

The Counselor

Kate Duchene's job includes advising lawyers at other companies.

IRVINE — It should come as no surprise that Kate Duchene is perennially surrounded by lawyers.

A former litigator at O'Melveny & Myers LLP, Duchene now heads the in-house legal department at Irvine-based global consulting firm Resources Global Professionals, or RGP.

She typically handles disputes in-house and often looks to outside counsel for transactional matters. But what's different about Duchene's work is that she also spends time providing advice to lawyers at other companies.

RGP Legal, the company's newest business, advises companies on matters such as Affordable Care Act compliance, mergers and acquisitions due diligence and litigation management.

"In today's legal market, you have traditional outside counsel to turn to for assistance. You have companies like RGP Legal that can help with certain portions of a large event, and you also have technology players, where pieces of the workflow that human beings used to do now are being accomplished through technology," Duchene said.

RGP, founded as a division of Deloitte & Touche LLP in 1996 and spun off as an independent company in 1999, has advised a majority of Fortune 100 companies on matters from supply chain management to Dodd-Frank compliance to information management. The company recorded \$416.2 million in revenue through the first nine months of fiscal year 2013.

Kate W. Duchene

Chief Legal Officer and Executive Vice President of Human Resources
Resources Global Professionals
Irvine

Size of legal department: 6 lawyers

Recently, staff writer Andrew McIntyre sat down with Duchene at RGP's corporate headquarters to discuss the company's various businesses and the accompanying legal work. Here's an edited transcript of their conversation:

Daily Journal: From 1999 when you joined RGP to the company's going public in December 2000, there was incredible market volatility, particularly on the Nasdaq. What was it like taking a company public at that time?

Kate Duchene: I joined Resources in December of 1999, and that was still the boom time for technology companies. Our private equity partner was starting to talk about an IPO process or gauging interest from Wall Street, and really the investment bankers were not interested in our kind of consulting firm. We had a couple meetings but nobody really expressed

interest. Then the dot-com bubble burst, and all the investment bankers were looking for different kinds of companies. Then we became attractive because our financial metrics were so strong. Once we got the attention of the investment banking community, it was a fairly smooth process. I had never been part of that kind of corporate transaction because I'm an employment litigator. So it was a strong learning curve for me, but we had good outside counsel to guide the transaction and strong underwriting counsel too.

DJ: Which firms do you typically work with?

Duchene: It depends on the matter. At the time, O'Melveny actually was the primary corporate counsel and our transactional counsel going through the IPO. We still do a little bit of work with O'Melveny, but I really focus on finding the lawyer that matches the matter or the event that drives the need. I'm not captive to any particular firm. I've used a number of different firms. I also tend to use boutiques when it makes sense. For employment litigation, it's often important to have geographic presence. We had a jury trial a couple years ago in Denver, for example, and we hired Denver counsel to represent us. I've used Latham [& Watkins LLP], and I've used Knobbe [Martens Olson & Bear LLP] and Haynes and Boone [LLP].

DJ: How do you decide whether to handle matters in-house or seek outside counsel?

Duchene: Our philosophy at RGP is that we like to address matters very proactively. We try to handle disputes in-house as best we can. For transactions, we generally turn to outside counsel to lead the transaction. But I'm a big believer in what I call unbundling the workflow of a corporate deal. A typical scenario for us would be to hire outside counsel that performs the lead strategy, deal structure, negotiation work, but then partner that person with either an in-house lawyer or use our legal and regulatory consulting practice, which is part of our business model.

DJ: In 2007, RGP acquired Compliance Consultants Ltd. How has RGP's legal and regulatory consulting practice evolved over the years?

Duchene: That acquisition was a U.K.-based company that focuses primarily on financial compliance and regulatory consulting. That's now part of what we call our governance, risk and compliance group. Our legal and regulatory practice here in the U.S. is focused on serving the needs of in-house counsel across a wide array of industries. We work with inside counsel on special projects, whether that's compliance-oriented or not. And we help them respond to what I call major events, either on the transaction side or the litigation side. It's really working with in-house



Alexander Drecun / Special to the Daily Journal

counsel to unbundle pieces of the workflow.

DJ: How big is RGP Legal relative to the size of the entire company?

Duchene: We don't break out the segment as part of our public reporting. It's our newest and smallest piece of our business, but growing.

DJ: What sorts of legal issues does RGP face?

Duchene: The bulk of our work is insuring that our employment policies, regulation and compliance meet the regulatory needs of the environments in which we operate. Our legal work is primarily focused on negotiating business agreements with our client base all over the world. A piece of our legal work is entity structure and governance. We operate out of 21 countries and so have to insure that we set up the right employment model in various countries, because the labor regulations can be very different from China to France to the U.S. In my 13 years with Resources we've had very few client disputes and never a litigation matter with a client.

DJ: What sorts of litigation does the company get involved in?

Duchene: We had a class action filed related to our pay practices for travel. We successfully defeated class certification so that case went forward as a single plaintiff case in Denver. We've had a couple of employment-related litigations. We've actually been the plaintiff where we have sued former employees for breaching some of their post-employment obligations. It's not something we do lightly, but we take our obligations seriously and we treat employees and ex-employees fairly, and we expect to be treated the same way.

DJ: Are companies reaching out to RGP for advice on how to comply with the Affordable Care Act?

Duchene: We're doing a number of different projects related to the Affordable Care Act, and new regulation in the health care arena more broadly. Last year we launched a division called Resources Healthcare Solutions. That division is very focused on building a technology solution to track and remediate and hopefully prevent patient safety issues. It's a full blown

end-to-end incident management software solution that we're just now bringing to market. It's primarily marketed to large hospital and doctors' groups to help them electronically and efficiently track patient safety, remediate it immediately and share knowledge across an organization with the hope of preventing future patient safety incidence. We also have a more typical part of our consulting business that helps health care systems and our client base comply with [Health Insurance Portability and Accountability Act] and analyze the impact of the Affordable Care Act. Some of our clients are figuring out 'Do we want to offer health insurance on a go-forward basis? Should we change the organizational design so that we use variable resources as opposed to employees, and get below the 50-employee benchmark for application of the employer mandate rules?' We're helping a lot of companies with change management projects related to health insurance and changes coming to an employer's health insurance benefit plan.

DJ: What about your supply chain management practice? What sort of work have you been doing there?

Duchene: We have a significant focus in China, for example, and currently one of the strongest initiatives is to help clients comply with conflict minerals. Conflict minerals is a really discrete piece of regulation added to the Dodd-Frank bill that requires publicly traded companies to disclose whether they use in their products minerals mined from defined conflict areas, such as the Republic of the Congo. Really this is a corporate responsibility regulation more than anything else. It can be a very complex process to trace to your supply chain and decide whether it's conflict-free or not. Our supply chain practice has been focused in helping companies set up the right due diligence process and the right technology platform to drive that process, and we help with the conflict minerals report that has to be prepared.

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