

10 Trends Law Firm CMOs See Happening Right Now

By [LawVision](#) on June 14, 2017

In a recent roundtable meeting of CMOs from mid-sized regional firms, participants identified 10 trends they are seeing in 2017.

- 1. Uncertainty in the Market:** Political and international events and a rocky legal market have raised an element of uncertainty this year. Not all the uncertainty is bad however, as much of it creates opportunities, not just for advising clients in an uncertain world but also for disrupting the legal marketplace and thereby beating competitors through innovation, strategy, and discipline.
- 2. Evolving Flat Market Strategies:** CMOs are tired of seeing the inverted hockey stick (“everything has been bad since 2009”) graph that analysts and consultants continue to share. However, some trends around the flat market are evident. First, rates may be actually increasing at some firms, but many also admit that discounting fees and “alternative” fees, which amount to discounting, are also on the rise. The two may balance each other out. The phrase “get innovative” is universally considered trite but true. It is unclear to some CMOs what “get innovative” means for their firms in their respective markets, but in a flat market, work must be captured from competitors, regardless of which “innovative” path one chooses.
- 3. Commoditization of Services:** Some practices are facing increased commoditization. Examples include patent prosecution, employment, and interestingly, those practices working with clients in countries that have traditionally viewed professional services as commoditized services, where price is the only important factor (e.g., China). Some solutions include moving commodity work to offices with lower overheads, especially those practices that can be done from any jurisdiction (such as patent prosecution), and getting trained in how certain foreign cultures regard law firms and other professional services.
- 4. Alternative Fees – Mixed Impact:** Alternative fee discussions have changed the way we work but not necessarily the way we structure fees. Firms are having an increasing number of alternative fee discussions with clients, and some are having them pro-actively. The anticipation of alternative approaches to fees is also causing firms to gear up for efficiency and process improvement, but many engagements eventually fall back toward actual or de facto hourly billing.
- 5. Relationships Are Still the Key to Success:** In a flat market, the CMO’s agree that moving lawyers away from awareness and credibility activities and toward relationship-oriented activities is paramount.
- 6. There Are Significant Trends for Attorneys at All Levels:**

Associates: CitiBank’s 2017 Client Advisory suggests that most firms are still not leveraged well. Many firms—especially mid-sized firms—have inverted pyramids. Not surprisingly, large firms with strong leverage are the most successful.

Contract Attorneys: Firms are continuing to create large back office programs with teams of contract lawyers. They are talking about these in pitches but not generally advertising them. Interestingly, CitiBank’s 2017 Client Advisory claims that the margins are actually better on associates than on contract lawyers.

Income Partners: Firms still tend to be somewhat schizophrenic when it comes to income partners. Asking these partners to develop business while treating them as associates, who are burdened with high hourly requirements and a flood of work, and supporting more senior equity partners adds to the confusion in the ranks. However, combining the ongoing leveraging of junior partners with coaching and training programs to help them learn how to build business makes them increasingly valuable sources of revenue. Firms are unlikely to quit this practice.

Partners: Firms are reducing their deadwood partners with mandatory retirement and stricter billable and revenue producing requirements. Lockstep plans are becoming a thing of the past.

7. Branding Specialists as Generalists: Firms are learning how to brand themselves as specialists to attract new clients while emphasizing their generalist teams to retain clients. Teamwork and collaborative efforts can solve more complex problems, prevent client defections, reduce lateral departures, and, according Heidi Gardner (who is all the buzz right now), make the collaborators more money.

8. Marketing on the Succession Cliff: Baby boomers are in full retirement mode, and 40-year-olds stand to benefit the most from it if succession plans are in place and executed well (many are not). Ideas for success include starting early, creating firm-wide plans and executing on them one retiring partner at a time, focusing on building trust between the outgoing partner and the inheritor of the work, switch the burden of succession planning away from the firm and the outgoing partner and toward the person who will take over the clients.

9. Lateral Movement is Increasing: More firms are growing through lateral acquisitions. Because of this, increasingly, a law firm's real clients are its partners. Lateral movement has caused an increase in recruiting and integration initiatives, and often CMOs are drawn into these initiatives, which is considered a good thing. More firms are realizing that one way to overcome the disparity between assumed new books of business and actual new books of business is business development training and coaching for new laterals. It is especially important for those who come from government or in-house positions.

10. Business Development Training: More professional development staff are involved in business development training (but not coaching), and more firms are moving coaching and training in-house, with mixed results. Some firms are realizing that outside coaching clients are better than in-house staff and are returning to using such coaches; others are seeking training for their internal coaches. This has caused a demand for proprietary or licensed business development tools such as templates, scripts, business plans, and pipelines. More firms are also taking a "start early" approach by offering business development training and coaching programs for their associates.

Are these trends affecting you? Have you identified others? Are you adopting strategies based on the trends you have identified? Consider the top few trends you see in your markets and ask yourself what actions or initiatives make sense for 2017.