



# Client Dynamics Driving Change in the Legal Profession

*Highlights from the 14th Future Law Office research program*



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# Introduction

This report is the latest in the Future Law Office research series, an annual program established by Robert Half Legal in 2000. It examines the efforts by law firms and corporate legal departments to manage the new realities of today's business environment, including increased client pressures, demand for specialized legal services, technological advancements and the impact of globalization.

The research features insights from experts in law firm, corporate legal department and ediscovery management. It also includes key findings from our ongoing surveys of lawyers with leading law firms and corporations in the United States and Canada, as well as other industry resources.

This booklet contains highlights from our research. To obtain the complete results, contact the Robert Half Legal office nearest you by calling **1.800.870.8367** to schedule an in-person briefing for you or your team. To learn more about the Future Law Office and get program updates, please visit **[futurelawoffice.com](http://futurelawoffice.com)**.



# Client Demands Influencing Legal Services

Client demands have become primary drivers of change within the legal profession. In the past few years, the competitive legal landscape has provided clients with more choices and more access to legal counsel. As a result, many clients are seeking increased value, new avenues of delivery, alternative fee arrangements and greater understanding of the risks and potential outcomes of various legal strategies that could affect their business.<sup>1</sup>

“The shift in the supply and demand for legal services that started a few years ago is continuing to force legal organizations to become more and more client-driven.”

*Cesar L. Alvarez, co-chairman,  
Greenberg Traurig LLP*

## Modifying Law Practice Management Strategies

Facing increased competition, many law firms are altering their practices to cement client relationships. This includes adopting corporate financial and business procedures designed to achieve greater efficiencies. “Larger corporate clients, in particular, are demanding legal services for less cost and, essentially, are requiring law firms to work with more of a business mind-set than ever before,” says Paul A. Farnsworth, immediate past president of the Association of Legal Administrators (ALA) and executive director of Woods Oviatt Gilman LLP.

Increasingly, law firms are deploying client-facing teams, composed of partners, associates and paralegals, to create deeper partnerships. Firms also are narrowing the scope of their work by forming specialized teams directed at specific industries, rather than practice areas, to better serve clients and gain a competitive advantage.

Audra A. Dial, managing partner for Kilpatrick Townsend & Stockton LLP’s Atlanta office, explains: “To partner fully with clients, we implement a cross-departmental approach where we include subject matter experts on the topic at hand, whether it’s corporate espionage, aerospace or employment matters.”

Alternative fee arrangements are another example of how clients are influencing change in legal practice management. “Negotiating fixed or flat fees or outcome-based bonuses is more than a trend these days.

<sup>1</sup>2014 *Report on the State of the Legal Market*, Georgetown Law Center for the Study of the Legal Profession and Thomson Reuters Peer Monitor, January 2, 2014.



It's becoming a regular part of the engagement process," says David A. Coulson, shareholder and chair of the Miami litigation practice at Greenberg Traurig LLP. The firm's co-chairman, Cesar Alvarez, emphasizes the importance of a law firm model focused on quality and value that is emerging. "As providers of legal services, we need to be able to address the needs of clients on a real-time basis, and that means streamlining processes and making decisions more quickly than in the past," Alvarez says.

## Adapting to Globalization and Technology

Beyond myriad client-management pressures, technology continues to significantly transform the legal field and move global business forward at a rapid pace, notes Fred W. Headon, president of the Canadian Bar Association. In general, the number of global e-commerce transactions is projected to reach 34.8 billion in 2014, up from 29.9 billion transactions in 2013.<sup>2</sup> The explosive growth in global trade is making its mark on the legal profession.

Widespread availability of mobile applications and cloud computing is enabling law firms to deliver legal services more effectively and efficiently than before. This has opened the door to the development of cloud-based law practices where legal services are delivered to clients virtually, without the need for brick-and-mortar establishments. As David Goldenberg, founding partner of VLP Law Group LLP, a virtual law group, explains, "Clients don't necessarily want less expensive legal service. Rather, they're looking for high value with the legal services they need." That business

reality combined with significant advancement in legal technologies enabled Goldenberg and his fellow partners to open a successful virtual practice, which has grown from 15 to 40 attorneys since opening six years ago.

