

Briefing

THE STRATEGY ISSUE

JUNE 2014

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BT's GC**

BT's in-house legal head tells us how to please clients like him and why your competition just got more interesting

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New competition, new rules



This issue marks Briefing's fourth birthday, and over the last four years we've covered the changes in the legal market driven by the low-growth, consolidating

environment firms find themselves in after the recession. It has become, I think, a world that is, by legal business standards, competitive beyond all previous norms.

In this issue we analyse and discuss the pressures and the opportunities that legal businesses now face as they struggle to take market share from each other, and seek out growth and opportunity in existing and new markets. To that end we've asked general counsel as well as law firm management leaders for their views – a taste of the broadening of **Briefing's** reach to come, and one I hope you like.

We also launch a new strand this month – the **Briefing** Essay. I want more of you to write for, rather than just appear in **Briefing**, so if you have a burning desire to tell the legal industry how it could work better, what it's doing wrong, or an area where something is working, please let me know. Our first essay is on how legal might benefit from a radical strategy model – learn more on page 22.

Do you want to be write for **Briefing**? Email me at rupertw@lsn.co.uk. We're really quite friendly.

Rupert White, editor of **Briefing**
rupertw@lsn.co.uk

Interview: Dan Fitz, BT

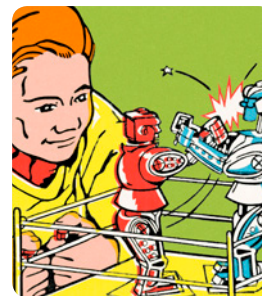


The telecoms giant's global GC gives the client's perspective on how firms can win and boost his business, and what success might look like for tomorrow's legal

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Feature: Fighting it out

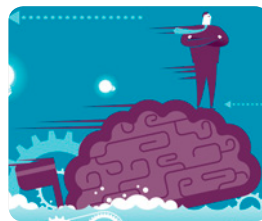


Legal operations leaders and GCs talk change and opportunity in a fragmenting market, and where growth and opportunity lie

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Essay: New seas for new times



Will 'Blue Ocean strategy' call for firms to radically rethink what they do, and who for?

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A range of great legal business services jobs on the **Briefing** jobs pages

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This month's interview with **Dan Fitz of BT** was transcribed by:



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The Briefing Interview

What GCs really want

BT's legal leader talks to Briefing about what makes law firms attractive, what they should change to win more business, and why they are now competing with LPOs and in-house units. It's a new game – and you play, or you go home

Words: Rupert White. Photography: Jonathan Goldberg

If you created a new 500-staff legal business serving the global corporate commercial market, it might look and run more like an in-house team than a law firm. And BT's legal department might be a better example than most: a global team of around 400, plus 100 in compliance; legal process outsourcing arrangements for commoditised work; a 'spin-off' ABS business for niche areas (claims and, in future, employment law); and an arrangement with a range of law firms for carrying out work they're better at than BT – something that's more like a 'best friends' deal than a panel.

BT spends around £30-35m a year on outside counsel; it spends about the same again internally servicing the BT business. That means that Dan Fitz, BT's global GC, is essentially managing partner of a business the size of Travers Smith or Charles Russell, inside BT. Plus he's company secretary of BT.

But you know who Dan Fitz is, or you should. If you want an in-depth profile of his background, he's been 'done' by Legal Week, the Lawyer, Legal Business and the rest. I suggest you use Google. What I want to know is: what should firms be doing to win work from people like him, and how should legal business management be adapting and changing their businesses to meet his desires?

Fitz likes his law firms to be as good at the operations side of things as they are at legal advice, and firms that win BT's business "appreciate that we're not asking for things to be done in a certain way just because we can, but because it fulfills business needs inside BT". They need a client mindset that goes beyond just getting the advice right – it goes into getting the relationship right. "That has a big impact on how we perceive them, and our likelihood of using them again."

As we've covered in **Briefing** over the last few years, the best firms have been

working hard to develop broader, more 'institutionalised' relationships with their clients, and that's something Fitz says he's noticed. BT requires a monthly meeting with the relationship partner (not at Fitz's level) to include work status, payments to firms, quality of work, quality of reporting, invoicing and billing, and housekeeping. Plus there are quarterly reviews either with Fitz or another GC – a broader, 'how is the relationship going, where do we see it heading' meeting. He also values connections between a firm's business services leaders, such as COOs and CIOs, more on which later.

"That kind of institutionalised contact is very valuable, outside of the discussions around our business relationship with firms."

But Fitz and BT also want lots of added value from legal partners. BT people get training from firms in the UK and around the world, if BT has lawyers somewhere that a law firm can deliver it. Firms also present to people in BT, on-site or in law firm offices, around key issues. Fitz is careful to say how much this added value is appreciated by BT, but it also seems highly likely that it's an unwritten requirement for BT partner firms to be this generous.

Firms also "tend to make available standard form precedents for those areas of work where we're not instructing them", adds Fitz. BT is, he says, in return "willing to share whatever we have with the firms as well" – possibly useful for firms not handling the breadth and scale of BT's work. Fitz admits that this isn't "exactly an equal two-way flow, but we try to give back when we can".

It doesn't really need to be an equal set-up – firms see this added value as "a good way to market" he says. "They're getting in front of our people on a regular basis, and it allows deeper and broader relationships to form between BT and our relationship firms."

Big legal services buyers like Fitz don't just want those value-adds, of course – Fitz and BT have also worked with firms on learning about how their knowledge teams are structured to see if BT Legal could emulate them, and they talk to business services people in panel firms to get advice on legal technology, such as litigation search/document recovery, he says.

So BT wants a lot more from firms than advice – they have to be all-round consultants, advisers and partners. BT's favourite firms are, he says, “usually very willing to talk about their experiences when they put out their RFPs to IT solution providers and share that knowledge with us”.

“We think that is a real plus and it gives us an insight, because our interests overlap significantly.”

The biggest value-add a firm can deliver, Fitz claims, is ‘attitude’. He says he wants people in partner firms to be able to pick up the phone and raise concerns – to talk straight with him and to be “part of our early warning system”.

Fitz says he values candour, which is in itself both believable (because he's so pleasant to speak to) and very hard to believe – since when did clients really want you to tell them truth? But Fitz claims it's really the case. “As long as they're communicating with us in good faith, we welcome candour ... it's a sign of respect for the client to tell it as they see it.”

This is, however, more a mark of firms based outside the UK than inside it, he says. UK legal business has changed dramatically over the last 20 years – there are many places in the world, more traditional and less proactive, that are less commercially informed than the UK, and UK firms are “very good at marrying high-quality legal advice [with] commercial context”. But they're not as forthright, as candid perhaps, as their US brethren, he says.

Whereas “UK firms tend to give more consensual advice”, US lawyers tend to be more “aggressive”. In the corporate commercial world, UK firms tend to offer options rather than tell the client where to end up – whereas people like Fitz might sometimes prefer “to know what's going to get the job done”. This leads to a possibly valuable piece of advice to UK firms working with global corporates and GCs: Fitz says they might want to add “an assertive arrow to their quiver and think about opportunities to [use it]”.

In a recent article in another magazine (yes, such things exist), Fitz outlined one of the ways in which BT is internationalising its legal team: when someone leaves the UK BT Legal team, they're not automatically replaced – instead, those UK vacancies are repurposed into hiring in places where there's a growing need for BT's legal capacity, such as Latin America or Asia-Pacific. The plan is to spread Fitz's team more evenly across the world as BT expands and grows globally.

So, to deliver the work they've won and meet the value-add needs that corporate clients like BT desire on a world stage, must the big firms now consider being much more international? Not necessarily, says Fitz. That's a surprising answer considering the increasingly global aspirations of most big firms, but it's just not worked for BT.

“Before we created the current group of relationship firms, we tried a global panel of three firms, all UK-based with overseas operations. That was quickly found to be nice in theory but sub-optimal in practice, for several reasons. One, they weren't necessarily good in the ways we needed them to be good, in every location they have. Two, because we sell in 170 countries, there's no way that the combination could cover all [of them]. And three, the practice of law is a very local thing,

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Software for a Changing Legal Market

so unless they had depth in the areas that we need [it wouldn't work]."

Fitz says the issue with finding depth globally isn't just having the locations; it's that big firms are more likely to put big-ticket boots – corporate finance, M&A, for example – on the ground in far-flung locales, but BT in many places has had more prosaic needs of late, such as local litigation, employment, health and safety, compliance – "not the big-margin stuff", he says.

"It was a nice thought that they could somehow help us deal with the whole world, but we moved away from that." Now, BT has a regional and/or local arrangement that's more 'mixed-mode', picking out a panel for high-end work but going regional where local capability is needed.

But perhaps the idea might not have worked out because, despite strenuous protestations to the contrary by some of the biggest firms, there is still no truly global legal business?

Fitz agrees (in a lawyerly, qualified manner): "If there is [a truly global firm], I haven't identified one that, for a business of our size and complexity, could truly meet our needs where we are." And if a firm could achieve it, it shouldn't pin it on a global business like his. "By all means expand overseas, but don't do it on our behalf – mainly because we are usually big enough to find good representation where we need it."

