

Recalibrating Professional Service Provider Relationships

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Calibration: "The act of checking or adjusting (by comparison with a standard) the accuracy of a measuring instrument..." - English dictionary

Most people associate "calibration" with instruments such as a thermostat or police radar gun. We calibrate or check to ensure that the instrument has retained absolute accuracy of performance. However, we also see an extension of this word as "recalibration" and its association with the business world, specifically with service provider relationships. Typically, recalibration involves starting with a failure of a particular model or relationship, identifying the problem, and fixing or strengthening it. Just as with calibration, recalibration in business can make or break a company.

Today, many companies, small and large, are turning to outsourcing, which enables the organization to be more efficient and cost effective. Global outsourcing has become a controversial subject, and now plays a strong role in our economy. For small or start-up companies, outsourcing provides a way to build a successful business on a budget. A one-man office could take a portion of the operations, outsource them for a fraction of the cost of hiring someone full-time, and begin to establish that company. For large companies, outsourcing provides the opportunity to save money, thus increasing the bottom line and making shareholders happy. Additionally, outsourcing can enable penetration into new markets that would not be possible without the addition of local "partners".

In choosing to outsource, companies must fully evaluate their business needs, how outsourcing will contribute to the organization and the value of the service being outsourced. Many organizations outsource activities and functions which are not their core competencies. In example, a technology firm with proprietary software might outsource content development for their marketing collateral. However, a firm that markets service as one of their core competencies would likely refrain from outsourcing their customer call center.

Outsourcing Legal activities have been a commonplace practice for many years. Even firms with in-house counsel outsource certain activities to outside counsel. In any area of business, the goal of outsourcing is to create greater operating efficiencies and ensure that internal teams are free to work on critical value tasks.

While outsourcing legal activities is not a new practice the way in which those relationships are managed has changed. As the practice of outsourcing has expanded businesses have begun to view these outside contractors in a different light. Once viewed as "work-for-hire" those that perform outsourced work are now viewed as essential business partners, or an extension of the core work force. Outsourced law firms should be integrated into business activities and no longer viewed as a function that happens in a silo. In-house counsel gains specialized knowledge and a broader knowledge base from outsourcing. These relationships need to be effectively managed to ensure the continuing value and successful outcomes. The business aspect of outsourced relationships needs to be managed as well as the communication aspect. Are the processes and methodologies being improved? Are you achieving the desired business results from the relationship? Are you achieving greater efficiencies by outsourcing? Work cannot simply be outsourced without a process of evaluation and measurement.

As for those that survive from outsourced work, their view too has changed. No longer content to perform a one time service, they are extremely focused on service and value realizing that it is critical to build long term relationships to sustain business, and that is a win-win proposition for both sides. Richard A. Hall is founder and President/CEO of LexTech, Inc., a legal information consulting company. Mr. Hall has a unique breadth of experience which has enabled him to meld technology and sophisticated statistical analysis to produce a technology driven analytical model of the practice of law. As a busy civil trial attorney, he was responsible for the design and implementation of a LAN based litigation database and fully automated document production system for a mid-sized civil defense firm. He developed a task based billing model built on extensive statistical analysis of hundreds of litigated civil matters. In 1994, Mr. Hall invented linguistic modeling software which automatically reads, applies budget codes, budget codes and analyzes legal bill content. He also served as California Director and lecturer for a nationwide bar review. Mr. Hall continues to practice law and perform pro bono services for several Northern California judicial districts.