

# Between the client and the vendor

## Practice group streamlines to set up service contracts

By Douglas Levy

One of Michigan's biggest firms has developed a unique practice team that focuses on drafting and negotiating its business clients' agreements with virtually every kind of vendor — from human resources service contracts to sponsorship deals to armored delivery work.

Utilizing a streamlined intake and workflow process, Bodman PLC's Enterprise Procurement Group has been able to lift a lot of the grunt work from in-house counsel while also giving the companies a solid budget from which to work.

And business has boomed. The group processed more than 1,500 transactions in 2015 as of November — a 40 percent increase from two years ago. Thirteen attorneys are on its staff roster, including three recently hired associates.

"When you get into some of the larger organizations, their procurement is very substantial on a daily and annual basis, in terms of spending, number of contracts and number of vendors," said Ralph E. McDowell, chair of Detroit-based Bodman. "Our group assists to centralize, organize and standardize functions that can often get bogged down in a company."

### Mastering the function

Though the group was formed in name in 2012, its origins go back to the early 2000s, when Courtland W. Anderson, a Bodman technology law attorney, found his work drying up in the wake of the Internet bubble burst.

He said he then began handling mostly tech- and machine-related business transactions — such as conventional banking equipment and IT — for large companies that were formalizing their procurement departments and nationalizing some of their contracts.

Then the idea hit him.

"We're sitting at the table with them as they were formulating not only their legal documents but their business strategies and how they're going to do strategic sourcing," Anderson said. "That's not something a lot of law firms would ever have the opportunity to do. We were in the right place at the right time, and those companies were comfortable giving us every deal, not just the IT deals or



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deals they felt they couldn't do internally."

Anderson's portfolio eventually expanded to deals for lumber, armored couriers, ATM machines, outsourcing and technology licensing.

This gave him knowledge of not just the array of the vendors the clients needed, but what the procurement process needed, too.

"For a normal law firm or an in-house legal department, [procurement] would typically fall within several different groups," he said. "For instance, I might do a payroll agreement with ADP while a law firm or in-house counsel might use an employment attorney to do that. Or if there's a technology agreement, a law firm or in-house would use an IP attorney. So what we just started doing was grow around the procurement function itself."

That function is done assembly line style. Anderson explained that the transaction proposal process begins as a staffer opens each matter and runs conflict checks. The law clerks will then save the documents into the system, print them and get them on an attorney's desk "typically within a matter of minutes." After that, paralegals will take up the initial review of the document.

Using this kind of legal support means taking the lowest cost resource to do the job competently, Anderson said.

"We've been thoughtful in analyzing the kinds of transactions we get, and quality is our most important selling point," he said. "But we make disciplined decisions about who can or should be reviewing what, so that me, at my very high card rate, isn't reviewing something that can easily be reviewed by a staff attorney or first-year associate."

Anderson said contract templates are used as part of the streamlined process, and because the list of vendors has increased over the years, the familiarity with which each does what has solidified.

That knowledge has helped in acquisitions,

Anderson said, in that if Client A buys Client B, each side's contracts with separate vendors can be integrated.

### An attractive sell

The enterprise procurement practice existed as a subsidiary between Bodman's IP and business law groups before formally striking out on its own in 2012. Anderson said that, save for a small East Coast-based firm, Bodman is the only firm he knows of that has such a practice group.

He said that an advantage of having such a group in a large firm (Bodman ranked at No. 7 in the 2015 edition of Michigan Lawyers Weekly's "Largest Law Firms Directory" with 161 lawyers) is the opportunity for cross-marketing.

"In its infancy, we really served as almost a repository for anything that wasn't real estate, banking and M&A," Anderson said. "As we grew and separated into our own practice group, we did become a very good vehicle to cross-market because we were unique."

"We pulled all the resources for this type of work into one practice group, which improves consistency, response times and helps us lower costs. ... This is a very valuable cross-selling opportunity and our last couple of big clients came from [Bodman] partners going out and pitching our services."

McDowell said the practice group's services have been an attractive sell because of its alternative fee arrangements menu and a backlog of historical practice group data to show how much each transaction would cost. He added that two multibillion-dollar clients who signed on last year are on a fixed-fee arrangement.

"What they want is that cost certainty," Anderson said. "They just want to know, if I give you this kind of transaction it's going to cost X dollars. That way they can go budget for it. And we know we're going to do OK and not lost our shirt on it; we don't pitch this to be a loss leader."

Best of all, he said, everyone involved in a transaction matters.

"We are very proactive with the client ... and anyone in the group can have a say," Anderson said. "Often times some of the better ideas come from the people who are on the lowest end of the [transaction process] because they see what goes on day to day."

*If you would like to comment on this story, email Douglas Levy at [douglas.levy@mi.lawyersweekly.com](mailto:douglas.levy@mi.lawyersweekly.com).*