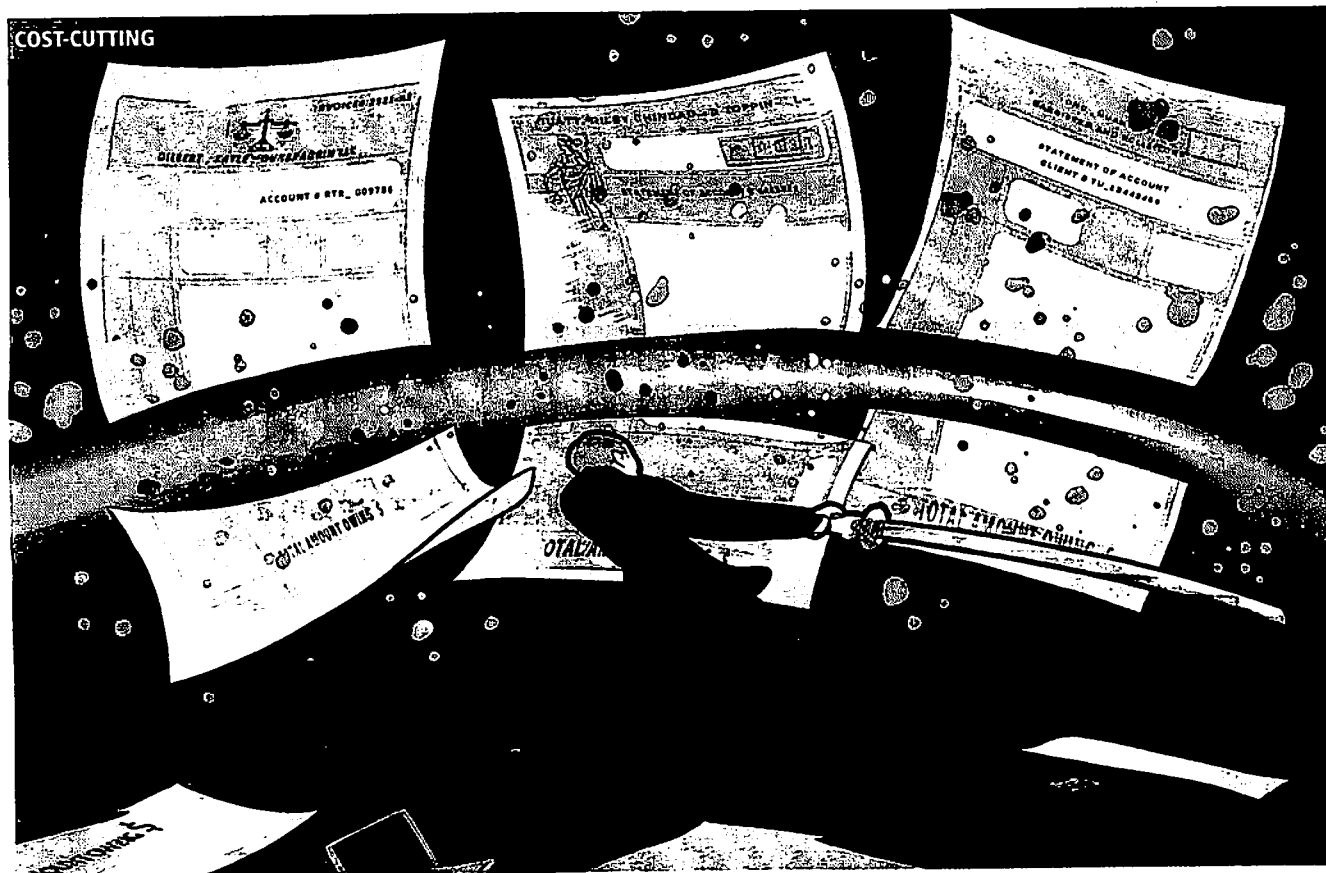


HANDBOOK

SMART SOLUTIONS FOR DYNAMIC COMPANIES



HOW TO SLASH YOUR LEGAL COSTS

You might not be qualified to argue a complex legal dispute, but you're well equipped to make your case for lower legal fees. Sometimes, all you have to do is ask

