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Episode title: 20 Years of the Law Firm COO & CFO Forum

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Bill Josten: For 20 years now, business leaders from law firms have gathered at the annual COO/CFO Forum to network and collaborate on what it takes to run the business end of a law firm. That audience is part of what makes the event unique. It's one of the few major events that's geared specifically to the allied professionals who head up the operations and finance functions inside businesses that are famously run by the partnership, few of whom in most cases are business pros themselves. Chairing this year's event is a trio of experts who bring a wealth of knowledge and experience to the event. Jim Jones is the director of programs on trends in law practice at the Center on Ethics and the Legal Profession at the Georgetown University Law Center. He is widely recognized as an expert on the US and global legal markets, and he previously served as the chairman of the Hildebrandt Institute, Managing Director of Hildebrandt International, Vice President and General Counsel of APCA Worldwide and Managing Partner of Arnold and Porter LLP. Gretta Rusanow is Managing Director and head of advisory services at Citi Private Bank Law Firm Group. She has over 30 years of experience in the legal industry, having started as a practicing lawyer before transitioning to consulting on knowledge management and law firm finance. Gretta's work today focuses on studying the financial performance across the legal market to produce meaningful analysis of law firm performance. And last but not least, Jeffrey Connor is the Chief Financial Officer at McGuireWoods. Jeff has over 25 years of experience in the legal industry. Prior to joining McGuireWoods in 2015 Jeff held senior management positions at 200 Am Law, while 100 firms and Am Law 25 firm and a boutique firm ranked among the top 20 most profitable Am Law firms. What a great panel to have with us to talk about the past, present and future of this great event. Welcome to all of you.

Jim Jones: Thanks Bill.

Gretta Rusanow: Good to be here.

Jeffrey Connor: Yes, thanks Bill.

Bill Josten: So Jim, Gretta. Let's start with you. You've been the longtime chairs of this event. Tell us a little bit about its history.

Jim Jones: Well, I guess I'll jump in first this event started 20 years ago to fulfill what we perceived as a need. And you alluded to this in your introduction that we were seeing the development in law firms of important positions that were held by non-practicing lawyers who were assuming C-level, C-Suite roles as CEOs or CFOs of law firms and that seemed to us a very important emerging kind of role, and so we put together a forum specifically for those folks, and it has, it has flourished ever since, and I think that in the 20 ensuing years that we have seen those roles really develop quite substantially and as well as other C-Suite positions.

Bill Josten: So, looking at what has happened at this event, looking back to the first event 20 years ago

and even the first few, were there topics of discussion 20 years ago that you thought were going to be game changers in the future for the legal industry, but that ended up kind of being a flash in the pan?

Jim Jones: Well, I'll again take on take on one that I have a confession to make about. Yeah, I think even 20 years ago I was sort of predicting the demise of the billable hour. Which I have come to conclude as the most resilient idea in Western thought. It's simply not going away if it's been modified in lots of ways, and billable hours are far less important than they were 20 years ago, but nonetheless I've given up predicting that billable hours were going to vanish.

Bill Josten: Gretta, what about you? Have you seen things that that - as you've seen, the evolution of this event you thought were going to be, you know, things that would have a lasting impact that really have not materialized or sort of fizzled out over time?

Gretta Rusanow: I would say that rather than some of the ideas fizzling out, they may just have taken longer to be taken up by firms and we might have expected, so you know in in the early 2000s when this event started and long before I was involved in it and I was, you know, my main practice was knowledge management at the time when we saw this explosion of the Internet and the explosion of data that accompanied that, the whole concept of law firms as knowledge based businesses just seem to be ripe for, you know, faster adoption of knowledge management processes and systems and technology and while I think we're now at a point 20 years later where there's a pretty broad recognition of how important technology and in particular, you know, knowledge management are, it might have taken a little longer than we might have anticipated 20 years ago. And I'd say that I think we're going to talk about this, I'd say that really last year, just the experience of the pandemic has just been such an accelerator of longer-term trends and probably been a great, you know, proof of concept for how firms can operate successfully, you know, using things like technology. I think we're going to talk about remote working in a moment, but you know, I think a lot of those ideas may have been seeded, you know, couple of decades ago but we're really in this, we've really sort of been handed this marvelous accelerator opportunity just in the past 18 months.

Bill Josten: You have that that concept of the accelerator in the past 18 months, right? I think, is a great transition to sort of the next topic of discussion, and that is what will be part of the discussion at this year's event or what's even being discussed within the law firm C-Suite today that never would have been on the radar 20 years ago and Jeff being the one who's actually in the law firm C-Suite today and living this day today, maybe it's better to start with you for this particular question. You know what's on your radar on top of your mind now that looking back to yourself, you know in your first few years in the legal industry would have just never even been within the realm of thought?

