Has The Game Changed?

Our 1st Quarter Managing Partner Roundtable took on some big ideas, including a discussion about whether the legal industry should approach the game differently. Clockwise from top left: Amy Seneshen, Welborn Sullivan Meck & Tooley; Sheila Guttermann, Guttermann Griffiths; Jay Kamlet, Lathrop & Gage; Natalie Hanlon-Leh, Faegre Baker Daniels; and Robert Brunelli, Sheridan Ross.

LAW WEEK PHOTOS SARAH OVERBECK
Should Firms Consider An Overhaul?

Many industries consistently work to optimize performance by analyzing and re-evaluating methods and trends. Motorola revolutionized the manufacturing industry in the 1980s when it revealed its Six-Sigma strategy which improved the quality of its products while minimizing defects or mistakes. The Oakland A's likewise changed the framework of Major League Baseball when it revealed its use of statistics to field a team, a phenomenon explained in the book and recent Academy Award Best Picture nominee “Moneyball.”

As far as the recruiting from the law schools, that's still continuing. Certainly not at the clip it was '06 to '08. Or even '05 to '08. But we have continued to try to grow organically rather than laterally. That's different than it used to be, as you mentioned the summer associate issue. That's probably one of the biggest changes over my career in private practice. And, frankly with the change in the economy over the last few years, there's really been a change in general of how large law firms hire people in the role of summer programs.

There were days where people came as unaffiliated summer associates and then eventually decided what practice groups they were going to be in. But as Jay mentioned, they're really changed, and for our summer program, it's smaller than it used to be.

Early on, we are focusing much more on what people are going to do and how they fit from a substantive and industry perspective. Those questions get asked much sooner."

— Natalie Hanlon-Leh

ROBERT BRUNELLI

The focus of the first quarter's roundtable was how law firms might benefit from rethinking their current processes and methods. This quarter's participants included, Robert Brunelli, Sheridan Ross; Sheila Guttermann, Guttermann Griffiths; Natalie Hanlon-Leh, Faegre Baker Daniels; Jay Kameleon, Lathrop & Gage; and Amy Seneshen, Welborn Sullivan Meck & Tooley.

Carol Bazzanella, a certified real-time reporter for Hunter + Geist, recorded the session, which was held at the Warwick Hotel at 1776 Grant St.

Meg Sattrom, the managing editor of Law Week Colorado, moderated the session.

LAW WEEK: The premise of today's discussion is to talk about whether and how law firms should rethink their strategies, within the framework of what other industries have done with concepts like Moneyball and Six-Sigma. To start, let's talk about recruiting. How do each of your firms recruit? What are you looking for — high grades, law review, etc.? How has your recruiting looked recently and how has it changed?

SENESHEN: Our recruiting has changed in the sense that there are a lot of good lawyers in the last three to four years who seem to be looking to make a change, and that's probably a result of the economy. Our firm has grown a lot in the last five years, and that has not been intentional, it's just that we've come across very good candidates who, for whatever reason, have been looking to make a change.

LAW WEEK: Are you talking more about lateral hires than those traditional out of school?

SENESHEN: Both young lateral associates and lateral partners. And there are a variety of reasons that they were looking to make a change. And our firm has taken advantage of that. There have been some people whose resumes have come across our desks that are just too good to turn down.

When we're actively recruiting younger attorneys, it's not just grades—obviously you want a solid academic record, but it's also understanding that they need to be able to have good interpersonal skills to deal with clients and good communication skills. So, it's not a straight top 5 percent of their class type.

KAMLEIT: One of the things that Lathrop has initiated is the Advantage Clerkship program, which is aimed at incoming first-year DU law students that come from diverse and often disadvantaged backgrounds. They have the opportunity to have a 1L summer internship even before they start school. It's a win-win-win for us in development, the school in placement, and obviously the student considering going to law school in the first place.

We've had some really excellent candidates come through that program over the last five years, and Lathrop has seen the benefit of that and has agreed to continue that. We actually have a returning second-year coming back part time this summer.

But what we're really looking for more than anything is character and the ability to fit into our firm culture.

We form teams within the law firm, but we are very small, and we are so interconnected with technology, we are looking for people whose expertise is complementary to our expertise, so that if somebody has a background in accounting or in tax or in social work or any of the other areas that are relevant to family law, we're looking to see if that's a fit.

