

Management Advice Takes Off

As law departments grow and the corporate legal landscape gets more complicated, in-house counsel will be able to turn to an expanding number of resources to help them do a better job.

By REES W. MORRISON

The next five years will see a profound deepening and broadening of knowledge about how best to manage law departments. As many law departments could do a better job in management, this leap is important. In fact, I predict that the gap between poorly managed and well-managed departments will close as law department leaders take advantage of the wealth of free management guidance out there.

This profusion of insights will result from a combination of four forces: many more fertile sources of information, the increased availability of the information on the Internet, much-improved search and organization software, and the growth of law departments. Each will contribute new ideas and understanding.

SUPPLY AND DEMAND

Think of those four contributors of management insights as supply. Demand for those insights will also ratchet up. One reason for this is obvious: No one believes that the corporate legal landscape will simplify. More laws, more regulations, more agencies, more court decisions, and more complexity in business will all contribute to increases in the demand for legal services—and therefore increased calls for better management of legal functions. As law departments get bigger, better management techniques not only will be increasingly sought, but also will be more commonly developed, refined, and extended. Hence, as departments grow, they will be both suppliers of management ideas and consumers of them.

Two other factors will also increase demand. Law departments have long been under pressure to control costs, to be sure, but the next few years will see the vise tighten, which will fuel the need for management information. On the horizon as well is



more insistence on preventive legal work, heightened risk management, and integration with other risk functions such as compliance and internal audits. The additional complexity of such linkages between law departments and allied functions will increase interest in better management tools.

The current generation of general counsel, immersed in management ideas and supported by CEO and CFO expectations that the legal function will be managed well, will increasingly need to be business executives and managers as well as good lawyers.

More sources of management information. New management information is coming from a variety of sources. First, law firms are getting more involved in conducting their own research. The big firms will increasingly invest in research, surveys, and reports about their key markets. Recent examples include Kirkpatrick & Lockhart Nicholson Graham's surveys of law departments, Shearman & Sterling's survey on compliance

functions, Dickstein Shapiro Morin & Oshinsky's survey of CEOs about law departments, and Fulbright & Jaworski's survey on litigation.

With similar goals at each firm—to market their services, to show they are smart and thoughtful, to guide their own practices, and to impress law departments—law firms will set up research centers and will increasingly rely on management data gathered from their primary market, law departments. The chief marketing officers of law firms will become research specialists so that they can understand what services to offer and how to package those services.

In addition, vendors of matter management systems and e-billing systems will follow the lead of Serengeti and Martindale-Hubbell. They will conduct research, even if the findings are somewhat skewed toward the services they provide. These companies will compete on content, methodology, analysis, and research.

Another source of information will be the academic world. As the work force in the developed world moves from manufacturing to services, academics will increasingly study professional service firms. Some of the pioneers in this area are Ashish Nanda of Harvard and Susan Samuelson of Boston University. The development of the science of the services movement is one harbinger of this change. We will see colloquia and workshops. An early sign of this interest is the executive training programs for lawyers that have sprouted recently.

And as always, there will be the steady drumbeat of trade publications, conferences, and groups of in-house lawyers gathering information.

- Conferences with sessions on law department management will increase in number. Webcasts and podcasts will extend their reach.

- Various organizations that bring together law departments, such as the General Counsel Roundtable and the Association of Corporate Counsel, will market themselves by providing management information to law departments.

- Collective organizations among law departments, such as purchasing consortia, benchmark-setting groups, and departments who pool material for their intranet sites, will proliferate. The Internet will make it easier for like-minded lawyers to find each other and keep in contact. Eventually, as well, shared standard metrics will evolve (recall the collective effort to develop the Legal Electronic Data Exchange Standard for electronic bills). Better data will eventually lead to a better understanding of what management actions create the most efficiency.

- Specialized networks for all levels of in-house counsel will sprout. For example, there are various groups for general counsel, the In-House Lawyers Association in the U.K., and the Private Equity Lawyers Forum. Almost all trade groups also have legal committees, such as the Manufacturers Alliance/MAPI and the Pharmaceutical Research and Manufacturers of America.

