

The Shape of Things to Come: Tradition Gives Way to a New Model!

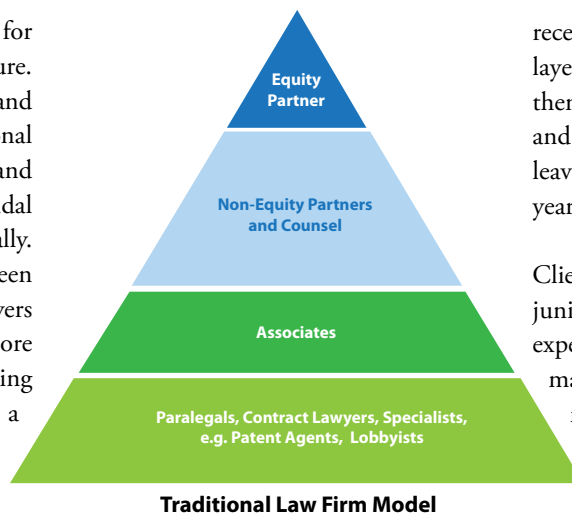
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There is a new paradigm emerging for the successful law firm of the future. Progressive law firms will expand roles and titles for those who provide traditional and non-traditional legal services and the customary law firm pyramidal structure is likely to change dramatically. “Non-lawyers” who typically have been considered as supporting the lawyers in their legal practice will take a more active role in driving and executing business strategy and in leading a diverse group of professionals to help their firms excel in this new era of disruption and competition. As is occurring in other businesses, the organizational structure in law firms will flatten and roles and advancement will occur not just vertically but also horizontally and diagonally.

Factors Driving the Shape of the New Business Model

Clients have become increasingly more sophisticated, more self-sufficient and more discerning about costs and value. The explosion of new legal service, content and process options available to clients of all sizes poses substantial



competition for traditional law firms. This has forced firms to take a look at how they staff cases, how they hire and promote lawyers, how they price and deliver services and solutions for clients and how they run the business.

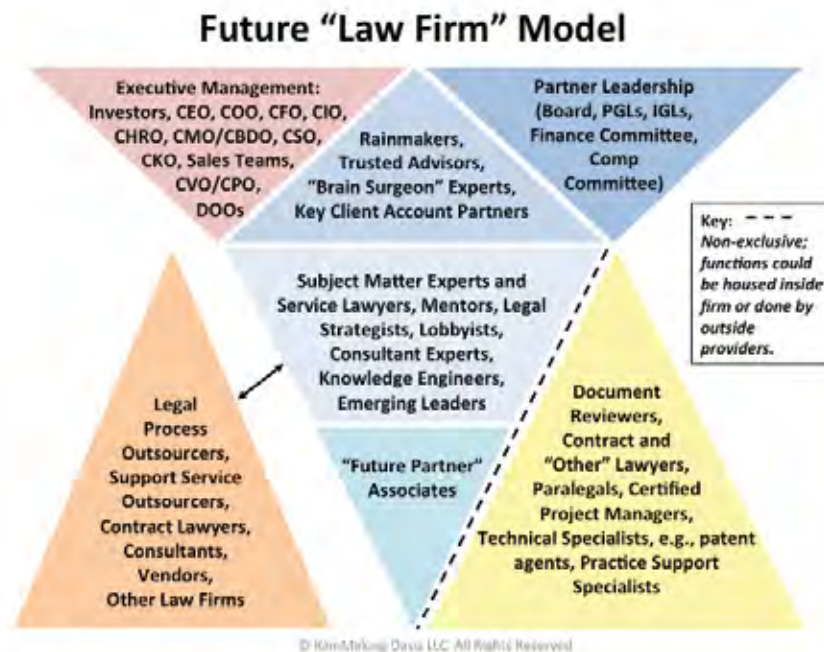
Clients' greater scrutiny of costs and value has necessitated that law firms modify the traditional leveraged approach which does not suit the needs or budgets of most clients any longer. The traditional model saw firms hire large numbers of

recent law graduates, assigning multiple layers of associates to cases, expecting them to bill 1800-2000 hours annually, and assuming that 50% or more would leave or be asked to leave by their fifth year.

Clients no longer want to pay to train junior associates who don't bring expertise, experience or value to their matters and they often restrict the number of all lawyers on teams they will allow to bill time on their matters to a very small number.