We're also looking for somebody who can be a team player, who is passionate about family law, who's not just doing it because they need to pay the bills. And that's really key, because it's the type of thing where you really love it, or you really dislike it.

In the past, family law has been handled traditionally in the court system, and that's because you could not get a divorce unless you found fault. So you had to find an innocent party, a guilty party, and the guilty party paid — well, that's no longer the case.

Every state now has no-fault provisions. So it makes sense to try to get family law out of the court system.

There are some cases that have to be litigated and will always have to be litigated, but most do not. What we're looking for now is not just someone who can litigate, who isn't afraid of the courtroom, but for people who know how to negotiate and problem-solve and work collaboratively and cooperatively for solutions.

BRUNELLI: We have a very similar outlook. We always look for people that have some form of technical background, though it depends on the level that we're looking for. We're also typically looking to hire people for particular needs.

We are, less so in the past, more so now, team-oriented. So you'll have different...
groups that do different things, and those different groups will need people on different occasions.

We typically hire through the clerk program, which we've always had. It's been a very good source of attorneys for us. I've observed from my perspective that the clerk program isn't necessarily a law student. It could be somebody from the Colorado School of Mines, where they're working on their master's or Ph.D., and bringing them on. So finding people who have technical degrees, that have the ability to communicate that technology in a way that makes sense and is understandable is who we really look for.

We ask for writing samples. We do interviews. We typically do multiple-round interviews, where first someone will interview with an individual like myself, and if I say yeah, they look like they could do what we need them to do, then they'll interview with the whole executive committee.

KAMLET: To that point, I made about the team player, one of the things that I really look for is somebody who actually played a sport, a team sport, and in particular, if they were like an offensive guard.

My ideal candidate would have been an offensive guard, either basketball or football, because they know how to protect their team, and they work with the team. To me it's the pivotal position in any team. It's the team. It's about looking at the different groups will need people on different occasions.

KEVIN LEONG: That raises an interesting point, about whether it is only GPA and where your are in the class and your test scores or whatever kinds of things, or if there's something else to consider.

That is one of the places where sometimes those measures of how people do academically can indicate certain measures of success, but there are a lot of those intangibles that you always have to try to find.

KAMLET: Yes.

LEONG: One of my favorite columns that I read every week is the New York Times "Corner Office," where they interview a senior manager about the questions they ask in an interview. I'm always just intrigued by the questions, and I'm always trying to remember those in an interview. This week's question was about previous work experience. I always want to know and appreciate the people who when I ask about what their first job was, the person who's not embarrassed to say they were a waitress or ice cream scooper, will tell me that, especially a former ice cream scooper. But it's that kind of thing, like being the offensive guard, that says to me this is a person who has drive. This is a person who can interact with the public. This is a person who's collaborative. This is a person who's a problem solver.

You have to think about how you pull all of those out. Good grades sometimes indicate that, or they might just indicate someone who's good at taking law school tests, as opposed to being able to take initiative and solve problems in a collaborative way.

SHEILA GUTTERMAN: It's hard to interview for tenacity, that's why a really good way of hiring is through summer clerkships. We've had good experience through that as well, because then they get a shot at showing you what they have, and you can measure their tenacity more.

LAW WEEK: To build off the sports metaphor, I'd like to work into the Moneyball discussion. Bill Bean's, who played by Brad Pitt in the movie, comes to a certain point where he has to replace Jason Giambi and realizes, "You cannot replace someone like Jason Giambi, with a limited budget." But he could replace him with three people who each had different skills that made up that's actually one of the most exciting things that's gone on in law firms, redefining and having a lot of different options that meet the needs of different people, but also meet the needs of clients.

An example at our firm, which used to be fairly rigid in that there were only a few different types of employees, is that now we have a lot of people that are specifically focused.

We have someone who works doing prosecution on the trademark side and might be only focused on doing that, and aren't on a partner track. Or we have a couple lawyers who are brief writers, who worked as permanent clerks for federal judges, and they don't want to be the litiga- tors taking depositions, but want to be able to work part time in the real-estate group. We have more flexibility now to be able to craft things that both take advantage of their skills and their knowledge and make it rewarding for them. And they're valued members of the team.

If you lose a senior lawyer with a lot of skills, but you can replace him with three people who do different parts of that really need a catcher. So you're hiring to fill particular needs generally.

Now, yes, if somebody can fill multiple needs, utility infielders are always highly prized. Home-run hitters are typically highly prized, if we're going to use the base- ball analogy. But, yeah, you need to hire to fill your team needs.

