

Why Your Business Professional Team is Critical to Your Firm's Viability Right Now

By [Susan Raridon Lambreth](#) on April 27, 2020

In recent weeks, the headlines say it all. Law firms are doing everything possible to minimize the economic downturn and the ongoing financial woes created by the COVID-19 pandemic.

How's that playing out? Law firms and other legal service providers are cutting salaries and benefits, reducing staff working hours, freezing discretionary spending, cancelling summer associate programs, furloughing portions of the workforce, and even reducing partner draws.

And then there are the layoffs – that tactic of last resort that changes everything and fixes nothing – in particular, profitability. Granted, some law firms were in precarious situations even before the lockdowns. However, there are plenty that can survive the downturn provided those firms have the right focus.

But just what does that mean? While law firms can force a short-term gain through a reduction in headcount, the more prudent long-term approach to firm profitability relies on a client- and people-centric strategy.

It's in the ROI

During this crisis, it is more important than ever that law firms create value for their clients and demonstrate that value to their clients. Consequently, in order to meet its client's expectations, law firms must have the insight and input from a variety of business professionals. These roles were important in the past; now, they are critical.

Specifically, the legal operations professionals in any law firms include:

- pricing team members
- legal project managers
- practice group directors
- knowledge management experts
- data analytics experts
- business intelligence professionals; and
- innovation and value professionals.

As tempting as it may be, you cannot disinvest your way to long-term profitability. Clearly, now is not the time to cut back on your business professional team and suspend your mission-critical projects. These professionals, and the work that they do, are not simply nice-to-haves. If you want your firm to maintain profitability, market position, and competitive advantage through this crisis, these things are *mandatory*.

Before the current crisis, business professionals have created an amazing return on investment (ROI) for their firms. They will continue to do so as we advance into the "new normal." In a large law firm, for example, it is not uncommon to see

value generation accrue from areas such as:

- **Precision Pricing** – Pricing teams drive annual revenue improvements in excess of \$50 million on average, just from informed rate setting and fee negotiations.
- **Legal Project Management** – Legal project management teams save their firms upwards of \$10 million a year in write-downs and write-offs through better scoping and matter management.
- **Smart Processes** – Talent and practice group management teams enhance productivity (and morale) through better workflow, technology, timekeeping, and utilization, as well as professional development tracks.
- **Innovative Technology** – Innovation or value professionals implement technologies that benefit the bottom line, whether through recouping lost time, enhanced productivity, or increasing client and talent retention.

These, too, are the levers a firm can use to differentiate itself and create a favorable position in a fiercely competitive marketplace now and especially once the crisis has passed. Indeed, it's no surprise that [clients are demanding more of their law firms](#), and that is likely to increase during this period of crisis and uncertainty. But just who will create the efficiencies that clients demand? That's the role of the business professionals. They are critical to the most cost-effective delivery of legal services and increasingly important to achieve alignment with clients' expectations.

Meeting Client Expectations

The expectations of many law firm clients can only be met today by the combination of i) the technical acumen of the lawyers; and ii) the operational and strategic expertise and insight of the business professionals. Exceptional client service requires both, not just the lawyers alone.

Already the vast majority of modern corporate law departments employ legal operations professionals to run the law department and push efficiencies from their outside counsel. These legal operations professionals expect that the law firms they hire will have legal operations professionals, as well. Their role is to ensure that the department's legal matters are priced appropriately, managed well, and handled efficiently.

Any law firm negotiating for such work is handicapped without similar legal operations professions on its side. Imagine a scenario in which a legal operations professional of one of the firm's top clients looks to lean into his or her relationship with the firm's pricing, legal project management, or client value leaders to collaborate on how to best partner through this tough period, but instead learns that the position has been eliminated. What message does that send about the firm's commitment to delivering exceptional service and value?

While some firms are downsizing, other firms are recognizing that their business professionals are crucial voices in not only designing strategies and roadmaps for effectively weathering the current crisis, but also for using the "pandemic pause" to implement powerful solutions and strategies for long-term competitive advantage.

