

TONY WILLIAMS

Charlotte Parkinson, Modern Law, spoke to the Principal at Jomati Consultants LLP about why some law firms are exploring alternative working practices, and why embracing change can be a challenge for lawyers.

Q In your experience, what are the most successful legal business models, aside from traditional partnerships?

A Obviously, legal businesses have moved increasingly to the hybrid-style LLP structure over the last ten years or so, and that now dominates the top one hundred firms. There are also now many firms, particularly at the medium and smaller end, which operate as limited companies for a combination of tax and structural reasons. However, it is not the structure itself that determines whether you're going to be successful or not. Any structure can work, and it can have problems - ultimately it comes down to whether the people in the firms want to make it work or not. This is centred around the outlook, management approach and strategy.

Q Do you think law firms are successfully utilising alternative working practices?

A Yes, although it is still a relatively slow burn. We are seeing the development of onshore centres and an increased use of project management and pricing skills. Change in the legal sector tends to be evolutionary rather than revolutionary, which is fortunate. Firms don't have to change overnight, but it is important not to fall behind, particularly as more and more legal work moves to a fixed price or capped fees. Lawyers tend to be very conservative, with a small c; if they can get away without making changes, they will.

Q How do you think law firm management can successfully apply project management to the running of their firms?

A What I would say is avoid a 'save the world' project. Traditionally, leaders of firms have tried to convert everybody to their way of thinking before they proceed. When it comes to project management skills, go with the partners that actually need it now - work with the willing and others will gradually get on board. You'll find much greater success, and quite frankly much less grey hair, if you approach it that way.

Q What are the key drivers for firms to be launching LCCs?

A In a centre away from the head office you can experiment. You can find out what worked, what didn't, and how to change it. A continuous learning environment can be really effective, and doing that away from the main office avoids interference from partners. When I visited a low cost centre a couple of months ago, the young paralegals did a presentation for me and they were on top of their game. They were excited, they were enthused, they were looking at every project and assessing how they could have done it better, what they could learn from it. In an environment of change you need that element of 'constructive post-mortem'. If you just move people to the other end of the country you do get a one off saving in premises



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and people costs, but you're not fundamentally changing your processes. It's that continuous change which will drive efficiencies, and of course elements of best practice can then go back to the main office as well.

Q LCCs have historically offered back office functions, whether that's marketing, HR etc., but a number of them are now offering legal and client facing services. Will this trend will increase?

A Most dramatically so. There are two elements within an LCC, the back office functions and the legal functions. To some extent, firms used a slightly Trojan-horse approach by saying the LCCs were mainly for back office functions. They have evolved naturally to provide legal services because once it goes well, more and more people jump on the bandwagon. Cost is part of it, but it's also to do with consistency, particularly when you're dealing with highly paid lawyers, some may feel certain work is beneath them, so it is helpful to have an office that is focused entirely on certain projects and processes. The client feedback from most of the clients I've spoken to has been very positive, so I think it will expand. The challenge will be that in certain locations the pool of talent may not be large enough. With the large number of law graduates and other non-law graduates wanting to be lawyers, and the very small number of training places (only about 6,000 a year), we are not going to run out of paralegals or people prepared to do this sort of work.

Q What are the core advantages and/or disadvantages of near-shoring, or on-shoring, versus off-shoring?

A The key advantage of near-shoring is people will speak the same language and have the same cultural background, as well as being on the same time zone, so they're very accessible if needed. Most LCCs tend to be in the city centres so there's easy access to the local station or airport. Lawyers have a tendency to be control freaks - if something is too far away from us we get twitchy. Not necessarily rationally so, but we do. A large number of these paralegals will be graduates that have gone through some of the postgraduate training as well, so they'll be familiar with many of these issues which will help. Off-shoring may mean even further potential costs reduction, but there is uncertainty as to whether that flows through to bottom line, or whether certain inefficiencies become built in. Scale must also be a consideration, as the larger the firm, the more favourable an off-shoring capability may become.

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Q What would you say are the key advantages of legal project management, in terms of process and resource optimisation?

A For the last 30 years, technology in law has been about automating the quill pen. We haven't fundamentally changed our processes, rather made them more efficient. Project management can help examine if you should be doing certain tasks, who should be doing them and how they should be done. Technology needn't be a threat to us, it can be a fantastically helpful tool. The issue these days, with the level of pricing pressure, is how to increase efficiently and find the 'cheapest level of competence' for work, whilst increasing the levels of competence as quickly as possible, to make the work cost effective. Legal project management helps to do that. It is important to remain open minded; there will be some initial mistakes, and it is important to learn from those.