Scalable services and technology play significant roles in VLP Law Group, with Goldenberg describing technology as a key enabler to a virtual legal practice. The firm operates on a robust technology platform, utilizing its own server and a private cloud computing arrangement, with encryption protocols throughout. Goldenberg adds: "The technology platform enables all employees to work remotely, protects clients' information and maintains the highest levels of security available. With low overhead costs and flexible fees, we can offer sophisticated, value-driven legal services that clients are seeking."

## Creating Non-Associate Positions

As law firms face stiffer competition, they are adopting structural changes to meet clients' budget constraints and offer lower billing rates. Some large law firms are addressing lawyers' requests for work-life balance with non-partnership-track positions and creating C-level positions – such as chief financial officer, chief legal officer and chief operating officer – to better reflect the business-focused role of managing attorneys.<sup>3</sup>

Among these new roles are:

- **"Apprentices" and "legal residents"** – Newly minted lawyers who join the firm at a lower non-associate salary and billing rate for a one-year period. During this time, they gain the skills, knowledge and training to later transition to an associate or practice group attorney position.

<sup>2</sup> *World Payments Report 2013*, Capgemini and RBS, September 16, 2013.

<sup>3</sup> G.M. Filisko, "New job titles reflect economic challenges, changing career expectations for lawyers," *ABA Journal*, January 1, 2014.

- **“Career associates”** – These non-partner-track attorneys conduct legal work as part of the firm’s practice group but do not have staff management and business development responsibilities. They earn about half the salary of traditional associates who are on the partner track.
- **“Practice group attorneys”** – Lawyers within this group are not on a partner or shareholder track. They perform associate-level legal work at reduced hours for about half the salary of partner-track associates.
- **“Department attorneys”** – These lawyers conduct the same legal work handled by traditional associates but with reduced billable hour expectations and without partner-track status.

## Building New Legal Support Staffing Models

Many organizations are restructuring legal support teams to decrease costs while maintaining or even improving support levels. “In-house law departments are working hard to allocate work to the right level, and we expect the same from our firms,” says Joseph H. Otterstetter, managing counsel and associate general counsel for 3M Company. “No longer can we afford to have work done by partners and associates that is more effectively done by paralegals or other professionals.”

New approaches to legal support staffing include:

- **Establishing talent pools** – To help distribute the work more evenly, teams of legal secretaries work with groups of lawyers rather than assigning one secretary to support several attorneys. For more complex legal matters, two to four secretaries can support one partner.
- **Creating hybrid positions** – These blended paralegal/legal secretary roles are gaining in popularity, and formal hybrid paralegal training programs are now available to address the growing demand.

“The legal secretarial job has increasingly evolved into a hybrid role, with a blend of paralegal and secretarial duties, including dealing directly with clients in many cases. These changes are having a positive impact on the work environment – for the employees themselves, who are increasingly more satisfied with their jobs and the broader career opportunities available, and for clients, who are being served more effectively and efficiently.”

*Paul A. Farnsworth, immediate past president, Association of Legal Administrators, executive director, Woods Oviatt Gilman LLP*

## Developing Tomorrow’s Leaders

With members of the baby-boom generation accounting for the most senior-level positions in many law firms, generating an estimated 50 percent of fee originations and holding more than 30 percent of the partnership positions, succession planning has become a key management imperative and a critical strategy to ensure future viability and success.<sup>4</sup>

<sup>4</sup> Peter A. Giuliani, “Forecast 2014: Law Firms Face Eroding Brand Loyalty, Need For Succession Planning,” *Connecticut Law Tribune*, December 27, 2013.

“Integral to succession planning is the transition of clients to the younger cadre of attorneys. Too often senior attorneys are reluctant to give up control, which only serves to undermine the firm. An effective succession plan needs to include specific rewards to encourage lawyers in their last years of practice to transition their work and long-standing clients to the next generation of leaders.”