GUTTERMAN: And we usually have a three- to six-month probationary period, because the person we hired might be very outstanding in his or her field but might not fit within what is needed in the firm at that particular time.

And that has happened, where it is not the fault of the firm, nor the individual, but the fit just hasn't been right. So it's exactly what you were saying, that what's the need is at the time and if that person fits that particular need.

KAMLET: Part of it, too, is—and this is, obviously, coming from a larger-firm perspective—redefining what used to be the associate-partner structure, that you were either an associate or partner, and that if you weren't an associate, then you were out—or if you didn't become a partner, you were out, and how that changes.

That's actually one of the most exciting things that's gone on in law firms, redefining and having a lot of different options that meet the needs of different people, but also meet the needs of clients.

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KAMLET: I fear for the profession. I fear specialization of this profession. I think it's happening for doctors. Everybody's becoming a specialist and there are no more general practitioners. And I fear for that in this profession because specializing can be dangerous.

I fear for that person, first of all, because this last downturn showed that nobody is really safe if they don't have a broad range of experience and potential income genera-

SEHISSEN: I agree. Right now in the oil and gas business there's a tremendous amount of oil and gas title work. There aren't enough oil and gas title lawyers in the state or in the country, so we've hired a number of attorneys and trained them to be title lawyers.

It would be a mistake if the only thing that we gave them was oil and gas title work, because there will be a day when there will not be a boom in oil and gas title work. It also gives them a broad perspective.

At the same time, I don't think it's wise for a lawyer to try to be all things to all peo-

SHEILA GUTTERMAN: I know I might have a wetlands issue and I know I might have a wetlands issue and I know I might have a wetlands issue and I know I might have a wetlands issue and I know I might have a wetlands issue and I know I might have a wetlands issue and I know I might have a wetlands issue and I know I might have a wetlands issue...
current system works? Should law firms be thinking about their processes in a different way like Motorola did when it applied its Six-Sigma model?

BRUNELLI: The most efficient way of addressing those issues is to have a frank conversation with the client up front. To ask: “What are you trying to achieve? What is the value of this matter to you?”

“We can staff it this way, we can staff it that way, we can go in this direction and these type of experts or you can go in this direction, those type of experts.”

It really is the client’s legal matter.

LAW WEEK: Are those conversations that have always been had?

BRUNELLI: No. They’re becoming more and more frequent, but it’s being driven more from outside.

Outside or inside counsel talking to the outside counsel and saying, “We need a game plan, what are we going to do with this?”

And the client may say, “This is not one where we are going to spend a lot. There’s a limit on this one, and it is not a bet-the-company case. Let’s be smart about it and come up with an overall plan.”

And there are others that are bet-the-company cases, and no expense is going to be spared.

But it all starts with communication.

GUTTERMAN: What we’re finding is that clients more and more want the three Es:

They want things to be economical, efficient, and effective. And by “effective” I mean get a great result.

So you have to have efficient processes, cut your costs, and still have that great result.

But more and more, clients want to be in control, they want a little bit more input, and they don’t want things to be as lawyer-driven as they were in the past.

So that in addition to having litigation where it’s lawyer-driven, you have attorneys driven as they were in the past.

And they don’t want things to be as lawyer-driven as they used to be. So the same up-front communication which has always been important is more critical now, to figure out what the client’s needs are and how you can best meet them.

We’re looking at flat-fee arrangements for routine corporate matters, for example, and try to get the results that the client wants while maintaining their budget.

BRUNELLI: It really has evolved. When I was a baby lawyer, we didn’t seem to do any of that stuff, and now it’s day-to-day.

KAMLET: To Natalie’s point, law firms are getting smarter about figuring out how they can provide those flat fees, because there was always fear about flat fees, and who might lose on them: the client or the firm.

Now, the key is really to collaborate with the client to find a fee that meets the needs of both—that you’re staffing correctly and that the client’s getting the value for that dollar. It’s not a win-lose situation.

GUTTERMAN: There has been an entire paradigm shift for family-law attorneys recently as well, because we were used to being lawyers in the family-law context, where we would have knee-jerk reactions. We want to win, be the gladiator, be the white knight going in to rescue the client.

Now, with this paradigm shift, you really have to listen to what the client has to say and to listen actively, and that’s not something taught in law school.

