering this option. What is more worrying for the long term development of the profession, is that the largest group of respondents (35%) said that they do not really have a clear career development path for their in-house lawyers. The next largest group (33%) said they had a path, but it was not very clear. This means more than two thirds of in-house lawyers at respondent companies either do not have a career path or it is not very clear. Most (71%), however, have a formal financial bonus policy for all in-house lawyers.

### **Motivating with money and more interesting work**

A vast majority of respondents (79%) said that an annual performance-based financial bonus was the main way they provided incentives for their in-house lawyers. Only 35% said they offered such a bonus based on a lock-step system. When it came to developing and motivating in-house staff, the approach that was given the highest priority (3.9 out of 5.0) was providing interesting projects for which an individual lawyer is accountable. This was followed by giving structured feedback (3.6) in the form of annual appraisals, evaluations or performance tests. Helping to broaden their knowledge and contacts was ranked a close third (3.5) by paying for such things as attending seminars or conferences in Russia, but not for similar activities abroad.

### **Finding more documents in a paperless office**

Aside from reducing the amount of routine work, the three main priorities that respondents had for increasing productivity in their legal function involved a more "digital" approach to managing their information. This came in the form of creating templates (4.4 out of 5.0) and making greater use of e-documentation (4.1). These approaches make it easier to share information, but only if you can find it, which helps explain why maintaining a searchable repository to house all of these e-documents was ranked a close third (4.0). Most respondents use special software to manage all of this information while only 22% said they did not. For those who do, search tools (71%) and document management (62%) were the main purpose for using such software.

# Executive summary

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## **Being an integral part of the business**

For a legal department in a company to be relevant it is necessary to be part of the decision-making process as much as possible. So the approaches that respondents gave the greatest priority included participating in strategic discussions (4.4 out of 5.0) and making sure the right information within the company was being shared with the legal department (4.3). This was closely followed by making sure that all in-house lawyers were engaged at the appropriate level. For heads of the department this means participating in management meetings (4.2) and for other members of the legal department this means being involved with key projects (4.1).

## **Burying the billable hour and pushing back on rates**

As if law firms in Russia needed more of a hint, the data showed that the number one priority (4.3 out of 5.0) that respondents have for reducing their external legal costs, was to negotiate fixed fee arrangements with external law firms to ensure they stay within budget. On top of this, clients are also pushing back on rate increases by prohibiting increased rates (without approval) on current matters (4.2) or with external law firms in general (3.9). Regarding fixed fees, it is also worth noting that the data suggests the gap has widened between a preference for fixed fees and a rate with a cap. Negotiating hourly rates with a cap is a much lower priority for respondents (3.3) and is rated equally as finding the same quality external counsel who are willing to work at cheaper rates (3.3).

## **Clients will pay a premium for high-value matters**

Regarding price sensitivity, conventional wisdom states that the more important the matter, and the greater the risk to the company, the less sensitive clients tend to be about the cost. This has been largely borne out by the data which showed that respondents received on average a 12% discount with their external law firms for complex, high profile, non-recurring matters, a 13% discount for complex recurring matters, and a 14% discount on routine and commodity matters.

## **Most clients received some sort of discount on work**

It is also worth noting that most respondents received some sort of discount with their external law firms. 83% of respondents said they negotiated a discount for complex, high profile, non-recurring matters. And 76% of respondents said they negotiated a discount for both complex recurring, and routine and commodity matters. So although on average clients negotiated a lower rate of 12% for complex, high profile, non-recurring matters, more of them did so.

## **Communication is the key to risk management**

In order to get board members, shareholders or management to better understand the risks the company is facing, respondents are being more pro-active in providing more detailed opinions from their in-house lawyers – if the matter is urgent – or explaining the nuances of Russian legislation. But what is not a priority is to get external counsel to provide similar detailed opinions.

## 6. Methodology & demographics

During the first phase of this study a focus group in June 2009 was conducted by email and online with a dozen heads of legal departments in major companies operating in Russia. Participants were asked how they were coping with the economic crisis, including increased demands from internal clients and the market, which needed to be met with dwindling or limited resources. They were offered thirteen different management issues and asked to rank them by priority. What emerged were five areas where heads of legal departments were concentrating their efforts.

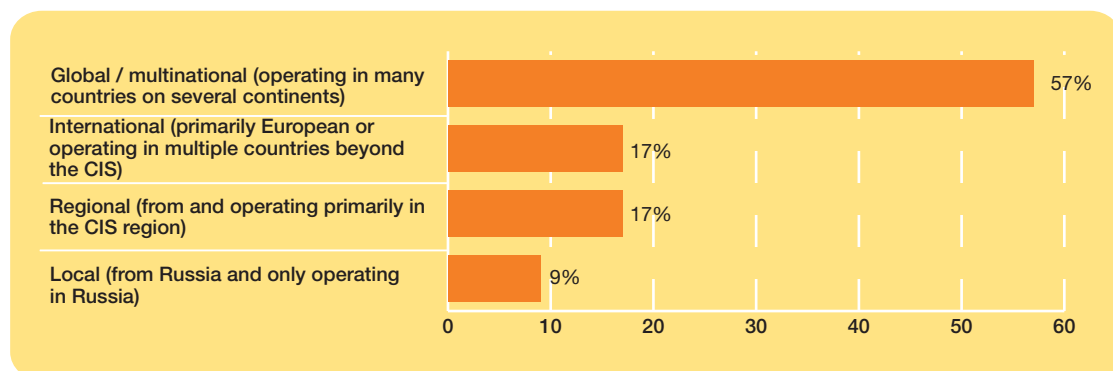
A detailed quantitative questionnaire was developed focusing on these five areas:

- 1) Hiring, training, rewarding and motivating your staff;
- 2) Increasing your legal function's productivity and saving money by implementing process improvements or using technology;
- 3) Ensuring your department is aligned with the priorities of your company's business units;
- 4) Reducing your external legal costs without sacrificing quality; and
- 5) Communicating risk and your company's legal liabilities.

From August until October 2009, there were 65 questionnaires completed by major companies in Russia. More than half of these companies (57%) were global multinationals. A further 17% were international companies (primarily of European origin) and 17% were regional companies (from Russia operating primarily in CIS). Less than 10% of these companies were purely local companies operating only in Russia.

### Where companies operate geographically (Table 1)

**Comparison:** According to the survey *How in-house counsel in Central & Eastern Europe select and retain external counsel* conducted by Forbes Institute in 2008 for LexisNexis Martindale-Hubbell, nearly twice as many global companies in Russia and 10% fewer local companies participated in this 2009 survey.