Jeffrey Connor: Top of mind today I think is an openness either directed by client need or really directed by the past 18 months is getting lawyers to come to the table and understand that the staffing of their support and that's from any level of support needs to be looked at, needs to be understood as to how folks are positioned, how collaboration, how teams, how secretarial work has changed all of those kinds of for lack of a better term getting into a lawyer's kitchen about how they operate is really at the forefront now and again. How we got here is greatly debated, but I think the last 18 months has added that push and that has all kinds of tentacles into staffing levels, traditional ratios, compensation skill set, professional development amongst the support teams as well as of course, real estate and costs associated with housing folks.

Jim Jones: Yeah, Bill, if I can just amplify on that a little bit.

Bill Josten: Yeah please.

Jim Jones: Picking up on both what Jeff and Gretta said. I think over the years, thinking back on the last 20 years of this conference that what we heard in a lot of these sessions was a set of perfectly valid predictions of where the profession was moving. I think all of us probably underestimated how long it might take the profession to move in those directions. I think Gretta was absolutely right about that, and the pandemic served as an accelerator because it put people in a position where they had no choice. What Jeff is talking about in a way is that the one of the most important factors moving ahead in managing law firms is going to be flexibility. It's going to be the ability to adapt to new realities and while we have been talking about that for a long time I think there really wasn't sufficient pressure to push in some of those directions, whether it was about, you know, adoption of technology, whether it was about how you looked at staff support, how you looked at reorganizing work, processes, you know, we had a time, for example, when project management was the kind of soup of the day and everybody was into project management, but issues like that issues like budgeting issues like monitoring matters as they progressed to make sure that you're delivering the kinds of services that clients want. Those are things we've been talking about for a long time, but I think that in in 2020 with the pandemic and with everybody sort of going off in an entirely new direction from the standpoint of how they were doing their work, it just put all of this back on the table again in a way that couldn't be resisted. I mean, you know lawyers are fairly conservative creatures. I mean, unlike most other industries. I mean, nobody likes change, but lawyers really don't like change. And when you're talking about more flexibility in how they actually do their work, you know, getting down as just sort of into the kitchen, you know? Where you're really changing the way that lawyers think about how they do their work, and in fact, how they do it, that's - we never really had the kind of the kind of momentum to push that further than just the theoretical level. And I think that what we've had in 2020 and the first part 2021 is perhaps that level of momentum, so it's very important.

Gretta Rusanow: I think also, Jim, just adding to what you're saying about the pandemic, I mean we couldn't have been in a situation where lights you know, lights out on Friday, March 13, you know, last year and lights back on at home just a couple of days later. I mean, it was really in the space of a weekend that so many firms just switched to remote working, but for the investments that they've made in technology and other you know efficient sort of operating decisions they've made I just can't see how this industry would have seen the level of performance that it has seen and it's my point around how this was just the most marvelous sort of proof of concept right there. I think it's given firms a greater appetite for what else can we do? OK, we just, you know, realize we could go remote. What else you know can we do so? So that's sort of an enormous help to keep seeing more change in the industry. The other thing that I'd also just add is that I don't think that we could have ever anticipated moving to remote work environment and seeing it embrace the way that it has been. And I suspect that it you know the pandemic, while the pandemic was the primary driver of that, the fact that we're in such an acute war on talent at the moment it's just going to prolong that sort of remote working environment, you know, so long as law firms are competing to retain, let alone attract talent in this market, you know all things will go and I, I think that sort of whole concept of having a remote workforce, even part of the time, is also something that perhaps we couldn't have anticipated 20 years ago, or in fact even two years ago.

Jim Jones: Yeah, I think you're right, and in fact in an interesting way, this kind of comes around again to the to the point that we started this conversation with about of the importance of the change in management in law firms over the last 20 years. I think law firms actually surprised themselves when the when the pandemic first broke out, and they're absolutely right. They were able to kind of throw the switches and go remote in a way that was, you know, yes, there were problems, but in a way that was far more seamless and much more successful than any of them thought they could do, and I think that that proved to a lot of partners, frankly in law firms, that their firms had the capacity to do things they had never really fully appreciated before, and that's thanks in large measure to all these, you know, non practicing lawyers C-Suite folks, like Jeff and others, who have who have really come into their own in the profession over the last 20 years.

Gretta Rusanow: Yeah Jim, I mean just on that point around, just the caliber of C-Suite that we've seen evolve in in the last 20 years I think again that's just been such a significant trend, you know, to your point where I think you know 20 years ago, law firms would have largely been run by lawyers and, you know, the sort of the recognition that law firms are a business and in in many cases of sophisticated global, multi-billion dollar businesses at this stage and really warranted the shift toward high caliber C-Suite people and, you know, there's no question that you see that in the financial performance of firms just how important that shift has been.

