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The Future of Legal Services
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Wind back the clock 20 years or so to when law firms held all the cards. At that time, clients paid an hourly rate with few complaints, allowing firms to work as they chose, and those clients were loyal. Lawyers specialized right out of law school, and were prepared to work round the clock for a shot at the brass ring of partnership. What is now known as the “traditional” law firm business model was then the only one, and that model made money. In the decade leading up to the economic downturn, revenues in the legal sector grew steadily every year. All that has changed.

Now, firms are operating in a “buyers” market, with non-traditional competitors and new technologies encroaching on what was once the sole province of traditional firms; endemic overcapacity threatens those firms’ profitability; and clients spread available work across a variety of providers – or keep it in house. Moreover, a new generation of “millennial” lawyers is now well established in the profession – and they have very different expectations about working styles, workplace culture, and job longevity.

For better or worse, the legal industry has changed radically over the past two decades – arguably more so than it had done in the previous century. What is more, the pace of change continues to accelerate as new technologies develop, and client businesses – already ahead of their law firms when it comes to embracing technology and streamlining processes – demand certain efficiencies as a prerequisite for sending work a law firm’s way. The speed of evolution is such that, looking just five years into the future, we can predict even more major changes for law firms.

In this fast-moving, competitive, increasingly varied environment, only the most agile firms – those able to respond rapidly to future trends – are likely to succeed. 2020 Vision: The Future of Legal Services brings together the advice of leading industry practitioners and consultants who scan the legal horizon for indicators of change, offer their predictions,
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and share experience and practical guidance to help law firm leaders prepare for what is coming up next.

Spotting future trends, or even evaluating the current environment in which they are operating, is challenging for many firms. Yet, it is the first step to transforming a firm into a versatile and responsive business able to move with the times—and client demands. The opening article in this book provides the reader with practical guidance on how they can start to identify future trends, and equips them with the necessary tools to construct new opportunities out of that understanding.

In an increasingly competitive legal marketplace, certain attributes will be vital for any law firm to succeed. An understanding of what constitutes “value” in the eyes of their clients—or would-be clients—must surely be near the top of that list. And, as another contributor points out, clients do not necessarily measure value in numbers. In the near future, this expert predicts that the legal industry will witness a continued expansion of firm’s pricing functions, eventually evolving beyond pricing into a value-focused industry, where law firms define their value at the nexus of branding, client relationships, competitive intelligence, differentiation, and services.

But how does a firm ensure it has a sufficiently thorough understanding of its clients and the broader legal marketplace? Currently, the largest firms are striding ahead of the smaller majority when it comes to the ability to access and make use of the relevant data. And yet data integration and utilization will be even more essential for small firms that want to retain and win new clients against stiff competition from larger competitors. Senior principal at BERMAN & ASSOCIATES, Thomas Berman, explains why making certain technology and business changes will be essential for most firms.

One thing is for certain, a solid understanding of the client, their industry, and their needs, and thus the ability to offer a service that truly adds value in the eyes of the client, must form part of any successful law firm’s strategy to retain existing clients and bring in more business. Most firms would say that they are already client-focused, yet success rates with pitches and proposals are typically poor at 10–12 percent for AmLaw 100–350 firms. One of the expert articles in this book discusses the crucial topic of knowing your client better as one of several key elements to a firm’s strategy to boost their win rates—an ability that will be increasingly important in the coming years.

For traditional firms aiming to compete with more flexible opposition and retain today’s talent, some may need a significant culture shift. In
this context, shared leadership is increasingly being seen as win-win for both law firm and the leaders themselves. The firm benefits from the expertise of two leaders with different skill sets and experience. The leaders are still able to devote some time to clients, share expertise, and drive and inspire each to other to new levels of success. Drawing on his experiences advising the leaders of premier professional service firms, Patrick McKenna discusses the myriad benefits of shared leadership, including adding stability to the succession process (as the leaders rarely move on at the same time), as well as how to avoid power struggles and other common pitfalls.

Being able to complete work as efficiently and cost-effectively as possible will also be a key characteristic of the future-proof firm. Doing work on time and within budget is going to become increasingly important to firms that hope to compete with outsourcing and automated solutions. Most law firms know this, with over half saying that they have some legal project management (LPM) processes in place, but they are not adapting fast enough for their clients who rate their progress poorly. This chapter looks at the importance of LPM, what (some) firms are already doing in this respect, and how the industry as a whole can improve.

Most, especially larger law firms, have accepted that LPM is a modern-day law firm essential. But, as one of the expert contributors to this book argues, we need to move beyond this and start preparing for the “future normal”. This includes adapting to the new generation’s expectations regarding collaboration, flexible working, and flat hierarchies, as well as preparing for increased automation, virtual offices, and even virtual secretaries. In fact, in the coming years, we will see the integration of artificial intelligence (AI) into legal practice to the extent that law firms will need to adjust regulations, control, policies – even their codes of ethics – accordingly. One of the experts included in this work outlines the progress that is already being made in this area within the legal industry, and explains why man-plus-machine will always trump either working alone.

The book closes with two intensely forward-looking pieces that offer bold predictions for the evolution of the profession over the next five years. In the first of these, chief executive partner at Chapman and Cutler LLP, Tim Mohan, offers an insight into the changes and challenges the firm is preparing for and discusses the likely impact this will have on individual lawyers, firms, and the industry as a whole.

The final expert then asks how lawyers should prepare – and gives
a stark warning to those who “focus myopically on all of the wrong things”. Firms should beware, he says, of unsustainable growth, and short-term thinking that maximizes current profits, without considering future change. Those that succeed will be a new generation of lawyers, joining with clients to demand meaningful change.

As the two articles that bookend this publication highlight, predicting the future is challenging, even if (as the opening article suggests) glimmers of what the future may hold are already discernible – for those who know where to look. Moreover, as the final contributor emphasises, focusing on the wrong things could be as dangerous as not acting at all. This guide is designed to help law firm leaders assess the lay of the legal landscape, prepare for foreseeable change, and above all to position themselves so that they are ready to respond to the unseen challenges and opportunities ahead.

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