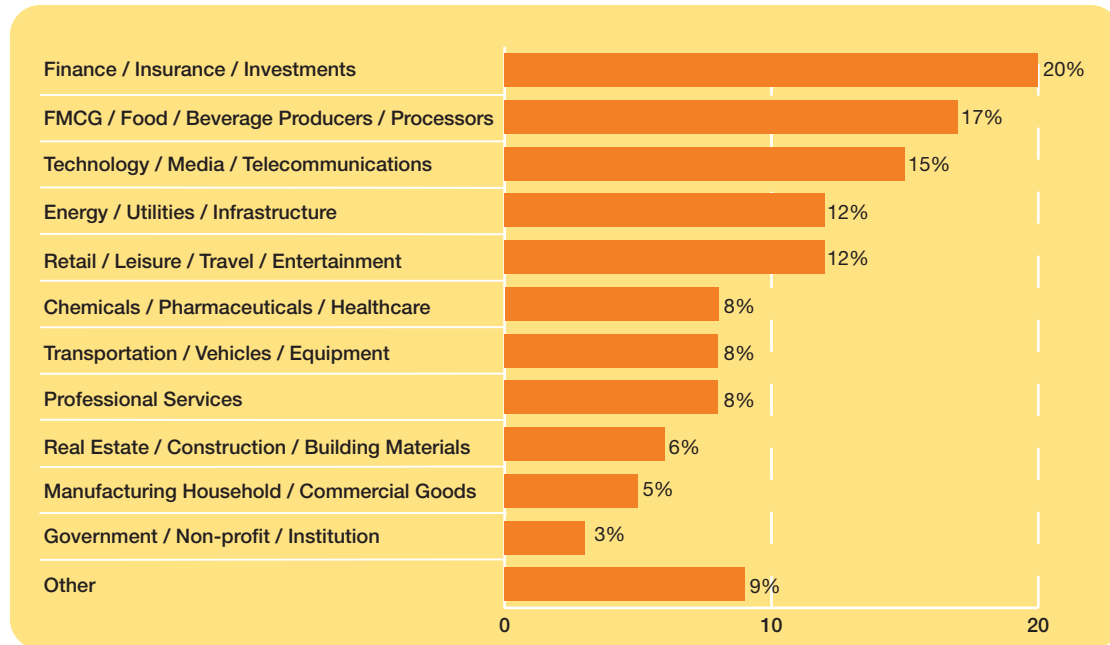


# Methodology & demographics

## Industry sectors represented (Table 2)

A good cross section of industries in Russia was represented by the sample.

**Comparison:** According to the survey *How in-house counsel in Central & Eastern Europe select and retain external counsel*, the participation from the top seven industries was nearly identical. The exceptions were Chemicals / Pharmaceuticals / Healthcare with 5% less representation and Retail / Leisure / Travel / Entertainment which had 4% more representation in this 2009 survey.

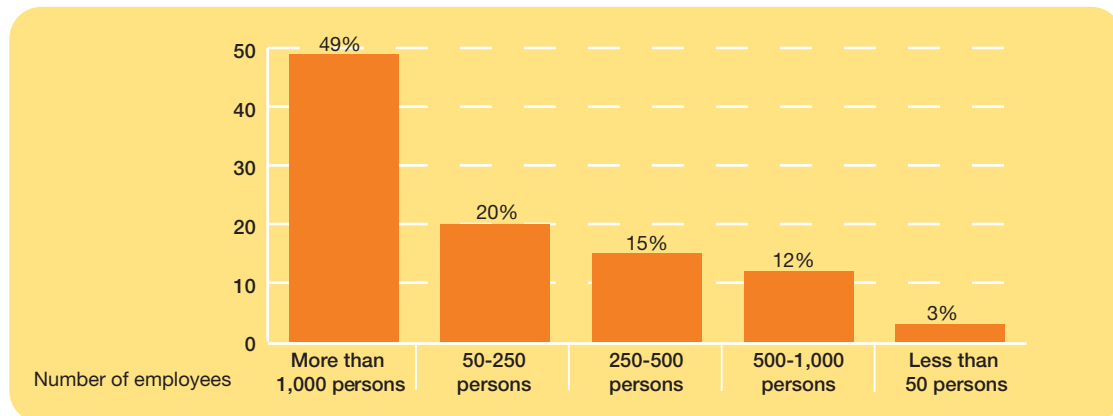


# Methodology & demographics

## Number of employees (Table 3)

About half (49%) of the companies employ more than 1,000 employees. The other half was spread across a range employing 50 to 1,000 employees. Less than 3% employ less than 50.

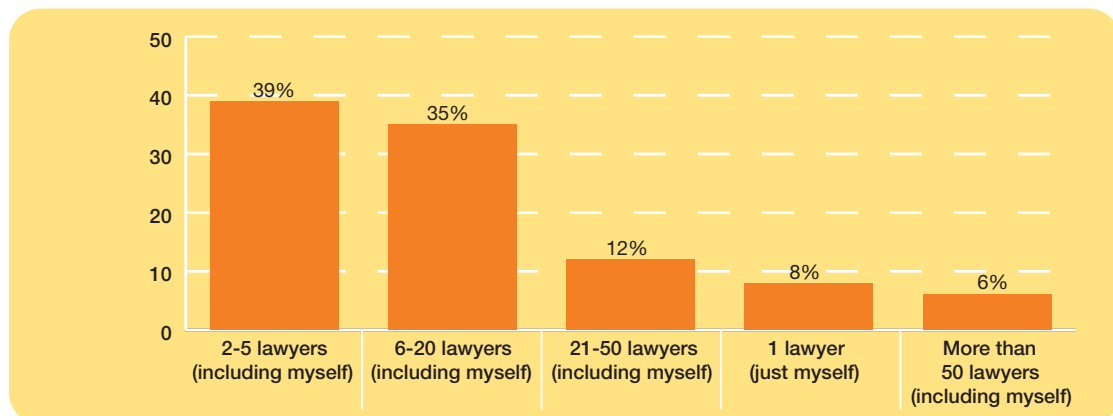
**Comparison:** According to the survey *How in-house counsel in Central & Eastern Europe select and retain external counsel*, the number of employees for companies that participated in this 2009 survey were very similar. The difference was there were 6% more companies with more than 1,000 employees and 4% fewer companies with less than 50 employees in this 2009 survey.



## Size of legal departments – full-time employed (Table 4)

Almost three-quarters of legal departments (74%) had either 2 to 5 lawyers (39%) or 6 to 20 lawyers (35%).

