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Partnerships

Administrators can lead the way – one handshake at a time – in building solid strategic value in their firms’ relationships with legal vendors.

BY JOBST ELSTER

With the economy reeling and law firms being squeezed from all sides, the reality of “doing more with less” greatly depends on your ability to rely on vendor partners that will go the extra mile for you. The value gained from pursuing true partnerships with your legal product and service vendors can be tremendous and, more often than not, quite manageable to attain and cultivate. Relying on best practices from past partnerships is critical to success in this regard, as well as your willingness to tap into a rich pool of external resources, including members of the Association of Legal Administrators (ALA).

UNITED WE STAND

As the recession bites deeper, it is important that firms, irrespective of size and complexity, confront the fundamentals of their business models and understand where cost savings and performance gains can be made. While short-term cost cutting might be focused on headcounts, capital expenditure budget cuts, and alternative partner compensation plans, law firm administrators can take the lead in evaluating relationships that they already have or wish to have with the vendor community.

To further put this into perspective, there is a great interdependence between law firms and their vendors, more than both might realize or, at times, care to admit. While legal-specific vendors are exclusively reliant on law firms to purchase their offerings – e.g., in the technology sector, high-ticket, large license software sales easily exceed six figures – the firms are equally dependent on vendors to support them. Beyond requiring custom-tailored products, systems, technologies, and services, law firm users often count on vendors to get involved in associations and user groups designed to facilitate communication, education, and commerce.

In the case of ALA, vendor-related revenue substantially contributes to the bottom line and the association's ability to offer members competitive rates and pricing. Based on recent estimates from Association leaders, were ALA to maintain its current level of service to members without ongoing financial support from vendors, average annual ALA membership dues would need to increase by as much as 40 percent, and a member's cost to attend ALA's Annual Educational Conference and Exposition would more than double.

CHOOSE PARTNERS NOT VENDORS

Beyond the financial support for professional legal associations such as ALA, what are the benefits of seeking true business partners? What sets them apart from suppliers found in the Yellow Pages or in your local Chamber of Commerce directory? For one, legal business partners are committed to providing the products, services, and advice needed to ensure your law offices run at peak performance, while bringing to the table specialized legal industry and legal "solutions" knowledge. While you needn't underestimate this niche expertise or the realization that law firms are generally "difficult" clients, don't lose sight of what you really want out of a vendor partner: commitment, honesty, loyalty, expertise, bandwidth, and resourcefulness.

While there's no foolproof blueprint to establishing a value-added legal vendor relationship, there are several tried-and-true "learnings" that will substantially improve your odds of hitting the business partner jackpot:

- **Go beyond price.** No firm wants to overspend, but building a successful vendor relationship requires thinking about more than just price – after all, "you get what you pay for" is not just an old adage. When looking at the price tag, make sure to also find out about service track record, history of handling special requests and customizations, turnaround times, resources/bandwidth, and independent ratings and reviews.
- **Be diligent with due diligence.** Be serious about understanding your vendor partner's financial health, obtaining credit reports, earning statements or Securities and

RELATED RESOURCES FROM ALA

The Association of Legal Administrators (ALA) offers a variety of resources aimed at helping Association members and representatives do better business together. Among them:

- The "Resources for Vendors" section of ALA's Web site provides solid guidance for ALA members and vendors alike: www.alanet.org/resourceforvendors/welcome.aspx
- Another section of ALA's Web site articulates key vendor-related policies for members: www.alanet.org/resourceforvendors/policies.aspx
- Want to know more ALA's Vendor Relations Committee (VRC), the VRC's Vendor Advisory Panel (VAP), what those groups do, and the individuals involved with those groups? *Visit* www.alanet.org/resourceforvendors/people.aspx
- Looking for a legal vendor? Peruse the online directory at <http://www.alanet.org/vendors/index.asp>, or your printed *ALA Membership Resource Directory*, which is published annually in June.
- A quarterly e-newsletter – *ALA Means Business: News and Information for the Legal Vendor Community* – features many useful articles: www.alanet.org/resourceforvendors/vendornewsletter.asp
- Want to learn more about the "Performance Guidelines for ALA Members and Chapters and Legal Industry Consultants, Suppliers and Vendors?" They are viewable online at <http://www.alanet.org/mutualcodeofconduct.htm>, in your printed *ALA Membership Resource Directory*, and in an article published in the August/September 2008 issue of *ALA News* magazine (www.alanet.org/publications/alaneewsarchives.aspx)



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Exchange Commission filings, if applicable. The last thing your firm needs is a financially unstable vendor that can't deliver. Along the lines of timely delivery, make sure to check vendor references and gain a firsthand account of daily interaction.

