



the FUTURE FIRM

New positions for legal leaders and the evolution of the business of law

BY PAULA TSURUTANI

Fewer equity partners, smaller classes of incoming associates, price wars and a growing clamor for alternative fee arrangements are pushing law firms to rethink the ways they deliver services. To be more efficient and competitive, more firms are retooling business models and staff positions. In the process, they're shaking up traditional administrative staff roles – or creating new ones.

HELP WANTED: LAW FIRM EXPERIENCE NOT NECESSARY

Three years ago, attorney search firm Major, Lindsey & Africa (MLA) launched its Law Firm Management Practice division, largely in response to firms that were seeking new administrative talent to help them stay competitive. "Law firms are moving closer to a business model," said Melanie Bennet, Global Practice Leader of this division. "They're adopting best practices from business." Many times, the firms don't necessarily want a candidate with law firm

experience – a big departure from prior times. Some firms want someone with corporate experience who can bring a fresh approach, who can elevate the range and scope of the work. Regardless of the candidate's experience, Bennet said smart firms "are open when they find someone who brings real talent to the table. They will modify the position to suit the candidate."

What's big? "Business development is a big area," Bennet said. "More firms, especially ones doing well, also are elevating training and professional development. They recognize this is important for attorneys. It boils down to, 'How can we serve our clients better?' They want people who will add value."



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KEEPING THE TRAINS RUNNING ON TIME

Efficiencies are the number one concern, according to Tom Clay, a Principal at consulting firm Altman Weil, Inc. He notes that many firms are embedding pricing and business development staff and administrative managers into practice groups. “Nonlawyers are helping to develop and execute strategic plans for the groups and keeping the trains running on time.” Clients are demanding more efficiencies. “Cut my costs.”

As Bennet and Clay mention, in response to competition, many firms are zeroing in on the business development and marketing departments, often expanding and morphing positions to include strategy, pricing and practice development oversight. The Chief Strategy Officer position, sometimes a replacement or hybrid of the usual Chief Marketing Officer role, is one that is gaining traction (see bonus feature, “Time to Hire a Chief Strategy Officer,” p.40).

IS THERE A STRATEGY?

Carrie Hanna’s position as Chief Strategy Officer at Gunster, a 10-office firm with more than 160 lawyers, coincided with the firm’s adoption of a strategic plan to expand its statewide platform in Florida. “Creating the CSO position made sense because of the focus on moving forward with the strategic plan and rebranding the firm. ...The key differences in the CSO vs. a CMO are two-fold: first, the firm’s focus on and dedication to the strategic plan, which required more 15,000 foot thinking to get us where we wanted to go.”

Second, it helped that Hanna also had been a consultant to Gunster for more than 18 years. “Because of my history and longevity with the firm, the CSO role was a natural fit,” she said. “In most major corporations that have a CSO, the person comes from within having had a long history with the company and working with the CEO and management team. I came in with the knowledge, experience and relationships within the firm to know how to get our major

initiatives accomplished and create the necessary buy-in along the way.” Her department consists of directors of marketing, communications, and community relations, plus two department coordinators and a department assistant.

Her team handles proposals, events, internal and external communications, community outreach and thought leadership of all attorneys. Hanna works directly with firm leadership to implement the strategic plan and works with their 16 practice group leaders in developing annual business and marketing plans, which they evaluate through metrics and other measurements. “I think you will see an increase in the number of CSOs in the next 10 years as firms continue to take a more corporatized approach to running their businesses and management teams continue to want a more proactive strategic approach vs. a reactive one,” said Hanna. “In addition, technology will need to become more integrated in marketing and business development.”

GETTING MORE GLOBAL

Warren Pinkerton, Chief Strategy Officer at Novak Druce + Quigg LLP, a national IP firm with 80 lawyers, said that while the “CMO position in many firms is concerned principally with the business development effort and the acquisition of new clients in the near term, my role, in contrast, is principally focused on the firm’s development over the long term. Ultimately, my role is about harmonizing information across the organization ... and developing an integrated approach ... in a manner that nurtures our brand with clients.”

