

# **LOOKING TO LAW FIRMS TO EVALUATE VALUE WITH COST, MARK WILLIS-JONES**

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## **Fee reductions alone are not enough to address concerns over service levels, says Mark Willis-Jones, Deputy General Counsel at Armstrong World Industries, Inc.**

In times of economic stress, a business needs to look to various tried and tested formulae to minimise its exposure to adverse market conditions: cost cutting, increased productivity, innovation in response to changing circumstances, to name a few; in short, to do what it can not merely to survive but to emerge as a better business. The market for the provision of legal services is no exception.

At a time when customers resources are stretched, credit tight, and cash flow paramount, in common with other suppliers of goods or services – providers of legal services – in order to be and to remain competitive – are under additional pressure to understand their customers needs and react accordingly.

In a competitive market each provider seeks to gain an advantage. In the provision of legal services there are well established criteria for obtaining and retaining clients, most, if not all, centering correctly upon the timely provision of accurate legal advice in a professional manner and at an appropriate cost. However, despite the use of client surveys and other feedback mechanisms such as ratings in the legal press, the blunt truth is that it is difficult for law firms to obtain empirical evidence which they can rely upon to enable them to determine whether they are doing a good job or still 'could do better'.

En estos tiempos, una empresa tiene que buscar diversas fórmulas para minimizar su exposición a las condiciones adversas del mercado: La prestación de servicios legales no es una excepción dice Mark Willis-Jones, Director Adjunto de Asesoría Jurídica Internacional en la empresa con base en Barcelona, Armstrong World Industries. Los despachos de abogados necesitan adaptarse a las necesidades de sus clientes, pero en el actual clima económico la reducción de los honorarios no es suficiente para responder a la preocupación sobre los niveles de servicio.

The fundamentals governing the provision of legal services are both constant, in the sense of the criteria cited above and yet permanently in flux: laws, society's perceptions, and clients are all subject to change. This is not new, but what is new is the increased economic pressure both on providers and users to be more effective. So how should creative providers react and what should users do?

One early response by law firms to the advent of the present economic downturn was a (gradual) awareness of the idea that cutting their fees – whether by a straight rate reduction or some other mechanism such as flat fees, aggressive project-based pricing, etc – would be a sympathetic gesture and welcomed by their clients. Given the amount of discussion devoted to law firm fee reductions some may assume that it is widespread although as the practice is hardly transparent it is difficult to verify.

Further, price cutting does not involve service improvement. One concept that appears to be overlooked is that for the client it is not just about price, but value for money. Therefore, even if there is, or was, a pro business rationale behind reducing fees once that has been done what comes next?

There have been many innovations in recent years as to how legal services are provided most, it must be said, driven by developments in information technology. The spread of these innovations within the profession has been effected by competitive forces – while all providers of legal services differ they should all share the objective of providing best service to their clients – but clients cannot leave the spread of best practice to law firms alone: the commercially astute firm will benchmark itself against its peers but this is a gradual process, and imperfect.

For example, the 'me-too' use by law firms of newsletters has proliferated to such an extent that the mass of generic information they contain is now hard to digest and generally does not assist a client in determining how, or if, any of it applies to them. What was initially a welcome innovation has lost its lustre.

The nature of legal services will continue to evolve and improve but the driver for innovative change should now be the clients themselves. For law firms to maintain that they are responding to harsher economic times by, arguably, reducing their fees is surely insufficient. While, understandably at present, many clients are tempted to focus on cost reduction rather than increasing the value of services purchased, now is the time that clients should demand that their providers go further: to be more proactive in generating novel ideas that ensure that their clients receive practical, commercial advice which is pertinent to them.

Mark Willis-Jones is the Barcelona-based Deputy General Counsel responsible for international advice at Armstrong World Industries, Inc., with 11,700 employees and operating 37 plants in 10 countries.