IT'S EASY TO UNDERSTAND HOW BIG LAW firms have earned a certain notoriety for charging exorbitant fees. In fact, a recent survey by the Corporate Executive Board, a Washington, D.C.-based corporate advisory firm, found that large law firms in the U.S. have hiked their rates by almost 75% over the past decade, compared with just 20% for other professional services. Sources in Canada say that this figure is likely to be relevant here, too—if not higher, since we have fewer alternatives to traditional law firms that could drive prices down.

But fear not. You have more leverage than you may think. "The truth is there are a lot of lawyers," says Carla Swansburg, senior counsel at Royal Bank of Canada and past president of the Ontario chapter of the

Association of Corporate Counsel (ACC). In the aftermath of the recession, there's no shortage of underemployed lawyers who are hungry for your business. The trick is to take the time to shop around.

That's something that entrepreneur James Lowe, a partner at BottomLine Group Ltd., a Toronto-based business consultancy, wishes he had done for his most recent legal endeavour. "We thought we were in a rush," he says. "It's a very emotional and stressful category to apply the procurement process to. Once you start with somebody on a certain project, it's very hard to switch." As a result, Lowe figures, he wound up spending significantly more than he should have.

Lawyers also have the intimidation factor

going for them, which doesn't make the procurement process any easier. "Sometimes people are afraid even to call lawyers, because they think they might get a bill in the mail," says Richard Levitt, a partner who specializes in small-business law at Toronto-based Levitt Lightman Dewar & Graham LLP.

Joe Milstone, co-founder of Cognition LLP, a Toronto-based "virtual" law firm that offers outsourced in-house counsel, says many clients don't challenge outrageous legal bills because they feel out of their element. "It's like with the car mechanic," says Milstone. "You only know so much, so you often feel you have no choice but to accept the charges."

The perception that law firms are out to

fleece unsuspecting clients isn't entirely unfounded. It's still common practice to mark up prices on photocopies, faxes and long-distance calls, and to bill for extras such as meals and taxis. But a handful of law firms, as well as organizations such as the ACC, are trying to change that. "The cost of operating an office should not be passed on to the client," says Fred Steingold, an Ann Arbor, Mich.-based lawyer and author of *The Legal Guide for Starting and Running a Small Business*. "It's wrong for a lawyer to try to profit on photocopies."

Because not all Steingold's peers share his sentiments, you have to be vigilant to avoid racking up excessive charges. Still, with a little savvy, you'd be surprised by just how much you can whittle down your legal bills by apply these simple tactics:

► **Ask your existing law firm to repitch:** If you're generally happy with your existing firm but wish to negotiate better rates and terms, tell them you're executing a request for proposals (RFP) for legal services and would like to give them an opportunity to repitch for your business. "You've really turned the tables now," says Dean Novak, assistant general counsel responsible for litigation and risk management at Burlington, Ont.-based Siemens Canada. Novak, who previously had worked at national law firm McCarthy Tétrault LLP, says your current law firm will probably jump at the chance to work out a better deal for you right away to avoid competing in a time-consuming RFP process.

► **Look to regional firms:** "Some Toronto lawyers—and I used to be one of them—think that Toronto has a monopoly on legal talent," says Novak. "But there are a lot of great lawyers outside the city." The same holds true of regional law firms outside other big cities across Canada. Novak recommends asking the regional lawyer up front if she'd be willing to waive travel charges to compound your savings further.

Lowe's other business—Green Grass One, a Mississauga, Ont.-based buying service for golf-club pro shops—recently used a Burlington, Ont.-based law firm for a project. "Once you get out of the city, it's less expensive," says Lowe. Novak estimates you'll typically save from 25% to 45%.

