From the Executive Director:

The End of Law Firms? Begin Again

by James G. Leipold

It seems that nearly everyone likes to write about the end of lawyers and the demise of law firms. Richard Susskind began the most recent round of prognosticating the end nearly ten years ago with his seminal work, *The End of Lawyers?* Since then immeasurable amounts of ink have been spilled on the topic, much of it forgettable, some of it important. To this sound and fury now comes a worthy successor to Susskind's line of analysis. Jordan Furlong takes up the plight of the contemporary law firm in all its super-stressed glory, and not only predicts its demise, but also, helpfully, offers a recipe for its rebirth.

Furlong, long a keen observer of the legal industry and a lovely writer, has just published *Law Is a Buyer's Market: Building a Client-First Law Firm*. This is a book you should buy and read if you take an active interest in the future of large law firms in North America, but I would go further and recommend you buy two copies, sneaking one onto the desk of your managing partner or dean by stealth in the dark of night. He does as good a job as anyone of diagnosing the current law firm malaise, and he does it with an easy grace and style that makes the read a pleasure — then he goes further and offers a road map for building the law firm of the future.

To wit, on the diagnostic and the lovely prose:

> *"Throughout the opening 15 years of the 21st century, an extraordinary array of powerful external events has picked up the multi-billion-dollar legal services market and shaken it like a snow globe, sending everything inside into spirals of chaos. Some of the economic and social forces have universal application, while others have been aimed specifically at the legal market. Either way, these forces were and remain far beyond the control or even the influence of the legal profession."* (Furlong at 6.)

The fundamental diagnosis on which the book is premised is that in very short order following the recession, law became a buyer's market rather than a seller's market as control for the transaction of purchasing legal services shifted from the law firm to the corporate client, and the reason for the shift is that corporate legal departments were forced to transform themselves from "comfortable cost centers into operationally sound corporate divisions with strict budgets and stricter accountability for results" at exactly the same time that competition broke out for the delivery of those legal services: "For the first time in the history of the legal market, people and businesses can obtain adequate legal assistance without retaining the services of a lawyer."

So now what? Furlong contends that in order to survive, law firms will have to become more like other businesses and less like the short-term partner-profit maximizing machines that they are now. They will need to employ more non-lawyers and they will need to provide a broader range of strategic and business services. "The most fundamental issue facing law firms over the next 10 to 15 years," Furlong writes, "[is] the steadily diminishing role that lawyers will play in creating and delivering services to clients…. What we're witnessing, therefore, is the start of the gradual *de-lawyering* of law firms." He predicts that the law firm of the future will be made up of only about 50% lawyers, and they will account for only

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about 50% of the revenue generation of the firm. "Over the next several years, a growing share of law firms' revenue will come from sources other than its lawyers, including automated systems and productivity engines."

But in order to get there, law firms will have to redefine their mission and purpose, and they will have to do that by identifying who their ideal clients are and how precisely they can add unique value to those clients' enterprises. In order to succeed in the new world, law firms will have to form truly collaborative partnerships with their clients: "From now on, everything that law firms do, plan, price, sell, perform, and compensate has to be geared not towards themselves or their lawyers, but *towards the buyers of their services.*"

Furlong continues, "Law firms are evolving from businesses composed entirely of tangible assets (specifically, lawyers) to businesses composed largely of intangible ones (knowledge, expertise, brand, processes, networks, productivity engines, service protocols, and so forth)… [Law] firms are joining other businesses in other industries and starting to get much of their leverage from software and systems, rather than from humans."

Wow. So what is the right size for the summer class of 2025? How many people should be admitted to law school? And who will law firms of the future be recruiting besides law school graduates? There's work to be done, and Furlong queues up all the right questions.

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