Fitz does, however, like using multi-

jurisdictional firms (though it's a "preference rather than a requirement") for several reasons – one of which shows up a way in which a well-connected international firm (one that communicates well across its own geographical boundaries and layers) could lend inestimable value to legal services buyers like Fitz.



"If there is [a truly global firm], I haven't identified one that, for a business of our size and complexity, could truly meet our needs where we are."

Firms that can pick up on chatter around a potential problem in a non-UK area that might be under BT's radar, for example, and forewarn the company, probably make friends of Fitz for life.

"Our key relationship firms have, on many occasions, heard of something going on in a jurisdiction in continental Europe or elsewhere that is relevant to BT that we didn't

know about. The firms that do a good job of communicating to their overseas offices that BT is a key client are also the ones who tend to provide us with the most useful heads ups in actionable information.” There have been several occasions, says Fitz, where a heads up from a UK office based on a concern in the

monitoring, listening to online chatter about the client, or ‘push’ systems to feed client news and rumour to fee earners, giving them reasons to get more in front of clients.

It’s not just fee earners and partners that are getting more client time. In **Briefing’s** strategy issue in June 2013, Clifford Chance’s COO Amanda Burton outlined how it was becoming more important for firms to widen the kinds of contacts they have with clients to include roles like hers, and knowledge, IT and others.

Fitz says this is a powerful driver to a better relationship, and confirms that it’s now becoming an attractive asset in firm-client relations. He cites an example in which BT reviewed its LPO providers and reached out to law firms, especially their business services people, who themselves manage LPO arrangements.

“We were able to benefit from their learning. We’ve got big enough to need a COO [in BT Legal] who is managing these key support networks full-time. [Being able to connect with a variety of people in relationship firms] definitely provides a richness and depth.”

This is a pointer to a challenge of a very different nature to BT’s partner firms, and many others besides – the increasing shift towards non-law firm businesses to deliver some of an in-house team’s work. BT uses several LPO-style businesses, mainly Axiom (which won the work from United Lex earlier this year), to deliver the more “lower-complexity work that can be done more quickly and more consistently by [a business like]



“The firms that do a good job of communicating to their overseas offices that BT is a key client are also the ones who tend to provide us with the most useful heads ups in actionable information.”

firm elsewhere has been of enormous pre-emptive value to BT.

This should be music to the ears of legal IT providers. One of the key areas of development in technology has been in joining the dots inside firms, connecting people around clients, and developing ‘listening systems’: either media

Axiom, as long as you set [the relationship] up correctly, than it can by my internal team". The strategic goal, says Fitz, is for BT Legal to push the internal team up the value chain, letting them focus on those areas where detailed knowledge of BT is needed.

Axiom itself is an object lesson and a threat to law firm providers in another way, a way that is possibly far more important, but is at least replicable – Axiom's relationship with BT is deepened and valuable because of management information and systems integration, and that's something law firms can do, too.

"Axiom has clearly invested in producing useful management information for themselves and for us [as clients]. We've only been up and running with them since February, but what it promises is that we'll be able to spot key performance indicators such as turnaround time on commercial contracts in the UK, which clauses are most frequently negotiated versus not, and so on, [with a view to] increasing the volume of transactions." Fitz also intends to use the management information Axiom generates from doing BT's work to change how it writes its contracts and to influence its own IT systems. BT Legal recently took on BT Tikit's systems (following the buyout of Tikit by BT), and the plan is to feed Axiom case data directly into it.

"This capability of delivering to me and my senior managers real-time management information was the clincher," he says.

So, winning market share may well involve copying the 'new' players like Axiom – by being the law firm partner that does management information better than anyone. "There's a potential role for law firms with many commercial, corporate clients to be an

intelligent provider of all legal services [and] cranking lots of data [to help GCs understand where they can be more efficient] or finding clever ways to save costs."

To someone like Fitz, the world of legal services is a fragmenting supply chain that's allowing

"The work [Axiom is doing] used to go to law firms as an overflow, or you'd hire people."

legal businesses with different models, such as Halebury, Obelisk, Axiom and others, the opportunity to compete directly with the law firms that traditionally did all the company's external work.

These businesses aren't run by partnerships, and they make much better use of a mix of resourcing according to cost (not getting pricey associates to do grunt work just because they're otherwise unengaged, for example). The new world of ABSs is adding to this market flux, he adds, because it's introducing yet more players and, for example, litigation funding that did not previously exist. "The world has just been turned upside down," he says.

Firms like Axiom really are stealing law firms' lunch, if people like Fitz are right. "The work [Axiom is doing] used to go to law firms as an overflow, or you'd hire people. But if you use something like Axiom [or Halebury and so



on], depending on what kind of agreement you strike with them, they can flex up and down and create a variable cost instead of a fixed cost for the traditional legal work – but they’re able to do it using exactly the same approach as the [firms].

“As a manager, I’ve got budgets I have to keep to,” he says. BT’s leaders in fact have to reduce budgets by 5%, year on year. “[Axiom] gives me the flexibility of creating truly variable cost out of what were fixed costs, at a lower cost per output than sending it to outside counsel. That’s enormously valuable to me.”

This gets to the very essence of the challenge law firms now face: BT is using Axiom just like it would a law firm, for commercial and procurement work that it used to send out to law firms. In so doing, it’s clearing the way for BT people to take on yet more high-level work – potentially robbing out yet more work that law firms currently do.

“It’s an existential question for law firms – how can they meet the challenge of the Axioms and Obelisks and others, given their current business models?” The ‘normal’ law

firm partnership structure, with some partners not wishing to change the business or invest in the kind of models and IT, for example, denies them the agility to compete, he says. “The people in power in firms have got the least incentive to invest in the future. I don’t have it in for law firms, I love them and I couldn’t do without them,” he says – but no one can deny reality much longer.

That reality is: grow a USP and get cleverer about delivery, or get out. “The top-calibre firms have nothing to worry about – there is probably not a great inconsistency between their business model and the market they wish to address. [But] the firms who are chasing more routine commercial and conveyancing work, have to think hardest about whether there’s a clash between their economic drivers and their ability to capture market share.” In other words, those firms will lose out to the Axioms and Haleburys of this world.

“It’s not the death of law firms – [but] they have to be very clear what their USP is. If you’re a magic circle firm, you’re pretty clear what your USP is. Any board that’s presiding

in troubled times or high-visibility matters is probably going to want the comfort of a magic circle or top 20 firm. And it's absolutely fine for those firms to charge accordingly, in my book.

"It's the firms that have the same cost model [as those magic circle firms] that are not in that top 20 or so that I think have the most to worry about."

The news gets worse for traditional firms: while BT Legal's in-house people will be increasingly competing for the higher-level work currently done by top law firms, BT Law will soon be competing with some law firms to do business (not consumer) claims work – and more.

For a few years BT's claims unit has handled fleet vehicle and other small claims work for BT and BT business customers. BT Claims was transmuted into BT Law once it gained its ABS licence, which means that if needed, it can carry claims all the way through to court (work it would have handed over to outside legal, in the past), whether those claims are for BT or its business clients. Next in the strategy for BT Law: employment law work for other businesses.

BT should find profitable uses for legal teams it needs, says Fitz: "We've tried outsourcing these areas and it didn't work, for various reasons including BT's sheer size, so it's a necessity for BT to have a large claims and a large employment legal team. So why don't we make a virtue out of a necessity?"

This is the worst of all possible worlds for some law firms: Axiom and its competitors are taking the commercial commoditisable work, BT Legal could take up more of BT's bigger ticket work, and BT Law could compete for the volume claims and employment work

of law firms' other clients. Is it possible that one source of future competition for those law firms that Fitz says don't have the X factor is not only Axiom et al – but BT itself? "Definitely," says Fitz.

"There's definitely a substitution effect going on. Everybody has to justify their existence whether you're external counsel, in-house counsel or even the Axioms of this world.

"It's the firms that have the same cost model [as those magic circle firms] that are not in that top 20 or so that I think have the most to worry about."

"But there's no doubt in my mind that the disciplines of the recession have applied to everyone – you're going to have to do more with less, ideally at the same or better quality, and somehow deliver interesting careers to your team.

"It will be a gradual process but ... it's not going to take decades. It's going to reduce the number of people that are needed to work in a particular firm, maybe the overall number of in-house lawyers will go down. I think it's going to put just as much pressure on the economics around in-house teams as it will around the economics for traditional firms."