Pinkerton and Novak Druce’s Managing Partner and CEO Greg Novak also believe the marketplace is increasingly global and both have MBAs from Oxford University in England. They also send lawyers each year to earn their MBAs at Oxford, believing that they will add skills and gain exposure to rigorous business analysis through “multiple lenses – not just a legal one” – putting them in the “best position to anticipate the needs of our clients. We all



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recognize that the legal industry is changing – not least because of the economic challenges faced by clients are constantly changing,” said Pinkerton.

IS THE PRICE RIGHT?

While finding ways to reduce or manage costs is an ever-gnawing concern for law firm clients, having a discrete law firm function devoted to pricing is relatively new. Michael Byrd, Director of Pricing Strategy and Legal Project Management at Mayer Brown LLP, said his position was created in mid-2010 “in recognition of an increase in the volume and complexity of client-level arrangements and increase client interest in alternative fee arrangements.” He directs an eight-member pricing team that reports to

the global CFO. While exact skills and experience vary among the group, his staff all have strong analytical, organizational and communication skills, plus an understanding of law firm billing practices and the professional services culture. The team is charged with providing support in developing and implementing pricing arrangements of all types. They will, for example, analyze and manage major client arrangements, provide financial and pricing support for RFPs, review and approve AFA proposals, and provide support for the firm’s legal project management initiatives. Byrd said, “I urge (partners) to get us involved early and recognize that there is no ‘one-size-fits-all’ solution or magic button that will produce the perfect answer. Every situation has its own nuances and must be thoughtfully considered.”

WHAT makes a Pricing Director SUCCESSFUL?

Baker & McKenzie’s Stuart Dodds said a new Pricing Director needs to “think big, start small and move fast.” He offers several other points:

- **Know the lay of the land.** Fully understanding the scope of the position and the key players is essential. “The Pricing Director needs to work hand-in-hand with attorneys, clients and back office functions,” said Dodds.
- **Have native analytical skills.** The ability to digest complex information is crucial when making pricing recommendations. “Get someone who is very strong analytically.”
- **Own it.** Superb communications skills also are critical. “A Pricing Director has to convince stakeholders (clients and attorneys)

to change behavior and habits,” notes Dodds. To deal with that tough work, you need the ability to persuade (and then be able to deliver).

- **Build and work your network.** A Pricing Director depends on multiple departments to get the job done. “You’ll need credibility – and great relationships – with many departments so you can get your hands on the most accurate and complete information, quickly.”

Byrd also said, “Be clear about the definition of ‘pricing’ in your environment and identify the gaps in education, processes, tools and data that must be overcome in order to begin shifting from volume to profitability.”



“First, it’s all about the client. Second, the old ways – work, bill, collect – don’t apply. While ‘adapt or die’ may be overkill, ‘adapt or watch your share of the pie shrink’ probably isn’t.”

Stuart Dodds’ position as the Director, Global Pricing at Baker & McKenzie Global Services LLC, also is relatively new – created about a year ago. His small team works within the firm’s marketing department, and it interacts closely with the business development and finance departments. He prefers to describe AFAs as “*appropriate* fee arrangements” rather than “*alternative* fee arrangements.” Like Byrd, he recommends getting engaged “early on. There aren’t any magic answers” when it comes to pricing. With a background in consulting and working with C-suite executives, Dodds is frequently involved directly with clients during fee negotiations.

BIG CHANGES AT THE TOP

As General Manager at Sydney-based Coleman Greig Lawyers, ALA member Warrick McLean is responsible for the usual administrative areas, including finances, IT, HR, as well as implementation and ongoing review of the firm’s performance management program for all professional staff, including principals. Notably, his role has evolved to include high-level marketing and business development efforts.

