

# CRAIN'S

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## Who knows how to slash legal bills? A law firm, of course

Seyfarth Shaw sees growth opportunity as clients cut spending

BY STEVEN R. STRAHLER

Companies are slashing legal costs left and right, with consultants lining up to show them how. Curiously, one of those consultants is a Chicago law firm: Seyfarth Shaw LLP.

The concept understandably has been a tough sell to some Seyfarth partners, and some general counsels are skeptical of its cost-benefit. Seyfarth has landed only a handful of known consulting clients, including Chicago's CNA Financial Corp., Nike Inc. of Beaverton, Ore., and Rockwell Collins Inc., a Cedar Rapids, Iowa-based avionics maker.

But 845-lawyer Seyfarth has high hopes for its out-there idea. Like Amazon.com Inc.'s drone-delivery scheme, it's got potential customers buzzing, burnishing Seyfarth's well-chronicled reputation as an innovator.

Seyfarth's consulting arm acts as a brand extension of its "SeyfarthLean" program to trim its own in-house costs and what it charges clients, which has proved to be a business generator. Firm revenue rose by 60 percent, to \$540 million, between 2005 and 2013.

"Seyfarth has expertise that is rare in the industry. Why not sell this to clients?" says William Henderson, a law school professor at Indiana University in Bloomington, Ind., who writes about legal market trends. "It locks in longer-term relationships."

That's part of the thinking at Seyfarth, which aims to expand beyond a labor and employment niche. It also is depending on new revenue to counter pushback from clients on billing rates.

"Their legal spend is going to go down no matter what we do," says Ken Grady, named CEO of SeyfarthLean Consulting in September after using it as a general counsel client at bootmaker Wolverine World Wide Inc. of Rockton, Mich. "When you're in that situation it becomes a market share question."

The market share battle is fierce. Tech startups catering to legal clients raised \$458 million last year, a sevenfold increase from 2012's \$66 million, according to Washington-based Legal Transformation Institute LLC. The squeeze on lower-end services such as electronic document searches, or e-discovery, is apparent at Chicago's Huron Consulting Group Inc., which doubled legal-segment revenue between 2007 and 2012 only to see it dip slightly last year.

At least one other law firm is trying its hand at Seyfarth-type consulting: London's Eversheds LLP, which started a unit in 2010 that now has 22 (non-lawyer) professionals and \$10 million in annual revenue—a blip compared with the legal practice's 2,500 lawyers and about \$500 million in revenue, but a beachhead nonetheless.

"I think we're ahead of the curve still, which is good," says Graham

Richardson, Eversheds Consulting's chief. The firm is advising an unspecified bank client that has more than 1,000 lawyers, he says, on how to deploy them more effectively.

At Nike, Seyfarth helps the apparel maker decide what legal tasks to outsource and which to divide between lower-cost and premier law firms. Mr. Grady says routing incoming contracts used to take an average of 14 days and now takes one. Turnaround time is similarly reduced.

### LEGAL EVANGELIST

Mr. Grady, 57, a former McDermott Will & Emery LLP attorney, calls on Seyfarth clients and non-clients and speaks at conferences, spending about half of his time on the road evangelizing. Seyfarth confirms that it also has advised Royal Bank of Canada, Pacific Gas & Electric Co. and Nike's Converse unit. None of the companies would comment.

Paul Liebenson, general counsel at Chicago-based steelmaker ArcelorMittal USA, says that in contrast to the if-it-ain't-broke, don't-fix-it rule, Seyfarth is "at the other end—how do we break it up and fix it?" While intrigued by the idea, Mr. Liebenson has hesitated to sign on as he worries whether potential savings will justify the cost.

SeyfarthLean Consulting relies on flat fees (which it declines to disclose), the reliability mantra of Six Sigma, and 27 project management and technology employees, it says. In February it introduced Disclosure Dragon, software that cuts lawyers out of much of the process of creating financial disclosure documents for crowd-funded issuers.

VSP Global, a Rancho Cordova, Calif.-based vision-plan insurer that also sells eyewear and makes lenses, says Seyfarth has helped it trim legal spending by about 10 percent, saving almost \$400,000 over the past year at the \$4.2 billion revenue firm.

As a result, General Counsel Thomas Fessler has awarded Seyfarth virtually all of VSP's patent-related assignments, up from about 20 percent three years ago. "They have a stronger, more durable relationship with the office of general counsel here," he says.

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Ken Grady, CEO, SeyfarthLean Consulting