"But law firms have to think about where they're going to play in the value chain, and they're going to have to adjust their appetite for costs in order to do that effectively, or they will not thrive or survive." ●

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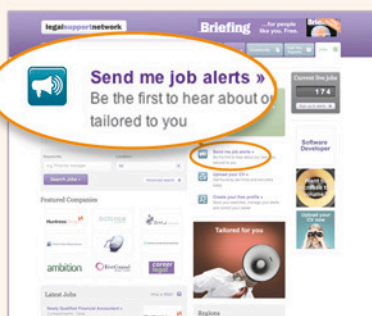
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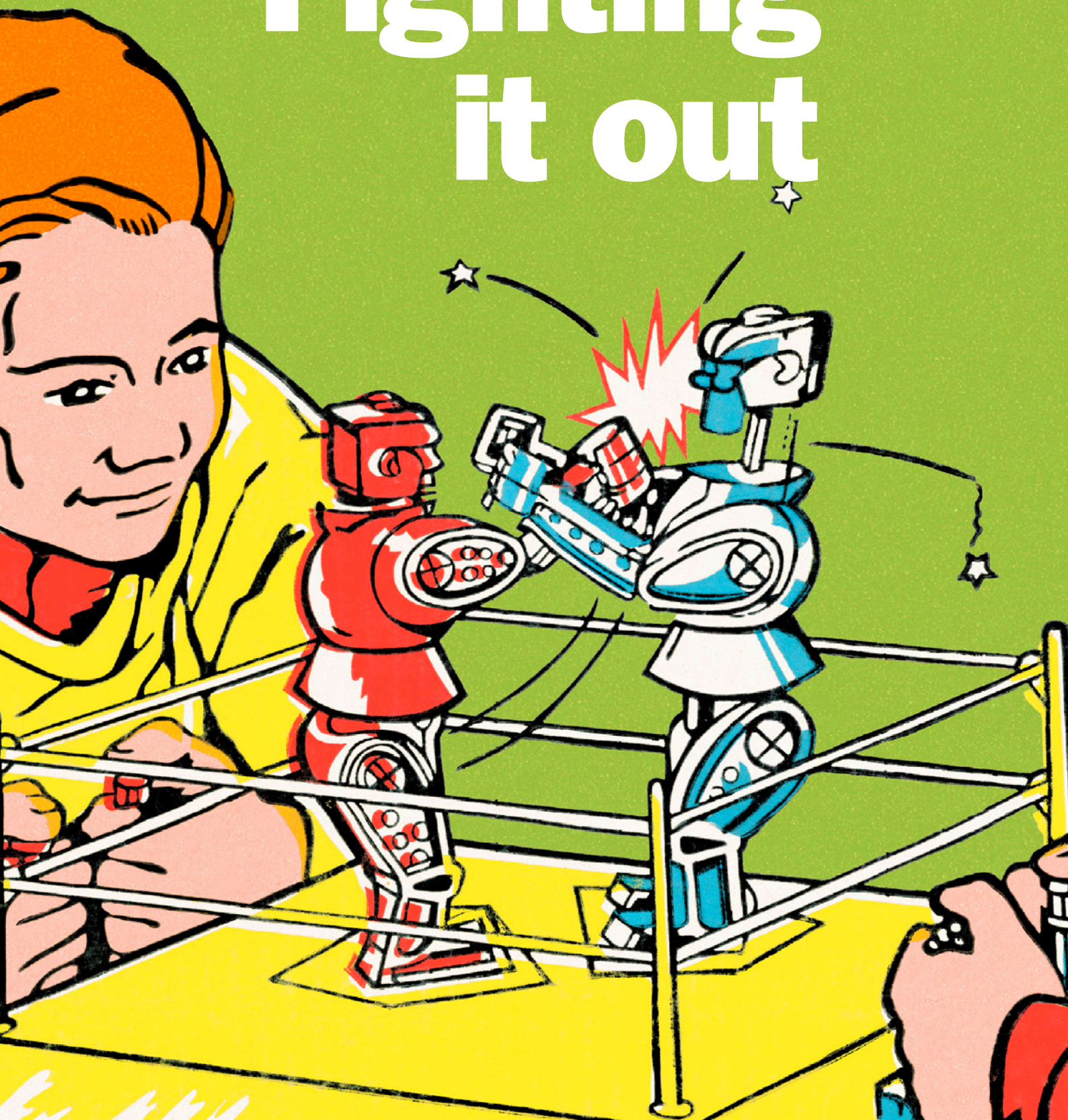
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Feature

Fighting it out



Declan Tan talks to operations leaders in law firms and general counsel in some of the world's biggest businesses to find out how a fragmenting legal market is changing to meet shifting client needs, and how the competition in the legal market is tougher than ever

Battle lines are being drawn across the low-growth plains of the UK legal market – how firms move next is a matter of outward-thinking strategy and internal reworking. There's no doubting that the pressure to change is painfully real, but is it real enough to create the new future of legal – or is it just future as usual?

Industry consolidation is back on the up across multiple markets, with large M&A deals (even failed ones) routinely splashing the front pages. At the end of 2013 KPMG forecast a strengthening M&A market. For legal, those two factors are helping to feed tomorrow's legal giants. This is something operational heads are already thinking hard about: more than half of the delegates at **Briefing's** Operational Leaders In Legal conference in November 2013 said they thought the biggest firms would grow by up to 50% in size by 2020. That would create a DLA Piper, for example, with 6,000 fee earners and 12,000 total staff.

With the trend toward shrinking or static demand for legal work continuing (at least at home), there are still harsher times for firms slower to react to client pressure as the market squeezes. But that pressure is also bringing out the best thinking at top corporate firms and others, both in the UK and abroad. As the

corporate and commercial legal businesses increasingly compete for multi-jurisdictional work and market share, all firms are tuning into client demands for modified service delivery, proven efficiencies and precise resourcing.

An example of firms making innovation out of pressure is the LPO service New Street Solutions, spun off (but still owned) by Taylor Wessing in 2011. New Street works on delivering contract management, due diligence and data mining to corporates, financial institutions and other law firms. But efficiency isn't one-dimensional, says Taylor Wessing's COO, Clare Singleton. "Clients are under their own pressures, and they expect us to respond. But it's not just about a reductive approach to efficiency; it's equally about excellence."

The recent economic upturn has put some firms in a stronger position to push through their internal recalibration, says Singleton. "We're in a more confident place in terms of transaction volumes and so on, and that's a good time to look at efficiency and cultural change in an organisation, because fee earners are looking for ways to deliver the increased level of demand from their clients." Plus there's less likely to be any defensiveness from fee earners around the changes you make.

At Latham & Watkins the outlook appears

even brighter in the mid-term. For Rod Harrington, its chief administrative officer in Europe, “For the last six months or so we’ve seen increasing demand in a number of European markets. We’ve been quite successful in leveraging that opportunity. [But] in the long term, our strategy hasn’t changed.

“The segmentation going on in the legal market means that the elite global firms have a strong competitive advantage for the highly complex multi-jurisdictional work. Part of that opportunity aligns with our strategy to expand internationally, which we started to execute more than a decade ago. Building out our capabilities across the key practice areas and industries will continue to be the focus over the coming years.”

Pricing and project management

Developing a more appealing offering means putting the right people on the right work in the right places to meet clients’ needs. Legal services providers – be they traditional firms or new entrants based on unique propositions – are tackling the resourcing question in a number of ways.

Chris Fowler, BT’s UK commercial general counsel, says it’s about transparency for the client as much as resourcing cost. “Firms talk about how much they’re using their resource, but that doesn’t necessarily equate to how efficiently they’re using those people to provide best value for

money, and how they can prove to me they’re doing it efficiently and consistently. How do I know at 10 o’clock at night I’m not paying for a partner to draft something that someone more junior could do?”

At Latham & Watkins, says Harrington, “with a wide range of billing arrangements and fee structures commonplace, being



“It’s not just about a reductive approach to efficiency; it’s equally about excellence.”

Clare Singleton, COO, Taylor Wessing

able to orchestrate resources efficiently and effectively is essential. That also means developing your support capability in financial pricing, leveraging innovative technologies and, through training, developing centres of

excellence to improve project management”.

For Singleton, better fee earner resourcing translates to “headspace for them to focus on the legal and commercial issues. That’s when you can be innovative, and when you have excellence and efficiency together you can make a real difference”.



“Being able to orchestrate resources efficiently and effectively is essential.”