They have increased their own in-house legal staffs to defray the expense of outside counsel and have availed themselves of the alternative service providers, e.g., legal process outsourcers, online sites and software companies. These new service providers, which have burgeoned to provide routine and commoditized services to clients, offer many services that traditional firms have considered their bread and butter, e.g., research and discovery, contracts, simple business forms, non-disclosure and confidentiality agreements, and many basic intellectual property services.

How New Roles and Functions Co-Exist in the Successful Firm of the Future



These dramatic shifts in client purchasing habits and their direct access to multiple types of knowledge and resources are having a direct impact on the ideal law firm business model. Law firms now must work better, faster and smarter in order to maintain the desired levels of profitability and to attract and retain a healthy and sustainable client base. They also must be structured and managed in order to deliver the needs clients have at the right level from bespoke counsel and advice to more routine process work that can be expedited with technology and non-traditional technical staff.

New Types of Professionals "Practicing Law" and Delivering Legal Services

The law firm of the future will employ numerous legal professionals, only some of whom will have a traditional law degree and who will be practicing law as we know it today. Many others will be required to design and manage legal

solutions for clients, develop efficient and effective process and project management systems, oversee content and knowledge databases, employ new technologies, and manage the talent, resources and finances of the organization.

The traditional and actual practice of law will be carried out by far fewer traditionally educated and trained lawyers. In his most recent book, *"Tomorrow's Lawyers,"* Richard Susskind suggests that lawyers will fill many different roles in the future including:

- Expert trusted adviser
- Enhanced practitioner
- Legal knowledge engineer
- Legal technologist
- Legal hybrid
- Legal process analyst
- Legal project manager
- Online Dispute Resolution practitioner
- Legal management consultant
- Legal risk manager
- Technical specialists: patent agents,

economic analysts, etc.

Several law schools and other educational organizations are developing courses, certifications and alternate degrees in many of these new specialties.

Higher Levels of Experience and Stature on the Business Side of the Firm

The administrative support side of law firms also will undergo substantial change. Most fundamentally, non-lawyers (and non-practicing lawyers) will no longer play a secondary or purely "support" or administrative role but instead will drive strategy, revenue growth and operations. Those that lead the critical functions will have a seat at the table and in many cases will be regarded and compensated at a higher level than some partners in the firm, many of whom may or may not have the title of partner or may have transitioned into service roles.

Executive management and business support functions in many cases are already led by highly experienced and compensated professionals, often with prior business experience in other industries that are more progressive than the legal profession. Current titles and related functional roles at large firms include:

- Chief Executive Officer
- Chief Operating Officer/Chief Administrative Officer
- Chief Financial Officer
- Chief Information Officer (often encompassing Technology, Knowledge and Security)
- Chief Human Resource Officer/Chief Talent Officer
- Chief Marketing Officer
- Chief Sales/Business Development/Client Development Officer
- Chief Strategy Officer
- Chief Value and Pricing Officer
- Chief Diversity Officer
- Department Operating Officer

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- Directors of Recruiting, Talent Management, Professional Development, Pricing, Practice Management, Corporate Social Responsibility

Even in smaller and mid-size firms, partners are recognizing and expecting a higher degree of business acumen and contribution by their administrators. This is enabling partners who usually aren't experienced or trained in business management to return their focus more exclusively on client service and development, new business development and practice development – in short the aspect of being a lawyer that many enjoy and are skilled at.

How to Lead Your Firms Forward

With these fundamental changes on the horizon, those on the administrative/business side of their firms have a critical role to play in getting ahead of the trends and helping position their firms for success. Below are some questions, considerations and steps you might take now to help prepare and transition your firm.

1. How will you best meet the needs of clients now? In 10 years?

- Do an analysis of the type of work that clients currently and are likely to continue to hire your firm for (remember that clients will have many other choices so identify the work that cannot be easily done by other legal service providers). Break this work into tasks and skills.
- Assess your current lawyers by level, roles, responsibilities and skills (both strengths and gaps relative to the new

paradigm), including an evaluation of those tasks and the roles each play efficiently and effectively.

- Taking into account the variety of roles and professionals in the blue, orange and yellow segments of “The Future ‘Law Firm’ Model,” consider whether there are other lawyers or professionals inside or outside the firm who could do some of this work better, faster or cheaper.
- Determine whether there are technology tools that could replace or supplement some of what your lawyers do to streamline or automate projects and processes.

