



BRIEF CASE

John Bowie

Big law, big trouble

Further news of law firm distress arrived this week with tales of layoffs and unpaid fees. One businessman told me of a South Island restructuring professional who was fully engaged restructuring legal practices in the south, including Queenstown, which has been savaged by the property reversal. Another told me about law partners cashing in life policies to stuff equity into their practices. And, as previously reported, the *Legal Benchmarking Report* due for publication next week, will reveal the pressure placed on in-house legal departments to cut their own costs. The monumental research for the report, compiled by Team Factors' Ron Pol on behalf of the Australian and New Zealand corporate law bodies, carries what Clanz chief executive Helen Mackay says is some "unwelcome news" for large firms. Not only is there unlikely to be any increase in the amount spent on outside law firms, but there is little expectation of any increase. She says as many as 30% expect to reduce their use of national firms over the next two years.

The report's not all bad news for either corporate lawyers or external firms, however. More work is anticipated for specialist and boutique practices, along with overseas law firms. The report

- contains a wealth of information on how legal service providers, both inside and outside the corporates, can cut costs and generate greater efficiencies; indeed build a better relationship between client and firm. The report is due out on August 24.