

## Partnership

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# Can Your Law Firm COO Improve Service Delivery AND Profits? They Should. This One Does.

BY AMANDA K. BRADY

For years now, the legal industry has showed palpable resistance to embracing a different business model. Law has always been viewed as a noble *profession*, not a business. Lawyers are there to do what they love most: serve clients, deliver great work and, of course, generate profits to the partnership. Compounding this dilemma is the fact that most law schools don't teach the fundamental business skills critical to running a successful practice.

However, a law firm is a business and should be treated as such. In a time when corporate demand for outside legal counsel is critically low, firms that cling fervently to outdated models of service delivery are bound to lag behind. In contrast, firms that are bold enough to buck tradition are much more likely to flourish.

### Case in Point: Goodwin Procter

**Michael Caplan, Chief Operating Officer of Goodwin, gives us a glimpse behind the curtain.** A CPA by trade, Michael Caplan brought



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nearly 20 years of legal operations expertise to his role as Chief Operating Officer of Goodwin, a global 50 firm. From the get-go, Michael was all about thinking outside the proverbial box. "I felt it was important for law

firms to think innovatively and be entrepreneurial, and I wasn't sure if Goodwin was interested in that," he says. "But it turned out that's exactly what they wanted. They wanted to better understand the competition, be dominant in key areas and expand globally. They needed help with the business side of law."

In his previous role as COO of Marsh & McLennan's legal department, Caplan had engaged extensively with outside law firms and gained deep insight into the client perspective. Consequently, he transitioned from negotiating legal fees and writing billing guidelines, to spending a lot of time with firms—simply *learning*. He realized that building strategic firm *partnerships* was much more important than just managing outside counsel spend. He discovered that understanding law firm metrics, leverage models and the competitive landscape was the key to building real, mutually beneficial relationships.

Caplan brought this unique client perspective over to the law firm side and has helped Goodwin build a strong competitive advantage despite the challenging legal landscape. At Goodwin, people on the operations team take an active role in client relationships. "We train operational team members—our Global Operations

Team—how to talk about our firm and we bring them to client pitches,” Caplan explains. “We ask clients if they want to implement billing or procurement processes and then say ‘Let us do that for you. Let’s work together.’ We go through RFPs with our clients and help them make decisions. We even assist them in hiring the right people.”

“This puts us in a great position with our clients operationally. It keeps us top of mind, leads to more work and has helped us become leaders in key areas. And we don’t charge for any of this; it’s all relationship building. It’s about shared success. This is a key differentiator at Goodwin, and law firms that don’t think this way are missing a huge opportunity. Our unique, value-added business of law approach has contributed to our demand growth, which has risen almost 6 percent per year over the past 5 years.”

### Where Do You Begin? Six pointers From Caplan

**(1) Create a solid vision.** Craft a big-picture business plan built on a set of short- and long-term goals. What is your ideal type of client and what kinds of work do you want your firm to focus on? Where do you want to be in five years—and how will you get there? How will you track your progress and measure your success? Be sure that your goals are clear, documented and shared with your entire practice.

**(2) Clarify your brand.** Branding is about knowing who your target market is and using that knowledge to craft a compelling, focused message. By creating a brand that reflects your firm’s unique strengths and values, you’ll attract the types of clients you seek and stand out in the crowded marketplace.

**(3) Know (and reinforce) your firm’s culture.** Culture refers to the “personality” of your firm—the business attitudes and behaviors that are employed every day. In the law firm arena, culture has become a key factor in determining who clients want to work *with* and who candidates want to work *for*. Changing your firm’s culture is not easy, but it’s possible. Authenticity is key.

“We make sure all new lawyers and professional staff understand not just the Goodwin brand, but the Goodwin culture and how we merge the business and the practice of law,” Caplan says. “When you grow as a firm, you need to instill the culture as soon as possible.”

**(4) Be willing to change with the times.** Whether it’s providing more “do it yourself” options or offering new service lines, law firms must continually reshape their service delivery to meet evolving client needs. Ultimately, long-term survival won’t be linked to a firm’s size or profit margins; it will depend on its ability to adapt to a changing legal environment.

“Be open-minded about what the future holds. Talk to your clients, listen to what they are saying and be prepared to adjust your sails to the direction of the wind,” suggests Caplan.

**(5) Develop, track and use metrics.** Collecting and analyzing data can help you answer questions, such as: *Which practice areas (and lawyers) are most profitable? What are the costs involved with servicing a client? What are our true realization rates?* Tracking the right metrics can help you improve efficiencies, eliminate waste and boost profitability. It can also help you plan more wisely for the future.

**(6) Grow strategically.** Growing your law firm in a calculated manner means

using data, client feedback and market insights to make smart business decisions at every turn. Rome wasn’t built in a day—and building competitive momentum for your firm is no different. Says Caplan, “Managing leverage and investing in clients to build long-term relationships—that’s how you strategically plan your business to grow your profits.”

At its core, the success of your law firm relies on maintaining a (hopefully) happy, productive team and satisfied, loyal clients. Fortunately, operating your firm like a business doesn’t mean you have to forgo being good lawyers. If you can find innovative new ways to deliver services and add value for clients while still providing first-rate legal counsel, you’ll be one serious step ahead of your competitors. What’s more, you don’t necessarily have to reinvent the wheel. Remarkable results can often be found through subtle tweaks to your current systems, structure and processes.

“Law firm demand growth is going to stay around zero percent for the next couple of years—and that’s in a booming economy,” Caplan says. “As the economy changes and corporate clients don’t have as much cash as they’d like to spend on third parties, being a student of the business of law is really important. If you can maintain demand greater than 6 percent in this economy, there is something unique that your firm is doing. You just have to figure out ways to be as successful as you can be.”

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