Rod Harrington, chief administrative officer, Latham & Watkins

“Matter, project and financial management are about resourcing models, making sure work is done at the right level. They’re supported by new technology tools such as our New Street Solutions platform, dashboards and

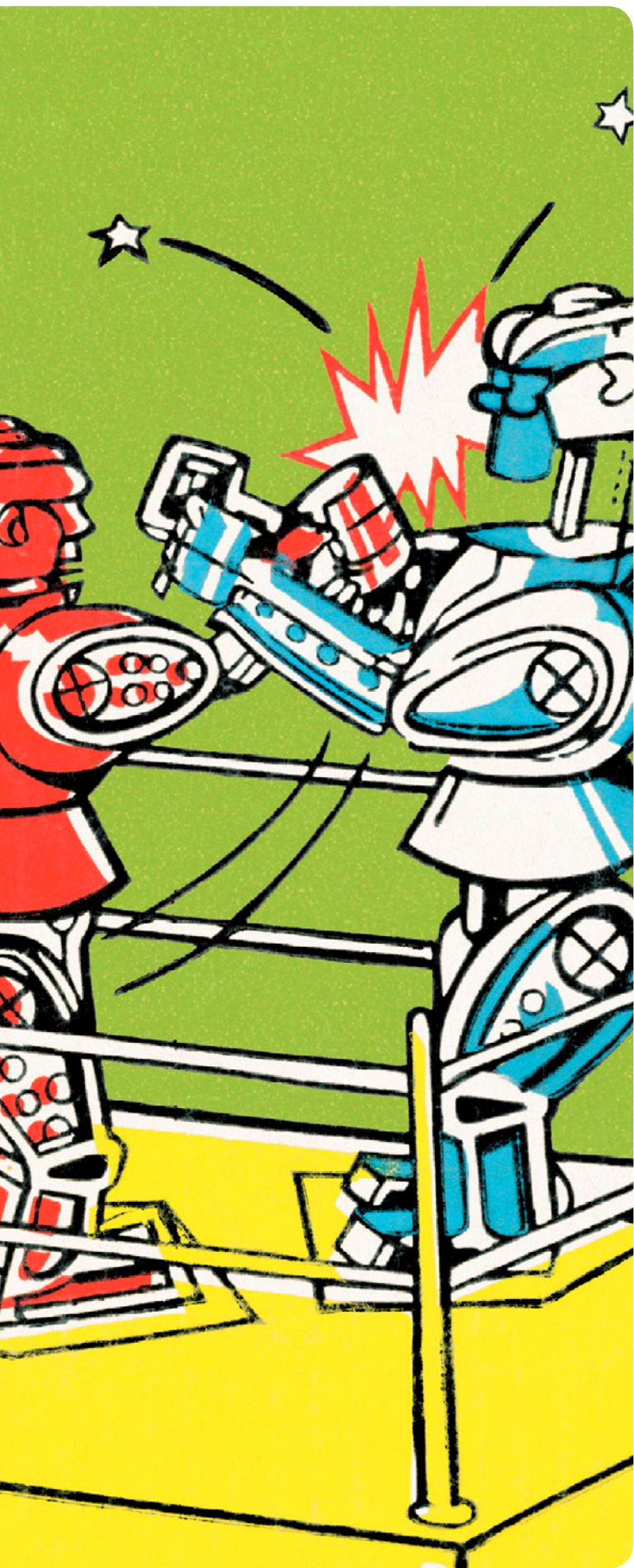
process analysis. These are tools coming into legal, for both lawyers and business services, that support them to think not necessarily in a completely different way about managing matters, but to enhance their ability to do it in an effective way.”

Changing how people work also means incentivising those new methods. At Taylor Wessing, that takes the form of balanced score cards to get people thinking about efficiency and profitability as well as client service excellence. “You need that holistic view in order to be successful,” says Singleton.

Baker & McKenzie is also growing its project management department, headed up by pricing and legal project management expert Stuart Dodds, who’s closely looking at internal processes and costs. Craig Courter, global COO at Baker & McKenzie says that project management, pricing and process “all come together so we can provide a more commercial service for our clients”.

“Clients don’t need partners to do a lot of the work, and sometimes not even associates – so it’s also important to show the client how we use a good mix of resources, including paralegals, associates and outsourcing to commercial vendors, where it makes sense. All those considerations go into properly staffing and pricing the case.

“That’s the crux of firms’ changing resourcing regime – from outsourcing to near-shoring, assigning the right level of fee earner to different parts of a particular matter. That’s a given now for firms under lowering skies, particularly with the rise of e-billing.” E-billing matters here because if



you work for clients who demand it, they have unprecedented access to granular bills and the ability to auto-reject bills for a line item as small as a paperclip. Baker & McKenzie has grown an internal e-billing department to get rapid and accurate data to clients, says Courter.

Polarisation and commoditisation

Managing relationships on a global scale is a challenge for law firms, and a different challenge for different segments of the legal market.

Harrington acknowledges that at the top end of the market “the lawyer is often being sought out in a broader business advisory role [and to] assemble the right mix of experience quickly from across the firm” to deliver the best client value.

“The more commoditised end of the market is becoming increasingly saturated and suffering from over-capacity. Firms have had to merge, get increasingly efficient and maintain their margins and position in that segment of the market. Some firms will be able to move up the value chain over time, but clearly the ‘global need’ is becoming stronger, and that’s also happened in adjacent industries. That’s perhaps the evolution for the legal market over the next few years as that trend continues.”

But the polarisation of the market, from high-end litigation down to low-value commoditised work, won’t rule out the mid-tier, or indeed the bigger firms, from competing. It’s a widening field.

Courter at Baker & McKenzie says there’s still opportunity for firms offering the full service. “There are firms focused solely on commodity work and doing it for the lowest amount, and those focused solely on so-called higher end work. But there are firms who are still able to address the full spectrum of work.”

Firms going down this route, however, need to almost offer a componentised supply chain of legal services themselves. As an example, with Baker & McKenzie's large trademark portfolio clients, the firm resources in a 'mixed mode' manner – 'insourcing' to a "highly skilled team of non-lawyers in our Manila shared services facility" and giving other non-commodity work to trademark lawyers in the firm's global offices.

"There are some pure commodity practices that will go to low-end commodity firms over time, and there are some practices that have some simple aspects to them but also need a higher level expertise and counsel."

Singleton at Taylor Wessing says growth will come for her firm by "being internationally nimble" enough to compete with the rise of another big potential threat to the elite firms – the accountancy/management consulting firms such as Ernst & Young and PwC launching legal businesses. "The big four accountancy firms are clearly formidable and they've got excellent client bases. It will be interesting to see what market position they take, how they differentiate themselves, and whether that distinctive position is something that will challenge the market – whether it's on efficiency and learning from what they've done in other parts of the business, or something else. Opportunities are there for entrepreneurial and nimble firms."

After adding a presence in Singapore with RHTLaw Taylor Wessing, and more recently expanding through associations in Indonesia and Korea, Singleton says success lies in presence in growth markets "where there's growing client interest from across all our jurisdictions". That would be her idea of being 'internationally nimble'.

Understanding the new in-house view

Winning business from the competition means correlating growth strategies against an increasingly cacophonous range of GC voices, all calling for more, for less. Plus, in-house leaders want partner firms to be there for them, wherever they are.

But if demand lights up in one region, or one

"The Big Four are clearly formidable and have excellent client bases. It will be interesting to see what market position they take, and whether that position will challenge the market."

Clare Singleton, COO, Taylor Wessing

practice area, should firms be scrambling to realign and sweep up that business before their competitors do? Should they consider rejigging their business to achieve that? The future, in fact, might lie in defining what a firm is, as much as what it is not.

Paul Gilbert, former-general counsel in financial services and now-CEO at LBC Wise Counsel, says GCs seem to be somewhat unrealistic in their expectations of partner firms. "GCs ask what the value-add is in pricing, for example, which is credible in theory – but there's a bit of me that thinks GCs want law firms to be all things to all people, and that's just not always going to be very realistic. Why should a law firm do training, or process improvement to the standard needed? If it is really important, make it so and source

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accordingly.”

Gilbert says some GCs lack definition and priority around getting what they need. “They need to think about defining their needs and then find resources in different places, rather than grumbling that ‘law firms don’t do this for me.’ The fundamental question, he says, is if law firms aren’t delivering what they want, where else could they get it?”

“If I were on the High Street wanting to buy a camera, I wouldn’t go to Marks & Spencers and say ‘You really ought to be providing a camera like Dixons do.’”

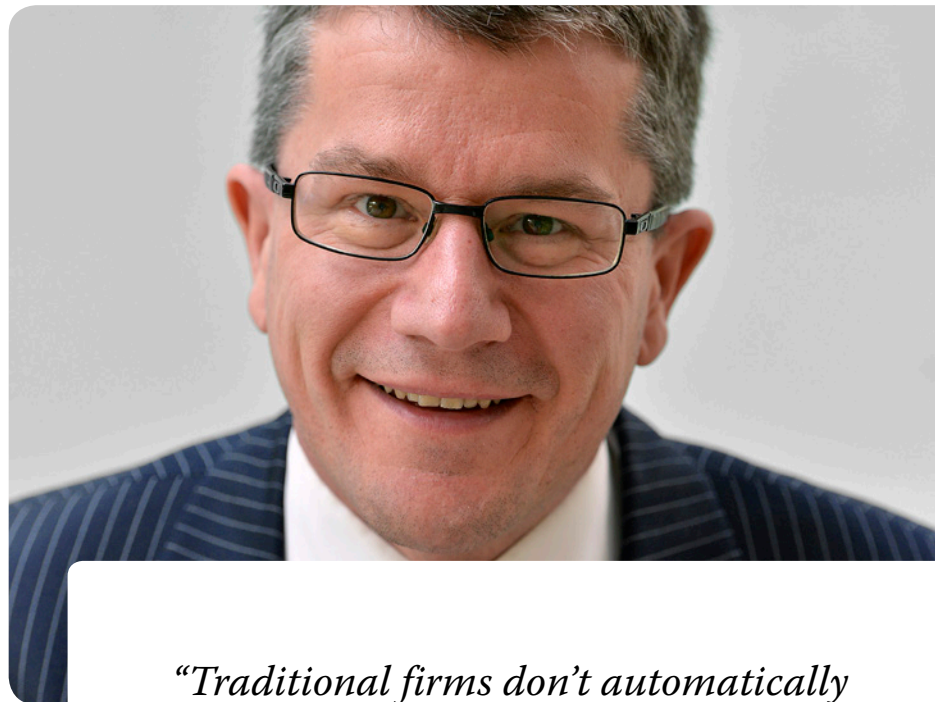
But GCs are increasingly engaging and sourcing external legal advice from multiple sources at multiple levels (read about BT’s Dan Fitz, on p6, for more on that). Strategy will determine how well firms meet that new mode, but the shift also poses challenges – whether firms should be moving to meet diffusing demands, and would they even be agile enough to do so?

