

## Law Firm Management

# The Full-Service Client Partnership Model: A Primer for Law Firms

BY MICHAEL R. CAPLAN

The billable hour. Competition from unexpected sources. A consolidating industry. The market for legal services has shifted in fundamental ways, and its evolution presents challenges for law firms. But change also offers opportunities. Law firms today need to think differently, and importantly in this market, look to differentiate themselves.

The client/law firm relationship is constantly changing. Clients are increasingly focused on firms who “invest” in their risk and their business. Those who invest will master these relationships institutionally and will stand apart. Some suggest that great work at a competitive price is all that clients want from their law firms. All AmLaw 100 firms do great work, but great work is not a differentiator. Price is also not a differentiator. The key differentiator

MICHAEL R. CAPLAN is chief operating officer of Goodwin Procter. He previously served as global chief operating officer for the legal department at Marsh & McLennan and global director of operations for the legal department at Goldman Sachs.



is something law firms talk about all the time but rarely master—a true strategic relationship with clients. It sounds simple, but aligning this relationship—the priorities of lawyer and client—is essential for any firm that hopes to succeed in today’s market.

When law firms treat client relationships as strategic partnerships,

flexibility, transparency and communication are paramount, investment in risk and reward is shared, and all firm resources are leveraged for the client’s benefit. Only then does the relationship grow and prosper.

In the current market, law firms need to manage client relationships by providing advice through two key sources: traditional lawyering,

or the *practice* of law, and through legal operations, or the *business* of law. Lawyers are the primary resource for their clients, but a firm's professional staff—its operations, pricing, technology, knowledge management, human resources and marketing experts—can be an untapped source of value, and proactively sharing their expertise with clients (delivering non-legal services) is essential to broadening and deepening the law firm/client relationship.

Combining the practice of law with the business of law allows firms to provide clients with a full-service offering and a strategic opportunity to collaborate and innovate as partners.

This full-service client partnership model can manifest in several ways.

**Sharing PMO Strategies.** Corporations have long relied on their program management offices (PMOs) to tackle large-scale technology projects and other key initiatives. Law firms are starting to realize the value of PMOs as they manage multimillion-dollar initiatives for data security, technology, space, cloud infrastructure and ongoing legal matters. Corporate legal departments face the same project management demands around people, budgets and deadlines for IT and other projects. Firms and in-house legal departments need more efficient ways to manage risk and optimize their data, and PMOs offer a welcome resource for organizations looking to complete projects in a timely and cost-efficient manner.

Establishing a PMO begins by developing a set of standardized processes for all projects to ensure

consistency across reporting, resourcing, timing and budgeting. With a standard methodology in place to manage projects, prioritize objectives and create best practices, organizations can bring more efficiency to each project, manage costs and ensure consistent alignment with evolving needs.

Law firms and corporate legal departments have similar PMO processes and challenges, and sharing best practices to promote operational efficiency and consistency can help drive a relationship from client/service provider to a

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more strategic partnership. It can also lead to a greater understanding of a client's businesses, goals and pressure points. Firms whose professional staffs are working with clients to help establish PMO plans and solutions are thinking proactively and differently.

**Consulting on Operational and Technology Support.** Enterprise legal management (ELM), the practice management strategy of corporate legal departments, uses software to manage internal legal documents and workflows, generate electronic bills and invoices, and guide decision-making through reporting and analytics.

When a company needs help with legal operations and technology, calling its law firm is rarely the first

choice, or even the second. But given the similar market challenges firms and legal departments face, law firms have a significant opportunity to add value for clients by proactively sharing knowledge and offering support in this area.

This can take many forms, such as helping with a vendor analysis for e-billing, or advising on matter, knowledge or document management, or assisting with the development of outside counsel billing guidelines. Law firm pricing managers, IT managers and COOs are ideally positioned to help clients with IT planning. This can include consulting on RFPs, providing roadmaps, introducing clients to other clients with similar goals and/or to those who have already implemented comparable systems and technology. And firms can help with templates and process throughout.

**Creating Best Practice Panels for Outside Counsel.** One of a legal COO's primary challenges is to articulate his or her department's value in business terms to the company's CEO, CFO and other leaders. As a result, legal COOs are always eager to hear about ways to increase efficiency and cost control in their spend for outside counsel.

Facilitating introductions to their peers by arranging panels, meetings and other gatherings gives legal COOs the opportunity to discuss needs, share best practices and consult with those who might have already encountered (and solved) a particularly vexing issue.

The information and knowledge imparted at these events can help legal COOs navigate the ELM sector, make strategic investment

decisions, and help their organizations evolve to the next level. Most important, though, the law firm organizing events like these is helping the client's legal COO be successful in his or her job. This creates a deeper bond with the client and leads to a strengthened relationship.

**Sharing Risk/Reward Investment with Clients.** Alternative fee structures, like the traditional billable hour arrangement, are about more than just price. Any fee arrangement should involve shared risk and reward, detailed project management and advance planning, closer alignment between law firms and clients on goals and objectives, and consistent two-way communication.

Partnered investment in risk/reward for law firms means proactively pitching it to clients rather than passively responding to it. It is work that needs to be done together, with full transparency and as part of a trusted advisory relationship.

There is no magic bullet that guarantees success, but the cornerstone for all fee arrangements is trust. Trust is essential during both the development and execution phases. It ensures a win-win engagement that incorporates the interests of both client and law firm, and results in value and predictability. Strategic alignment, accurate scoping, active tracking and matter management, and consistent and timely communication are also critical.

These are just some of the ways Goodwin Procter is engaging with clients to provide a full-service approach that leverages both lawyers (the practice of law) and professional staff (the business of

law). Goodwin hears consistently from clients on the value of this approach:

- Mati Gill, Global Legal COO and Senior Director of Government Affairs at Teva Pharmaceuticals:

Legal technology platforms have become critical enablers for corporate legal groups in global companies. Having a partner with an intimate understanding of our business needs is of extreme value for Teva Legal Group. Goodwin Procter helps us navigate the multiple offerings available on the market—billing, matter management, document review, etc. They advise on processes, vendor selection and overall implementation. Led by Chairman David Hashmall, Goodwin Procter is an important partner. COO Michael Caplan brings indispensable corporate experience and sees applicable solutions through our eyes—a tremendous help to integrating the right platforms and customizing them to our needs.

- David Allen, Senior VP and Deputy GC at MassMutual:

Firms that focus on operational aspects of their relationships with corporate clients are differentiating themselves. For years, MassMutual and Goodwin Procter have worked closely together on transactions, litigation and diversity initiatives. Recently, the relationship has been enhanced as a direct result of both entities' concentrated efforts on efficiency. Quite simply, Goodwin demonstrates that they "get it" by empowering their COO, Mike Caplan, to build the operational

bridge with their clients by partnering and consulting on new challenges in the rapidly evolving legal service delivery model. This places the firm at a strategic advantage in terms of our selection of counsel.

- Darren Guy, Global Legal COO at McGraw Hill Financial:

Goodwin's ability to collaborate in the legal operations space only enhances their overall effectiveness as a complete legal services provider. They remain excellent partners to us.

The benefits accruing from the full-service client partnership model also include enhanced business development efforts, increased collaboration among a firm's attorneys and professional staff, and, as a result, a stronger institutional culture.

Law firm partners will always lead the client relationships and business development work, but the smart ones know that the folks on the assembly line putting on the tires are just as important as the people selling the car. If the tires are not on right, the salespeople and the organization are going to suffer.

And for law firms looking to succeed in today's market, full-service performance for clients is truly where the rubber meets the road.