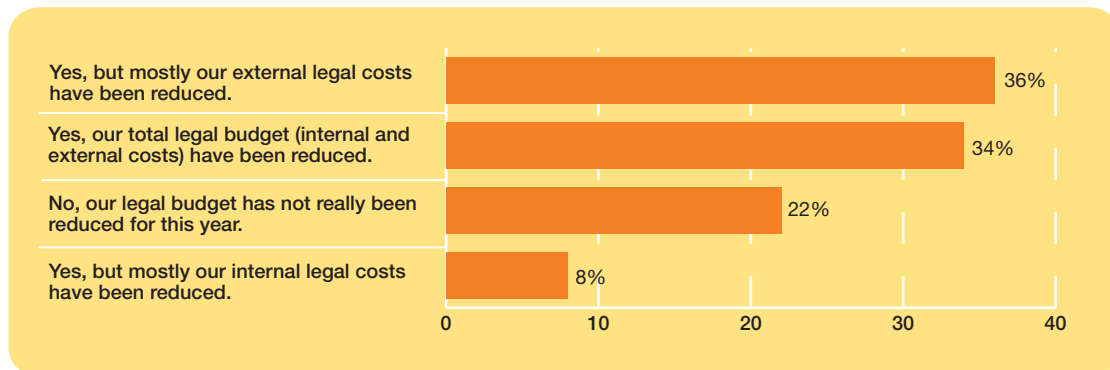
**Comparison:** According to the survey *How in-house counsel in Central & Eastern Europe select and retain external counsel*, the size of legal departments for companies that participated in this 2009 survey had minor differences. For example, for this 2009 survey, there were 5% fewer departments with 2-5 lawyers, 5% more departments with 6-20 lawyers, and 8% fewer departments with one lawyer.



## 7. Budget reduction

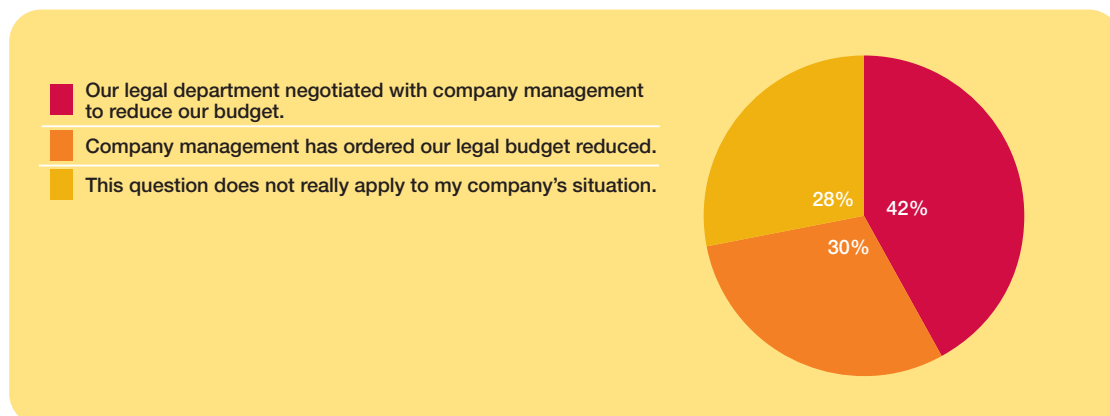
### Legal budget reduced for 2009 (Table 5)

More than three quarters of respondents (78%) said they reduced their legal budget for 2009. The hardest hit budget item was external legal costs (36%) while reducing mostly internal legal costs affected only 8% of respondents. **However, 22% said their legal budget was not reduced at all.** A further analysis of respondents who said they did not reduce their legal budget revealed that more than a third (36%) were mainly foreign financial services companies and nearly a quarter (22%) were large foreign Fast Moving Consumer Goods (FMCG) companies.



### Legal budget reductions implemented (Table 6)

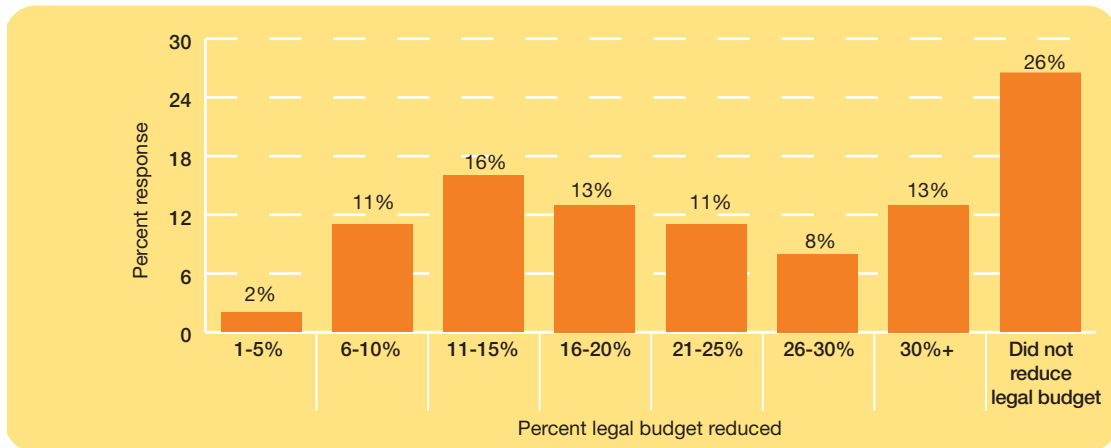
Nearly a third (30%) of heads of legal departments that participated in this survey had no choice about reducing their legal budget. This implies that company management gave them a budget number and expected them to find a way to reach this.



# Budget reduction

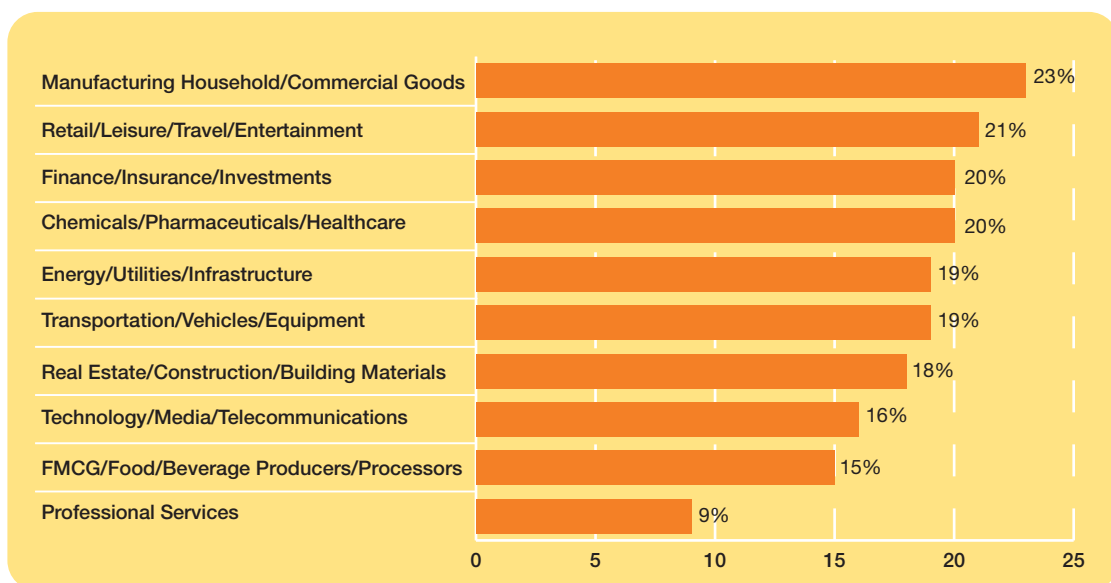
## Percent legal budget reduced (Table 7)

There was quite a spread among participants when it came to the actual percentage range that they reduced their legal budget in 2009. The largest group (16%) reduced their budget between 11-15%. But this was closely followed by reductions between 16-20% and 30%+. **On average this spread comes out at a 19% budget reduction.** (Note: The reason that the 26% figure in this table does not correspond with the 22% figure in table 5 is because some chose not to quantify this or had a minimal reduction in their budget.)



