

# Introduction

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Large law firms experienced a long, virtually uninterrupted period of growth and prosperity for roughly 40 years, from the late 1960s until the business downturn in 2008–2009. During 2008, demand quickly dried up and law firms were suddenly faced with too many lawyers, after most firms had experienced a very productive and profitable year in 2007. The stock market was in freefall, and many big financial institutions suddenly went from a period of growth and strength to a crisis of survival. Most large law firms adapted remarkably quickly to the recession, reducing headcount and expenses dramatically and preserving partner profits, notwithstanding plummeting demand for legal services in some sectors.

Since the financial crisis the economy has continued to languish; the legal marketplace has fundamentally changed and no longer rewards growth as a default strategy for large law firms. Demand has been slow to rebuild in the period since 2009, and a very different legal marketplace has emerged – one in which the client is in the driver’s seat and the rapid escalation of hourly fee increases that characterized the prior growth period has not been sustained. Firms have struggled to craft a new business model which can lead to healthy profit growth, better client service, and better enjoyment of practice by lawyers at all levels of seniority. Many firms are stuck in an outmoded default strategy of growth which is ill-suited to the present legal marketplace.

In this book, I outline a new business model for the “Law Firm of the Future” which builds on the tremendous progress that has occurred over the last 50 years and addresses some of the difficulties, which are felt so starkly today, in the profession and in the “old model” of business strategy employed by large law firms. I suggest some steps that large law firms can pursue to adapt to the new legal marketplace and to sustain their success in the future. This book primarily focuses on large law firms, but many of the issues in the legal marketplace are relevant to law firms of all sizes. Certainly lawyers in general need to understand the legal marketplace and their place in it, and the principles discussed in this book are applicable to small firms as well as large firms.

**I believe most firms would be well served to focus on their strengths, which will be readily discerned by potential clients in the**

**competitive and sophisticated market of today and the future. Moreover, by adopting some proven good practices as part of their overall strategy, they can counter some of the distinct problems that have come with unrestrained growth.**<sup>1</sup> I identify those key building blocks in Chapter 3 and explain them fully in Chapters 4–13 of this book.

My concept of a new business model for the “Law Firm of the Future” involves no compromises regarding the excellence of legal work, financial profitability, pro bono commitment, or the contribution of lawyers to society; but it does address the opportunity for creating a balanced life for lawyers and staff, because in my view satisfaction in one’s personal life and a sense of constructive participation in society is necessary for a feeling of professional accomplishment and personal fulfillment in the practice of law. Some of the elements of the new model will be difficult and painful to implement, as they require a paring down to basics and a refocusing on strengths for most firms, and this will affect some lawyers, practices, and offices of large firms more harshly than others. Also, while profits under this model must be high enough to sustain a firm’s excellence, including retaining and attracting excellent lawyers in a competitive marketplace, some investment will be required in building a more effective, viable law firm, at some sacrifice of the highest possible current profits. There will always be law firms which have higher financial priorities and will successfully pursue higher current profits at the sacrifice of some pro bono work or balance in the quality of life for their lawyers and staff. They may well be right that higher profits will attract and retain better lawyers capable of doing even more excellent work, which they believe should be the primary objective of a professional firm. Every firm will make these judgments differently, but I am advocating a model that is challenging to accomplish and will appeal to lawyers who aspire to the highest standards of practice as well as significant financial success.

Whatever strategy a law firm, large or small, determines to pursue, there are certain basic good practices that are necessary to create a lasting, healthy law firm. These good practices are described differently at different law firms, but most successful law firms include the following attributes in their DNA:

1. *Firm Governance*: clear, stable governance, compatible with firm culture, and evolving to stay effective (Chapter 4)

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<sup>1</sup> Key points are highlighted in bold throughout the text.

