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How Law Firms Are Tapping Nonlawyers For A Leg Up

By **Aebra Coe**

Law360 (December 12, 2022, 1:17 PM EST) -- As the business of law becomes increasingly complex, large law firms are relying more on business professionals to gain a competitive advantage, and leaders at top firms say that, for them, this reliance will only continue to grow.

Despite the current shaky economy and decline in demand for law firms' services compared to 2021, leaders at Law360 Pulse Leaderboard firms Paul Weiss Rifkind Wharton & Garrison LLP, WilmerHale, Morrison Foerster LLP and Arnold & Porter all say that investing in nonpracticing business leaders will continue to be a priority for them.

Even as some law firms are determined to invest the majority of their resources in people who can generate revenue directly through billable hours, experts say the well-oiled machinery of today's top firm requires more than that, requiring an array of support professionals with deep expertise in areas like marketing, business development, pricing, technology, cybersecurity, recruiting, diversity and project management.

"We're very fortunate to have a professional staff led by a dedicated group of C-suite professionals who really contribute significantly to the law firm not just operationally, but they contribute substantially to what we're doing as a law firm," said Richard Alexander, chairman of Arnold & Porter. "They contribute to the culture of the firm, the firm's ethos and our values. They are critical to our success."

Heightened Reliance

According to Jennifer Marines, vice chair of Morrison Foerster, hardly an hour passes that she doesn't lean on a business professional to help her when it comes to her practice or the firm's leadership, and she is in nearly constant communication with members of the firm's C-Suite.

"In my day job as a lawyer I'm focused on my clients and relationships and the day-to-day delivery of exceptional legal services to them, but there's this underlying world of business services that really helps me to get those two things right," Marines said.

Large law firms' reliance on high-level business professionals has only grown over time, with a notable uptick during and since the pandemic, those who spoke to Law360 Pulse said.

"I think the business side of practicing law has just become more complex with respect to the expectations our clients have for information, for efficiency, for firms to be a business partner with

them," said WilmerHale's chief legal personnel and professional development officer, Peggy Giunta. "You need someone with substantive skills in this area [of business] to rely on to build the infrastructure to respond to client needs."

Law firms needed to rely on their business professionals to roll with the punches during the pandemic and carry out the rapid transition to remote work, according to Hal Stewart, a longtime law firm business executive who is now a consultant.

"The buzzword since COVID has been innovation. Those that are innovative are the most successful law firms because it's not been business as usual, especially with remote and hybrid working," Stewart said. "Who helped the top firms succeed in the transition? Senior administrative management."

Paul Weiss chairman Brad Karp pointed to business professionals as a significant part of his firm's success during the last two years.

"Our business and operations teams — from tech to recruiting, to professional development and training, to business development — played an essential role in keeping the firm community and clients connected and in helping drive our unprecedented business success during the pandemic," Karp said.

Alexander, too, said that senior professional staff were instrumental in helping navigate all of the issues the law firm needed to confront when dealing with the pandemic.

"I am confident that sophisticated law firms will continue to invest in high quality people who contribute greatly to the success of the organization," he said.

Effective Employment

It's not a given in today's law firm environment, even with the significant strides that have been made in the professionalization of the delivery of legal services, that all law firms are equal when it comes to tapping into the skills of business professionals.

Some law firms may be happy to have a CFO that does payroll, the firm's taxes and some basic financial reporting, according to Stewart, while others look for significantly more sophisticated expertise. Many business professionals are poised to offer innovative ideas to law firm leaders, but it's up to those leaders to be open to the new ideas, he said.

"Many firms don't ask for or appreciate innovation," he said. "They fail to understand that embracing innovation not only can increase profits but also help lawyers deliver services more effectively."

In order to contribute most effectively to their law firm, business executives also need a seat at the table when it comes to management decisions and law firm strategy and direction, according to Peter Johnson, founder of Law Practice Consultants.

Sometimes lawyers can be resistant to taking advice and direction from nonlawyers about running their law firm, Johnson said. But the best-run firms are those where all the professionals understand their places and are able to contribute from their positions of expertise.

At the management level, "too many lawyers dabble in things in which they're really not good at," he

said. "They're better off doing what they are trained for, rather than attempting to spend time managing law firm operations."

The best law firms empower their business professionals to make decisions with authority in their area of operations and don't always have to run minutiae past the managing partner or management committee, according to Jim Wilber, a management consultant to law firms at Altman Weil Inc.

Effectively run firms also ensure partners, and particularly powerful partners, are not able to make end runs around business professionals if they don't like a particular policy or procedure, Wilber said.

And finally, the firms that make the best use of their business executives are those that are able to retain them, which requires competitive compensation and treating them with respect, making them a full participant in the firm's direction instead of simply being a note taker, he said.

"All of the good firms are doing it this way, all of the profitable firms," he said. "You need to operate like this if you want to continue to compete in the current marketplace."

Improving Operations

WilmerHale Chief Financial Officer Christopher Lupo said his law firm has not only leaned into giving business executives a voice, but has also worked to create an atmosphere where those professionals are able to collaborate more smoothly to serve partners and their clients.

Historically, many of the services those professionals provided were somewhat siloed, Lupo said, with the financial team working separately from marketing, and both separate from personnel.

"We've made a conscious choice to bring these groups together and see that we have a comprehensive team that works with every practice," he said.

That means that on a given client matter there will be a finance professional, a practice management expert and a client development team member, he explained.

"This way we can shepherd things from the point of proposal through business acceptance, from staffing to pricing to budgeting and analysis and review," Lupo said. "The combination of those, I think, differentiates us, and we have noticed a dramatic effect internally."

Paul Weiss, too, has placed a more significant focus on making use of its business professionals not only for internal matters, but also in outward-facing roles.

The firm now offers a growing number of capabilities to clients beyond pure legal advice. Those offerings include advice on diversity and environmental, social and governance concerns, as well as pro bono platforms, knowledge management, cybersecurity, contract analysis and e-discovery powered by artificial intelligence.

Teams working to create initiatives at the firm are also often cross-functional, drawing from the skills and expertise of multiple departments.

In the diversity, equity and inclusion space, for instance, the law firm recently piloted a program to leverage technology and innovation to provide clients with information about the diversity of its matter

teams through online client knowledge-management portals. And the firm's DEI team also designed similar technology for partners through a matter management dashboard, which signals whether matters are diversely staffed as compared to firm metrics.

"Our experience at Paul Weiss is that, if we develop and empower the most talented people on the business and operations side of the firm, we can provide clients with a higher level of service, and in many cases, our cross-disciplinary collaborations bring about better client outcomes," Karp said. "That is a significant competitive advantage for us, and we invest heavily in these business-side resources."

--Editing by Pamela Wilkinson, John Campbell and Xavier Chauvis.

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