- **Maintain good faith.** Your ability to strike a long-term partnership with a vendor depends a great deal on how you manage your end of the relationship. Strive for a relationship of mutual trust and respect. Start by honoring pre-determined payment terms, which can go a long way to fostering good will and make a difference when you really need your partner's help. Also try to keep your expectations in line when it comes to customer service you might receive compared to a longtime vendor partner.
- **Define roles and responsibilities.** When you are ready to move ahead, define who will be taking care of which responsibilities and clearly communicate these obligations. This will help get your relationship off to a good start. This is especially important for service agreements, such as IT contracts and software installations, which should include detail on who will be handling such things as configuration, installation, and training. Avoid surprises and work these things out in advance.
- **Collaborate and share in the good and bad times.** Many legal vendors are used to the same "crisis management" situations that administrators regularly experience. Most understand last-minute emergencies and are happy to respond. When they do respond, let them know how much you appreciate their work. They may make you look good, so help them to look good, too. This small amount of recognition could make the difference between a mediocre relationship with a

business partner and a great one. When you're creating very strong vendor relationships based on open communication and good collaboration, don't just pull in your own staff to celebrate, involve your vendor as well.

- **Trust your partners.** In many cases, your legal vendors are service and operations extensions of your firm, and they should be "in the know" when it comes to issues and challenges that might directly impact their performance and delivery. This should ultimately improve the level of service.

MATCHMAKING, THE ALA WAY

Along with the aforementioned "cheat sheet" of what to look for in vendor partners comes the realization that finding the right vendor is easier said than done. Odds are that prospective vendors will find you long before you seek them out (there are a lot more of "them" than you), but how can you reach out proactively? While all firms have access to a myriad of online resources via vendor Web sites, popular buyers' guides, and publication Web sites, ALA member firms also have the added benefit of in-person networking at the Association's Annual and Regional Conferences and other special events.

Furthermore, to help foster stronger working relationships between ALA and the vendor community, ALA established the Vendor Relations Committee (VRC) and the VRC's Vendor Advisory Panel (VAP). With that in mind, the VRC and VAP have prepared guidelines and objectives to further enable ALA Chapters and members to develop and enhance productive working relationships with the ALA vendor community, as well as offering guidance to the vendor community for establishing mutually beneficial working relationships with ALA Chapters and members. (See the sidebar on page 35 for more information.)

A COMPETITIVE EDGE

Actively reach out to your legal vendors and find out how they are doing and how you can collaborate to weather the economic storm. Look into incentives and even bonus programs for extraordinary customer service, and safeguard the strongest vendor contacts with periodic face-to-face meetings and occasional social interaction.

The timing may also be right to team up with your vendor partners to pursue corporate and philanthropic goals that you have ignored or neglected in the past. Community fundraising initiatives and green business projects are gaining in popularity and importance.

Achieving a noticeable competitive edge through a strong business relationship is the ultimate testament to a successful partnership. Reach out to make it happen. *Carpe diem!* ✨

about the author

Jobst Elster, Vice President of *InsideLegal.com*, an online community and advisory resource for legal technology vendors, has spent the past decade in the legal industry, working with vendors, consultants, journalists, and law firms. He has helped legal technology sellers to connect with legal buyers; members of the legal media to identify legal subject matter experts; and legal vendors to forge relationships with technology consultants. Contact him at elster@insidelegal.com.

LEARN MORE

The October/November 2008 issue of *ALA News* magazine featured an intriguing article titled, "Vendors Are NOT the Enemy." Authors Patti Lane, CLM; Michael Stephens, PHR; Marshall Fletcher; and Lisa Neitzel, CLM, state a clear case for the evolution and maturation of the administrator-vendor relationship. To read this article, visit the *ALA News* archive section of ALA's Web site at www.alanet.org/publications/alaneewsarchives.aspx, click on the front cover of the October/November 2008 issue, and scroll down to the article links. (The Publications archive can also be accessed from ALA's home page – www.alanet.org – by clicking on Publications on the left-side navigation, then on *ALA News* in the drop-down menu, and finally on the "past issues" hyperlink on the *ALA News* landing page.)

COMMON VENDOR SELECTION PITFALLS AT-A-GLANCE

When considering vendor evaluation or selection checklists, law firms are well served to browse the "don'ts" of business relationships:

- **Don't always select the lowest bidder.** You'll get what you pay for.
- **Don't avoid seeking executive support.** Seek buy-in from all firm constituents.
- **Don't cut corners when it comes to due diligence.** Cutting corners will never pay off in the long term.
- **Don't force a square peg in a round hole.** If establishing a vendor relationship is proving too difficult, it might be best to reconsider or walk away.
- **Don't select a friend or relative over a true third-party vendor.** You want to keep your friends and the respect of your colleagues.
- **Don't forget that** good partners make good customers. A first step to becoming a good customer is to think beyond your interests and to understand what your partner wants to get out of the relationship as well.
- **Don't confuse getting the *most* out of your vendors with getting the *best* from your vendors.** According to independent surveys, crafting airtight contracts that balance toughness with fairness is the best way to ensure your best interests and the best from your vendors.
- **Don't forget written and signed partnership agreements.** Due to the nature of partnerships, every detail and obligation must be clearly defined and written out, agreed upon by all parties, and abided by.
- **Don't squeeze now, because you will pay later.** Understand that a vendor that has been "low-balled" will constantly be on the lookout for ways to make their money back.