Internet availability of free management information and practices. The sheer output of information is not enough to revolutionize law department management, but the new information will find its way to the Internet and enjoy widespread availability. On top of that, new tools will help law departments make sense of the trove of information.

A senior environmental lawyer at a law department estimated for me that she spends approximately an hour a day on Google, finding material that helps her in her practice. She searches for proposed regulations, court decisions, regulatory rulings, information about Superfund sites, expert witnesses, and a plethora of other material.

As more law firms and vendors pour material into their Web sites and as government agencies house more regulatory material online, time spent online by in-house lawyers will grow. They will be able to find management practices, techniques, and materials aplenty.

One wave in this trend is wikis, collective Web sites to which many people can contribute. These sites may distinguish the next decade of collective law department efforts to obtain and disseminate management information. Cornell Law School is showing the way with its group-edited online repository of law-related information. Other wikis will cater to management material.

When a critical mass of in-house lawyers who handle bankruptcies, for instance, starts a no-cost shared online repository of experiences, documents, guidance, Q&A, lobbying information, and evaluations of outside counsel, the collective expertise available in the easy-to-use wiki will attract more users.

Another fast-expanding trend is the growth of legal blogs, or web logs, which typically offer the unedited, opinionated voice of a single author, along with comments on his posts. Marvel at the fact that there are at least 25 law blogs—"blawgs"—in Massachusetts alone, according to blogger Robert Ambogi. Groups of related blogs, such as the Law.com Blog Network, will be assembled.

Better ways to find, organize, and apply online information. Some doubters will complain that information overload will overwhelm managers. To some extent, especially for those not skilled in online research, there may be too many ideas, metrics, checklists, and guidance on practices to make sense of. Consultants, therefore, will not go extinct. But for many general counsel and other in-house managers, it is meaningless to complain about having too much management available. The river might be deep, wide, and fast, but you can dip your bucket in whenever and wherever you want.

To help sort out the profusion of information, better search engines and more sophisticated filters, concept organizers, and proximity tools will spread. There will be more blog- and other information-organizing tools, such as aggregators, RSS (really simple syndication), and tagging services.

- Aggregators such as PinHawk roam the Internet and assemble information that pertains to a topic. By blogger Erik J. Heels' estimate, more than 1,500 law-related blogs have been created since 2002. Software and services that cull through them will become prized.

- RSS lets users who find a blog they like get the latest postings from that blog without having to log on. Readers will tag items they like with key words that let others find related items more quickly (this is the key idea behind Yahoo's Flickr, where online users put key words on photos). Another useful resource will be the availability of sites similar to del.icio.us, where users bookmark favorite sites and others can follow their trail. Sites like Technorati permit tagging of blogs. We will see software

that says, “If you liked that site, try this one,” much as Amazon.com does with books.

Larger law departments that direct better resources. Large law departments experiment with management initiatives more than smaller law departments do. Although bigger law departments need more management help, they also have the resources to try new things. With 30 more lawyers, a department can invest time, people, and funds in coming up with new forms of evaluation or other programs.

Consolidation among even large companies within industries will create larger law departments than it does nowadays. The larger the law department, the more management demands press on its leaders and the more resources it has to respond to those demands. Size matters for innovation and management sophistication.

Larger companies mean enough lawsuits of a particular kind so that the department can look at discovery management, national coordinating counsel (firms that oversee cases for a company), or task-based billing (in which a firm offers billing that can be sorted by the task completed). The size of a law department correlates to the size of the company, which means more infrastructure—for example, strategic-planning groups and

corporate universities. Those managerial ideas can penetrate to the law department. The steady growth of law departments will not only increase the appetite for management brains but also help sate that hunger.

For all these reasons, managers of in-house counsel can look forward to a surge in management data and direction. The groundwork has been laid and forces will come together to meet the demand for a new level of law department management.

Law firms will continue to be pressured to become efficient; correspondingly, they will have more opportunities to show their managerial prowess. Law departments will become closer to their business clients because their management orientation and techniques will draw them closer together.

Promotion in a law department will increasingly depend on managerial skill, and law departments will hire additional experts on different management practices. We will take long strides toward understanding what works best in law departments.

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