2. What is the highest and best use of partners?

- Review your partner criteria with a focus on how partners currently or could better serve each other to meet the needs of clients and generate long-term, sustainable and profitable revenue.
- Consider whether there are other roles, titles or categories for some of your partners and counsel.
- If you have a larger number of partners and counsel than you do other lawyer positions, consider whether this will prevent the firm from hiring and grooming new “future partner” associates.

3. How will you attract, recruit, integrate and manage new lawyers and other professionals?

- Since most clients don't want to pay for first or second year lawyers, decide whether you will still hire new law school graduates or only hire lateral associates. If you will

hire them, determine how you will provide hands-on training without billing clients. If hiring laterals, devise a recruiting approach to find and attract them to your firm.

- The proposed model anticipates far fewer associates who are selected and mentored as “future partners.” Design a progressive hiring strategy that effectively profiles success criteria and screens for these in the interview process, including using personality tests.
- Given the non-traditional roles more professionals will play in your firm, devise a hiring, training and development strategy, including cross-training and interdisciplinary collaboration. Include approaches for integrating people effectively to avoid duplication of effort and turf battles.
- Design an innovative and aggressive recruiting plan and determine where you will go to hire these professionals. Be aware that you will be competing for these recruits with clients, outsourcers, technology companies, temp agencies, accounting and consulting firms and many other businesses.
- Have a plan to differentiate your firm in the recruiting process but also to assimilate these professionals into your new structure.

4. Who and how will you lead, manage and train your talent?

- Develop and articulate a progressive review and advancement strategy. There will no longer be a single ladder path up, but rather a lattice-structure of development and progression opportunities.
- Determine whether you will need to re-design your training curriculum

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to develop new competencies for lawyers and ancillary support personnel, e.g., project management, commerciality and finance, technology, pricing, client account management, and business development, and whether you will incorporate remote eLearning into your training curriculum.

- Alternatively, you may need to supplement their legal and technical education with coursework or certification in business, finance, project management, process improvement, analytics or pricing.
- Partners may no longer mentor or supervise the development of the majority of professionals in the firm since so many will be traditional associates. Other appropriately experienced supervisors, many of whom likely will not be lawyers, will need to be identified and a management structure put into place.

5. How will you structure and staff the executive office and business support side of the organization?

- Consider the changes to the business support infrastructure that you will propose to the firm's leadership in order to play a more strategic role in the direction and management of the firm.
- Determine the core competencies and experience that will be required in this new paradigm by those in HR, technology, security, knowledge, accounting and finance, profitability management, pricing, benefits/payroll, marketing, sales, project management, and continuous improvement. If you have gaps, will you replace existing staff, provide training and opportunity to grow into the new roles, or a combination of both?

- The business team will need to take an active role in helping to drive more revenue in addition to cutting costs. This will require innovation and in some cases, more of a focus on longer term investment than often is done in firms. How will you introduce new approaches and develop a culture of innovation and investment to partners who more typically are risk averse, stick to the status quo and focus on short-term profits?

The new shape of law firms will not develop overnight but transformation is already underway. Several progressive firms are already exploring and implementing new roles, new skills and new approaches to their practice. As alternative service options continue to emerge, law firms will continue to face tougher competition and will be challenged to modify their model to meet the demands of the marketplace to work smarter and more efficiently and to provide differentiated and valuable solutions. 



Susan Saltonstall Duncan is the founder of RainMaking Oasis, Inc., a management consulting firm that helps lawyers and law firms create, execute, and evaluate effective strategic and business development initiatives. She has been working with law firms since 1980 and helps them with strategic plans, client service and value programs, key client team plans and practice group and industry group plans. She conducts service feedback and needs assessment interviews with law firm clients and provides business development coaching and training to partners and practice group and firm leaders. In 2001 and 2012, Susan served as Chief Strategy and Development Officer of Squire Sanders, a global law firm then with thirty-six offices in seventeen countries. She became one of the first in-house law firm marketing directors in the country in 1984 and is a founding member of the Legal Marketing Association. Susan is a Fellow in the College of Law Practice Management and in the Legal Marketing Association's Hall of Fame. She blogs at *InFocus – Insights on Legal Practice Strategies and Innovations* <http://rainmakingoasis.com/index.php/insights/blog>.