

Chicago Daily Law Bulletin

Volume 150, No. 145

Monday, July 26, 2004

Amicus Curious

He concentrates on a growing field: outsourcing

By BILL MYERS
Law Bulletin staff writer

Dale B. Tauke is one of a handful of attorneys who concentrates his practice on outsourcing.

However, he says that may not be the case for long.

And according to statistics from the Outsourcing Institute, a professional association based in New York, he may be right.

The market for one section of outsourcing — business-process outsourcing — is about \$180 billion and could grow by up to 12 percent per year for the next five years, according to the institute.

All of that “outsourcing,” “downsizing” and “right-sizing” has created political controversy, but it also has created opportunities for corporate lawyers, Tauke said.

“I’d say almost as a separate discipline it’s only come about in the last 15 years,” he said.

Tauke, 52, of Fox, Hefter, Swibel, Levin & Carroll, is well aware that outsourcing — farming out jobs at lower costs — has become a charged particle in public discussion, but he says that much of the criticism of outsourcing is irrational.

“It’s not of any immediate help to those workers and we feel for them.... But that’s the so-called process of creative destruction that’s necessary for our economy,” Tauke said.

For example, Tauke said, when most people say “outsourcing,” they think they’re referring to the shipping of U.S. jobs to other countries. But the bulk of his practice concentrates on national outsourcing, he said.

That mirrors what seems to be a national trend. The Bureau of Labor Statistics began tracking outsourcing this year for the first time. The bureau found that in the first quarter of last year, in more than 70 percent of mass layoffs that involved outsourcing, jobs were shifted to somewhere within the U.S.

Also, three out of every four outsourcing-related mass layoffs in the first quarter had work shifting “among establishments within the same company,” the Bureau found.

But statistics also show that foreign outsourcing is on the rise. A study by investment company Goldman Sachs predicted that up to 6 million U.S. jobs will have been shipped overseas by 2015.

Tauke deals with some foreign outsourcing,



Dale B. Tauke

but he said that he advises clients who want to farm jobs out overseas should consider outsourcing their lawyers, too.

“I’ve always found it to be most advantageous to use local counsel,” he said.

According to Hildebrandt International, a legal consulting firm based in New Jersey, law firms are increasingly relying on attorneys overseas to conduct their business.

In 1996, there were more than 3,000 lawyers working in the foreign offices of U.S.-based firms. By 2003, that number had risen to more than 10,000 lawyers working in foreign offices, Hildebrandt reported.

Tauke is the father of five children — twin daughters Nora and Martha, 21, daughter Rosanna, 17, and sons William, 12, and Samuel, 10. He and his wife, Mary K. Tauke, an executive at an Elmhurst medical clinic, live in Lake Forest.

Tauke grew up in Dubuque, Iowa. He said his interest in the law grew out of his interest in business. He majored in economics at the University of Iowa.

Continued...

He graduated from the University of Chicago Law School in 1977.

A clerkship with then-U.S. District Judge John W. Reynolds in Wisconsin convinced Tauke that he had made the right career choice, Tauke said.

Reynolds, who had outpolled John F. Kennedy in the 1960 Wisconsin Democratic presidential primary, was a fascinating character, who had a “wonderful, warm nature as a lawyer and a person,” Tauke said.

“He taught me a whole lot about learning how to relax and enjoy people,” Tauke added.

Using his background in business, Tauke spent most of his career in corporate law. His focus on outsourcing grew out his work as a member of Waste Management Inc.’s in-house counsel.

The company was eager to farm out some of its services and — as an attorney working in procurement — Tauke found himself negotiating contracts with other companies.

What drew him further into the concentration, Tauke said, was dearly bought experience with company break-ups.

Negotiations in such break-ups often were “excruciating” because the parties were unsure of what services or products should go in what

direction, or under whose control.

If nothing else, those experiences taught him one lesson, Tauke said.

“I think it’s optimal for counsel and outsourcing to be involved at a very, very early stage. That’s one of the problems is that [clients] will spend a lot of time on this as a nonlegal problem,” he said.

“If the counsel is brought in too late, the counsel has missed an awful lot of learning opportunities. It’s all Greek to the outside counsel until they get on top of the whole thing,” he added.

Tauke said he sees no reason why the outsourcing boom will not continue.

According to the Outsourcing Institute, even small companies are committing themselves to farming out work. The institute’s latest index states that companies with fewer than 500 employees were spending an average of \$3.6 million on outsourcing.

Tauke said this is simply a function of increasingly integrated global business.

“You couple that with international competition, with the incredible improvements in communications,” he said, “and it becomes, all of a sudden, a chief necessity to outsource.”