Q Why do you think some firms fail to obtain the buy in from fee earners in relation to legal project management (LPM)? What do you think is the biggest hindrance to process improvement in firms?

A It's fear, to some extent; some fee earners fear that if work is taken away from them, they will be in the firing line. This relates to my earlier point when firms try to convert everybody, rather than go with the willing. Work with those who need it and promote the positive experiences. Within two or three years, the vast majority of the firm will be utilising project management tools. Soon, if firms aren't using project management, they'd better have profitable practices, otherwise they're going to be exposed. It is extremely powerful to be able to utilise project management and report to R&D teams with facts and figures about how tasks are undertaken and how the firm operates. The message from clients to that approach has apparently been very positive. The benefits of project management are not invented, but they do involve change, which traditionally, lawyers hate. Fundamentally, even the best lawyers are sometimes quite insecure individuals, and change is frightening.

Q Would you say there is genuine client demand for firms to utilise LPM?

A Legal project management is being mentioned more in tenders, but clients aren't as interested in whether you're using LPM or not. They are more keen to ensure the firm is providing a cost effective, business focused service, with predictable pricing and outcomes. LPM can help with that, but I'm sure there are firms who say they can deliver without using LPM. The key thing for the client is, can the firm really deliver what it says it will deliver?

Q Why do you think more firms are offering Contract Lawyer Services (CLS) and is this likely to increase?

A There is a very good pool of talent available, many contract lawyers are alumni of major firms and don't necessarily want to work on the basis that full time lawyers work, but are still very good and very motivated lawyers, and can be a good quality resource. Seconding full time lawyers can be expensive, when considering what the lawyer would have been doing had he stayed at the firm. Secondments are very important for both training and collaboration but making contract lawyers available eases the pressure while still meeting the client's needs. We will definitely see more firms utilising contract lawyer services in the future.



Tony Williams

Tony Williams has more than thirty-five years' experience in the legal profession, occupying senior management positions as well as direct client handling and fee earning. He is admitted as a solicitor in England & Wales, Hong Kong and Victoria, Australia. In Jomati Tony does not practise as a lawyer.

As principal of Jomati Consultants, Tony has worked for a range of international and domestic firms in the UK, US and Continental Europe, Asia and Australia. His advice covers such matters as management succession, partner appraisal and remuneration, peer reviews, firm strategy and its implementation including business planning and the positioning of law firms in their market. He is also actively involved in firms' strategic expansion including mergers, new offices, alliances and team hires. He also assists firms on reorganisations, profitability analysis and client strategies.

Before founding Jomati Consultants Tony was worldwide managing partner of Andersen Legal and head of its UK practice. He developed the international strategy for Andersen Legal, which in 2001 was the ninth largest global law firm in fee income. Following the Enron crisis he managed the dissolution of Andersen Legal and of the English law firm Garretts. For his role in the orderly and controlled dissolution of Garretts he was named "Partner of the Year" by The Lawyer Magazine in 2002.

Prior to joining Andersen Legal, Tony was managing partner of the world's largest law firm, Clifford Chance. He was with Clifford Chance almost 20 years and prior to his managing partner role he was a corporate partner in London, Hong Kong and the managing partner of the firm's Moscow office.

Tony is a founding member of Halsbury's Law Exchange, an independent and politically neutral legal think tank which contributes to the development of law and the legal sector. www.halsburyslawexchange.co.uk

Tony is also a Visiting Professor at the University of Law.

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Q Do you think new market entrants pose a threat to 'traditional' firms, or not, and why?

A Yes and no. New entrants potentially do because they have some very interesting ideas. However, to date, no new entrant has come in with the same scale and reach as the big corporates. The Parabis debacle may make people even more nervous. Certainly, new entrants do provide a catalyst for change, the question will be to what extent they cause firms to respond and change themselves. Some new firms (such as Riverview and Axoim) are growing very rapidly, but in the context of the overall legal market, they are still relatively small. I have no doubt that a range of disruptive new entrants will rise, but will they get the critical mass before the traditional firms swoop in? I don't know, is the honest answer, and in such a vibrant market it's very difficult to predict what will happen.

Q What do you make of the Big Four gearing up in terms of their legal offering? Is that a bigger threat to firms?

A Potentially yes. For some of us there is a sense of déjà vu, but they have the size, the clout and the connections. Globally, they probably invest more in IT and training than the revenue of most major law firms. They are major businesses, and they will use their systems and their knowhow much more effectively. It's not yet clear to me that they've quite developed a clear and compelling offering, but I think they certainly will, and over a five to ten years they will certainly be a significant force in the legal space. ●