

Monday, October 30, 2006

Overseas legal outsourcing on the rise.

More law firms apparently are more often looking overseas to outsource support staff work. The October 27, 2006, New York Times details this trend. A recent trial lawyer listserv posting mentioned one particular company offering such outsourcing: Manthan Services in Bangalore, India. This outsourcing situation goes to the heart of the cost of providing quality legal services, and the higher prices American lawyers are able to charge due to rules against the unauthorized practice of law by non-lawyers. In the United States, quality lawyers can command substantial pay. Quality legal secretaries command salaries that can approach or exceed the pay of recent law graduates at smaller and medium-sized law firms. The more that lower-cost legal staffing -- including for lawyer work -- is offered by outsourcing companies abroad, will lawyers in the United States feel competitive pressures to reduce their prices and also to use such outsourcing companies? The whole issue points to the effect of high-cost legal services in the United States. For instance, corporations pass their huge legal expenses onto consumers; legions of civil litigants scramble around the courthouse pro se without the funds to hire quality lawyers, and many individuals go into deep debt to hire lawyers. How does such overseas outsourcing affect our law firm? Our firm does not use such services; we believe in treating our support staff as family, and need to assure the quality of our support staff and their work. We rely on in-house staff (we have two lawyers and four full-time support staff) supplemented by outside local contractors and consultants for such work as investigation and expert advice for our cases; computers and Internet (for the Internet, we use Daytona Networks in Florida); accounting; and phone systems. When it comes to outsourcing lawyer work overseas, criminal and Constitutional defense lawyers are difficult to outsource, as are immigration lawyers; these areas constitute our law firm's focus, and we would not outsource such work overseas. However, it is conceivable that such lawyer work as the drafting of contracts, wills, and other legal documents will go overseas more often (if law firms and corporate law departments can get around hurdles of the unlicensed practice of law). An important question is the extent to which law firms will use overseas outsourcing more as a way to pass on cost savings to clients, more as a way to make more profit, or more as a way to provide high-quality services. I could imagine many law firms and corporate legal departments wishing to try law clerks, paralegals legal secretaries, and even lawyers from abroad to work for lower cost. All sorts of issues arise from there, including the extent to which American law firms will be required to follow United States labor protection laws (including laws against employment discrimination, and requiring payment of minimum wage and time and one-half for overtime) with the overseas outsourced assistants, the comfort level (or lack thereof) of taking advantage of less expensive labor abroad (on the other hand, companies perhaps have the option of paying significant gratuities to the outsourced staff, to offset their otherwise lower pay), and the comfort level of charging so much to clients to the point of not serving equal access to justice. Of course, overseas outsourcing and overseas manufacturing have been common for legions of other American businesses. I have written further here about the high cost of legal services, and how our law firm addresses it. Jay Marks and I focus on maintaining a moderate number of clients so that we may focus sufficient attention, time and energy on each client; this amounts to our charging significant legal fees. We offset this by providing a variety of pro bono and low bono services both to better achieve equal access to justice, and also to serve people and causes that stir our passions and interests. Jon Katz.

Posted by Jon Katz in Jon's news & views at 00:01