

<p>GET IN ON THE CONVERSATION</p> <hr/> <p>ALL ABOUT #CLEVELAND WITH JOHN CAMPANELLI</p>		<p>John is the publisher for Crain's Cleveland Business.</p>	<p>Keep up with John at crainscleveland.com/blogs TWEET @JOHNCAMPANELLI</p>	 
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CRAIN'S Cleveland Business

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The evolution of local law firms

Crain's took a closer look at how some of the Northeast Ohio's firms are changing the way they do business in the wake of new market demands. And for growth-minded regional firms, the ones that adapt are the ones who will survive.

By **Jeremy Nobile**

There's a new demand today for transparency and efficiency as legal budgets shrink, putting strain on the overall industry and heightening competition among firms as overall work dwindles and premium work, like bet-the-company litigation, surges.

"When I first started, you'd send a bill and it would say 'fees for services rendered,'" said Gregg Eisenberg, managing partner for Benesch, Friedlander, Coplan & Aronoff LLP.

"But clients want more than legal work today. They want projects with detailed budgets, tracked costs, updates, and at conclusion, a review of how things came out."

Crain's took a closer look at how some of the Northeast Ohio's firms are changing the way they do business in the wake of new market demands.

And for growth-minded regional firms, the ones that adapt are the ones who will survive, said Eric Seeger, a consultant at Altman Weil, a global legal industry consulting firm headquartered in Newton Square, Pa.

"The ones who are making investments in improving their pricing strategies, their delivery processes and how-they-staff matters are already starting to separate from the pack," Seeger said.

Here's what we found.

Client-centric models

Every firm will say it's client-focused.

But proving that, and not just saying so, is valued at a premium today.

That approach is materializing in various ways — from the increased push to offer alternative and custom fees to building stronger, more personal relationships.

You'd be hard pressed to find a firm today not offering any alternative fee arrangements over the traditional billable hours, even at the country's largest firms. But the push for those, along with the likelihood of visiting with clients on an unbilled basis to further relationships, is becoming increasingly

common.

"We are definitely going out there a little bit more than we would typically on a non-billable basis to the broader markets so that clients are aware and if they have issues, they can give us a call," said Michele Connell, Cleveland office managing partner for Squire Patton Boggs.

Case resolution is also hitting a premium considering leaner legal budgets. "Sometimes problems lend themselves to solutions right when we walk in the door. That might not be in our best interest from a business standpoint because we could've gotten more fees," said Reminger Co. LPA managing partner Steve Walters.

This is one factor in leaner legal bills. But, it's a strategy expected to pay off in the long run. "It's a way you can stand out to folks," Walters added. "If you can do that, that's going to drive your business."

Management and compensation

Today's lawyers are increasingly encouraged to think entrepreneurially when it comes to business development while working under evolving management and compensation structures as efficiency becomes a top feature in premium service.

Some firms have tweaked partnerships as a result, like BakerHostetler, which recently condensed its dual-level equity/nonequity structure in a move chairman Steven Kestner has said strengthens culture by having all partners invested in the success of the firm.

Now, all partners reap some benefit of the firm's overall financial success.

Before, the firm had equity and non-equity partner tracks, making the latter more of a title than something monetarily beneficial to the attorney.

Differences in compensation can affect culture, too, and teamwork by extension.

Some firms, such as Tucker Ellis LLP, now make compensation secret so lawyers can't compare themselves to others. Firms like Jones Day, though, have long done that.

"You want to create trusting relationships within the firm," said Tucker Ellis managing partner Joe Morford. "We're trying to do that by taking away the things that become irritants to those relationships."

Chris Kelly, Jones Day's Cleveland partner in charge, said it's one thing that helps create strong culture. Coincidentally, lawyer turnover there is rather low.

"The attitude at this firm has always been that if you don't have confidence that your compensation is appropriate, you can test the market," he said.

Tucker Ellis, meanwhile, has also eliminated popular origination credits — or bonuses tied to work from clients a lawyer attracted.

Pushing those credits can actually discourage some attorneys from working together, Morford said. Partners motivated by origination credits are simply less likely to go out and "hunt together," he said.

New roles meet new demands

While many firms have smaller benches compared with years past, several are adding new kinds of professionals in varying roles who, in some cases, are coming before new associates.

"A more effective way to approach business development is to teach skills and a new way of thinking

to attorneys who just don't know what to do. That will generate more business," Seeger said.

Day Ketterer, for one, has added a CEO that, more uncommonly, is currently filled by a non-attorney. Though not unheard of, it is somewhat unusual, as lawyers aren't always receptive to taking orders from non-lawyers.

Day Ketterer managing partner Rob Roland said CEO Jennifer Novotny will help carry long-term initiatives through to the next managing partner while also offloading some duties from Roland himself. Novotny also focuses on human resources, marketing, branding and client development — increasingly critical elements of the legal business today — among other duties.

Benesch, meanwhile, has added a dedicated legal project manager in a converted litigator whose work helps deliver that constant, detailed updates on complex cases and their budgets clients want.

Buckingham, Doolittle & Burroughs LLC now has a director of professional development who doubles as an executive coach.

That executive acts as an internal consultant, helping attorneys prioritize personal goals and offering advice on everything from meeting staffing issues on a case (particularly as the number of legal assistants falls) to deepening client relationships. It's one way firms are helping grow business per each attorney instead of capturing more business through a deeper bench of lawyers.

It should also lead to happier attorneys, said Buckingham managing partner John Slagter.

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