## Average percentage legal budget reduced by industry (Table 8)

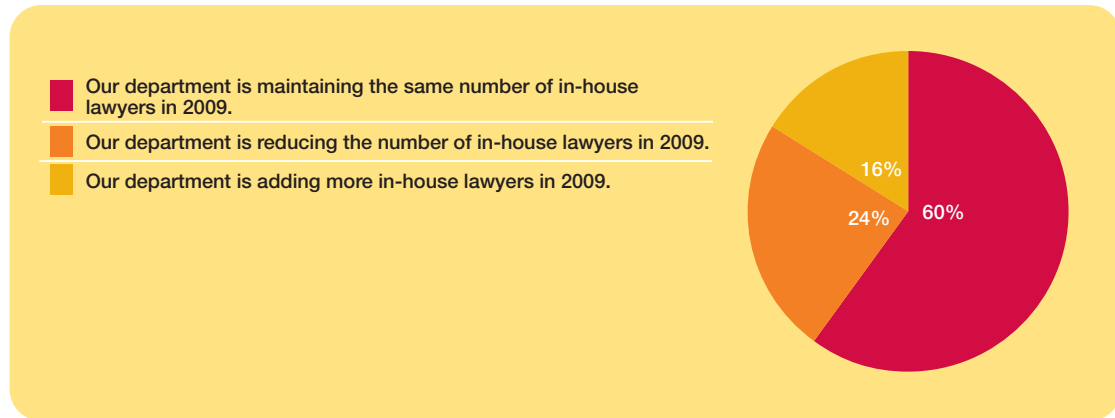
The table below shows average budget reductions by industry. However, it should be noted that although the category for Manufacturing Household / Commercial Goods had the highest average budget reduction per industry (23%) it also had the smallest number of respondents, so this needs to be taken into account.



## 8. Managing legal staff

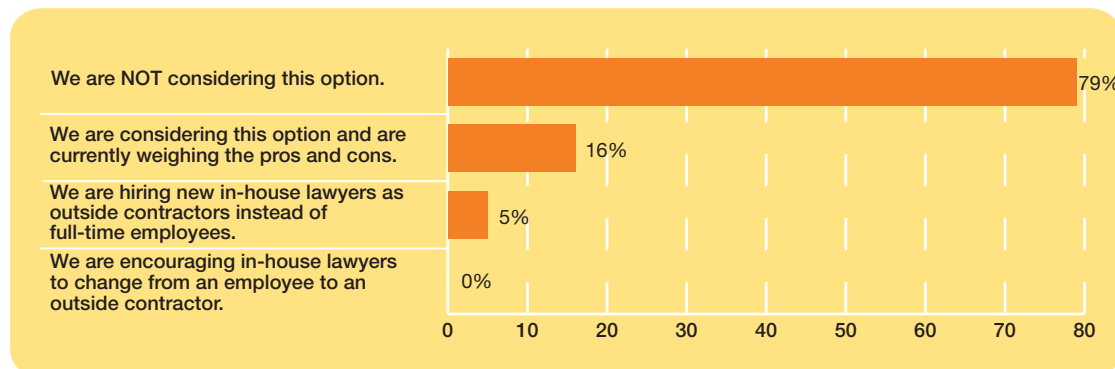
### Legal department staffing for 2009 (Table 9)

A solid majority (60%) of legal departments said they were maintaining the number of lawyers in their departments while about a quarter (24%) were reducing their number. Only 16% said that they would be hiring more in-house lawyers in 2009, which suggests that there are limited employment opportunities or chances for career advancement.



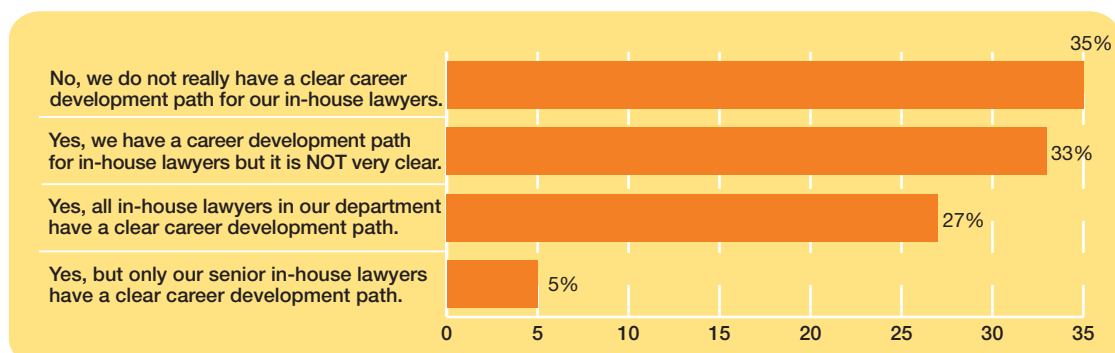
### Hiring in-house lawyers by outsourced contract (Table 10)

Although budgets may be tight 79% of those surveyed said they were not encouraging any of their employees to become contract workers. Only 16% are considering this but 5% are hiring new in-house lawyers as outside contractors instead of full-time employees.



### Career development path for in-house lawyers (Table 11)

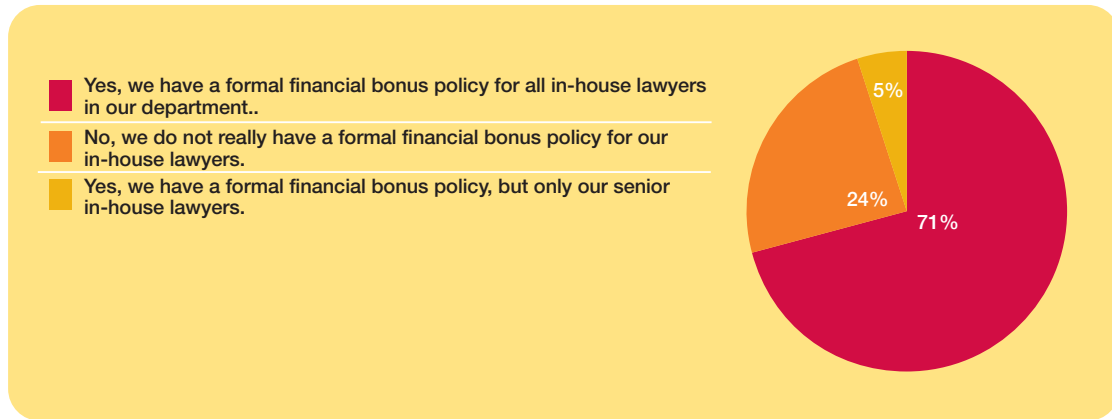
As a sign that the in-house profession in Russia is still in its infancy, the largest group of respondents (35%) said that they do not really offer a clear career development path for their in-house lawyers. In fact, only about a quarter (27%) said that they do offer a clear path for all their lawyers.