*Arthur G. Greene, attorney, legal consultant,  
Arthur G. Greene Consulting, LLC*

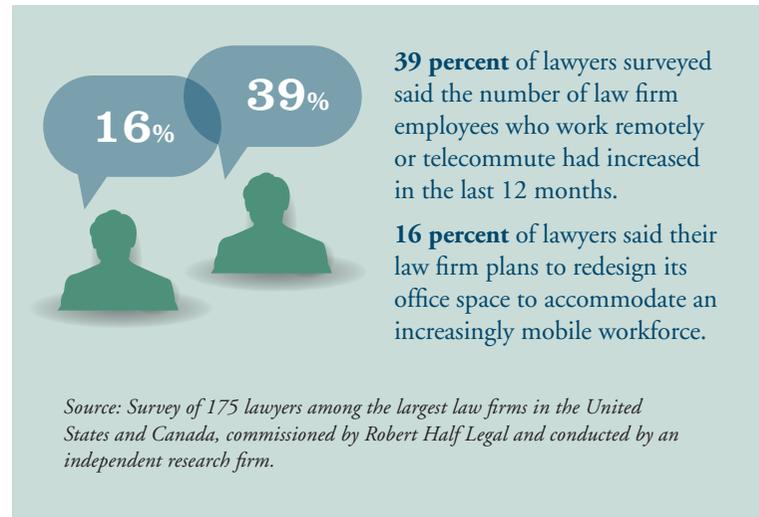
Lawyer and consultant Cynthia Thomas Calvert, who founded Workforce 21C and CT Calvert & Associates, offers seven tips for effective succession planning:

- 1. Identify the organization’s long-term vision.** Where is it headed?
- 2. Consider staff diversity** required for the organization five or more years out (not just gender and race but also culture, experience and viewpoint).
- 3. Identify the capabilities required** to realize the organization’s vision.
- 4. Locate potential leaders** to guide the organization to its vision.
- 5. Evaluate the strengths and weaknesses** of each individual as well as what capabilities and skills he or she needs to develop.
- 6. Implement mentoring and developmental plans** for identified personnel.
- 7. Monitor progress and provide feedback frequently.** Revisit plans at least annually to determine if the organization’s long-term plans or the individuals’ interests have changed.

## Managing Remote Work Arrangements

Telecommuting is increasing in the legal field due to the abundance of law office technologies that enable employees to work anywhere, at any time. “Staff mobility is a positive trend within the legal field – for workers, who focus on striking a healthy work and personal life balance, and for clients, who ultimately can receive more real-time response and service,” notes Paul Farnsworth, immediate past president of the ALA and executive director of Woods Oviatt Gilman.

Yet as remote work arrangements become more common, legal organizations face the challenge of formalizing telecommuting policies and managing off-site staff effectively, while ensuring the retention of security and confidentiality of information and continued peer collaboration. As Audra Dial, managing partner of Kilpatrick Townsend & Stockton in Atlanta, observes, “Workforce mobility is here to stay, but we need to be vigilant about addressing the associated management challenges. By motivating and engaging remote workers, we can clearly demonstrate the value that collaboration and communication play in many legal matters.”



# Legal Departments Critical to Business Operations

As legal departments address more stringent regulations, compliance complexities and globalization, general counsel (GCs) are becoming more integral to the success of business operations. James A. Merklinger, vice president and general counsel of the Association of Corporate Counsel, observes the role of general counsel continues to move from traditional legal adviser to corporate strategist as GCs play more meaningful roles in executive and boardroom conversations. “Staying plugged in to a company’s business activities, identifying legal implications of every business decision, remaining up-to-date and well informed on changes in law, and keeping management apprised of legal developments will be key priorities for general counsel,” he says.

## Looking for Value

Many corporate legal departments are consolidating their network of law firms and, as Merklinger notes, increasingly moving more important, high-value and strategic work in-house to help streamline processes and improve efficiencies. “Reconnecting the value and costs of contracted legal services has been a focus for some time for in-house counsel and remains a top priority today,” he says.

“We carefully analyze the costs associated with every project, taking into account its potential duration, before deciding our approach,” explains Tim Collins, general counsel and chief ethics and compliance officer at Convergent, a large business process outsourcing company. “We frequently use contract professionals for short-duration matters, but there have been long-term projects where it made financial sense to hire a legal professional full time rather than contract it out.”



On average, corporate legal departments have **five law firms** on retainer. More than one-third (**34 percent**) of lawyers interviewed said their companies retained **five or more firms**.

