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The Key for Law Firm Growth and Survival for the Coming Years is Contingent on Mastering Collaboration

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In the 1967 Academy Award winning Mike Nichols film, “[The Graduate](#)” a young Dustin Hoffman starred in his breakout leading role as Ben Braddock, a recent college graduate, who was floundering about trying to figure out what to do with his life after graduation. Early in the film, Braddock’s parents hold a graduation party for Ben, during which friends and family offer Ben all sorts of

career advice. In one famous line, a family friend takes Ben aside and whispers “Ben, all I have to say to you is one word: Plastics” and then walks away,

As we contemplate what will doubtless be a challenging 2012, I have one word to say to all of you is one word: **Collaboration.**



In 2010 the concept of the year was [“Alternative Fee Arrangements” and value billing](#). In 2011, it was [LPO’s and outsourcing](#). Plastics, AFA’s and LPO’s have stayed with us since they each emerged as the flavor of the month; so too will collaboration.

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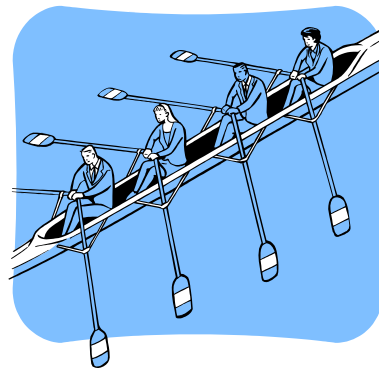
LegalTimes
Law & Lobbying in the Nation’s Capital

Yesterday, I had the pleasure of attending *The National Law Journal’s* Managing Partner’s Breakfast, which was led by a panel consisting of [Tom Mills](#) of Winston & Strawn, [Alice Fisher](#) of Latham and [Elizabeth Stern](#) of Baker & Mackenzie, each of which served as their respective law firms’ Washington offices managing partners.

All generally had some serious concern, but guarded optimism for 2012. Panel Moderator, NLJ Editor in Chief David Brown asked many probing questions. Interlocutor Brown based much of his probing predicated on [Citibank’s foreboding report](#) on law firm profitability for the third quarter of 2011.

Each panelist separately presented his or her own version of the same theme: Their firms were engaging early and often with their clients and were being proactive in both anticipating their clients’ needs, objectives and issues were on every level. The key to success was adopting a collaborative mode on every front.

Liz Stern of Baker & Mackenzie put it best, when she said the old model where lawyers were simply like taxi drivers with their meter running. “The meter is running, but the taxi driver doesn’t really care where you’re going,” Stern said. “It’s about getting your fare.” That model, Ms. Stern said, just doesn’t apply any longer. Lawyers need to understand why the client is embarking on the journey, what the most efficient route is to that destination and arrive at an understanding as to what a reasonable fare is for the journey, predicated on the value of the journey is to the client. Client and law firm need to reach a shared understanding of each of those issues and the only way to do that is by engaging early and continuing to engage as the journey proceeds.



Collaboration must be conducted both horizontally and vertically. Client collaboration is of course essential, as is collaboration among the law firm partnership. In addition, I would suggest that further collaboration among other

stakeholders, such as LPO's, e-discovery vendors, staffing companies and other law firms serving these same clients. Clearly, a strong hub and spoke system is required with the client at the hub. Those who master collaboration on each of these fields will emerge as the winners in 2012.

Collaboration begins of course with the direct attorney client relationship, bearing in mind that given the shift in supply and demand, clients are fully empowered, as never before. Legal services are now being acquired through the prism of purchasing agent mentality. Under that lens, the purchasing agent often first makes a "make or buy" decision; and more often, making is less expensive than buying. Thus, we have seen a rather universal growth of legal departments and a reduction in budgets for the outside legal spend. As Jones Lang general counsel Mark Ohringer [recently said](#), "I am law firms' biggest competitor." Said Ohringer "If I could have 100 percent of the work not done by law firms, I would." Ohringer currently keeps 75 percent of his corporation's legal work in-house or sends it to non-firm vendors.



Recognizing this reality, law firms need to engage proactively with such general counsel and collaborate with non-firm vendors demonstrating through such proactive engagement that the firm, working collaboratively with general counsel could

provide better value and more favorable total pricing. Failure to engage here, is that general counsel of the mind set of Ohringer may well succeed in keeping all work out of the law firms. Such general counsel are primarily interested in getting the job done better, cheaper and faster. That mindset does not denote a universal fatal allergy to outside law firms. The antidote to this allergy is engagement and collaboration.