# Managing legal staff

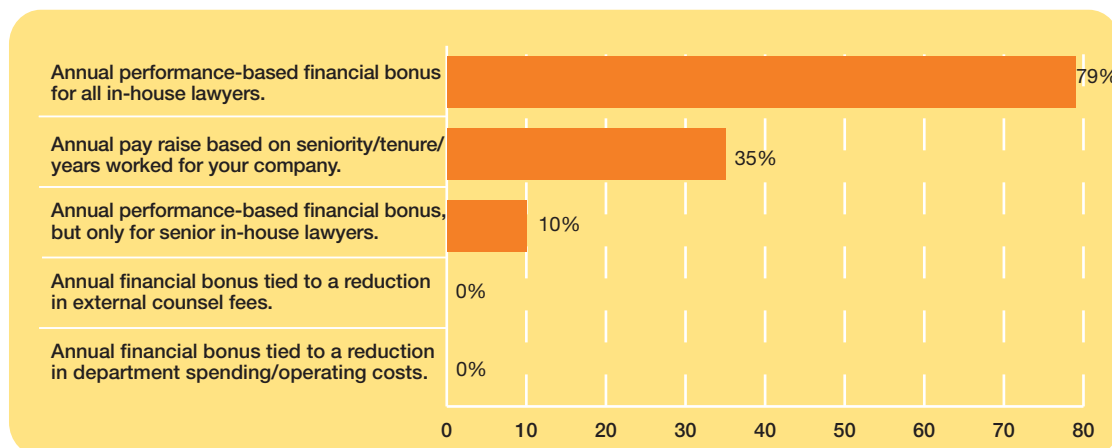
## Financial bonus policy for in-house lawyers (Table 12)

But where there is no clear career path at least there is some kind of incentive, with nearly three quarters of respondents (71%) saying they offer all in-house lawyers a formal financial bonus.



## Structure of financial bonus policy (Table 13)

By far the biggest incentive offered by 79% of respondents was a performance-based financial bonus for all in-house lawyers. Thirty-five percent (35%) said they also offered a pay raise based on seniority / tenure.



# Managing legal staff

## Developing and motivating in-house lawyers (Table 14)

When it comes to developing and motivating their in-house lawyers, the approach given the highest priority rating (3.9 out of 5.0) was providing interesting projects for which individual lawyers were accountable. The next highest priority (3.6) was given to providing feedback such as appraisals and evaluations. This was closely followed by sending someone to attend a seminar or conference in their country (3.5) which may be viewed in some ways as a perk.



## 9. Increasing productivity

### Increasing the legal department's productivity (Table 15)

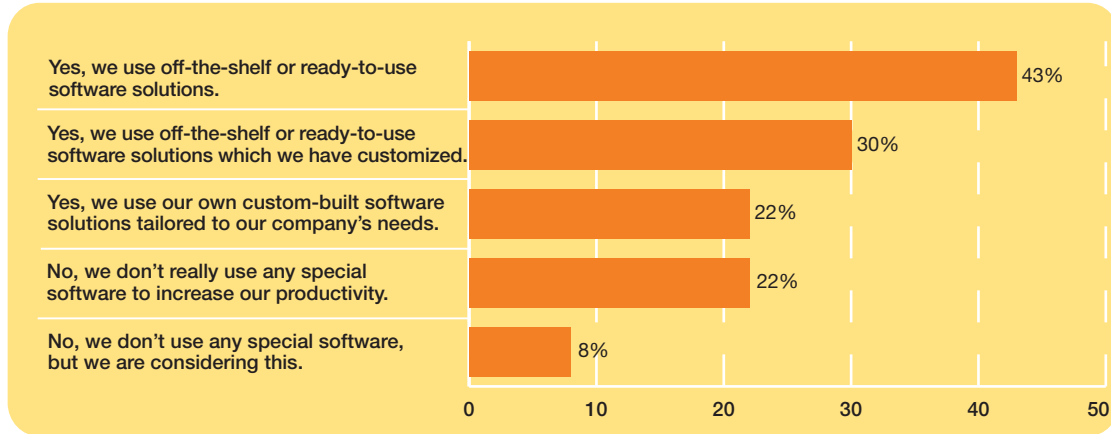
When it comes to increasing productivity the highest priority (4.4 out of 5.0) was given to creating templates and form documents to save time and maintain consistency. This was followed by making greater use of e-documentation (4.1), reducing routine work (4.0) and housing documents that could be quickly found and reused (4.0).



# Increasing productivity

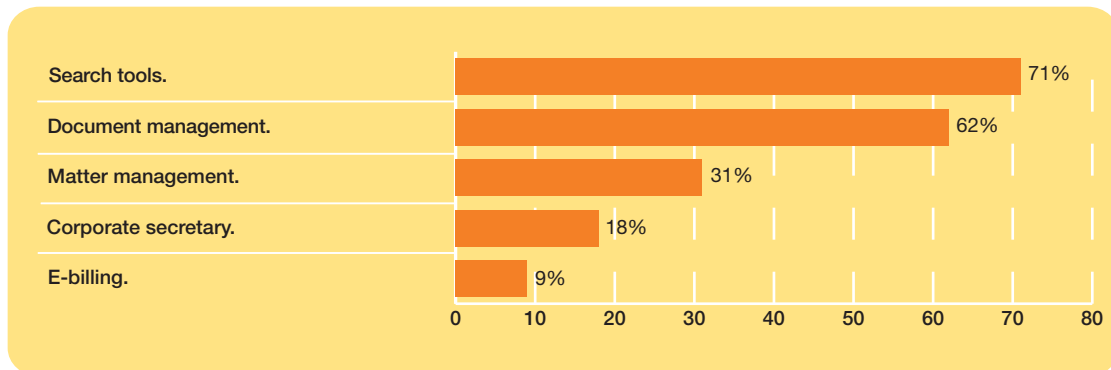
## Using special computer software programs (Table 16)

Nearly three quarters of respondents (73%) said they use special off-the-shelf software solutions to try and increase productivity. And interestingly, nearly a quarter (22%) said they don't really use any special software to increase their productivity.



