

Definitely Mabey

Cost Containment through Collaboration

One dictionary defines collaboration as “working together, especially in a joint intellectual effort”. So without taking too much writer’s license, collaboration would seem to make sense on an intellectual level if not a practical one, if you subscribe to the possibility that more can be accomplished by working together than individually.



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Now the practice of law for many is not a team sport. So many lawyers may see collaboration and the practice of law as mutually exclusive events. But nowhere in the definition of teamwork have I seen where one is required to surrender their self or individuality; rather it is simply a “cooperative effort by the members of a group to achieve a common goal”.

In a brief goal setting exercise let’s look at developing a different angle on cost containment and, even better, cost reduction, as the goal for this month’s column.

Before setting out to achieve our goal let me attempt to eliminate some of the “but we are different” that you might anticipate will be raised:

1. The practice of law in Atlantic Canada is a fairly competitive full contact sport with two of the larger firms having being labeled in the past by a national magazine as the Hatfield’s and the McCoy’s;
2. The competition centers around clients and talent; and
3. Cost containment / reduction are a permanent fixture in partners’ vocabulary and on the minds of those engaged in law firm management (in part due to constant reminders from partners).

I expect that the marketplace any reader practices is not all that different from the one where I do and where I will share how collaboration is leading to cost containment and reduction.

We are fortunate enough to have a couple of law firm CEOs who were both able to combine a grasp of what their firms truly competed on with a strong sense of region. Bernie Miller of McInnis Cooper and John Rogers of Stewart McKelvey have enabled their respective firms to embark on three cost sharing collaborations and are exploring more ways to collaborate in the future.

The first joint venture involved the two firms issuing a combined RFP for a wide cross-section of office supplies. The result of this collaboration was a double-digit reduction in expenses in this area for both firms.

It is critical to launching inter-firm collaboration to have a clear win in order to open up minds to the possibilities. But once you open your mind to the possibilities, words like “never” and “no way” are not voiced as frequently and some interesting collaborations arise.

The second area where collaboration has occurred is charitable and community sponsorships.

With the current economic situation, professional services firms in general, and law firms in particular, seem to be on the receiving end of sponsorship requests. Often firms are played off against each other for their level of sponsorship.

Collaboration in this area can result in two levels of savings; first on the actual amount of the sponsorship (one joint \$25,000 sponsorship versus two \$25,000 negotiated separately) and secondly in the advertising of the sponsorship.

There is no question that breast cancer is a serious issue facing all Canadians and law firms are not immune from this dreaded disease. Instead of each firm running an ad “touting” their involvement and sponsorship of a recent initiative, the two firms ran a joint ad extolling the public to get involved in “Bust a Move” and how a little friendly competition on the aerobics floor was a good thing! Not only was there a cost savings, but the firms were acknowledged for doing a good thing.

The third co-operative effort I would mention is the essence of combining what their firms truly compete on with a strong sense of region. The Canadian Bar Association's annual conference, when it comes east, seems to always draw a crowd and the firms have historically spent a lot of money dispensing hospitality to the attendees.

Initially, the two firms decided to collaborate on holding a single reception for the August 2011 CBA annual conference in Halifax but the third regional firm, Cox and Palmer, has joined in and now the three firms will share in the cost of the reception. Not only will the three firms benefit from a cost savings, but the event will likely be a bigger and better event for all attendees than each firm would have done on their own.

The above examples are just three ways in which firms have collaborated their way into cost savings and I expect if you think about it for 47 seconds you can come up with many more that would make sense in your respective marketplaces.

Possible future collaboration could include:

- purchasing of capital items like computer hardware and shelf software like Microsoft office;
- professional development, specifically in bar society mandated areas, but also common areas such as understanding financial statements for the non-financial professional;
- library facilities – you all shared libraries in law school so why does each firm and bar society feel compelled to build their own now; and
- bulk purchasing where price is clearly driven by the volume of units being purchased.

There is no optimal number of firms that can participate in such collaboration. Rather, as long as they approach the initiative with an open mind and a willingness to cooperate to achieve the goal at hand, the more the merrier.

Until the next column, remember

"There is no limit to what you can do
if you don't care who gets the credit."

Comments or Questions?

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