

What Is a Next-Gen Law Firm?

If it feels like the business of practicing law is getting harder every year, you may be right. According to the U.S. Bureau of Economic Analysis, legal services, when measured as a percentage of the overall U.S. economy, have been shrinking since 2006. At the same time, the number of lawyers has continued to rise. According to the ABA, there are now over 1.3 million lawyers in the country, which represents a doubling since 1985.

A basic understanding of economics makes it clear that the supply and demand curve has turned against an entire generation of lawyers. While it's premature to predict the death of the profession as we know it, it's definitely time to focus on a law firm business model that's more sophisticated than raising rates on an annual basis or adding headcount to grow revenue. The former assumes existing clients are relatively price-insensitive (a pretty big assumption), and the latter means hiring associates and keeping a piece of the revenue they generate. Limiting options — and certainly not creative.

“Next-gen” law firms pursue a third option — one that takes advantage of technology advancements and as-needed contract help, while focusing on work-life balance to mitigate the stress and burnout that has defined the generations before them.

Three Fundamentals for Next-Gen Law Firms

1. Technology Is a Lawyer's Best Friend

This is a fundamental underpinning of a next-gen law firm. Be open to exploring the latest in legal technology and, at the very least, make sure the programs you use are mobile-app enabled. Next-gen firms are laser-focused on using technology and processes that streamline operations but don't get distracted by shiny object syndrome. For example, on-the-go lawyers need to know they can work from their car or a plane to sign, seal and deliver documents requiring a signature, so programs like DocuSign are a requirement. Instead of old-school methods of manually working on time-consuming, error-prone tasks, next-gen firms use practice management systems to help organize matters, calendars, deadlines, tasks, client communication (via secure online portals), timekeeping, billing and much more — in one convenient place.

Typically, these systems live in the cloud for easy access. Most offer integrations with tools such as document management systems, automated payment and accounting software, and lead generation and client intake programs. When fully integrated, these systems are the central nervous system of a next-gen law firm. They provide a comprehensive view of the firm's financial health and the visibility firm owners need to manage cash flow, matters and staffing needs.

2. Flexible Staffing and Freelance Lawyers Keep Law Firms Nimble

The gig economy has created a vast network of qualified legal expertise that, combined with the internet's connective power, is mere clicks away. Next-gen law firms routinely leverage freelance attorneys to serve more

clients and grow revenue while keeping rates stable, or even introduce lower-cost offerings. Instead of sticking with high variable rates of the past, practitioners are adopting alternative and flat fee arrangements and augmenting their teams as needed with freelance or contract attorneys and legal professionals. Online marketplaces facilitate access to high-quality legal expertise at a surprisingly reasonable cost.

But, as with everything for a lawyer, it's important to be mindful of the business and, of course, ethical implications of working with freelance attorneys. Before wading in, particularly if growth-driven lawyers want to outsource and scale, they should lay the business and ethical groundwork on using freelance legal help. When done properly, and in accordance with each state's rules, the freelance legal ecosystem can up-level any law practice.

3. Work-Life Balance Is a Real Thing

With increasing demands on time and availability, heightened expectations about parenting, and pressures to achieve what appears to be an increasingly unattainable level of "success," balance may feel like a cruel joke. But, if balance isn't always achievable, harmony and comfort are. Like no generation before it, the new generations of lawyers place a premium on work-life balance and well-being. Being a next-gen firm does little good if you do not properly prioritize the integration of work, life and everything else.

Next-Gen Law Firms Embrace Change

Being a next-gen law firm means embracing the changes around us. The alignment of technology and a changing workforce, coupled with a healthy

desire to maintain a balance between a career and personal life, will pave the way for growth and prosperity.

By Kristin Tyler