The following inputs come from discussions with nearly a dozen professionals in roles such as Chief Innovation Officer, Chief Legal Operations Officer, Pricing and LPM Directors, etc. They are busy expanding relationships, enhancing the bottom line, and building a stronger workforce for the future. The individuals are not quoted or named because most spoke under the condition of anonymity, focused as they are on helping their firms during this difficult time.

However, their inspiring ideas may be conversation-starters for your own firm or practice.

Expanding Client Relationships

In many areas, clients have more needs than ever. So it's the perfect time to reinforce the relationship, offering your clients the assurance they need to maintain their loyalty to you. Here are some of the tactics business professionals are using.

- Analyze the firm's client base
 - Clients in serious financial distress can benefit from new pricing or fee arrangements.
- Outreach by Legal Project Managers internally
 - Within the firm, LPMs can identify practices that are thriving in the current environment. Further, they can offer assistance and help bolster pitches for new work with front-end pricing. This will enable the firm to win more work, managing it to both client expectations and the firm's financial goals.
- Using analytics and business intelligence to prepare customized Covid-19 recommendations
 - Research and prepare recommendations, helping clients mitigate the effects of the pandemic and the economic downturn.
- Assist the firm's Covid-19 legal work
 - Facilitate efficiency and communication by providing tracking, pricing, and a technology platform where needed.

Improving Profitability

Although the pandemic has dealt a harsh blow to law firms, it also presents a golden opportunity. Smart firms will necessarily rethink how they generate profits. Now is the chance to make the best use of every resource. Here are some ideas on how to do this.

- Implement a client-centric pricing function
 - Determine appropriate arrangements based on client need and help the legal team negotiate the best deal.
- Analyze practices to identify upcoming increases (or decreases) in work
 - Develop staffing or right-sizing plans to leverage available resources.
- Assist Department and Practice Group Leaders in maintaining focus on priorities
 - It is critical to the firm's future viability that departments and practice groups provide the world-class service clients expect. Non-priority work can be handed off to capable members of the business team.
- Conduct furlough analyses by practice
 - Develop a phased plan that is ready to implement as necessary.
- Develop a series of short, timely educational sessions

Topics may include, for example:

- **Pricing Through Uncertainty:** How to set pricing for your clients facing slashed legal budgets
- **Matter Management:** How to monitor, manage and report to clients

- **Levers of Profitability:** How to manage the firm to increase the bottom line
- Access to personal, client and matter financial reports

Managing Matters More Effectively

Legal project management is pertinent for every firm. It is particularly crucial for the many firms that are already deeply discounting their services. The best, arguably, the *only* way for these firms to maintain profitability coming out of the downturn will be through the active management of their matters using LPM techniques.

- Help the lawyers scope the matter to the new pricing, rather than just offer deeper discounts that will substantially affect matter profitability
- Offer training and coaching to partners
 - This effort is led by the LPM and Pricing teams for those partners whose clients are largely concerned with budgeting and scoping. It assists lawyers considering creative pricing solutions while maintaining profit margins by active management of the work.
- Assign LPMs to oversee matters that are using new pricing arrangements
 - Assure the viability of these matters despite concessions given to clients.

Improving Lawyer Morale, Productivity and Wellness

During this work-from-home period, it's essential to foster the continuity and engagement that makes your firm unique. Here are some ideas:

- Lead or facilitate teams for improved morale and productivity
 - The goal is to help teams remain connected and positive while working remotely
- Roll out a utilization tracking tool firmwide
 - Tracking utilization and capacity is critical during this period. It is challenging, however, with old systems, particularly when professionals are working remotely.
- Develop new applications and training on technology tools
 - Communication is vital right now. Use technology to facilitate lawyer, team and client collaboration.
- Create a resource for sharing and disseminating information
 - This knowledge repository includes tips, and tricks for working remotely and collaborating with clients and colleagues
- Set up practice group portals to curate the sharing of information
 - Lawyers and staff are being asked unique questions. For efficiency and risk management reasons, there should be a central location for answers, documents and other information.

These are just a few examples of the ways business professionals are helping their firms through this crisis. Law firm professionals are building the foundation for a strong recovery through alignment of the firm to meet client expectations. This includes effective pricing and fee arrangements, cost-effective management of matter, creative use of technologies to enhance productivity and service. It is time to be strategic in your choices.