Bill Josten: So, with those issues in mind, and obviously there's so much going on in law firms today and so many different things to discuss as we think about the agenda for this year's event obviously, the highlight is going to be the session at 9:15 AM on Thursday October 28th.

Jim Jones: Oh, absolutely!

Bill Josten: Is there a session or a particular topic that is on your personal must-see list or must hear list? And Jeff, let's start with you. Is there something that really stands out to you?

Jeffrey Connor: Sure, I think two in particular, I think the discussion around laterals, and Gretta and Jim I think would agree, and it dovetails in with the idea of war on talent. And, you know, the lateral game and the agency if you will, of partners has only increased over the last 20 years. I mean, nobody can argue that there are side industries about lateral partner movement now. So, that go beyond just traditional placement agencies, and so that's what I'm really interested in. I hope it's very interactive about success stories, people being quite candid about how they might, for lack of a better term, target or highlight folks to go and get and openly speaking about the, you know, grabbing of people and the way that the market is OK with that and grabbing the notion of clients and market share. These are traditional business things that perhaps, you know, weren't openly talked about 20 years ago or even done widely in legal industry, so that's one I'm interested in. I also think the one regarding different paths to the C-Suite is going to be interesting because, as mentioned, the folks that occupy those roles and the roles themselves, law firms are also very good at creating interesting titles for people because I think it's a way for lawyers to get comfortable that the expertise they're bringing in is something so different from their own they had to go and get it, but they don't want to admit that they didn't necessarily have that skill set themselves. I think that's going to be interesting because many, many different voices are in law firms nowadays. And it's not just in a financial area or information services area, it's client service. It's key client management. It's evolution of marketing and business development, so I think that session is going to be really excellent as well.

Bill Josten: Yeah, you talk about the war on talent, and it's been amazing to me, particularly in the last year just how global that question has gotten. I did a webinar on the state of the Australian Legal Market 2 weeks ago and that's that exact question came up that war on talent and it is such a global phenomenon. I totally agree with you, Jeff, that that's going to be a really interesting session. Gretta, what about you? What jumps out from the agenda that's on your must-see list?

Gretta Rusanow: Well, I would sort of second what Jeff was saying, particularly about the war on talent and just the whole sort of lateral, you know, it's no longer just about partners it's also about associates, of course, but I'd also just add I think you know the session on examining the remote work revolution and any of the sessions that are dealing with how do we actually, you know, operate in a hybrid model going forward. I think that's just so top of mind at the moment, but you know, I've had had many law firm leaders say it was way easier to go remote than it is to come back into the office. And as we've seen, you know, delays caused by delta., certainly over the next few months and into the coming year. And that's a topic that that is sort of top of mind to the people I speak to just how do you actually operate truly in a in a hybrid model going forward? Because it's you know there's it's all theoretical to a large degree, it's still theoretical. I think that there will be a lot of challenges as we get that model right.

Jim Jones: I would agree with Gretta. I'm really very interested in the remote work revolution discussion and it sort of feeds a little bit into one of the later sessions on the social justice movement because I think one issue that firms are really not adequately focused on when it comes to remote work is how remote working is going to play out from the standpoint of fairness and equity issues. I mean, it's one thing to go through to talk about all the mechanics of how you put remote working together and what kinds of infrastructure you have to have in people, homes and all of that stuff, but it's quite another to focus on some of the more subtle issues like if you have a person who is working primarily remotely, how do you assure that that person is treated fairly and equitably when it comes to issues of evaluation, advancement, compensation? All of those kinds of things, because there is there is the problem that we're all familiar with, and you know, sort of out of sight out of mind. And so, if you have a person who is not routinely in the office and therefore not routinely stopping by, you know, the senior partners offices and chewing the fat and the rest how do you make sure that person is equitably unfairly treated and that that sort of pushes over to the discussion of the social justice movement because I think there are a lot of people who are concerned that when we move to more remote work you were doing something that is particularly going to disadvantage probably women lawyers more than men, and it's going to disadvantage younger lawyers more than older lawyers. And it's going to disadvantage lawyers who are in, you know, in disadvantaged classes to begin with, and I think that's going to be a huge issue and I'm not sure how firms are going to work through it and I hope that people are paying a lot of attention to it.

Bill Josten: So, as we come to the end of our time together today, I'm going to ask you to sort of to "read the tea leaves" or sort of put on your prognostication hats here. We've talked a lot about what when this event first started, what was not on the radar that is today's reality. So, looking forward if we're sort of taking our best guess at what's going to be on the agenda at the 40th Annual COO CFO Forum, what do you think might be some of the topics that are being discussed 20 years in the future?

