



Perspective: How Law Firms Can Embrace Unbundling

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Editor's Note: *The author of this post is a shareholder at a labor and employment firm where he founded a technology-enabled staffing and project management platform.*

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I recently spoke at a global conference on disruption in legal service delivery models and was struck by how frequently I heard the word “unbundling.”

If the term hasn't worked its way into your day-to-day conversations, it likely will soon. As companies continue to seek ways to control escalating legal costs, unbundling is more than a trend. It is part of the future of the practice of law. The legal industry has been behind other professional services industries on the unbundling movement – think of the prevalence of specialists in the medical field or the emergence of consultant wings in accounting. Each of these professional services industries has broken the traditional service delivery mold, and they now compete in a manner that better reflects the realities of the market. Now law, one of the world's oldest professions, is in the midst of this important transition, evolving from a professional to a business model.

In legal services, unbundling essentially means breaking out various tasks involved in corporate or litigation matters and outsourcing the most complex and high-value work to a traditional law firm, while more routine tasks are handled in-house or through an alternative legal services provider. However, rather than viewing unbundling as a threat and letting work go out the door, law firms can integrate unbundling into their service delivery models and strengthen client relationships in the process.

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Companies used to see law firms as a one-stop shop for their legal needs. They would hire a firm and all legal work on a particular matter would be handled by some combination of partners and associates. But the environment has changed drastically since the Great Recession, and clients now view the scope of legal services as a pyramid. They are still willing to work with traditional lawyers for matters that fall in the middle to the top of the pyramid – matters that require varying levels of specialized knowledge. However, they are demanding more cost-effective solutions for commoditized tasks. For example, some larger companies are starting to require more routinized work such as document review to be handled by contract attorneys.

Successfully integrating an unbundled service approach involves looking at each aspect of a legal matter and determining the most efficient and effective method to address each task, whether it be alternative staffing, technology solutions or a traditional partner/associate team. For instance, in a typical employment litigation matter handled through our Littler CaseSmart platform, we bring in FlexTime Attorneys who focus on specific aspects of the litigation process (i.e., fact investigation, research, discovery and brief writing), data analysts to scrub data and work on damage modeling, e-discovery attorneys, and project managers. FlexTime Attorneys and other legal professionals work side-by-side with associates and shareholders, with each attorney handling a discrete task as part of a larger team. The staffing model is designed to match the right person to the right task, while technology is also applied to streamline the process. The result is the cost savings increasingly demanded by companies, while the law firm continues to deliver high-quality legal work.

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While most attorneys are risk-averse, successful business people understand the need to take on risk and make investments to gain greater returns. As lawyers, we need to evolve beyond the traditional service provider approach and operate as true business partners with our clients. We can do this by tapping into our knowledge of our clients' businesses to proactively bring them solutions that drive greater value. Otherwise they will decide on their own to bring work in-house or

find other ways to lower legal spend. Just think – consumer technology companies are constantly working to create the next new gadget, rather than waiting for customers to tell them what they want. Successful legal practices need to do the same.

Looking back to my early years as an attorney, the transition currently underway reminds me of the increased use of paralegals in the 1990s. At first, there was skepticism around using paralegals. But today, no one thinks twice about them being an integral part of law firm teams. Soon, legal project managers, data analysts, and alternative-working attorneys will be a familiar part of the legal landscape.

Bottom line: Traditional rigid service delivery models just don't cut it anymore – and firms that cling to the past will lose business as clients take work in-house or look to other firms and service providers. Law firms must integrate the concept and practice of unbundling, and those that are most effective and strategic will be the success stories in our industry in the coming years.