## Purpose for using special software programs (Table 17)

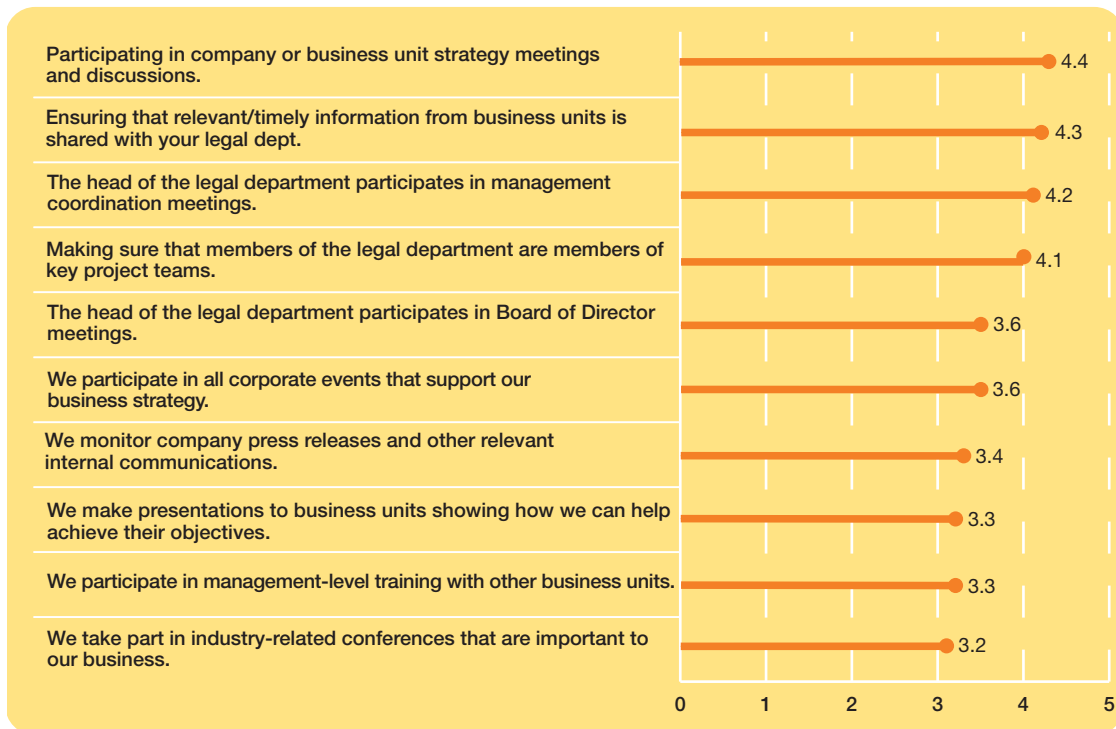
The overwhelming reason given for using special software was to find information (71%) and manage it (62%). Currently less than ten percent of respondents use it for e-billing.



# 10. Aligning legal department

## Aligning the legal department with the business (Table 18)

When it came to aligning the legal department with the priorities of the company's business units, the number one approach (4.4 out of 5.0) that heads of legal departments took was making sure they had a seat at the table to discuss strategy. This was closely followed by making sure the right information was shared with the legal department (4.3), participating in management coordination meetings (4.2), and ensuring that members of the legal department are members of key project teams (4.1).



# 11. Reducing external legal costs

## Actions to reduce external legal costs (Table 19)

When it comes to reducing external legal costs while still maintaining quality, respondents chose four actions – from a menu of 23 options – that they were giving their highest priority. These included negotiating fixed fees (4.3 out of 5.0), prohibiting rate increases on current matters without approval (4.2), moving more work in-house (4.1) and prohibiting increases in billing rates from all external law firms without prior approval (3.9). Surprisingly, these four approaches had a higher priority than negotiating a discount rates (3.4) and using other law firms of comparable quality but willing to work at cheaper rates (3.3).

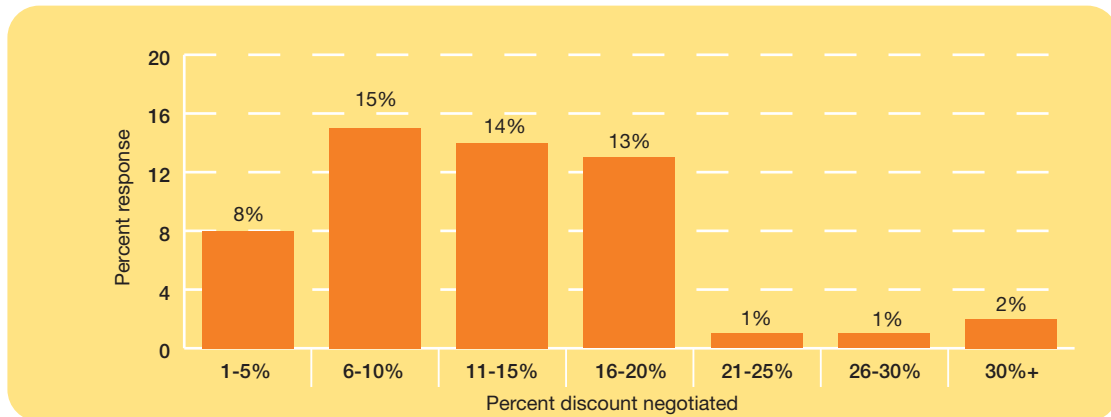


# Reducing external legal costs

## Discounts negotiated with external law firms (Tables 20-22):

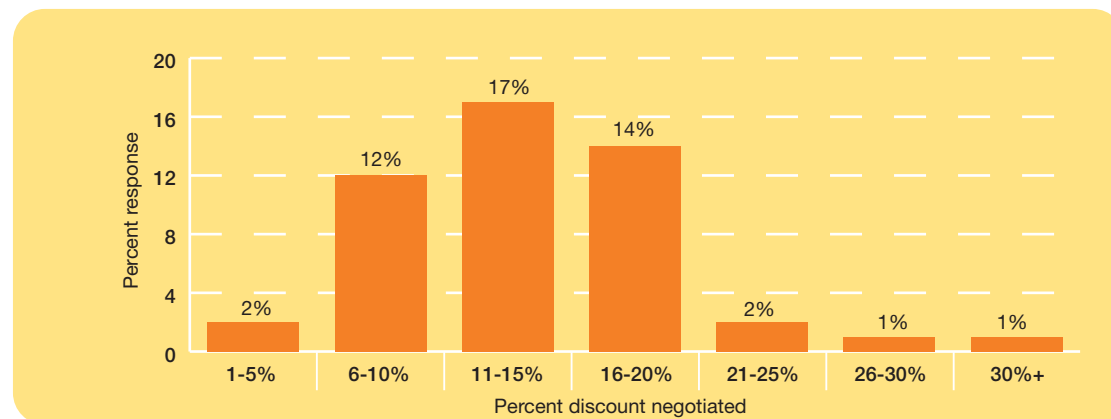
### Average discounts for complex, high profile, nonrecurring matters (Table 20)

When asked if they negotiated a discount with their external law firms, 83% of respondents said that they had received a discount for complex, high profile, non-recurring matters. Below shows the range of discounts they received for such work. The majority received a discount ranging from 6 to 20% and **the average discount based on these responses was 12%**.