► **Get detailed estimates:** For projects such as litigation, for which it's tough to negotiate a flat rate, ask for a detailed estimate for each phase, from pleading to trial. Check in regularly to see if you're over- or under-

budget, advises Novak; and if you're over, ask why.

► **Negotiate terms of engagement:** Be up front about what you refuse to pay for, such as meals, taxis, faxes, long distance and business class if your lawyer has to travel. "Everything is up for discussion," says Levitt.

RBC's Swansburg advises being specific when outlining your terms. For instance, arrange flat rates for whatever you can, such as online research, or risk being charged by the minute. It's also a good idea to ask what will happen if your lawyer leaves the firm or goes on mat leave, and specify that you won't pay to bring another lawyer up to speed. Swansburg also advises asking for a three-year rate cap, since many law firms boost their rates by 5% to 20% per year.

► **Articulate your goals:** Be clear about what your desired outcome is to ensure that your lawyer doesn't spend time being thorough about something you don't care about. Otherwise, says Swansburg, "Your lawyer may assume that you want them to turn over every stone."

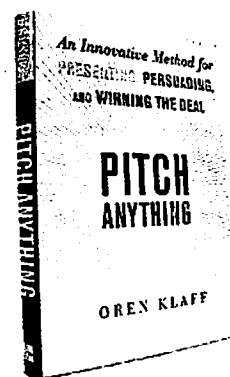
► **Look to non-traditional firms or smaller practices that cater to growing businesses:** A handful of firms, such as Cognition, offer lower overhead and access to preferred rates at big firms if anything needs to be outsourced to a specialized lawyer. Most of Cognition's 27 lawyers work from home or on-site for clients. Cognition offers flexible payment options, including daily rates, retainers and hourly rates that, Milstone says, work out to about half or a third of what traditional firms charge. The best part? The firm doesn't charge for minor disbursements such as copies, faxes and long distance. "It's an easy writeoff for us, and it builds an incredible amount of goodwill with clients," says Milstone.

► **Know your stuff:** "A well-educated client can save quite a bit of money just by being knowledgeable," says Steingold. This saves your lawyer from having to educate you about basic issues (while the clock is ticking on your dime), and sends the message that you're a savvy legal consumer.

Spend a couple of hours online boning up on a specific legal area. A good place to start is the ACC's website, which has extensive resources. Better yet, arrive at your first meeting with all your documents organized in a binder, recommends Novak: "Lawyers make a lot of money organizing the disorganized." —ANNETTE BOURDEAU

BOOK SMARTS

If you're selling investors on a big idea, you might be dying to dive into the details right away. Don't do it, warns Oren Klaff, a U.S. investment banker who has raised tens of millions of dollars in financing. In *Pitch Anything*, Klaff suggests taking the following steps to nudge your audience into a receptive frame of mind.



Put your targets at ease by telling them at the outset that your pitch will be short—only about 20 minutes—and that you won't be hanging around very long afterward. This will reassure them that they won't have to endure a protracted pitch. It will also suggest that because you have a strong idea, you're too busy to hang out for long at any single meeting.

Put your best foot forward—and leave the other behind. Research shows that people generally form an impression of someone based on the average of the available information about them. Your targets will think highly of you if you tell them only about one great accomplishment. But you'll drag down your average if you also note one pretty good and two mediocre things.

Explain the economic, social and technological forces driving your idea. Investors are keen to hear the backstory: the genesis of your idea, its evolution and the opportunity you saw. Highlighting the underlying market forces gives your idea a history, credibility and an exciting path to the present.

Bring the new idea into play by using the "elevator pitch" template from Geoffrey Moore's classic business book, *Crossing the Chasm*. Sum up, in as few words as possible, the target customer, what your idea/product provides that existing offerings don't and the key features of your idea/product. Only then will your audience be ready to hear the details.