Mark Hermann, chief litigation counsel at AON and a former BigLaw lawyer recently [wrote a compelling essay](#) concerning one of his company's outside law firms regularly assigning a litigation partner to handle work for his company and Hermann consistently found this partner's work sub-par. The law firm just didn't get it and it appeared that the relationship was becoming strained. Hermann explained that greater engagement and collaboration was necessary to maintain the relationship. He even laid out in direct terms how law firms should engage:

First, have disinterested lawyers — partners not involved in representing the client — solicit candid feedback from clients. Solicit that feedback mid-year, so the conversation doesn't conflict with an annual year-end review. During that session, listen carefully to what the client says. (Hint: "I rate the quality of your firm's work as just below middle of the pack" is not praise.) Ask the client what your firm can do to improve (or expand) the relationship, and heed the advice you receive.

Second, impose real quality control on partnership decisions. A client that has a bad experience with just

one of your partners may mistakenly choose to condemn your entire institution. This makes the quality of your partnership awfully important. Try to apply uniform criteria, applied equally across all offices, when you make partnership decisions. Hire lateral partners sparingly (because you probably know little about the true quality of those folks' work).

Finally, think about how you can encourage clients to switch lawyers, rather than firms, when clients are unhappy with the service they're receiving. If it were easier (and less embarrassing) to replace the lawyers working on a team, then firms would not lose clients unnecessarily.

We have all [read](#) about the explosive success of [Clearspire](#). Clearspire's success is not merely that it is a virtual law firm, with minimal expenses. It is built on an elaborate custom digital platform which provides for real time, full time collaboration among its lawyers *and in real time among its clients*.



Some other vital areas for collaboration:

- Understanding fully the strategic goals and objectives of your clients by engaging in [detailed face to face](#) regular discussions with them.
- Make sure you have a

[detailed, shared and written understanding of the scope of each engagement.](#)

- Recognize that some of your clients work will be downsource to smaller firms. Offer the clients your availability to collaborate with these firms so that they can take advantage of your pool of built up knowledge and experience so that the smaller firm can work more efficiently. And, yes, offer to share your work product with them. After all, the client already paid for this work.
- If you are one of the smaller firms that is the beneficiaries of the downsource, ask the client to assist you in collaborating with other firms with which it has worked so that you are not reinventing the wheel.
- In some engagements, [a law firm will essentially function as a general contractor](#), with clients directing the law firm to subcontract work to a variety of vendors. There are many moving parts and

disparate players in these engagements. For the law firm/general contractor to succeed, its principal function is not only to direct and supervise the work of the various subcontractors, but to also share full time, real time collaboration.

general counsel's office is overloaded and offer a program of [secondments](#). Liz Stern of Baker & Mackenzie explained how her firm has effectively established a global system of regular secondments that has stood her firm in good stead for many years.



- Build up your extranet capacity. Engage your clients on the extranet. Get them to utilize the extranet for real time collaboration and feedback. Ask the clients if your extranet platform is adequate.

- Build a strong collaborative relationship with LPO and e-discovery vendors, making sure that the clients is very much part of this process. Insist on full time and active collaboration and choose an appropriate real time extranet platform for such engagement.
- Recognize that



- Monthly bills should be a further platform for client engagement and collaboration. Every monthly bill rendered should be accompanied by a letter that describes the objectives the firm had set out for the preceding month for the matter, the steps the firm had taken to meet those objectives, the results and the objectives for the next month. Even where the matter is undertaken on a fixed fee or an AFA, these monthly letters are essential.

- Engage the clients regularly on discussions regarding bills you have rendered, preferably through either a relationship partner or a non-lawyer professional. Identify issues early and address them collaboratively with the client.

- Collaborate internally on all strategic goals. Make sure your partnership is fully engaged on all key strategic decisions. Tom Mills of Winston and Alice Fisher of Latham made it clear

that all lateral acquisitions are strategic, based on firm leadership and partner consensus. Latham apparently has most of its laterals visit each of its domestic offices and sometimes each of its foreign offices.

- Partner compensation should be predicated in large measure on the extent to which partners collaborate. Pure star based compensation is often destructive.



- Be sure that the legal work the firm is handling is fully integrated with those best suited to do the work. That means that originating partners should not assign work only to members of his or her own “team.” Rather, practice group leaders

should guide the assignment of work. Do not allow partners to create silo practices.

- Keep the partnership fully informed and engaged in the firm's strategic goals. Share both the good news and the bad news in real time. Fiats emanating from behind smoke and mirrors breed resentment and distrust,
- Build consensus.



Plastics were indeed a boom industry in 1967. Collaboration will be a boon to those who master the art in coming months. Those who fail to adequately collaborate both vertically and horizontally and vertically do so at their own dire peril.

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