### Average discounts for complex recurring matters (Table 21)

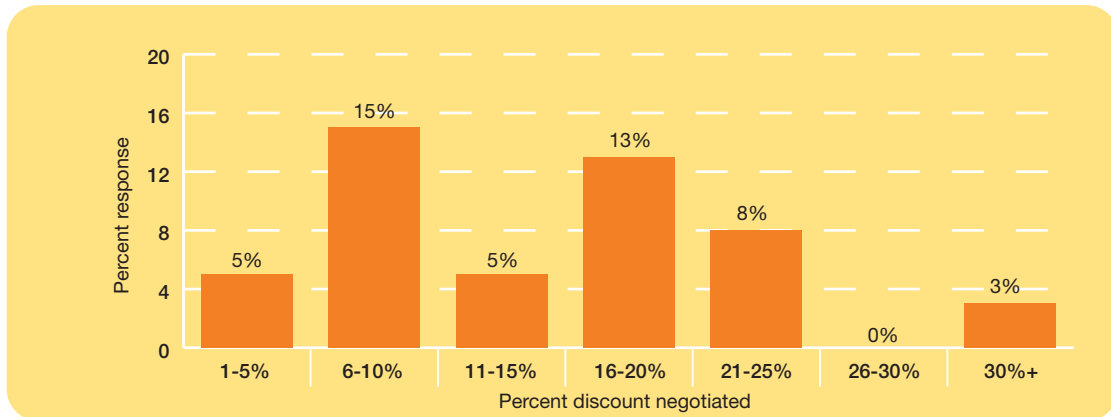
When asked if they negotiated a discount with their external law firms, 76% of respondents said that they had received a discount for complex recurring matters. Below shows the range of discounts they received for such work. The majority received a discount ranging from 11 to 20% and **the average discount based on these responses was 13%**.



# Reducing external legal costs

## Average discounts for routine and commodity matters (Table 22)

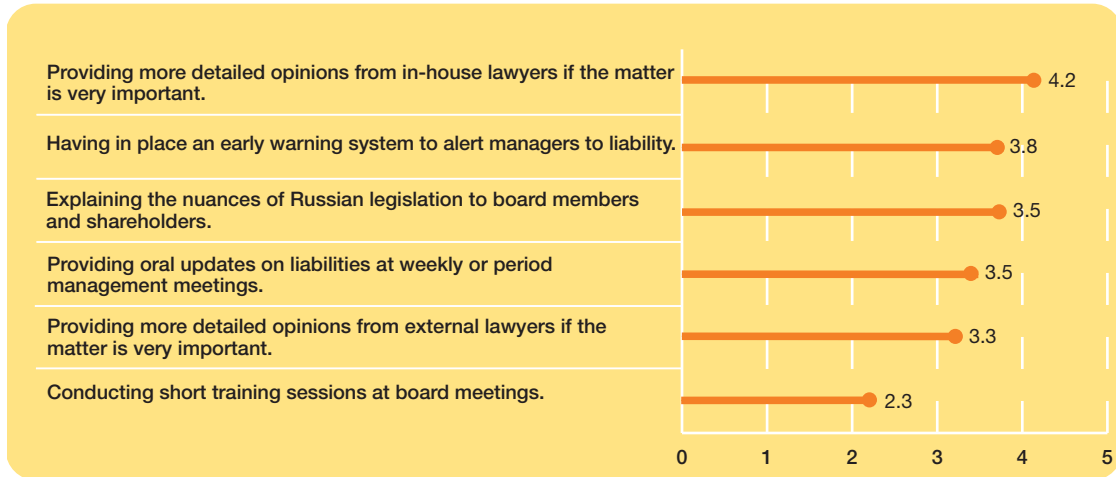
When asked if they negotiated a discount with their external law firms, 76% of respondents said that they had received a discount for routine and commodity matters. Below shows the range of discounts they received for such work. The two largest groups received a discount ranging from 6 to 10% and 16 to 20%. **The average discount based on these responses was 14%.**



# 12. Communicating risk

## Actions to better communicate risk (Table 23)

When it came to better communicating risk and legal liabilities to their company's board members, shareholders or management, the number one priority for respondents was providing more detailed opinions from their department if the matter was important. This rated 4.2 out of 5.0 and was followed by having an early warning system in place to alert managers to liability (3.8) and explaining the nuances of Russian legislation (3.8). Not surprisingly, providing more detailed opinions from external lawyers ranked much lower at 3.3.



# 13. Recommendations for law firms

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## 1) Become more competitive

Perhaps this is more of an acknowledgment than a recommendation, since this should seem obvious to most law firms in Russia by now. But many firms owe their success to the high growth of the market and were not prepared when clients cut their budgets. So now, like it or not – and many obviously do not – they have no choice but to try and become more competitive. But what does this mean for a profession that is not always certain it is a business? It means becoming more competitive in this new economic environment requires a different approach with better management that is more hands-on. And that different approach is largely influenced by marketing since this remains the weakest area for most law firms. But instead of just doing more marketing that worked well during the boom times (i.e. creating awareness and promoting expertise) the smart law firms in Russia will have to learn and adopt the best practices that have been developed by other law firms in more mature legal markets. And these include concentrating efforts in certain segments to be seen as the “go-to” lawyers, better understanding key clients’ business and needs, and making sure that all client-facing lawyers know how to effectively plan their non-billable time to develop client relationships that lead to more high-value work.

## 2) Plan more strategically

A downturn, or correction in the market, can be healthy for any business that has a clear vision that is articulated in a strategy that others agree to and follow. Smart business people know how to make money when the market is going up or down, so this should be no different for law firms. Since this economic crisis is forcing clients to concentrate more on what matters to their business, this also includes deciding which law firms they prefer to work with or not. So this is a good time for law firms to also decide what kind of clients they want to be working with now and growing with in future. This is part of the strategic vision for the firm. And one way to put this plan into practice with key clients is to try and establish formal or informal preferences for working together. This involves sitting down with the client and agreeing which kind of work your firm would be guaranteed in future and what kind of benefits the client would receive for giving your firm this preference. It may include fixed, reduced or guaranteed fees, staffing issues or other services that the client values such as free training for their department.

## 3) Work more efficiently

This is not about taking a time management course, though this may be beneficial. Instead it has to do with looking at how law firms might be able to achieve more output with less effort. After all, this is the mantra that their clients follow for their business (do more with less). This is important because most law firms’ business models – based on the billable hour – are diametrically opposed to innovations that can increase firm profits or save clients money. So if clients increasingly demand fixed fees then it will no longer matter how long it takes the law firm to perform the work. Which means firms can begin to shift from a purely time-and-material cost calculation to one that tries to deliver greater value to clients in a more efficient manner which both can profit from.

## 4) Adopt fixed fee pricing

In 2008 when we conducted the first in-house counsel survey in the region (*How in-house counsel in Central & Eastern Europe select and retain their external counsel*) we found that a slight majority of respondents in the region (53%) preferred a fixed fee

## Recommendations for law firms

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instead of a rate with a cap (38%). However, when we separated the data just for Russia (the largest group of respondents) we saw that the preference was much higher for fixed fees (64%) as opposed to rates with a cap (33%). Keep in mind that this data had been collected just prior to the collapse of Lehman Brothers in New York. One year later, the data in this survey shows that the number one priority (4.3 out of 5.0) that respondents have for reducing their external legal costs, is to negotiate fixed fee arrangements to ensure they stay within budget. We believe that this trend will continue and that smart law firms should be ahead of the curve by adapting their billing model accordingly. At a minimum all partners should know price ranges for various matters (based on their internal records) and be able to provide clients with such estimates and budgets for fees.

