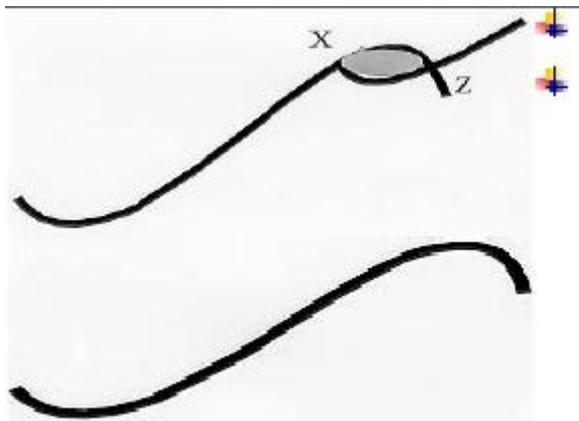


Beating the Curve – Change in the Legal Profession

As the external imperative for change in the legal profession becomes ever more pressing, the crucial questions are: when, and how, to adapt to a business environment in flux? We do not often advocate ‘management gurus’, but in this case Charles Handy’s ‘Sigmoid Curve’ is instructive.

In his 1994 book *The Empty Raincoat*, Handy described how organisations develop rapidly through to a pinnacle, at which point growth tails off and, ultimately, is followed by a period of decline. Handy argues that the key to avoiding growth is to initiate change *before* the organisation hits the declining section of the curve.

The Sigmoid Curve



The key to success is to make change *before* decline sets in – i.e. at point X, *not* at point Z. Of course, assessing what point on the curve a particular organisation has reached is far from straightforward, but the message is simple: make change, on your terms, before change is forced upon you.

Unfortunately, many observers would now argue that change in the legal profession is overdue. Many firms may still be making money, and feel relatively comfortable for the present, but the period of stellar growth is certainly over. With the combination of forces – including [deregulation](#), [globalisation and technology](#) – that are threatening to hit the market in the next 3-5 years, the time for change is now. Waiting until decline sets in is not a recipe for success.

Changing the Model

For some time we have been arguing that the legal business model is outdated, and in many firms is in need of fundamental reassessment. Particularly for firms in the SME section of the market, the old model will soon become unsustainable. Cuts to legal aid and threats from ABS will force change upon those unwilling to initiate the transformation themselves.

For these firms, the answer lies in a relentless drive for efficiency in delivery – including effective use of outsourcing and other labour-saving technologies where appropriate – but coupled with a focus on quality of service. These two approaches are not mutually exclusive, and successful firms will learn to see technology as an effective way of enhancing the quality, and value, of the service they provide for their clients.

Complementing this approach will be a positive take on the business development process. All partners and fee earners need to be aware that business development lies at the heart of success in a competitive business environment, and a sustainable strategy is key to ensuring the firm continues to take on profitable work. We address this approach in our [Profitable Partnerships Programme](#).

Changing the Organisation

Perhaps an even more challenging question is: how to structure the law firm going forwards? The prospect of ABS entering the market could fundamentally change the organisational structure of law firms throughout the UK, and this is an issue worth considering.

It is far from clear that the traditional broad-based partnership model is an attractive proposition – for funders and for the owners and managers of law firms – in the coming years. Fewer and fewer young associates aspire to partnership, while external capital will bring with it more corporate style management structures. Law firms as businesses are far from dead, but partnerships may yet have a limited shelf-life.

How to deal with this is an open question. It may be that Limited Liability Partnerships, albeit with a more clearly defined management hierarchy and organisational structure, will continue to dominate the profession. However, how decisions are made and responsibilities are assigned is something with which all firms need to grapple now – before the decisions about their future are made for them.

Beating the Curve

Handy's suggestion is that, in order for change to be successful, it needs to be pioneered by a different set of individuals from those who brought the firm to its current (successful) situation. Many law firms still have the resources and the wherewithal to make change before external forces take matters out of their hands. But this means setting aside the time and resources to deal with the challenges at hand in a thorough and determined manner.

For all but the smallest firms, it would be worth starting with a partners' meeting to discuss the situation – and to establish that action is needed. Once this has been achieved, the firm's management will have a mandate for action.

In order to set the firm on a truly new curve, a working group should be established to deal specifically with the challenges identified by the partners. This can be headed by the managing partner but, in line with Handy's thinking, should not be dominated by established partners. Fresh thinking requires fresh minds, and younger partners and up and coming associates will have much to add to the debate.

Ultimately, it is up to individual firms to identify their own challenges and to articulate their specific responses. However, these are not questions that can be ignored for long, and law firm managers must consider how they will be the curve – before it beats them.

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