Firms creating strategies to take market share must meet those shifting GC demands, and then some – and they may have to learn lessons from the Big Four.

GCs want external providers to “embrace the opportunities of change”, says Fowler at BT. “Traditional firms don’t automatically embrace change or identify the opportunities from it in the way that the large accountancy firms do – to read what they’re seeing in the market and offering specific propositions to reflect this.”

Better engagement is becoming a larger part

of what GCs want, as internal pressures bear down on in-house counsel. Firms that build wider relationships can find their differentiator. There are many variations of what success looks like, says Courter at Baker & McKenzie, and developing scale as firms grow means rethinking what the solution looks like for different segments of clients’ industries.



“Traditional firms don’t automatically embrace change or identify the opportunities from it in the way that the large accountancy firms do.”

Chris Fowler, UK commercial
general counsel, BT

“Growth for growth’s sake isn’t the solution. We haven’t grown through big mergers – we have grown by finding typically a smaller group of good lawyers who share our values and fit into our client-driven culture. There are different ways to do business. We’ll continue to grow our shared services and constantly evolve to provide a better, more efficient service for

our clients.”

US-linked firms have, possibly, some inherent advantage in the market share war. As Harrington at Latham & Watkins says: “Given the increased globalisation of the industry, more cross-border deals, and multijurisdictional litigation work, we’ve also seen the influence of US deal structures – that all plays to our strengths in taking market share from the traditional national players that don’t have strength on both sides of the Atlantic.”

Bigger is not always better

But that doesn’t rule out competition from firms taking market share without developing an extensive cross-border capability.

For Carolyn Herzog, global VP for legal at security software business Symantec, focused and reliable mid-sized or smaller firms can compete – if they invest in the relationship. It’s a potential victory for ‘glocalism’.

“A partner in one firm offered to do training, share information, and put forward issues that should be on our radar for us to pay attention to – really emphasising the desire to build the relationship. That partner, to this day, is one of my favourite lawyers, and I recommend him to lots of people.

“It was that authenticity and co-operation in how firms innovated their approach, setting up initiatives like shared websites and creating more of a knowledge-sharing centre, that grew the relationship.”

Herzog says she’s suffered from overzealous law firms who’ve perhaps been more focused on grabbing share than good service. “Other firms came in and had decent advice in one region, but not in others, or they overcharged me. One partner actually called me to ask if I was interested in working with them on something, and then charged me for the

15-minute call. I felt that was dishonest.”

And, she says, bigger does not always mean better. “Larger multinational law firms can leverage broad and diverse resources, but I don’t think that always works in Europe – you can end up with quality control issues where a subject matter expert in one country may be strong, but the peer reviewer in another is not.

“In some cases I’d rather have a smaller firm that I know is really good in a couple of countries on a particular subject. And I switched from large global firms to smaller, more European-centric firms, where they had people that understood the regulatory regime, had relationships with regulators and were able to give more locally pragmatic advice.”

The value of the longer game

For a programme with cross-border challenges, she says, Symantec values more a firm that understands how to program manage as much as it does the legal requirements. “I expect the firm to pull together the information from the various countries and to consolidate their advice in a digestible way, rather than giving me unique advice for 16 different countries – that’s just not scalable.”

A quality, long-term relationship based on trust can stem from a commercial approach, regional knowledge and flexibility in pricing and resourcing, says Herzog.

“I really appreciate lawyers that I could trust to put in front of my [internal] clients, because I know they understand the business, they’re authentic, and they’re going to stress the right things. What I don’t like is somebody who, before we have established a relationship, pushes quickly to introduce all of their other partners, setting up multiple meetings and asking for other referrals within my network.”

Firms will have to be more inclined to

deliver on value, particularly in higher-end transactional work, and under different pricing models to satisfy GCs like Herzog. “Not all the work we require will merit large fees, so I want counsel that is interested in both the big and the small work. I want that kind of relationship where firms can put somebody on a smaller



“Not all the work we require will merit large fees, so I want counsel that is interested in both the big and the small work.”

Carolyn Herzog, VP, legal, Symantec

litigation in-region, to manage it, understand the business, and be able to deal with local judges, so that it’s a shared model – but without the interest in the big cost.”

In-house departments have limited budgets at Symantec, she says, and they follow a model that requires the business unit generating the need for external counsel to cover the legal fees as a cost of doing business. This is driving the in-house team to ask firms for different kinds of charging, such as an annual retainer that

would allow certain team members to call in for smaller questions and advice. “This also helps to develop a working relationship and trust so that, when a big matter comes in, we have established confidence in our choice of external counsel.”

Fowler at BT says that legal business has to become much more client-led. “Firms need to be more focused on what people need rather than what [firms] want to sell. Traditional firms tend to start from seeking to maximise what they can sell, rather than effectively demonstrating repeatability and how they can efficiently meet the need.

“When I go to a firm, I want to understand how they are costing work and can demonstrate repeatability. If BT is selling a

service to a sophisticated corporate user, they will rightly want to understand if they’re leveraging off economies of scale or if they are funding a bespoke piece of work. To use an analogy, if you set up an airline, do you cost it on the basis of one passenger bearing the entire cost of the first journey, or multiple passengers on multiple journeys?”

For law firms, gaining cost predictability from economies of scale means working out how much time it takes to deal with each task on multiple occasions – not the amount of time it will take to do an individual matter. Repeatable data should inform pricing. A lot of firms have been embedded in the hourly rate,

says Fowler, “but newer providers get this now”.

Commerciality, not loyalty

The future for firms is in the strategic opportunity that lies in commercial and legal expertise – tomorrow’s legal service delivery will become ever more closely aligned to client business, most likely on an international scale.

Singleton at Taylor Wessing sums it up thus: “Great legal expertise is good business advice. Great advice needs to be commercially orientated. We take an entrepreneurial approach to working – a lot of our BD activity in the last few years has been about deepening relationships, so we’re providing advice across a range of different legal issues, getting to know our clients’ businesses through our industry groups, and getting to know what is happening in their sectors. That equips our lawyers with a broader perspective to deliver better commercial and legal advice.”

And Courter at Baker & McKenzie says that you now need to earn client loyalty more than ever before. “There’s a saying in Texas: ‘Dance with the one that brung you.’ For Baker & McKenzie, that means we need to keep focusing on our clients, but you don’t keep a client because you have a client. You keep a client for the next matter because you gave excellent service and delivered in a commercial way in the prior matter.

“You have to earn the client’s work each time the client puts an assignment out. It doesn’t

come just because you’ve got a long-term relationship with them.”

Harrington at Latham & Watkins pins success on having a global footprint and global capabilities. “It’s about being able to quickly align the most talented professionals to work collaboratively in response to client need, wherever it surfaces in the world.”



“You have to earn the client’s work each time the client puts an assignment out. It doesn’t come just because you’ve got a long-term relationship with them.”

Craig Courter, global COO, Baker & McKenzie

That’s a lot of pressure. By 2020 there will likely be fewer firms and much more need for flexibility of resourcing in those firms. Globalisation will be as big as local power. The firms that succeed will be those able to flex and adapt, with global reach and local power. The prize: market share, and survival. ●

Briefing Essay

New seas for new times

A strategy model that makes no assumptions about how the business of legal currently operates – or even how it should operate – may help bring law firms into a new era, says Richard Hinwood, strategy and governance executive at Withers

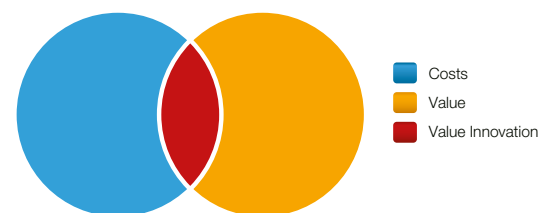
In an increasingly competitive market, how can you ensure that your firm stands out from the competition? Several new entrants to the market have gained a competitive advantage by adopting innovative business models, but legal business model innovation shouldn't be reserved for new entrants alone. Traditional firms can and should seek to adopt this approach too. How? Perhaps by implementing a 'blue ocean' strategy.

Deep blue ocean

Blue ocean strategy is an approach that law firms could use to achieve a unique place within the market. At the heart of the blue ocean model is the concept of value innovation (see graphic, right). By a careful process of eliminating, reducing, raising, and creating the various factors that underpin their business

models, law firms have the potential to provide greater value to their clients at a lower cost to themselves. Is it really possible to provide your clients with more for less? Let's find out.