### 5) Become more industry focused

As part of a law firm's strategy regarding what kind of clients and work it wants to attract, there should also be a focus on which industries it wants to be seen as the "go-to" lawyers. We recommend this because the data in this survey shows that the fifth highest priority ranked by respondents to reduce external legal costs was to use outside counsel who have a greater depth of industry knowledge. This was ranked 3.5 out of 5.0 and was given the same priority as obtaining budgets from outside counsel for work to be completed and monitoring them. Even more interesting was the fact that working with lawyers who had industry knowledge was given a higher priority than negotiating discounts with external counsel without any guarantee of work in future (3.4) and finding the same quality external counsel who are willing to work at cheaper rates (3.3). The reason that clients place a premium on lawyers with knowledge of their industry is because they have to spend less time educating them on factors which affect their matters. In addition they are looking for short-cuts on approaching matters that will save time and money. But ultimately, having knowledge of a client's industry, is the first step in being able to understand their business and strategy. In other words, if you do not understand your client's business and strategy, then you will not be seen as their trusted advisor.

### 6) Measure client satisfaction

We made this same recommendation in our 2008 survey: *How in-house counsel in Central & Eastern Europe select and retain their external counsel*. Unfortunately, it seems that many law firms have still not taken action regarding this. However, our data and report did move this item from the "why bother" column to the "we should consider this" column for many law firms. The reason more law firms should be conducting client satisfaction surveys is because now it is more crucial than ever. One of the main reasons for doing this is to catch and act on any communication or relationship problems before they get out of hand. Financial reasons such as "You are too expensive" or "We don't have the budget to hire you" are a polite way for some clients to say they prefer to work with someone else. But given the fact that most companies have reduced their legal budgets this year, they have become more selective about who they hire. And as we showed in the 2008 survey and this one, cost is rarely at the top of the list. In fact the cost is irrelevant. What matters is what value the client gets for the money they pay. Some law firms are now wondering why they are not receiving more work from clients, when they are told by the client that they don't have the budget, but then hire a similar law firm to do the work. Not all law firms can be offering dumping prices to secure work. There has to be another reason. Such surveys help to clear up the mystery for law firms, which is why we and clients, recommend them.

## 14. How Martindale-Hubbell can help you with law firm marketing

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Built on Martindale-Hubbell's 140 year history of servicing the legal community, martindale.com provides the definitive business development tool for your law firm. An online profile on martindale.com showcases your firm's expertise to high value buyers of legal services both globally and domestically.

**Increase the visibility of your firm's services.** A profile on martindale.com helps your firm connect with a worldwide audience of potential clients. With over 7.5 million unique visitors in the past year resulting in over 2 million searches for law firms and lawyers each month, martindale.com is one of the most frequently used lawyer directories on the Internet. Martindale-Hubbell actively engages buyers of legal services. Through partnerships with corporate counsel associations, in-house counsel forums, research and newsletters, Martindale-Hubbell stays in close contact with this important buyer group.

**Improve your market intelligence.** Martindale.com gives you a wide range of data from buyers of legal services to help your firm target its business development. Instantly accessible Traffic Reports provide a wealth of information – the more you know about who is viewing your firm's profile, the more you can target your business development efforts. Easily capture client feedback with our Client Review Tool. When clients rate your services, your firm can better understand its strengths and be alerted to any potential client service issues.

**Build your legal network.** Martindale-Hubbell Connected is the only online network exclusively for legal professionals powered by martindale.com.

Search the extensive MH Connected member database to easily identify and connect with in-house counsel and private practice lawyers around the world. You can leverage your connections to help find new business, learn about opposing counsel, or collaborate on everyday challenges.

By posting comments to the many discussion forums or even authoring your own blog, you can showcase your expertise and differentiate your firm. You can also increase your knowledge through exclusive MH Connected online seminars, hosted by world-class thought leaders. Join Martindale-Hubbell Connected today at [www.martindale.com/connected](http://www.martindale.com/connected).

**Join the CEE Research group today.**  Martindale-Hubbell®  
Connected.

To obtain a hard copy of the *How in-house counsel in Russia are managing their legal departments* report or to join the discussion about the report and other issues facing the Central and Eastern European region, please join the CEE Research group within Martindale-Hubbell Connected ([www.martindale.com/connected](http://www.martindale.com/connected)). You'll find the CEE Research group within the group category, 'Legal Management'.

For more information about a martindale.com profile and what Martindale-Hubbell can do for your firm, please contact us at [connect@martindale.com](mailto:connect@martindale.com).

# 15. The parties

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## About LexisNexis Martindale-Hubbell

LexisNexis Martindale-Hubbell is the leading client development company for the legal profession and the number-one resource for information about lawyers and law firms worldwide, consulted daily by lawyers, business executives and consumers. With more than two million views of lawyers and law firms conducted every month across our flagship website [martindale.com](http://martindale.com), this unrivalled network connects lawyers and law firms with their clients and potential clients, facilitates communication between members of the legal profession and presents biographical information and professional credentials of lawyers in private, corporate and government practice. It is powered by a database of more than one million lawyers and law firms in 160 countries around the world.

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## About the Forbes Institute

The Forbes Institute has become a leading provider of management insights and research analysis for law firms and their clients in the emerging markets of Central & Eastern Europe. It conducted the first international survey of in-house counsel in CEE – *How in-house counsel in Central & Eastern Europe select and retain their external counsel* – which was the first study of its kind to provide reliable data and insight from sophisticated buyers of legal services in this region. Through its consulting services, the Forbes Institute then translates these insights into actionable steps that law firm leaders can use to gain a competitive advantage.

The Forbes Institute was founded by Jeffrey Forbes, who has been based in Prague since 1992. Jeffrey primarily helps international business lawyers and their firms develop their practices by getting them to focus their strategic thinking on creating or improving their individual or firm-wide business and marketing plans. He also puts together and facilitates partner retreats, conducts client reviews and assessments, and helps individual lawyers achieve their personal marketing plans with coaching and business development training. He has one of the largest databases of professional marketing contacts in Europe and also helps firms recruit marketing and business development support staff.

Jeffrey works mainly on continental Europe and has unequalled contacts and expertise in Central & Eastern Europe, particularly Russia and the CIS. He writes for local and international legal publications and speaks at major legal conferences and events in CEE. Prior to establishing the Forbes Institute, Jeffrey was also the CEE Regional Chairman for an international professional association headquartered in London, whereby he founded and led for a decade the largest network of professional marketers on continental Europe.

To contact Jeffrey or learn more please visit: [www.forbesinstitute.com](http://www.forbesinstitute.com)

## 16. Notes

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