Jim Jones: Just go for it!

Jeffrey Connor: I, I think we'll be talking about the big four law firms. How's that?

Bill Josten: That's really interesting, Jeff.

Jeffrey Connor: And I'm, you know, again, it's a prognostication, but I think there are certain signs leading that way and differentiation and segmentation are just as accelerated as remote work, so it wouldn't surprise me if the industry looks a little bit like the accountant tax advice, business services consultancy. They are not accounting firms anymore and law firms are possibly moving in that direction. And it'll just be a global battle for advice.

Jim Jones: Well, obviously, I think there are going to be continual continuations of many of the trends that we've seen in terms of our reliance on technology, the further growth of knowledge management, the use of artificial intelligence, all of those things that will, in some ways revolutionize the way that that work is done. I think you will see increasing partnerships and increasing blurring of the lines between law firms and other professional organizations. So, you really will see the emergence, at least at the high end of the market of multidisciplinary firms in a way that we haven't seen. Another intriguing trend to watch for, and I'm not sure quite what I think about this, but it was suggested to me by the chief human resource officer of a large firm the other day, is that there is an argument that the legal market, at least at least among large law firms, is moving more towards what you would call a "gig economy" and away from the traditional model in which, you know, you join a law firm as an associate, you work hard and you become a partner. You stay in the partnership for your whole life and it's all about the, you know, the band of brothers or brothers and sisters, as the case may be now. And I think when you look at the lateral movement that is going on among partners, including movement away from significant firms I mean, I read in the press this morning about a move by a partner from [inaudible] to another firm, which, you know, was something that was hard to imagine a few years ago. When you look at that, when you look at the fact that the average associate is staying in a firm for two years or less, the average associate probably has a, you know, maybe between 5 and in some firms, maybe as high as 10% chance of ever becoming a partner. The fact that most partners and firms are now coming from outside. I mean, they're basically lateral partners. When you begin to think about all of that, it really does begin to look like what you've got is a group of individual practitioners who are coming together around specific projects for periods of time and then who move on in their own private interests to something else. So, it does begin to feel more like a sort of gig economy kind of operation. And if that's true, then what does that mean for the structure of law firms for compensation, for training, for recruiting all of those kinds of things? And my hunch is that that person that I was talking to, may be right about this, or at least right in significant enough ways that these are going to be issues that we'll be talking about for a long time.

Bill Josten: And Gretta, we can give you the final word.

Gretta Rusanow: Oh gosh. Thinking, listening to both these wise, wise partners on this and, you know, trying to think of something that would be meaningful. Look, I think we're in an industry where we've seen, you know, a widening dispersion in the different stripes of law firms and, you know, to Jeff's point, I think that, you know, we will to some degree see global, you know, the growth of these are global firms are more miss multidisciplinary in nature. I do still think that there will be a segment of firms who, you know, will still occupy, you know, brand driven being the top of the house firms on particular areas of specialty. So, if anything, perhaps we do continue to see greater diversification in what it means to be a law firm over the coming years and I'd also say that. A lot of it also will have to do with the way the regulatory environment works as well, I mean, you know, you can be a spinoff of a business. You can

have ownership from non-lawyers in certain of you know regions of the world and I guess you know the bigger question will be whether in the US, whether State Bar associations will enable more of that development in the coming you know 10 to 20 years as well because I think that will also have a huge influence on the size and shape of at least US -headquartered law firms. And that then brings in a whole manner of questions around the multidisciplinary nature of a law firm. The amount of technology investment and you know how much will work be done by lawyers versus, you know technology, artificial intelligence so, anyway. That's just a bit of a riff on some of the trends we might be seeing ahead and you feel free to edit all of that out.

Bill Josten: No, I think that's all great insight and obviously you know, as has been mentioned by all of you before, the last 18 months, two years here has really shown how quickly things can change when the need really arises and it's going to be interesting to see what needs do arise over the course of the next 20 years. So, thank you all three of you for taking the time to sit down and chat with us today. Thank you for your work on I'm pulling the event together. I'll be there. I'm really very excited to one be at an event again. And to be at this particular event, I think the agenda looks just outstanding. For those listening who want to learn more, you can visit thomsonreuters.com/institute, navigate to our events page and it's going to be the premier event right there. The annual COO CFO form. If you're interested in joining us for the event, you can register through that site and hopefully we'll see you in New York from the 27th through the 29th of October this year at the downtown Marriott. Jim, Gretta, Jeff thank you so much for your time and I look forward to seeing you in New York in just a few weeks.

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