



Précis Paper

Business Development for Law Firms

A discussion about the management challenges and opportunities faced by law firms and the ways in which firms can better achieve business outcomes in the delivery of legal services.

Discussion Includes

- The New Normal
- How legal firms are adapting to the new normal
- Bad Habits
- Comparison of Australia vs other countries
- Legal Lean Six Sigma
- Opportunities for younger lawyers
- Tips for law firm managers
- Remuneration Structures
- Partner rewards for business development

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Business Development for Law Firms

In this edition of BenchTV, Sue-Ella Prodonovich (Prodonovich Advisory, Sydney) and Tim Corcoran (Corcoran Consulting Group, USA) discuss the management challenges and opportunities faced by law firms and the ways in which firms can better achieve business outcomes in the delivery of legal services.

The New Normal

1. The new normal stems from essentially a business manager's desire for business velocity and business outcomes and is about being more responsive to business owners and what are they trying to accomplish.
2. It is not about being more responsive to the lawyers and what they want to deliver, but about orienting activities and legal service delivery to what clients are trying to achieve.

How legal firms are adapting to the new normal

3. The new normal is at heart an opportunity for law firms to demonstrate their expertise, their deep bench strength, their excellent legal skills. However, they are resisting because over time and for generations, the people who are owning and leading law firms today grew up in a world where they would always have a new matter, they could raise their rates and bill as many hours as they wanted.
4. The world now requires lawyers to look more closely at how they can cater to client needs. It means a focus on efficiency and shifting an understanding from costs of a law firm to what does it cost the client to procure legal services and whether that will give the firm business velocity.
5. It is a transformation of the mindset from a production mindset to one that is client centric, what they need and how a firm can orient their services to deliver that. The new normal is about being more receptive to client needs and thinking differently about the delivery of legal services.

Bad Habits

6. Lawyers are characterised as being resistant to change. However, it may be the case that they are resistant to risk.
7. However, an adapt and thrive mentality is fundamental. Lawyers are missing opportunities to take advantage of what the market is giving them. The new normal

really means a focus on orienting activities and defining value by the client's perception of what they're getting, and whether or not it solves their business needs. Lawyers need to sell business solutions not hours.

Comparison of Australia vs other countries

8. There are pockets of innovation, pockets of progressive actions being taken by some firms but often even within firm's certain practices, there are certain leaders who are embracing opportunities to change their behaviours and accessing new market share and new opportunities.
9. It is unlikely that the Australian, New Zealand or Asian market is any further ahead or behind however there are examples of innovations that far exceed the UK or the US. In turn, there are firms or practices in the US and the UK that have embraced their own sense of the new normal.

Legal Lean Six Sigma

10. The Legal Lean Sigma Institute combines lean, six sigma and project management as disciplines that can be applied to the front office (legal service delivery) and the back office (how they run their business operations) and works to unlock where firms can identify moments of innovation or moments of improvement.
11. The Institute has embraced continuous improvement; lawyers who are good at something can find ways to deliver that work product at a lower cost, at a higher through-put, at a higher quality and generate higher profits. Legal Lean Sigma is all about firms unlocking the value of their experience and delivering it in a way the buyer wants to consume

Opportunities for younger lawyers

12. There is a generational divide in the workforce and in law firms particularly. The shift of generations has already taken place in a lot of departments; corporations have buyers who are on average far younger than the law firms they work with.
13. Older partners do not see the same work ethic in younger lawyers. They are observing that younger lawyers are not working as many hours. However younger lawyers have discovered that the billable hour model was never effective.
14. Law schools are teaching new lawyers' practical skills such as how to do project management, how to embrace process mapping, the financial skills of how to manage a practice and how to manage client relationships. As a result, students are coming out of law school with not just the ability to think but with the ability to manage a matter and client expectations.

Tips for law firm managers

15. One of the first things to focus on law firm leaders is business acumen. The skills it takes to become a technically adept lawyer are almost never the same skills required to become an excellent leader of a complex business.
16. Another area of opportunity is to understand the economic drivers of the business including the factors related to client satisfaction. Many law firms reward specifically the generation of revenue streams or the generation of hours and production, however do not reward profits.
17. An owner also needs to be building the organisation for others rather than focusing on individual personal production.

Remuneration Structures

18. Once students of law leave the world of academia and become a practising lawyer and then ultimately, an owner of a firm, there is no more instruction or performance management for their owners. Remuneration plans are the only guide to what it means to be a successful partner in a firm.
19. There should not be an action that can be taken where a partner can choose to act in their own self-interest or in the firm's best interest, that is what is good for the partner should be good for the partnership.
20. Transparency of a remuneration plan means that lawyers can sit in their office and bill time if that is their highest and best use. It is about finding their highest and best use for each individual person in a law firm.
21. Many firms are still on lockstep which means seniority is the primary driver of remuneration.

Partner rewards for business development

22. The rewards of business development will always lag the effort. If they are only delivered on the cash coming through the door, then efforts may have been spent years prior to generate the work.
23. Most businesses have a balance between measuring and rewarding actions and measuring and rewarding outcomes. Businesses need to identify certain actions which are very much in keeping with strategic priorities that we believe we should reward in advance of the outcome.

BIOGRAPHY

Sue-Ella Prodonovich

Prodonovich Advisory - Sydney

Sue-Ella Prodonovich is one of Australia's leading specialists in business development for the professional services and business-to-business sectors. Her clients include some of the country's – and the world's – best law, accounting, IT, engineering and architecture firms. Sue-Ella has more than 20 years senior level experience winning work and growing businesses in these complex industries. Over that time, she has given countless professionals the tools they need to attract and retain clients and build more profitable, more sustainable and more enjoyable practices.

Tim Corcoran

Corcoran Consulting Group – USA

Timothy B. Corcoran is a keynote speaker, consultant, author, and legal commentator. With deep experience spanning over two decades as a corporate executive, he guides law firm and law department leaders through the profitable disruption of outdated business models.

Tim's confident and irreverent stage presence enables him to bring levity to topics of particular gravitas, while masterfully navigating tough discussions from a refreshing perspective. Clients and audiences cite Tim's simplification of complex concepts, a reduced learning curve, and actionable take aways as key factors in catalyzing their change process.

As a change agent, Tim's focus is on helping law firms operationalize their strategy: profiting from experience through project management and process improvement; embracing profitable alternative fee arrangements; assessing and redesigning partner compensation plans; designing new financial metrics and dashboards; building or reorganizing an effective ecosystem; training current and future leaders; succession planning; refining business development skills; and launching new technology tools. Tim helps law departments embrace performance analytics, better hire and manage outside counsel, and ultimately improve business velocity.