

Whether it's because of the recession or simply a step expedited by the economic downturn, many in-house legal teams are ramping up: bringing in new specialisms and changing their relationship with the rest of the business.

Times demand in-house legal renaissance

The world of the in-house legal team is changing. Where once the business decisions were made and then the lawyers were wheeled in, nowadays lawyers are a crucial part of the business mix. But has this move into the mainstream come about through economic pressures, or is it a longer term trend – and what's the prospect for the in-house team once the business world turns from red to black once more?

Chris Gillespie, HR Director at NSL Ltd, the services business that has emerged from the sale of NCP, has recently recruited two specialist in-house lawyers to the NSL team. One specialises in employment law and the other in property.

"There's a simple logic behind our decision," he told *Connections*. "We've traditionally outsourced both our employment tribunal and HR work, and our property work to third party firms. We've received an excellent Rolls Royce service, but unsurprisingly it has come at a Rolls Royce price. As we've transitioned out of NCP to the new NSL entity we've been looking at how to be more cost effective and to ensure legal services provide best value to the business.

"Our solution is to bring in an in-house specialist to look after the bulk of our HR and employee tribunal work while retaining third party counsel to look after the tribunals themselves. We're a blue collar business providing difficult services in often tough circumstances, so know that we will be involved in tribunals to come. Within three years we expect to save about three quarters of what we had been budgeting for these in the past.

"On the property side, again, this is a cost-effective logical step. We manage a portfolio of 160 properties and having our own internal resource will reduce our spend with external counsel very significantly.

"In both cases we see additional spin-offs too. Our employment lawyer will be involved in supporting our managers to avoid issues leading to tribunals in the first place, while our property lawyer will also be supporting the Company Secretary on more general commercial issues, thereby providing a balanced and interesting portfolio to both."

Not all business models support the

recruitment of specialists into in-house teams as Lawyers in Business consultant Mark Prebble explained. "There has been a tendency for some businesses to recruit specialists as a means to offset high external fees. But there may be two dangers to consider. On one hand, you may not be able to guarantee

a pipeline of specialist work. And if that's the case you can end up with an underworked disgruntled lawyer, or a specialist

being asked to turn their hand to more general legal tasks – which can also be a cause for disgruntlement.

"On the other hand, specialists in fields like property may not be in demand now and may be looking for a port in a storm. But think carefully about recruiting them since they could easily be lured back into private practice once the economy starts to recover."

"I don't think any lawyers are considering banks a port in a storm," added Sue Brooks, Chief of Staff in the Barclays Group Legal and Compliance team.

"Our key issue at the moment is balancing risk and cost reductions. And that means making clear sourcing choices as to what work we do in-house and what has to go to specialists outside the firm.

"In the boom days we would put far more out to external counsel – and probably go straight to one of our big panel firms, regardless of cost. Now we are making two sourcing decisions: whether to keep the work in house and, if it needs to go to external counsel, to find out who provides the best value for that specialist service.

"It's notable that our role is changing swiftly. The business wants our expertise in legal and compliance matters as ever, but also is looking to us to play a full part in the business decision making process. As part of our strategy we're running a programme to build the commercial skills of our internal team and also where we are recruiting, to recruit lawyers with a strong understanding of business – perhaps more so than any particular legal specialism. Our legal

landscape changes quickly and people too firmly entrenched in one path may not be sufficiently nimble to cope with the challenges the business and the market inevitably throw at us."


The cost of legal services is undoubtedly an issue at the moment, but what's key for TSYS International's Corporate Counsel Dr Solomon Osagie is the need for in-house legal teams to anticipate the needs of the next phase in the economic cycle rather than simply focusing on today.

"We have to be mindful of current and recurring costs,

and our organisations are expecting us to deliver comprehensive legal support that goes beyond the remit of the 'traditional' legal counsel role," he explained. "One result of this reality is that most organisations are keeping more work – and perhaps more interesting work – in-house than before. This is actually strongly motivating for in-house lawyers as it's putting the onus on them to up their skills, gain expertise in at least a couple of specialist areas and acquire the kinds of specialist knowledge that will be very attractive to recruiters in the future.

"Look at the post-merger investment banks for instance. At the end of last year, their lawyers were operating in entirely new territories and those who are coming through the worst of the credit crunch now have unrivalled experience and hugely marketable skills.

"This is feeding all the way through the market: in-house lawyers are generally dealing with higher levels of risk than in the past and need to bring a greater level of business understanding to mitigate those risks. In many instances now it's simply not practical to pick up the phone to external counsel to deal with issues. Lawyers have to emerge from the back office now and work with the business to deliver its strategy.

"That may not suit the 'purists' dedicated to their particular specialism, but makes the in-house world a very attractive place for generalists with good commercial intuition and expertise in at least two relevant legal areas." 

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