

# THE FUTURE OF LEGAL SERVICES

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**Some clear trends are emerging, and law firms are adapting to a post-crisis reality to ensure that they are fighting fit and ready to embrace the year ahead, says Tony Angel**

The legal services sector is going through a period in which, perhaps, the only constant is change. But through the fog of uncertainty we can, I believe, discern some significant trends that are shaping

the future of the profession and guide us as we seek to make our firms fit to serve clients in the 21st Century. I highlight five of them below.

## **Segmentation**

First, the global financial crisis has permanently changed the 'balance of power' between clients and major law firms.

Increasingly, clients are segmenting their legal requirements and turning to alternative providers for a range of services – they are demanding more from their lawyers, competitive pressures have increased and greater transparency is the norm. So, law firms need to become more cost effective and clear about their strategy for meeting these changing client needs while maintaining the professionalism to which, in a world where too often trust has broken down, clients are attracted. This dynamic shapes the second trend: market segmentation within the legal profession.

Increasingly, firms need to offer something distinctive to clients and to differentiate themselves from their competitors to win work. This is true of elite law firms, largely focussed on money market centres and on big ticket deals and transactions; of global business law firms like my own, DLA Piper, that build trusted adviser relationships with leading national, regional and global clients to meet their key business needs; and, those that focus on excellence in a particular niche sector or practice.

The reality we see is that firms that cannot offer a distinctive and attractive strategy fail in the market.

## **Platforms and value**

Market segmentation is driving a third trend. In a world of greater partner mobility, partners are focussed on whether the platform from which they operate enables them to meet the needs of their clients. We should not understate the value a strong firm with a robust strategy can bring to the ability of partners to perform at the highest level.

Certainly, in a firm like DLA Piper, it is the overall strength of the team that is important and the strongest of partners operating from the wrong platform without adequate support will often struggle to meet their clients' needs. Many clients say they pick partners, not law firms, and that is often true, but hides the fact that the delivery of advice to clients on complex matters is a team effort to which a consistently high quality and integrated platform across practices and offices adds a great deal.

Fourthly, clients are only prepared to pay for the value their law firms deliver. This has driven the debate about the billable hour and whether that method of payment for legal services will continue to dominate – but that misses the point.

The drive for value means law firms should only be doing work for clients that does in fact deliver additional value, and at DLA Piper, as a global business law firm, we believe that a sector approach allows us to build an understanding of our clients businesses that helps us become 'trusted advisers' and deliver value.

## **Investing in people**

Finally, in relation to people, which along with reputation and clients are the three pillars on which law firms are built, clients are also increasingly unhappy at paying high fees for relatively inexperienced lawyers.

So firms need to train and make effective much more quickly the young lawyers they hire. That requires investment – in training, knowledge management and good support services. It also means, for us, leveraging our broad geographic footprint and technology to bring together the expertise needed to deliver advice at a lower cost.

Clients also want more 'partner time', and some large firms have overburdened partners with administration. While leadership by partners is key, it is necessary to strip away the tasks that distract partners from building relationships and serving their clients and to devolve practice

management support so far as practicable to those best qualified to undertake it, and in more innovative ways.

There are other trends too, and I think all major law firms have learnt a great deal from the global financial crisis. Many of them are leaner, more efficient and more client-focussed than they have ever been. And I don't see that trend reversing as the world's economies improve.