We’re muddling through, and we want to jump in and solve the problem, and we need to slow down and listen to what the client is saying, reframe what the client is saying.

What we’re finding is that clients more and more want the three Es:

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One of our clients liked it so much, they actually had our process person do it for their own contracts approval process.

They were a large company where they have everything from IT contracts to sales contracts, and we helped streamline that process using the same thing as we had done for some of the legal processes.

Those are all things that are new and exciting and are ways that we’re not just saying we’re providing value by giving a good budget. That’s the same kind of budget we’ve been giving you for whatever, but trying to do it in a way that looks at the numbers differently. There’s great opportunity, and it can lead to some really, as Rob pointed out, great, candid discussions with clients.

But this is what you can do so is not make the value issue something you don’t want to talk about, but the thing you really want to talk about. So you make sure you’re actually giving the client the value that they want.

SENESHEN: In the oil and gas industry, natural gas prices are at historic lows, so a lot of company budgets are much lower than they used to be. So the same up-front communication which has always been important is more critical now, to figure out what the client’s needs are and how you can best meet them.

In family law, the needs and expectations change over the course of the representation, so that communication is, with the client, ongoing and requires the lawyer to keep clarifying that the client understands what’s going on.

SENESHEN: ‘That’s right.’

KAMLET: That was a trend. Lawyers were given the ball to run with it. The client said “Get to the end zone and tell me what it costs, and then we’ll negotiate the fee.” At least in the real-estate area.

And nowadays, I’ve always tried to look at the value proposition that I’m providing. So whether it’s delusional or actual, I try to say, “Here’s where I’m making you some money off this deal, here’s where my expertise brings to bear some element that you haven’t seen before because I’ve had a vast array of transactions where I see that we can bring some value to this.”

I try to show a value proposition, not just a cost proposition.

It aligns with what Rob was saying about communication and the expectations of the client.

It’s maybe getting to the expectation Rob mentioned, making sure the client knows what the expectations are and helping them—maybe none of the costs change, maybe none of the fees change, but that expectation is now, “Okay, here’s what it would cost to be—to get the three Es done right.”

HANLON-LEH: Value is the key. And I don’t think value is new. Value’s always been important, but I do think there are new tools and approaches and, frankly, expectations from clients about how you’re going to discuss value and how you’re going to measure value and all of those kinds of things.

We’ve started creating and using a director of strategy and analytics, a team of three people who are not lawyers, not finance people, but whose job is to do analytics.

I say to them, “Let’s look at what we billed for this client in 2011 and figure out where we can more efficiently staff it, what we can do, or how can we transition this into a flat fee.”

And I’ve taken two of my clients through that, where we take a routine group of work for them, and we do convert it into a flat monthly fee that is consistent with what their expectations are for a certain group of tasks, but really focused on what the value is to the client.

The team does a process-mapping piece like Six Sigma, and I’ve sat with two clients where we’ve mapped out every step and analyzed it. They’ve then had to figure out where to save a step and ask, “Why do we do this?”

But in times where company budgets are smaller, the communication is even more important with a client. Maybe they don’t want to know just once a month where they are budget-wise, but they mid-month may want to talk to you about it.

GUTTERMAN: That’s key, that communication is ongoing and the communication regarding money is ongoing.

How much are you spending? Where are you in your retainer, et cetera? And we can never forget that.

In family law, the needs and expectations change over the course of the representation, so that communication is, with the client, ongoing and requires the lawyer to keep clarifying that the client understands what’s going on.

SENESHEN: ‘That’s right.’
It really is a whole different mindset than it was when we were handling family law in the court system and with the judge making decisions.

LAW WEEK: We’ve talked about how the conversation might shift with clients, but how are you starting to think about starting to shift your businesses? Are you thinking about how you make work assignments? Are you making changes there? Are you working to “de-lawyer” projects by assigning more work to paralegals or other staff? What kinds of things can law firms do to change the paradigm?

GUTTERMAN: We’re very conscious of the economic hard times, and we have blended rates. We have senior attorneys, junior associate attorneys, paralegal, paralegal support staff all working on agreements so that we can have an effective fee for our clients. We have a full-time IT person, even for ten lawyers, and everything is centralized. The processes are centralized so that all documents are in one place. Everything is transparent in terms of who’s billing what and what everyone is doing on every case, so that everybody in the firm has access to that and we can be more efficient.