Value innovation and the four actions framework



Eliminate	any basic factors that the industry takes for granted that don't add value to your clients
Reduce	any basic factors that are necessary in the industry, but don't differentiate your firm
Raise	any traditional factors that add value to your clients and differentiate your firm
Create	factors that the industry has never offered that add new value to your clients

The easiest way to start benefitting from a blue ocean strategy is to ask four questions. Together, they form the basis of the ‘four actions framework’, which can help redefine where and how your firm adds value.

One: What are the basic elements the industry takes for granted, but *don’t* add value to clients? Eliminate these factors.

Two: What are the basic elements that are necessary in the industry, but don’t *differentiate* your firm? You should reduce these to the required minimum.

Three: What are the traditional elements that add value to your clients *and* differentiate your firm? You should focus your resources on raising these factors.

Four: Which elements could you create that the industry has never offered that will add new value to your clients? You should create these.

An example from another sector: circuses

Historically, traditional circuses competed on such elements as animal shows, comedy and danger. While larger circuses often had the greatest resources, there was generally very little differentiation between one circus and another. Traditional strategic analysis indicated that the circus industry was unattractive.

Cirque du Soleil responded with an innovative business model that combined a lower cost base (by eliminating the need for animals and reducing their reliance on star performers) and increased the value to customers by raising the uniqueness of their venues and creating a theme and soundtrack. As a result, it has become the most widely renowned international circus in the world and continues to charge a premium price in exchange for its unique theatrical experience.

The blue ocean law firm

What should a blue ocean firm look like? There’s no one-size-fits-all solution – different law firms should take different approaches. However, a good starting point is to consider the interplay between the following common elements and decide how to focus your own firm’s resources accordingly.

Physical location: Virtually all law firms spend a significant proportion of their profits on physical offices. If you genuinely win higher-quality work because of your office location and layout, then keep investing in these. If not, reduce your physical location costs by promoting working from home, hot-desking, and outsourcing pure support work.

Legal expertise: Many law firms compete on legal expertise and correctly seek to raise their level of expertise above that of their competitors. However, not all clients can distinguish exceptional legal advice from excellent legal advice. Some may only want good legal advice, and instead differentiate between firms based on client experience. Therefore, you should only invest in raising your legal expertise to the level that your clients and your key referral sources can distinguish and value.

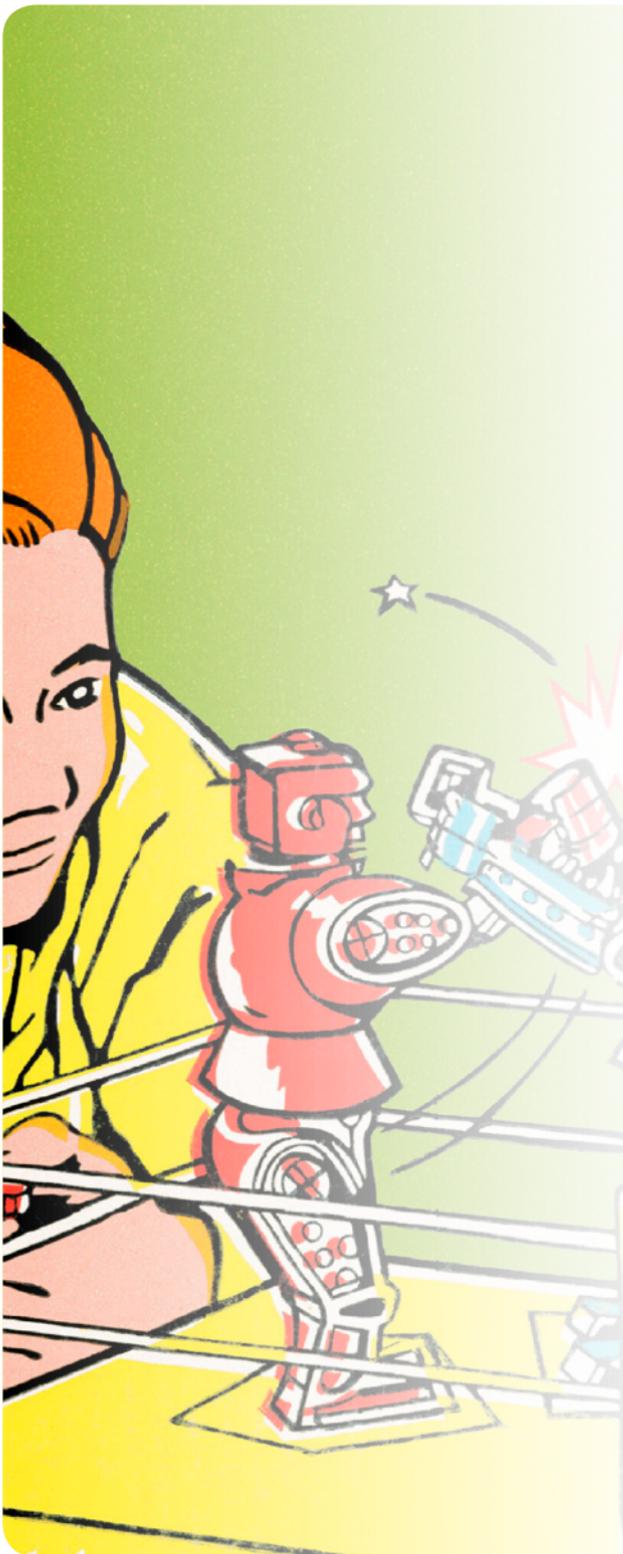
Client experience: How do you want each of your clients to feel when they deal with you? Raise your investment in listening to client feedback, and create new ways to delight your clients.

This article is inspired by Blue Ocean Strategy, WC Kim and R Mauborgne, published by Harvard Business School Press, 2005. Graphics in this article are versions of graphics found in that text.

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Briefing Industry Interview

Towards tomorrow's firms

Deciding what your firm is – and, crucially, what it isn't – will bring firms toward a more commercial and sustainable future, says Chris Labrey, UK country manager at Econocom

Companies like Econocom, which specialises in financing technology, see a lot of strategies in many sectors. Chris Labrey, UK country manager at Econocom, is watching the legal sector as it changes, growing into what it will be. There are many lessons law firms can learn from other sectors, he says, and many ways in which firms must change now – or they'll be bought out or pushed out of the market.

"There's a clear need to change. Sir Nigel Knowles said that firms who fail to modernise will cease to exist, so the minimum you need to do is keep up, and to keep up firms need to

modernise their structures, internal processes, the way they go to market, and the way they interact with and understand their customers."

There's an increasing number of non-traditional providers of legal services nibbling away at market share, he says, and some more traditional firms have made radical steps to improve themselves and modernise to take market share from their competitors. There's also the threat of consolidation in the market – if a firm can't keep up, it's now likely become a merger target. This is further driving larger firms to take market share, and it creates larger firms that are bigger threats to mid-tier and

other smaller legal businesses.

So, firms need to look in a mirror and think hard about what they are not as much as what they are. There's a good – and recent – example to draw inspiration from: banking. At the end of the last decade, he says, the banking sector went through a crisis, “and the phrase of ‘disposing of non-core assets’ was a regular mantra”. Banks realised they owned or operated business units that did things they just didn't need, or shouldn't do. This is something, Labrey says, many law firms could learn from.

It applies particularly to an area that is one of legal's big issues, according to Labrey: fixed and alternative fees. “You don't necessarily want the entire firm to go down a fixed price route. So you could construct a conveyancing business, or a business for the more commoditised activities, that work fixed price that are separate brands, leaving the original firm free to continue on its more traditional route, for example.”

Doing something like this with a legal business has other, finance and operational advantages, says Labrey. “When every part of the business is lumped in together, it's harder to work out which elements are profitable and which are not. If you mix high-volume/low-margin business in with low-volume/high-margin business, you won't easily be able to see it.”

Many legal businesses might make the mistake of equating modernisation with the adoption of IT, but that would be a mistake. “There's a lot of great technology out there that can boost a law firm, but just buying it is not going to fix your problems.” Nonetheless, there are technologies that have become essential, says Labrey, in giving a firm the power to lead rather than just keep up. “Accurate price modelling is something that can really improve the business process of a firm. Modelling the resourcing of legal work and analysing the cost

of the job empowers partners to a) price a job correctly, and b) know that they can't offer the significant discounts like they used to.”

Another significant way in which technology can create competitiveness is in what Labrey calls ‘client capital’ – systems that can make fee earners and business services people such as key account managers much better informed about what clients want and what they might want.

But on the route to a more efficient, more competitive future, we keep returning to ‘why’ a firm is going on that journey – what it decides to be. This starts where your firm is now, not at some wondrous future point, says Labrey. “Short of acquisition, you have the skill set of the partners in front of you, and that's what you need to work with initially as a guide of where you want to go. No one's expecting legal businesses to completely reinvent themselves overnight. There are many pressures out there, around managing succession, how firms will rethink remuneration, for example. These are issues that can be addressed today.

“What will the corporate governance and structure be in 10 years' time in your firm? Can many more large firms become limited companies? That's very unclear, but there's a lot they can do today, such as do what they do better, drive efficiencies, put clients first and make sure they've got their costs under control.