*Source: Survey of 175 lawyers among the largest corporations in the United States and Canada, commissioned by Robert Half Legal and conducted by an independent research firm.*

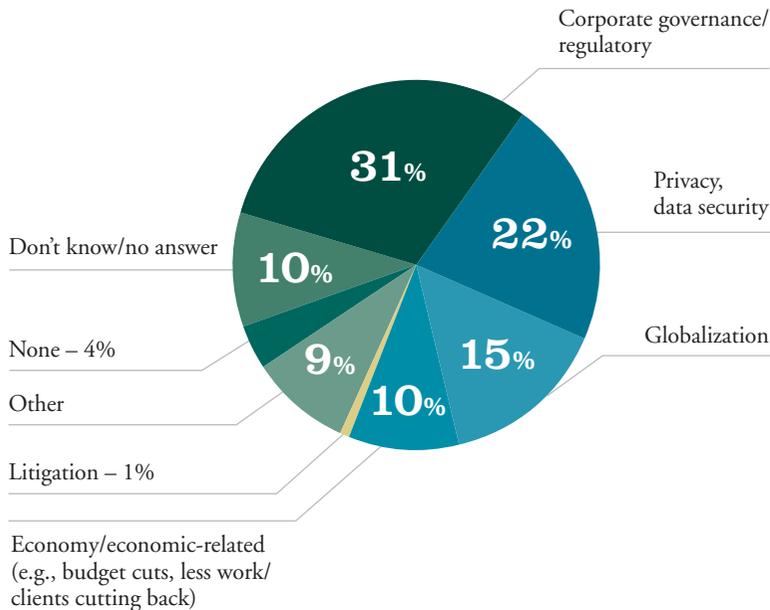
## Fostering Greater Collaboration Between Legal and IT

An increase in the volume and complexity of compliance and regulatory law is impacting in-house legal teams and “becoming one of the fastest growing areas in the corporate marketplace,” notes Convergent’s Tim Collins. “Managing data access, retention and protection has become a priority for in-house counsel,” he says.

This dynamic regulatory landscape is driving greater collaboration between legal departments and information technology (IT) teams. “Legal’s accountability with data and compliance matters is inextricably entwined with the growing roles of IT departments,” Collins adds. Some companies are even establishing a direct reporting structure between the two groups to enable more effective management of their respective and intersecting responsibilities, such as responding to ediscovery requests.

# Increased Demand for Specialists

Lawyers were asked, “Which one of the following issues will have the biggest impact on the practice of law during the next five years?”  
Their responses:\*



\*Total percentage does not equal 100 due to rounding.

Source: Survey of 350 lawyers among the largest law firms and corporations in the United States and Canada, commissioned by Robert Half Legal and conducted by an independent research firm.

Tenured legal professionals with backgrounds in high-growth practice areas, including corporate governance/regulatory law, privacy and data security, and general business/commercial law, are being sought by law firms and corporations alike to manage rising caseloads. Fifty-five percent of lawyers interviewed by Robert Half Legal said it is challenging for their law firms or companies to find skilled legal professionals today.<sup>5</sup>

Many legal organizations are addressing the complexities and costs of ediscovery matters with specialized project teams. “They’re looking to bring in experienced legal professionals who can start adding value immediately, without the organization having to spend time or expense on training,” adds Paul Farnsworth, immediate past president of the ALA and executive director of Woods Oviatt Gilman.

“In the past, legal organizations would look to law school graduates to meet their hiring needs,” observes Charles A. Volkert, Esq., executive director of Robert Half Legal. “However, with today’s demand for real-world expertise, more lateral movement among senior-level attorneys is taking place.” Volkert adds that the use of legal professionals on a project or contract basis also has become a common strategy for accessing specialized expertise and managing caseload demands.

<sup>5</sup> Survey of 350 lawyers among the largest law firms and corporations in the United States and Canada, commissioned by Robert Half Legal and conducted by an independent research firm.

# Large, Accumulated Data Sets Influencing eDiscovery

The proliferation of electronically stored information (ESI) and the development of IT systems have created the era of “big, dark and dusty” data, observes Frank Wu, global managing director of Robert Half Legal eDiscovery Services. “These data sets are so large and complex, or neglected and accumulated, they become difficult to process using traditional tools and techniques.” As a result, organizations are seeking innovative approaches to reduce data collection expenses and maximize value in meeting ediscovery demands. More effective evidence management is needed throughout the ediscovery process and attention should be paid to the “blind spot” in big data – data potentially relevant and responsive to ediscovery requirements. A slight but important distinction should be made between data and evidence management, Wu adds. “Given the magnitude and complexity of data sets, traditional data management alone is no longer sufficient in ediscovery,” he says.

