

Law

Ready to think the unthinkable

Pressure to offer more for less is pushing lawyers to experiment with how they organise themselves



'Really good lawyers might miss out because they were in the wrong spot': Geoff Gishubl, partner at Ashurst © Aaron Bunch

9 HOURS AGO by: **Laura Noonan** in Hong Kong

From how much they charge to how work is assigned, some of the Asia-Pacific region's top law firms are overhauling how they are organised. Fierce competition for work and pressure on fees have forced the lawyers to overcome some of their traditional cynicism on innovation, in ways that management and staff would not have imagined only a few years ago.

The changes can affect all areas of a firm, whether it involves stripping senior lawyers of their right to allocate work or challenging secretaries to come up with their own initiatives for dealing with lawyers and clients. Some firms have even abolished the hallowed partnership structure in favour of a more inclusive form of leadership.

"The innovation is largely driven by the financial crisis and companies generally needing to do more for less," says Titus Rahiri, director at Hong Kong-based KorumLegal, a boutique legal consultancy that works for law firms and directly for clients.

Charlotte Rushton, managing director for large and mid-sized US law firms at Thomson Reuters Legal, its legal services business, says clients everywhere are demanding "predictability of costs" as well as lower charges. This is forcing law firms to plan pricing and work allocation in a more systematic way. "It's what the accounting firms and other professional services providers have been doing for decades."

Sydney-based Corrs Chambers Westgarth is so eager to meet these challenges that it is working with Harvard Business School's Organization Lab, a forum that helps businesses to experiment with new organisational practices, in an attempt to pinpoint how it should change.

The legal industry “doesn’t sufficiently apply experimental rigour” to how it organises itself, says Robert Regan, partner at Corrs. The experiment is in its early stages, but the firm is confident that it will lead to better ways of working.

The Sydney, Perth and other Australian offices of Ashurst are also trying to apply a more scientific approach by introducing “work allocation managers” to replace a process where partners were largely responsible for deciding juniors’ work. It is, however, still the job of partners to work out which projects need which legal skills.

“Naturally, you would [previously] have some lawyers who were getting overworked and others who became under-utilised and frustrated,” says Geoff Gishubl, partner at Ashurst, based in Perth. “Sometimes you’d have really good lawyers who might miss out and not be used to the best of their capacity, because they were literally in the wrong spot, sitting in a corner or not next to the partners who were the most busy.”

Other Ashurst offices are also using the workforce allocation manager system, so the Sydney workforce can be easily called on for time-critical projects on the other side of the world. “There were plenty of partners initially who were quite cynical,” says Mr Gishubl. Ashurst drafted in lawyers who had seen the system in action in London in order to win over opinion in the Sydney office. A year on, Mr Gishubl says: “Our [staff] retention rates have improved, our utilisation rates have improved, and generally things are working more effectively and more productively.”

Managers at Australian firm MinterEllison are similarly enthusiastic about the impact of its Empower programme, which is designed to challenge “the normally risk-averse mindset you notice in lawyers” and asks staff across the firm to come up with new ways to overhaul their own divisions.

“It’s about encouraging innovation at every level in the team and often the best ideas come from the most unexpected places,” says Fiona Glendinning, MinterEllison’s chief experience officer. “Our secretaries, for example, have blown us away with their ideas to create a better experience for our clients,” she adds. “They are often the critical glue that holds things together from an operational perspective and their involvement means that they are aware of what the team is trying to achieve.”

Innovations from lawyers include working on-site for clients when drafting complex advice. “The piece of work is done more efficiently – which is good for the team, ultimately saving the client money – good for the client, and the team member feels empowered to choose where they work to deliver the best outcome. [This] creates less angst around the whole work-life balance dynamic – which is good for the individual,” Ms Glendinning adds.

Andrew Cunningham, Sydney-based partner and innovation leader at MinterEllison, says Empower will become a permanent fixture. The firm has been “pleasantly surprised” at how little resistance the programme has faced, since lawyers “can be a tad cynical sometimes about this kind of thing”. In fact, he says, some are putting themselves forward for the scheme.

Organisational innovations extend to how partners are remunerated. Asia-Pacific headquartered firms are “experimenting with different models of partner compensation to drive more collaborative behaviour”, says Tony Kinnear, managing director, Asean and North Asia at Thomson Reuters.

India’s Nishith Desai Associates has dropped the term “partner” in favour of “leader” to allow more dispersed decision-making. After extensive internal debate, the firm says, it decided that the “narrow” 200 year old partnership model should be replaced with a “self-managed, dynamic network with distributed leadership” that was about “competency and inspiration”, not ownership.

Mr Kinnear also highlights outsourcing and technology as focuses of innovation in the business model for law firms. He cites in-house developments such as Herbert Smith Freehills’ Alternative Legal Services business, while others are embracing legal process outsourcing, where firms pay a third party to carry out process work, so they can “punch above their weight when local teams are manpower lean”.