“But the DNA of what the firm wants to be in the future is front of you today.” The journey is to grow the firm into what it can be – not just into what it is now.

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Briefing Industry Interview

Simplicity is king

John and Howard Russell, co-founders and co-CEOs at RBRO Solutions, talk seamless analytics, flexible standardisation and feeding technology benefits back to clients – and into profits

Efficiency has become a central theme for firms in the UK's top 100 firms – waste will no longer be abided. But whittling away waste in processes should be a journey, not a destination. Firms are re-engineering service delivery to meet changing need, and it's through IT and data analytics that those leaner engines of legal commerce are bringing forward a more client-centric legal business.

"The practice of law is changing in so many ways that technology in firms should be seamless," says John Russell, co-founder and co-CEO (along with his brother Howard Russell)

of software and consultancy business RBRO Solutions. "Attaining a seamless experience, with faster, more secure and better-quality information, helps firms to more effectively serve their clients," says Howard. "But challenges exist when it comes to enabling team members through technology, because of the associated compliance requirements associated with critical information.

"Compliance can be forced, or it can be enabled. People try to find ways around it, because forced compliance usually also means increased process, frustration, difficulty and

maybe somewhat lower productivity. But if you build the compliance element into what we call a flexible standardisation model, your team members still have choices.”

Firms’ efforts to be more flexible and efficient are being influenced by the nascent but growing area of legal project management. As firms move away from a prescriptive regime of compliance toward a more commercial, lighter-touch approach, and increasingly shape their businesses around the needs of clients, managing compliance and legal work comes together.

RBRO offers consulting and support services, and software enhancements for the HP WorkSite document management system. One of the reasons the Russell brothers say WorkSite is a great solution is its matter-centric model, automating the metadata and tagging of information going into the system.

But although some firms have designed their IT around getting maximum value around matter data, the challenge for many, Howard says, is that they haven’t developed strategies to effectively draw the information back out of the system. “Essentially, it’s been a tool that is used for WIP. But firms need to improve how younger associates and new people coming into the organisation leverage the valuable data they already have.”

But questions abound. “How do firms take advantage of senior lawyers’ artistry in generating contracts and rendering legal opinion to clients? How do they take advantage of that start and help younger lawyers understand how to use it more effectively within the firm?” With more built-in flexibility that promotes knowledge and learning, firms can capitalise on trends and angle their commercial decisions more seamlessly toward their business strategies.

With OpenText doing less in the UK legal market and SharePoint taking less market share

than has been predicted (so far), there are still firms looking to deploy document management systems like that of HP WorkSite. But these firms need to go far beyond just implementing a system that can store content – they need solutions that enable them to streamline processes related to the inclusion of critical content in their systems, says Howard. They need the ability to empower end users to more effectively manage the lifecycle of their legal inventory and to facilitate low-cost, high-return workflows. They need to see high levels of compliance with little or no effort on the part of those working for the firm.

RBRO’s clients aren’t only in legal – they’re also in banking, accountancy and corporate legal accounting – which is a plus point, in their eyes. As firms strategise toward a more integrated, commercial future, solutions already implemented outside of legal may hold more sway within the industry over the coming years.

One reason for that is because firms are focusing ever more on being a partner working to client needs. According to Howard, “clients are no longer satisfied with an approach that says: ‘This is the way you must do it, this is what you will do, here’s how you go forward and here’s what you do to your end users’”.

“Better technology should be about creating efficiency and adapting to how users work, rather than forcing them into a straitjacket or a one-size-fits-all format,” says John. This is what RBRO aims to do for UK firms, he says – reducing costs, increasing productivity and re-engaging in user-friendly approaches to growth.

Learn more about
RBRO Solutions
www.rbrosolutions.com



Industry Analysis

People and process



Changed client expectations are bringing in the next phase of project management to legal – and getting the right people and processes will make the difference, says Deborah Gray, director at Totum

Process isn't a word traditionally associated with revolution. A good process may be important, but few would endow it with transformative power. Or at least, that was once the case. Now law firms appear to be thinking differently.

Facing a time of unprecedented change in the sector, more firms than ever are embracing the idea that the key to successful modernisation might just lie in the processes at the heart of a firm. This is translating directly to their recruitment needs. We're seeing more calls from our law firm clients for candidates expert in process and project management – and with the insights to fundamentally overhaul the way in which legal services are delivered.

Such a person is Richard Sawtell, whose work in process mapping and project management is now helping to inform some of the biggest transformation management

initiatives in the legal sector.

Until recently interim operations manager for Addleshaw Goddard, he describes his work as turning an organisation from a collection of partners into a cohesive business unit and allowing it to properly engage with today's clients.

"Process mapping is not an end in itself – it's about shining a light on legal processes and identifying areas of performance that can be measured and improved to achieve specific objectives. This could include anything from delivering higher quality consistently, to improving scoping and/or reducing costs," says Sawtell. "It requires focus, commitment and resource. It's process mapping with a purpose." It's also more than just blue-sky thinking. Sawtell represents, to me, a new wave of professionals bringing to law invaluable learnings from outside the sector.

He has done this before, bringing with him

critical knowledge from his time setting up a conveyancing division of Countrywide back in the 1990s.

It was a time when clients wanted more cost certainty, cheaper conveyancing and better customer service – basically the same demands law firms are facing now. “We had to do things on a fixed-fee basis no matter what happened – and I had to add value to the process over and above what others were doing,” he says. “The problem wasn’t getting the work, it was finding the resource to do it – that is, processing the work.” Now Sawtell is off to BLP.

There’s a good reason why firms are starting to take these process issues so seriously. For a long time, clients have talked about wanting more from their law firms – more quality, more certainty with fees and more delivery without prevarication. But today’s clients also know how to articulate the specifics.

“Major corporate clients now have professional procurement departments, and they’re very clear about what they want and how they want it delivered,” he says. “They want to know exactly how firms are distinguishing between low-value administrative tasks and high-level work, and ensure they’re not paying partner fees for routine work. Not only that, they want to know exactly how firms will report back to them on progress.”

The point of aligning process mapping to project management disciplines is that it enables firms to deliver against these requirements while allowing for continuous improvement. “How do you capture the learning from your mistakes and ensure you don’t repeat them on the next piece of work you do?” Sawtell asks. “How many pitches did you lose, and why? How many tasks could be done by non-fee earners – and how many are currently being used and by whom? It’s about using process to get to know your business, and

it’s about improving performance.”

It goes beyond meeting immediate client demands – there’s an additional and massive potential win for law firms that prioritise process.

“Clients have been doing process for a lot longer than law firms. There’s a clear opportunity to work with them to meld a law firm’s processes to theirs to improve efficiencies in how law firms take business from them and then report back.

“You can then create value for both parties – it cements the relationship and transforms it into a long-term strategic alliance. I’ve seen this used as a tool to win new relationships too.”

Firms have faced the threat of clients ‘shopping around’ for their legal services for years – and abandoning relationships that no longer add value. But this kind of process integration promises to not only improve core service delivery but bind clients a lot closer to a firm. “The more you manage to do this, the more difficult it is for competitors to step in – it’s like trying to unscramble an egg.”

Of course, there are challenges to this. This is about using process to transform a business, and success won’t come without facing all the same obstacles thrown up by other major change projects. Most of all, when all hands are on deck to deliver what clients want, how do you find the time to invest in the next level?

But that shouldn’t stop law firms doing it. With an increasing call for professionals like Sawtell, we expect to see ever more evidence of the truly transformative power of process in legal.

Find out more about

Totum

www.totumpartners.com



A man in a dark blue pinstripe suit, white shirt, and orange patterned tie stands in front of a classical building with large columns and arches. The man is looking slightly to the left of the camera with a serious expression.

Briefing Industry Interview

Faster forward

Total time management will underpin the efficient legal practice of tomorrow, says Norm Mullock, vice president of the revenue practice at Intapp – and firms can't afford to waste any time getting there

Efficiency is, at its core, getting your people to make the most of every day – spending time on tasks that deliver the most value. Firms are now well adjusted to the moving target of efficiency, and one technique making this happen is ‘total time management.’

Since co-founding BI business Redwood Analytics – and before that, forging a career in strategy and finance – legal IT veteran Norm Mullock, vice president of the revenue practice at Intapp, has been on the trail of efficiency in legal for the best part of 15 years. According to Mullock, as legal services are reshaped, “the

process of accounting for time is becoming much more complicated as the required level of detail increases”.

Firms need better data to account for fee-earner time. For clients, says Mullock, drivers such as alternative fee arrangements, more aggressive pricing strategies and the rise of project management presuppose an understanding within firms of how lawyers spend time. “Clients are looking for far greater detail, so firms need to generate more information.”

At the heart of the matter, he says, is the fee earner, who in most cases produces that

data. “It can be a terrible process, and lawyers rightfully resent having to account for their work at the same time as doing it.”

Intelligent time capture, a kind of passive data-gathering time, relieves such frustrations. To enable new ways of working, such as legal project management, he says, many clients and processes require not just client matter codes, but also phase, task, activity, sub-phase, sub-task selectivity. “If you don’t automate the clever capture of that data, the quality of the data gathered can be suspect.”

