

OPINION

LETTERS TO THE EDITOR

FIXING THE BUSINESS MODEL

In his Aug. 17 opinion piece, Joel Henning discusses the “broken business model” of law firms and inadequacy of conventional solutions. His proposal of regulatory reform to open the legal industry to “outside investors” will surely facilitate competition and the new thinking that will make our industry stronger and more profitable. However, such change will occur too slowly to address the immediate needs of law firms and their clients to find better and less expensive ways of delivering legal services. Focusing on regulation is a distraction when law firm leaders can take action now to reform their “broken business model.”

Lawyers should go beyond the “insipid and inadequate” labor-based solutions they have been pursuing, i.e., “greater use of contract lawyers, offshoring, fewer equity partners...,” which hasn’t “done much to make clients happier,” Mr. Henning notes. The labor card has been played many ways because it is the one driver of law firm profitability that firms understand best, but the days are over when this can be the only driver of law firm profitability. There are few, if any more, ways to use labor-based solutions in hopes of finding a sustainable alternative to “a broken business model.”

Now is the time for law firms to embrace what successful businesses in other industries do when one driver of profitability has been played out: Seek other drivers, like better process management, improved quality control and new technology solutions. For example, law firms can streamline the preparation of documents for litigation by instituting standardized processes and quality protocols, common practices in other businesses that will significantly reduce litigation waste and cost. In other words, it is time for law firms to act like other businesspeople and emphasize efficiency and quality when delivering legal services. Alternatively, lawyers can wait for regulatory reform, which will quiet their voice in favor of “outside investors who would cast a cold eye on the inefficient and costly ways in which we [law firms] deliver legal services.”

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