

## Talk to Your Clients. They Have Plenty to Tell You.

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*Legal COOs discuss how law firms can unlock value by redefining client relationships.*

Goodwin hosted its first annual Law Firm and Legal Department COO Roundtable earlier this year. The objective from the gathering of more than 40 legal COOs was to start a dialogue, share information, and help people learn.

Constant communication between a law firm and its clients is essential for successful engagement, but I wondered how forthcoming the participants would be. As it turned out, the conversation was open, honest, lively, and direct, and gave insight as to what's on the minds of legal COOs with respect to their outside counsel. Here are four takeaways law firms may want to consider when building client relationships.



### Cybersecurity Threats Are a Nightmare

New vulnerabilities arise daily, and the bad guys always seem to be one step ahead. Data security is an arms race and a constant battle for companies. Financial services firms have worked to lock down data, but breaches at law firms are the industry's biggest cybersecurity concern right now. There's uncertainty as well about what law firms do with client data on completed matters; some partners appear to be unaware of their own record-retention policies.

Adding to the complexity is that different laws in different jurisdictions can govern these policies. Cloud computing security is essential, and law firms and their clients need to work together on this, as companies can't stay behind firewalls forever. Cloud-based data needs to be encrypted, but who owns the encryption key? If it's the cloud company, they must be aware they're subject to subpoena power. Law firm mergers (there were more than 100 last year) can also pose cybersecurity issues.

### Law Firms Need to Get Their Operational People Out Front

Law firms must focus on the practice of law (lawyers) *and* the business of law (operations) to best serve their clients. Beside their attorneys, companies want to hear

from project managers at pitch meetings and throughout an engagement. This combination—operations and legal working together at law firms—generates greater value for clients. Pricing and project management are key areas where ongoing communication lets law firms share expertise and help clients make better operational decisions.

The pricing discussion should certainly focus on cost, but the foremost emphasis should be on value. The essential question is: what does success look like to all stakeholders? Clients don't always communicate well on scope change, and it's also a struggle getting in-house lawyers to focus on this. Law firm operations professionals need to help partners understand that profitability on a single matter is only one aspect of the overall relationship.

## **Is It Client Data or Attorney Work Product?**

Artificial intelligence (e.g., predictive coding) and other technologies are on the rise in the legal industry, and there is concern about leveraging client data beyond the matter at hand. Will law firms, for example, use Client A's data to help provide advice to Client B? If a law firm used its review of Client A's documents to train its attorneys, is it proprietary learning or does Client A have a claim to this knowledge since it contributed to the data set? Or is this simply looking at the behavior of lawyers, independent of the data?

Some think clients will eventually put a boundary around this information as part of the broader client data security discussion outlined above (i.e., record retention and returning or deleting data). But if such information can be used to make better business decisions—for both law firms and their clients—companies might assent to its use beyond the original engagement.

## **My Lawyers Deal with Enough Conflict Already**

Client feedback is essential for law firms to know how well they are performing, yet only about 30 percent of the legal COOs in attendance received feedback requests from their law firms. Subpar performance by lawyers usually goes unremarked unless the behavior is egregious. There are several reasons for this: the need to focus on the day-to-day, enough conflict already present, reluctance to upset working relationships, law firms already being on approved lists, and the courage needed to give candid feedback.

The nature of the relationship—a single engagement versus a long-term commitment—also affects the feedback process and the level of candor. Law firms are beginning to realize they need to get better at soliciting and acting on feedback, and valuing constructive criticism. Sometimes it's easier for the non-lawyer business people to have these conversations. In contrast to other industries, where the relationship is in the hands of an account manager, lawyers typically are on the front lines of the firm's

account management, but their competency is legal work. It is helpful to have lawyers and operations folks collaborate on this issue.

These four areas—client data security, leveraging law firm operations more broadly, technology’s impact on the legal industry, and law firms soliciting feedback to improve performance—are paramount for the participants and claimed a significant share of the conversation.

A law firm’s professional staff is a significant factor driving client service, and transparency, alignment, and communication are essential to developing strong and enduring relationships between corporations and their law firms.

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