Passive time capture is about “gathering the electronic breadcrumbs lawyers leave behind as they work” regardless of the device used or location. Automatically recording time in the background, rather than requiring lawyers to set aside time to reconstruct it retrospectively, lets firms improve their time and metadata capture. “That passive set of timers running on all the various devices to hand helps gather the duration of those events, meaning confidence in precision. And more timely, accurate data helps to develop more trust with the client.”

Automation is, says Mullock, one of the best routes to a future wherein “lawyers are regularly assigned work through a legal project management process, receiving automated notifications to compose a document for a particular client within a particular timeframe, for example, before passing it on within the workflow”.

“Through the metadata, firms get electronic evidence that a lawyer did that task. When you’re automating that data, you’re creating a history that can be referred to and relied upon. Those elements are made easier for the firm and ultimately require less work on the part of clients to check and double-check data, if they know it’s accurate.”

Improved process and efficiency feeds directly back to clients in other ways. “They’re also looking for compliance with who gets to

work on matters, or at least pre-approval of the people working on them. Some clients feel strongly about not paying for the training of young lawyers, or, for data security, only sharing information on a need-to-know basis. And clients always want to make sure they’re not overpaying for the legal services they’re getting.”

Gone are the days of mammoth invoices thumping uncontested into a client’s in-tray. Mullock says demand for increased transparency has clients looking for appropriate “intervention points” and ways of working more closely with external legal services providers. “Fee earners can submit their time but, by virtue of perhaps just a semicolon, that bill can get rejected.

“Previously, there was no point at which the client could have intervened and suggested alternatives, like using in-house lawyers for more internal cost-effectiveness, or objecting to the strategy of mitigating away 100% of the risk. Having a more collaborative environment is now more important. Transparency is necessary to prevent surprises, and the whole process breaks down if the only point of observation for the client is when the invoice is received.”

Efficiency continues to be a double-edged sword for law firms, says Mullock, partly because optimised working exposes a ‘pain point’ of lower utilisation in some. But the benefits are so large that putting in place better ways to track and account for time are now surfacing as useful, both for firms and for their clients – whether you bill by the hour or not.

Find out more about
Intapp
www.intapp.com





Briefing Industry Interview

Waxing digital

Collaboration and content management will bring firms closer to better value and efficiency – but robust management of business information must be the basis of that platform, says Jeremy Stillman, head of consultancy services at Konica Minolta

Konica Minolta is a name you know – but you may not know what they do now.

The people at Konica Minolta know a thing or two about how documents can be digitised and turned into pure information. But they're now working with law firms on turning manual processes and paper flows into digital information – making management information and legal work more available and more useful.

When we think about information, especially documents, in law firms we

generally think of the work firms do – not the information passed around inside a business. But that information is just as important as the documents law firms produce in a much more competitive legal market. “A lot of time goes into producing, disseminating and distributing that information,” says Jeremy Stillman, head of consultancy services at Konica Minolta. “Working in a more collaborative fashion, with one repository for internal information and knowledge sharing, streamlines the process of legal work and sharing internal information.”

Konica Minolta's consulting business works with Microsoft SharePoint, which many firms already have, to help them make it deliver more value – but not necessarily for legal work. The missing link, says Stillman, is better management of business information, which is being left out of the equation when law firms think of IT – they've always concentrated on process-managing workflow and handling client matter information. Stillman says they need to treat internal information like content management.

"SharePoint has been around for years, but is it a well-exploited tool? In general, no. Where it is, it's often an electronic dumping ground with very little ability to create workflows within it. Finding and retrieving information isn't necessarily as easy as it could be. We're looking at how to make an existing infrastructure more productive to a law firm, creating a value layer on an IT infrastructure that's already there."

Stillman says SharePoint can be used to collaborate and share knowledge and distribute and generate management information in most law firms – but right now they're just not using it that way. This is especially important for business services, he says, because while fee-earning might use a dedicated document management system (Autonomy iManage et al), other areas of a firm are left to use manual processes and paper systems – or find their own solutions.

"HR might have a separate platform, or finance, and many firms, especially larger ones, have no doubt signed up to an enterprise agreement where they will have SharePoint, which they could put to this purpose. This would allow all the business services units, and possibly fee-earning, to work on one platform."

Using SharePoint to share management information has another benefit, says Stillman – it allows a more granular way for people to absorb and gather data, and it can make all

management information and 'documents' available to them digitally.

"Rather than have a manual and paper-based process for reports and distributing management information, what you need is to digitise it and distribute it, making the entire process electronic. That way, people get what they need, not everything – which they might arguably ignore. Information is delivered to them easier, quicker and more succinctly. Clearly there is a huge reduction in time spent compiling that information and producing that information – which would save firms money."

Stillman and the Konica Minolta team think this idea – management information and collaboration as content management, built on a platform you already have – is enormously relevant to law firms as they start to embrace working more like other businesses.

"It's about managing the content challenge. Many law firms are still very much driven by manual processes and paper, and we want to achieve a more streamlined process, where people can be more productive and the work – both legal work and internal work – can be created quicker. This would be better for clients, and better for the firm. We do that by collaboration and content management."

Working this way would reduce the cost of producing, storing and distributing content (whatever that is) compared to hard copy documents and management information – and it would create flexibility and capability. This counts for client e-bibles as much as it does finance reporting – using a product you've already bought.

What's not to like about that idea?

Find out more about
Konica Minolta
legal.konicaminolta.com



A photograph of Jitendra Valera, a middle-aged man with a mustache, wearing a dark suit over a blue and white striped shirt. He is standing outdoors in front of a city skyline with various buildings and a body of water. The background is slightly blurred, focusing attention on him.

Briefing Industry Interview

In search of value

Jitendra Valera of Advanced Legal on how thinking in terms of value-based legal services can effect change throughout a law firm's business

Value is in the eye of the consumer – that's a fact that legal services businesses, big or small, legacy or new, are being forced to get to grips with. Consumer experience is increasingly at the centre of the commercial realignment going on in legal – and it's up to those firms transforming themselves to build value not only into their service, but into the business itself.

Advanced Legal's chief marketing and product officer Jitendra Valera has been guiding firms to the heartland of this new world through

technology. "Clients want transparency on price – to know how much an instruction will cost before they engage," says Valera. Keeping clients informed before, during and at the end means they know exactly what they're getting, when, and for how much. It aligns price with value."

"A lot of firms aren't geared to do that. They've just not had the processes or the client-facing capability to build that type of relationship from the outset. What's really needed in the marketplace is a cultural shift from firm-centric to client-centric thinking

and from price- to value-based service delivery – and a technology-based platform that truly enables value-based delivery of legal services for both clients and the firm.

“An example of where a technology platform enables a better client experience and greater value is a self-service portal. Documents such as quotations and engagement letters can be made available from the beginning of the engagement, through to invoices and statements during the engagement. Enhancing this with workflow means firms can not only engage with clients at various stages of a matter but even extend to develop a collaborative, two-way communication so that they have a consumer experience more akin to what they’re used to in other industries.”

Clients are becoming better connected, and they expect improved communication and more consistency through all kinds of devices, including mobile. By establishing a fully integrated system that works across platforms, firms can deliver information to clients no matter what device they’re using.

“They can capture all the data at one point and build on that data to deliver an end-to-end customer experience across any device, anytime. Engaging with the client in the right way means that the client feels that you value them.”

Reshaping the client experience also means changing behaviours within the firm and automating repeatable processes that support growth to let firms grow. The principles of more automated processes are the same whether it’s a larger matter or commodity, says Valera. “The firm wants the lawyer spending time on the highest value piece of advice, rather than doing manual processes that could be completed with software.”

Once automation is built more deeply into how a firm works, the leap towards value-based service delivery can also bring firms closer to comprehensive measurements of profitability.

“Firms have to understand their costs for different matter types and how much money they will be making from them. By having repeatable processes through technology they can quickly work out margins and how much they could potentially charge within those parameters.”

Cost management means being able to review a matter based not only on the type of work done, but who will be assigned to it. Once that’s implemented, firms can start to analyse the real value of the service being delivered from both a client and firm’s perspective. “Then to move towards fixed fee and value-based pricing, particularly around commodity matters, becomes much simpler. You can start to price your service delivery based on the higher value you’re delivering to the client. And if the client better understands what they’re getting, they are more likely to pay a higher fee and refer more work.”

For Valera, the home stretch of value-based delivery is in growing the firms’ equity valuation. “Firms are no longer just looking at profits – they’re beginning to look at how they can build value in the firm through repeatable work that can be measured and valued. If a firm decides to sell, it is the recurring work and those repeatable processes that give an intrinsic value to what you’re creating as a brand.”

By putting the client at the centre of the business and leveraging technology as an enabler, the next stage of value-based legal service delivery will get firms behaving more commercially and more profitably, until value is no longer just a perception – it’s a reality.

Find out more about

Advanced Legal

www.advanced-legal.co.uk



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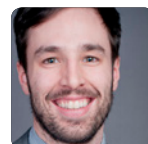
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