

Who Will Be The Owners of Law Firms in the Future?

By [Michael D. Short](#) on July 14, 2016

We are often asked what we think law firms will look like in the future. What will the leverage model be? Will the Equity Partner class be larger or smaller? How will the changes in the business impact staffing? These are all vitally important questions from a long-term planning perspective and predicting the future is quite a challenge due to ever-evolving client expectations/demands, the quickly developing impact of technology on the practice of law, and all unforeseeable events. That said, I think I can be prescient on one aspect of the developing staffing model – who will be the equity owners of law firms in the future?

Sometimes complex issues can be boiled down to a very simple analysis and explanation. This is the ultimate and desired goal for anyone who is responsible for designing solutions to challenges. This is also what I heard when speaking with a law firm leader about a year ago. We were talking about talent management issues and her strategy and she told me that she had two types of people in her firm – “lawyers” and “business people who practice law.” She continued by lamenting that she has far too few of the latter category. When I heard this, many thoughts and theories that I had been trying to connect immediately fell into place – the future owners of law firms will be the relatively small group of legal service providers who figure out how to be business people who practice law (BPL).

As I test this concept with other law firm leaders, they agree with the concept and estimate that one-quarter to one-third of their Partners currently act as, or have the potential to be, BPLs. Being a BPL requires skills, experiences, and/or traits that are not taught at law schools and are very difficult to develop if not part of the individual’s personality.

As I test this concept with the buyers of legal services, they can already explain the differences between lawyers and BPLs. For example:

- A lawyer is the person who tells them what they cannot do. A BPL figures out how to get something done, who to involve, and which parties to gather in a room to break through the barriers and create a desired outcome;
- A lawyer thinks about a client only when working on assigned matters for the client when “on the clock.” A BPL thinks about the client all the time and is constantly looking for ways to help, such as M&A opportunities, other strategic ideas, financing plans or connections, and/or risky situations that require the immediate attention of the client;
- A lawyer is reluctant to change and work toward new concepts that the clients want (e.g., predictability in fees) because current systems, processes and training aren’t aligned with the concepts. A BPL looks at issues from the client’s perspective and takes on the challenges and the internal changes required;
- A lawyer is motivated solely by what the firm’s compensation system rewards in the current year. A BPL is motivated by the client relationship and the rewards – both monetary and intellectual – that flow from the affiliation.
- A lawyer will look at the application of technology to the provision of legal services from the law firm’s perspective and view it as a threat that needs to be resisted and dismissed as a viable concept. A BPL will view this from the client’s perspective and see it as an opportunity that is well worth investigating, development, and investments; and
- A lawyer is viewed as a cost. A BPL is viewed as a business partner/advisor/ confidante/provider of value.

The quickly developing application of technology to legal services will expedite the differentiation between lawyers and BPLs. As more and more work-types are being computerized, those who can only provide legal services – particularly routinized services – are increasingly at risk of being replaced.

As we apply all of this thinking to the future ownership of law firms, lawyers will become increasingly fungible and BPLs will become increasingly valuable because, at least for the foreseeable future, a BPL thinks and acts in a manner that is personal and extremely difficult to code into a computer. As long as the client is a human being, that person will want to interact with other human beings to solve problems and create business value. This is the role of the BPL and the path to equity ownership of a law firm in the future.

Now...where does the work come from to train and develop young lawyers in the future to create additional BPLs? That is a great and logical question (from my Partner, Joe) that requires another blog in the future.