

## The Next (Foreseeable) Disruption for the Legal Industry

By [Michael D. Short](#) on March 9, 2021

To say that we are in a period of change and transition is an understatement. About a year ago, we all went home, the IT professionals in all law firms proved they were worth their weight in gold, and most law firm partnerships went on to have remarkably “normal” or better years...at least financially. While there is still much talk of what the “new normal” will look like, most of the discussion revolves around how much space and how many support staff we really need, who gets to stay home, and how do we maintain our culture and convey it to the new hires and laterals. These are all important challenges that leadership teams must resolve over the short term. However, there is a rapidly developing business model shift that will not be as abrupt, will not feel as seismic, and yet is going to have a far more lasting and uncomfortable impact on the legal industry. This is the generational shift in the economic buyers of legal services (“EBLS”, for purposes of this article), as ownerships, General Counsel positions, or other influential posts are transitioned from Boomers to younger generation buyers who will have very different outlooks on what “value” is and how it is delivered, what they want from a relationship with their lawyers, and what loyalty will mean in the future.

Boomers are already outnumbered in the workforce by the multiple post-boomer generations. In my recent experiences with clients of law firms (with whom we interact regularly as part of strategic planning processes), while outnumbered, boomers generally remain in the key EBLS positions within most significant client relationships. As long as this is the case, old and comfortable patterns for business development and client relationship maintenance are safe and useful. In fact, I often ask these clients if Covid-19 will impact how they want to interact with their lawyers in the future? I also ask if Covid-19 has changed how a new firm can get a chance with the client for business development purposes? While the responses start with an acknowledgement that more can be done via online meetings, the vast majority state that this is still a relationship business and there is much value in face-to-face meetings and personal connections.

Still, we often hear questions within partnerships such as, “Who will be the next business developers?” or “Who will be the next leaders of the firm?” Time is marching on within the law firm world and most partnerships are already wrestling with these internal succession/transition issues. Concurrently, time is also marching on within the EBLS population and, once the percentage of EBLS who are non-boomers becomes significant (for me, this is 25% TO 33%, because the pace of transitions will increase dramatically from this point forward), the business of law will reach a tipping point that, once passed, will have a **far** greater impact on both the business and the practice of law than anything resulting from Covid-19.

With respect to the business of law, Covid-19 thrust us, operationally, ten years into the future and, as a result, we are now wrestling with internal issues related to the support of the lawyers and the provision of legal services. In contrast, the coming shift in EBLS from boomers to others will result in the need to re-think the business *and* practice of law to address future issues such as –

- How will EBLS want to relate to their law firms? More remotely? More narrowly and specialized?
- How will EBLS want to interact with their Relationship Partners...and what will *that* role involve in the future?
- Will non-Boomers demand a Relationship Partner of the same generation? Will Senior Partners be forced out of client relationships?
- How will we develop new business relationships and expand the practice and revenue bases when the whole nature of business development may shift, based on the desires of the next generation EBLS who are likely to be

more metric and reputation focused?

So much has been written on how differently each generation thinks and acts. To date, most of the related conversations within law firms have been focused on the attraction and retention of talent within the younger generations and understanding each other within the firm. Externally, we occasionally see a privately held family business pass from a grandfather to a grand-daughter, but the impact of such transitions still feel like “one-off” incidents. As months and years pass by, this generational tipping point nears. When it really takes hold within any law firm’s client base, it will feel like a tsunami of change that will make the Covid-19 related modifications feel like a minor aberration. All aspects of client relationship development, management and service will be impacted and, by extension, all internal support functions will need to be realigned with the new client “experience”. To further complicate matters, this tipping point won’t have a defined start date. It will ease its way into all client bases and, if not addressed aggressively, will absolutely result in lost clients and talent.

As with any significant change, we cannot sit on our hands and hope this turns out well. Hope is not a strategy. It’s fairly simple to map out the likely retirements from a partnership to see when key client relationships will be in transition and who may pick each one up. It is a bit more difficult to predict when transitions will occur within clients...and even more difficult to predict who the next EBLS will be, but we can make educated guesses. As these transitions take place, learn as much as you can from your non-boomer EBLS – of course, without making them feel like they are lab rats – because their opinions and preferences will impact every aspect of a successful law firm in the future.

Buckle up. The next 5-10 years will be filled with major changes that fundamentally shift how we do most everything. The good news is that they can be identified and addressed...if you’re paying close attention. If you do, when your client base reaches its tipping point, you won’t be in scramble-mode trying to adjust on the fly. That never turns out well.