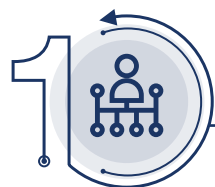


Four Ways the Pandemic Could Drive Innovation at Law Firms

Jennifer Johnson



As law firms shift from recovery to reimagining their future state, firm leaders have a fresh opportunity to take stock of their business model and growth plans. Rather than the typical approach of gathering the Management Committee to discuss what's working and what could be improved, a more radical process is required – leverage the upheaval of 2020 to drive innovation. Here are four options firms should consider.



Build a more flexible organization

Law firms should take a page from the information technology industry's playbook and adopt agile business principles. Agile methodologies allow the firm to be more capable of reacting fast to unpredictable changes, something we can all agree is crucial after this year that keeps on giving.

The risk of an organization model that relies on a 3-5 year strategic plan is that it fails to account for change and adaptation. Instead, an agile model relies on people collaborating, often in small groups, to quickly understand a specific issue and promptly provide an incremental solution.

An agile business model's basic principle is to break down silos to encourage cross-functional collaboration that allows for quick adaptation and iteration. In a law firm context, the most relevant example is that of an industry team. While many firms have embraced the concept of industry teams, in our experience, they get two main things wrong. One, the team is too large. Two, they meet for the sake of meeting.

Selecting a lawyer from each practice group to meet once a month to focus on an industry in itself is not an agile approach. Smaller teams are more agile and more innovative, allowing for faster solutions. And those teams need to be self-managed and client-centric – and, crucially, have the authority to make decisions.

Such teams' ultimate responsibility is to deliver value to clients and, by extension, the firm. Rather than holding meetings that are a passive way to convey information (which, let's be honest, can be done more efficiently in an email), the work should be done in the meeting, using the participants' collective knowledge.

Building a more flexible organization is a way to grow your business through people – not systems, structures, or procedures. This adaptive planning approach and small, collaborative teams allow for continuous improvements that will lead to a more flexible organization. Agile methods increase success and boost motivation and productivity.

Organizational health is more important than operational excellence. If we can have stronger teams and more trust, we'll be a lot better off than if we concentrate on making sure we're doing all the things just right.

– Patrick Lencioni, The Table Group.



Be human-centric

A natural extension of empowering small teams to build a more flexible organization is ensuring a human-centric culture. Throughout the pandemic and amidst virtual work environments, the idea of work-life balance has gone from elusive to nonsensical. We have one identity and should bring our whole selves to each aspect of our lives.

Canada-based Delegatus Lawyers Collective is an example of a human-centric, described as “a joyous group of lawyers.” With a single-minded focus on putting people and collaboration first, the collective allows individual lawyers to work at their highest and best use, making clients and lawyers happy.

Law firm marketers have talked for years about how they don't teach business development in law schools. More importantly, they don't teach the minding of clients, colleagues, and opposing counsels' feelings in law school. Interactions with lawyers do not have to feel bad or negative, even when the subject matter is serious and complex. This approach begins by not treating each matter or project as a transaction but viewing each interaction with another person as relationship-advancing.



Center the client experience

That same human-centric approach should be extended beyond the firm's walls to the firm's clients. Most firms say they put clients first, but when pressed, many of those firm leaders cannot articulate how and their actions often prove the opposite.

As one example, some law firms continue to release annual reports that mimic public company investor reports. But law firm clients are not investors, and when your annual report starts by acclaiming revenue increases of millions of dollars, the client reading it is thinking, “This firm really made a lot of money off of me this year, but how much value did I actually receive?”

A recent Law.com Pro survey of more than 700 law firm attorneys found that more than 80% feel the U.S. economy is bad, but close to 80% believe their firm's financial health is good.

As we begin 2021, please remember this: your clients are people, and everyone has been dramatically impacted by the upheaval of 2020. If your firm has weathered this storm well and experienced a robust financial performance, I discourage you from emphasizing revenue growth in your 2021 annual report. Be humble about your success and mindful of the toll the year has taken on others.

If you believe the annual report example doesn't apply to your firm, take a quick audit of your most recent social media posts. How many are congratulatory to a lawyer or the firm? Are you promoting your clients' missions and successes, or are you talking about your achievements? Law firm leaders must think about everything from the shoes their clients walk in.



Prioritize business services professionals

As we reimagine the business of law, unrestricted firm ownership and fee-sharing is the most significant change on the horizon. Arizona will allow law firm ownership expansion and licensing of these new businesses, effective January 1, 2021. Arizona Supreme Court Chief Justice Robert Brutinel said the change “will promote business innovation in providing legal services.”

Interestingly, Arizona is also the state which first allowed legal advertising, spawning the legal marketing and business development industry as we know it today. Now those same professionals stand to gain from this latest advance in New Law. Business development professionals may be attracted to the ability to share in these new businesses’ profits, something that’s continued to be a roadblock to retaining such talent in the restrictive, traditional law firm structure.

It could turn out that lawyers in the future work for businesspeople; entrepreneurs could open up law firms where lawyers are employees. Especially in practice areas that lend themselves to flat-rate, high volume work that can be automated with AI tools, there is an excellent opportunity for this kind of model to be highly profitable.

When I talk about reimagining the business of law, the pushback I receive is often around motivating lawyers to change. Lawyers are already remunerated well, so why should they do anything differently? I recently had a conversation with a CMO at an Am Law 50 firm who lamented the partners being content – happy even – with 3% growth. The potential is there to double and triple that growth with the right talent, organization, and culture. The added incentive of profit sharing may attract new business leaders with that growth mindset to the industry.

In the short-term, rather than view them as a cost center or overhead, firms that embrace business services professionals as leaders who shepherd change management and steer the firm’s future course are the ones who will thrive.

We continue to be bullish about the potential for real innovation in law firms. Though Calibrate Legal’s recent study with ALM Intelligence found that only 6% of firms have a professional with “innovation” in their title in the marketing department, discussions are cropping up throughout the industry about what’s next. Make sure you and your firm are a part of that vision casting.



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