BRUNELLI: We use a lot of patent agents. Patent agents typically have advanced degrees in science, typically Ph.D. levels. And they are excellent. They know the science better than the lawyers ever will. So when you’re doing patent law, those are the right people to have.

In the trademark sense, you have people who focus in. That’s really what they do. And they learn all of the ins and outs of the trademark law.

We do a lot of international work so we’ve got a department of people whose job is to know who to contact in the foreign countries, to understand how those foreign systems work, to make sure the inbound and outbound work is being processed properly, and they’re paralegals. So we utilize those type of people quite a bit.

HANLON-LEH: Some of it has been changing job categories to expand the different ways that professionals can contribute, which Rob gave some great examples that are somewhere do, a lot of similar things with patent agents, and especially on the foreign intellectual property protection, and with paralegals doing various things.

But it’s even broader than that. A huge part of litigation right now is electronic discovery, and some of that is stuff you do internally, some of that is work with vendors. One of the things you have to think about is being flexible, making sure you can identify the different options and figuring out which one is the best for a particular client.

At the same time, you always have to be thinking about what is it that we bring that brings value to clients, because with as much technology as much de-lawyering as you can have, there is a certain amount of judgment, passion, understanding and problem-solving that you need people to be able to do.

So making sure that you have the people that have the vision is key. And like I said before, a huge aspect is understanding the industry, the context of business, to be able to make the decisions, yet efficiently get tasks done, whether they’re done by us or by other people.

SEHENEN: Whether you can use non-lawyers or contract attorneys really depends on the area of practice. It might be great for something like toxic tort litigation, but it’s much harder when a client is coming to you for your expertise in that particular field. The contract attorney’s not going to make sense in that scenario.” — Amy Seneshen

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BRUNELLI: I’m wondering that if being in Denver and having been in Denver for a long period of time, we’ve just done things differently than what has occurred elsewhere.

My practice is national — so I’m in New York, I’m in Texas, I’m in California — and I do see things that are done differently in different places.

I’m wondering if the comments that you’re hearing are driven by what’s happened on a coast as opposed to what’s happened in the center of the country. We might be able to square things if that’s, in fact, what’s happening. But I don’t know.

Clients are still frustrated with how slow the court systems are. Clients are still frustrated with how slow the patent office is. They’re frustrated with a number of things that are just driven by outside forces, but if you let them know what the process is, it’s typically works, they should expect, they accept and typically help you with the process.

KAMLET: I think the law schools are starting to innovate, which is something very important to students. Rather than just taking the best, brightest college students and teaching them on a Socratic method based on a litigation model of training. CU and DU are both implementing really good programs to train students in more experiential type of practices.

SEHENEN: Law school is litigation-based. I thought I was going to be a litigator, but I’m not. And I think the training could have been different. Everyone uses the same analytical skills, the same writing skills, the same communication skills in any area of law, but I think it’s a disservice to students to just train them on a litigation-based model.

KAMLET: Our profession is still reactive rather than proactive. I don’t see the profession getting ahead of the innovations.

We’re still reacting, but from what I’m hearing here, there are some folks who really are doing some innovative things in this area.

That’s going to continue to morph to be more responsive to clients’ needs and being ahead, but it will take a little while longer to get there for our profession.

HANLON-LEH: I would agree with that. I don’t think our profession is broken. I love being a lawyer, and I do think there are challenges, and frankly, as we all talked today, I think the profession has changed a lot since I’ve started practicing, and it is a conservative profession.

But in a lot of ways with the changes in the economy, a lot of things suddenly were up on the table, to say, “Why are we really doing this? Why are we hiring people for jobs when we can’t predict what they’re actually going to be doing two years from now? And why have we been doing that for so long, when we actually can’t forecast in a way as to what these people are going to be doing, and maybe we should take a step back and think differently?”

So I don’t think it’s broken, but I think it’s a really interesting time of transition and opportunity.

GUTTERMAN: During these bad economic times, a law firm has to have more than just good, solid business practices. You have to have something extra that you’re going to offer that client, and you have to have a competitive edge.

And to that extent, we, as lawyers, must listen to what our clients are asking for and must respond to the public outcry. They are frustrated with the court system. They are frustrated with the scandals that they hear about.

But bottom line, more and more lawyers are leaning towards the paradigm of collaboration, of talking, of communicating, rather than being the shining white knight, gladiator out there fighting a fight, because the public just does not want that. They don’t want the expense of that, and they don’t want the control that has been historically given to the legal profession. •