



Stanford eCorner

Working with Legal Counsel

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November 12, 2007

Video URL: <http://ecorner.stanford.edu/videos/1941/Working-with-Legal-Counsel>

Dan Springer, CEO of Responsys, discusses the benefits of working with attorneys in an entrepreneurial environment. In terms of choosing your own counsel, Springer highlights the importance of finding a great attorney with deep expertise and that you trust. In terms of working with other attorneys, Springer provides advice to entrepreneurs working with challenging individuals.



Transcript

So, there are two sides to the attorney discussion. One is your own counsel and one is the folks your working with's counsel. On your own counsel side, make a little public service announcement for attorneys. I think there's a huge difference in the value of attorneys. And there's a huge quality differential. So a lot of people think that I have an attorney and that that concept means I now have access to all wisdom and legal knowledge, right? It's just not true. And so you've got the challenge both of the knowledge and experience that you have to be comfortable with, the domain expertise, and the second is just quality. There are some people who are just smarter and more thoughtful. And so it's a real challenge on hiring professional services people to figure that out. If you don't have expertise in that domain, I strongly recommend you find someone you trust a lot who can make a recommendation to you when you're seeking counsel.

And a lot of people say just go to big firms, but gosh, the quality within big firms, if you're seeking outside counsel, is dramatically different across the firm. And so I think it's really really important to say it's so hard to pay the price, the hourly rates, the attorney's bill, but the difference between the incremental cost of someone who's not that good and someone who's fantastic, I think for something that's important in life, it's probably worth it. And I'm very cheap by my nature, so it's difficult for me to say buy the higher price provider, but I think this is one of those places where it probably really does pay off. But in terms of picking someone outside of the quality, I mean again, subject matter expert domain, then make sure you find people you're comfortable working with. The biggest part of that is trust. Because attorneys often times have to give you a perspective you don't want to hear. They have to tell you sometimes you're position's not strong, you're not going to be able to achieve what you want to achieve. And if you don't trust them, if you don't really feel good about that, you start doubting what their motivations are. And so really, you want to be in the position where you have a lot of respect for the attorneys you're working with. So that would be one.

In terms of other people's attorneys, I've had a couple nightmare cases. One particular one with an acquisition we did about a year ago where we dealt with an attorney who was the college roommate of the founder of the company that we were buying. And a good friend. Although they're no longer friends, it's a sad story because this negotiation broke up a friendship, virtually. Because the person came in with a completely unrealistic set of expectations about what they would achieve in this deal, and we did a terrible job of addressing that misaligned expectation directly up front. And I think that one of the things on all kinds of deals, this is particularly true for M&A deals, if someone comes out and they're representing the position that's completely untenable, you have to have the comfort that you can walk away from the deal. And if you don't have that comfort, if you feel you have to get it done and someone's being unreasonable, it just feeds on their willingness to be and their desire to be

unreasonable if they can tell you don't feel flexible walking away. And so I a lot of times, in the intent to get a deal done, counsel our team to walk away. With my belief that the best single thing we can do to make a deal eventually happen is to walk away now and signal back, "You're being completely unreasonable and that will never happen." And you should do it politely and give them a way to come back. But attorneys that take a really aggressive stance on the other side that is not tenable to you need to understand that it's not tenable to you.

So I'd put a lot of focus on that. A lot of times, people say "Well, some people are difficult." You know, the personalities are difficult, they're obnoxious or aggressive. Those are things that I tend to try to turn the other cheek on. Just let those go by you. If someone's really being belligerent and you continue to not be annoyed or shaken by it, my experience generally, but not always, is that that behavior, it starts to slow down and stop. Because they're doing it for effect. They're doing it to get you emotional. And if you don't bite, in general, they tend to relax that pressure. Plus, even the most obnoxious person in the world is still human. And you know when you're being obnoxious, and you feel uncomfortable about doing it, and over time, if you keep - or being obnoxious and the other side is continuing to be reasonable and polite, usually they wear themselves down and feel like "I just feel bad, being such a jerk."