Specifically, McLean is charged with “raising the profile of the business, and is actively involved with external networking opportunities in the business community and the profession in general.” While many U.S. firms create positions to manage various functions, McLean observes that “the roles of general manager, COO, or CEO are common in Australia, compared to the United States, especially in the mid-tier to smaller firms. Generally, in Australia, these positions are responsible for driving strategy. The value that these roles play in building and growing the business is acknowledged by all these roles being provided a key seat at the partners’ table.”

Like many ALA member firms, Pepper Hamilton LLP in Philadelphia hired a nonlawyer CEO to lead the firm. Tom Cole, a Pepper Hamilton attorney (who will become Pepper Hamilton’s managing partner in 2013), says the firm’s management committee took a hard look at the firm’s management structure before making this decision. Their goal in this rigorous self-examination was “to find ways to deliver top quality services efficiently and effectively.”



Warren Pinkerton, Chief Strategy Officer, Novak Druce + Quigg LLP



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In the end, nonlawyer Scott Green, CPA took on the CEO role in early 2012, armed with a Harvard MBA as well as experience as Executive Director at another large law firm, plus a professional services background at a Big Four accounting firm. The legal functions, including department heads, practice group leaders and office managing partners, all report to Green, as do the management functions of the firm (finance, IT, marketing, human resources, recruiting and development, and practice management).

Having a CEO position has not affected the culture, Green and Cole insist. “We have a consensus,” said Cole. “We have positive momentum that will help rally our culture. We’ll continue to work closely. That will not change.” The firm’s CEO position has generated “widely favorable” reaction from corporate clients, who are similarly structured.

For the CEO position to succeed, Green emphasized, “You need unanimous support on the management committee level. If you do decide to bring in a CEO, be prepared for a relentless focus on profitability, operations and performance.” Bennet concurs: “The firms that are doing more innovative things have very strong Managing Partners. That’s a critical piece of the puzzle. Transparency is important, as well as having a well-thought out mandate and agreement on the qualities and responsibilities for the role.”

LOOKING AHEAD

Whatever the responsibilities or titles, the changes in law firm roles signal closer attention to client needs and demands, and a willingness to test new roles that could refresh efficiencies and profits. Byrd stressed two additional points about the changes afoot: “First, it’s all about the client. Second, the old ways – work, bill, collect – don’t apply. While ‘adapt or die’ may be overkill, ‘adapt or watch your share of the pie shrink’ probably isn’t.” ■



About the author

Paula Tsurutani is a Chicago-based marketing communications writer, focusing on issues in professional service firms, associations and arts organizations.

LEARN MORE

For further background about law firm management trends, legal project management and pricing:

- “Adopting Legal Project Management: Why LPM is here to stay and the law firm manager’s role in its evolution,” from the July/August 2011 issue of *Legal Management* magazine (www.alanet.org/legalmgmt).
- *Law Firms in Transition: An Altman Weil Flash Survey, 2012* (Thomas S. Clay and Eric A. Seeger, contributing authors). The fourth annual survey compiles responses from Altman Weil’s survey of managing partners and chairs at law firms with 50 or more lawyers. Completed surveys were received from 238 firms, including 40 percent of the 250 largest U.S. law firms. Included are responses about finances, billing rates, alternative fee arrangements, firm growth, staffing, succession planning and client relations. To review the survey, go to www.altmanweil.com/LFIT2012.
- *Legal Project Management: Control Costs, Meet Schedules, Manage Risks, and Maintain Sanity* (2009), by Steven Levy. For those who want to delve further into the topic of legal project management, this book is a practical discussion about project management concepts, implementation, techniques, execution and metrics. Available at www.lexician.com or www.amazon.com.
- *Legal Pricing in Transition*, a LegalBizDev white paper by Jim Hassett and Matt Hassett, discusses alternative fee trends, issues and considerations, including comments by various law firm Pricing Directors. Available at www.legalbizdev.com/free.html.