2. *Client Service*: treating the client with respect, delivering value for a reasonable price, excellent lawyering for the market niche the firm is pursuing, and providing a diverse team, including women and minority partners in leadership roles, which is attractive to the client (Chapter 5)
3. *Assessing Firm Performance*: a prerequisite for setting strategy and modifying strategy over time, as the firm's strengths and weaknesses change constantly (Chapter 6)
4. *Evaluating Lawyers*: excellent lawyers are necessarily the core of an outstanding firm, and evaluating them fairly, even-handedly, and candidly is essential to improving their performance (Chapter 7)
5. *Fair Compensation*: fair compensation for contributions by lawyers and staff is essential to a collaborative culture and is necessary to reinforce the objectives of the firm and reward performance (Chapter 8)
6. *Strong Administrative Staff*: a strong, experienced, and skilled administrative staff is necessary to support a successful firm's practices (Chapter 9)
7. *Treating Everyone Professionally*: both internally and externally, lawyers and staff should act professionally, ethically and with consideration for others (Chapter 10)
8. *Balancing Professional Excellence with Quality of Life*: necessary for lawyers to deliver value to clients over long careers and to build an attractive workplace (Chapter 11)
9. *Succession Planning*: necessary for firms of all sizes to build a law firm as an enduring institution (Chapter 12)
10. *Retirement Policies*: necessary to frame the careers of the firm's lawyers, create opportunities for younger lawyers, and preserve the best talent for the firm (Chapter 13).

In separate chapters of this book, I will explore each of these topics and offer some practical suggestions for how every firm can pursue these good practices, which many firms already pursue to their benefit. Whatever strategy a firm chooses to implement, these building blocks to an outstanding firm are fundamental.

In Chapter 14, I analyze the future of the legal profession and the challenges for law firms. Finally, I draw some conclusions in the last chapter (Chapter 15). By pursuing the key strategic fundamentals, firms can focus on their strengths in the marketplace and better accommodate the work/life balance of their lawyers and staff.

A word about my perspective on the legal profession. After graduating from law school in 1969 I practiced at Hale and Dorr and WilmerHale

(formed by a merger of Hale and Dorr and Wilmer Cutler Pickering in 2004) until my retirement at the end of 2012. I benefited from the golden era of law firm growth during most of my career. I was involved in the management of my firm from 1980 until the end of 2011; and I participated in the growth of Hale and Dorr from a firm of 60 lawyers with one office in Boston when I joined it, to an international firm of roughly 1,000 lawyers when I retired. There has been a vast growth of sophistication and specialization in practice since I entered the legal profession. Most large law firms have enjoyed substantial financial success, which has resulted in much higher earnings, adjusting for inflation, among most lawyers and staff in the profession. As a result of this financial success, many large law firms have expanded their practice on a national and international level and have had the financial resources to continue to invest in a broad range of practice specialties. During this period, the evolution of computer technology greatly increased the productivity of lawyers, enhanced legal research techniques, and vastly improved the production of legal documents and communication between lawyers and clients. Large law firms have added more talented women lawyers (roughly 50% of the new associate classes at large law firms for the last 20 years have been women) and seen much greater racial, ethnic and religious diversity.<sup>2</sup> Older lawyers still reminisce about the “good old days” of a somewhat more leisurely practice and more intimate firms, but the improvements over the years have greatly outweighed the burdens and challenges of growth and change.

I should be clear that I am a retired partner at WilmerHale, and the views expressed in this book are not necessarily those of WilmerHale or its current management. However, I am proud of WilmerHale for practicing law at a high level, being among the leading firms in the U.S. and internationally in quality of practice, financial performance, and pro bono contribution, and having a collegial, participative culture which allows lawyers and staff to achieve excellence in what they do at the firm and at the same time enjoy a balanced life.

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<sup>2</sup> Throughout this book, I have used the pronoun “he” to refer to an individual lawyer because “he or she” is an awkward phrase and adds more words. Half the new lawyers joining law firms today are women, so there is no intention to restrict references to lawyers to men in any of these contexts.