“The biggest challenge with ediscovery is to preserve and review information while reasonably containing the costs involved. It’s a delicate balance that is becoming increasingly difficult due to the exponential growth of data and sheer complexities of the process,” notes David Coulson, chair of Greenberg Traurig’s litigation practice in Miami. Coulson says he’s hopeful that judicial decisions increasingly will pragmatically approach ediscovery issues so that the process becomes more manageable and cost-effective in the coming years.

In the meantime, Charles Volkert, who oversees Robert Half Legal’s eDiscovery Services practice, emphasizes that a proactive approach to data management is “essential and the only way to control costs.”

A number of approaches can help facilitate the ediscovery process:

- 1. Implementing effective data management and retention strategies.** A proactive approach may require more investment up front, but will far outweigh future costs when an ediscovery engagement begins.
- 2. Utilizing technology-assisted review tools.** Next-generation tools, such as predictive coding, can reduce review time, lower costs and increase accuracy of data retrieved.
- 3. Keeping current on resources that can ease the process.** Data specialists can apply scientific expertise and discipline to help retrieve and analyze data for relevancy while “concept searching” can identify data based on ideas not words, enabling more accurate and efficient reviews.

“Technology workflows for ediscovery matters are advancing at a tremendous pace to facilitate a very complex and time-consuming process. While some organizations are taking on ediscovery as an in-house business process, for the most part, companies are entrusting ediscovery to outsourced professionals.”

*Robert Hilson, executive director, Association of Certified E-Discovery Specialists*

# Future Trends

The key to the long-term success of many legal organizations will depend on leaders whose strategies reflect the realities of the legal market and a willingness to change the status quo. Managing partners and general counsel must continuously take stock of the dynamic business environment, monitor the evolving legal landscape, and embrace innovative ways to deliver legal counsel and diverse services that clients want and need.

What trends are on the horizon that will impact the legal landscape? Here are a few predictions from leading experts:

- One of the most dramatic changes will be in the role of general counsel, predicts Cesar Alvarez, co-chairman of Greenberg Traurig. “Globalization, increasing regulations, compliance and risk management, pressure for shareholder value, complexities inherent in intellectual property matters – these and a host of other business challenges are falling to general counsel to manage,” Alvarez says. “We’re already seeing an expanded general counsel role in overall corporate governance, and I expect that will intensify within the coming years.”
- “Today’s competitive legal marketplace is forcing structural change, with cost-effectiveness a key driver of law firm competitiveness and profitability,” observes 3M’s managing counsel, Joseph Otterstetter. “Accelerated consolidation among law firms and continued mergers are inevitable but they are not ends unto themselves. Firms must look for ways to streamline and more effectively deliver legal services, while maintaining quality and responsiveness.”
- Creativity and innovation will continue to dramatically influence how and where legal services will be delivered in the future, says Charles Volkert, Robert Half Legal’s executive director. “While we’ll have brick-and-mortar law firms in the years ahead, there will be an increased emphasis on – and acceptance of – the more virtual legal professional,” he predicts.
- The legal profession is starting to face the impact of the “demystification” of the legal system, observes Tim Collins, general counsel and chief ethics and compliance officer at Convergent. “With widespread news coverage about myriad legal issues and the growing lawyer population, the general public understands more about the legal process and is starting to feel more empowered, which will likely generate increased litigation in the future,” he says.

## About Robert Half Legal

As a premier legal employment agency, Robert Half Legal provides highly skilled legal professionals for law firms and corporate legal departments on a temporary, project and full-time basis. The company also offers a full suite of legal staffing and consulting services. We have built long-standing relationships with leading professional associations, including the Association of Certified E-Discovery Specialists, Association of Corporate Counsel, Association of Legal Administrators and Minority Corporate Counsel Association. Robert Half Legal was recently voted “Best Legal/Litigation Support Staffing Firm” by readers of *The National Law Journal* (March 2014). Robert Half Legal is a division of Robert Half, which once again was named to FORTUNE® magazine’s list of “World’s Most Admired Companies” (March 17, 2014).





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