

Susskind – the Swedes are not for turning

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Joanna Goodman reports on the Susskind versus Tradition clash at last week's VQ Forum event in Stockholm...

Last week's *VQ Knowledge Management and Strategy Forum* at The Grand Hotel in Stockholm organised by Ann Björk and Helena Hallgarn of VQAB, former knowledge management consultants at Vinge, Sweden's second largest law firm, was marked by a public clash between the need for firms to change, as expressed by Professor Richard Susskind, keynote speaker and author of *The End of Lawyers?* and the more traditional approach supported by Anne Ramberg, Secretary General of the Swedish Bar Association. Although according to some delegates an altercation was not unexpected, it was none the less reported in the Swedish media.

UK law firms are increasingly considering Professor Susskind's long-held contention that the new professional landscape means rethinking structures, strategies and tools and leveraging technology to deliver more for less. Drivers include the global downturn and alternative fee arrangements (AFAs) as well as cloud computing and other emerging technology that is levelling the IT playing field, the consumerisation of technology and the Legal Services Act's liberalisation of the UK legal profession.

Susskind began with an evaluation of what clients want from law firms. Clients want lawyers to help them avoid problems before they occur rather than deal with them when they do – a fence at the top of the cliff rather than an ambulance at the bottom – and to help them find solutions. Black & Decker ask their new joiners what their customers want. Do customers want a power drill? No, they want to make a hole in the wall. What is the fundamental value that lawyers/professional services provide? What is the hole in the wall?

Susskind refers to KPMG's mission statement – 'to turn our knowledge into value for the benefit of our clients' – and suggests that law firms should look at how consultants capture, reuse and share knowledge. They are light years ahead of lawyers, he says. Clients are under pressure to reduce internal headcount and external spend, but they also require more legal and compliance work involving greater risk. Susskind believes that this challenge – to deliver more for less – will define the next decade for legal services.

Susskind presents two strategies for achieving this: efficiency – cutting costs through commoditisation and multi-sourcing; and collaboration – sharing costs by harnessing the collaborative power of technology. Commoditisation includes automating processes such as the production of standardised documents. It also involves the decomposition of legal services – separating core and support services and outsourcing or delegating non-core business.

Some of the latest business models represent the legal sector equivalent of ATMs. Susskind highlighted a selection of models the most memorable being BLP's home sourcing – taking on the role of in-house counsel to Thames Water and developing its innovative Lawyers on Demand agency lawyer service. In effect BLP is becoming an outsourcing provider as well as a law firm. If there's going to be cannibalisation, surely it's better to be first at the feast, quipped Susskind.

Susskind presented four progressive models for legal practice which can be found in detail in 'The End of Lawyers?' and his presentation slides <http://www.vqab.se/events/vq-knowledge-and-strategy-forum-2011/Vq-forum-presentations.aspx> : the target, the doughnut, the glazed doughnut and the cog. The target is a graphical depiction of the traditional law firm model, comprising expert advisers, trusted practitioners and routine workers; the doughnut has two sections – the trusted advisor and the enhanced practitioner – routine work is outsourced; the glazed doughnut adds a layer of analysts and project managers to manage the decomposition and distribution of different functions; and the cog – a glazed doughnut surrounded by cogs – depicts a model where only certain elements are outsourced to third parties and the rest is retained in-house.

Finally, Susskind quoted Allan Kay, 'The best way to predict the future is to invent it' and urged law firms to embrace evolving technology and move from pricing differently to working differently. One concern that was raised by the audience was that this approach was not being reflected in legal education. Are law schools failing their students by neglecting to prepare them for the future of legal services?

In the panel discussion that followed, Anne Ramberg of the Swedish Bar Association explained that the Swedish legal market is already liberalised this has not had a huge impact on Swedish law firms. Although she conceded that profitability was important, she strongly opposed Susskind's focus on making money, arguing that being a lawyer means standing for a completely different set of values. According to Ramberg, a lawyer's role is based on trust – the trust of clients and of society – and changing the way that law firms operated to include outsourcing, multi-sourcing and other strategies involving delegating legal work to third parties could potentially endanger lawyers' position as trusted advisors.

Susskind's retort that this was typical outdated, protectionist approach did not go down well at all with Ramberg, who told him firmly that trust was not something to make fun of and younger lawyers were leaving the biggest law firms and moving in-house because they

no longer liked working there. Although moderator Christer Danielsson just about managed to regain control of the debate, the body language said it all – the two panellists hardly looked at each other for the rest of the discussion.



We don't talk anymore...

After lunch, Chris Bull of Edge International spoke about KM's fundamental role in helping law firms compete with emerging business models. He did not see the biggest challenge as external investment, although an influx of owner-managers is likely to make firms more business focused. Rather, the challenges came from the plethora of emerging B2C business models, notably branded chains like Quality Solicitors, comparison websites, 'freemium' legal services such as Legal Zoom and Rocket Lawyer and retail brands, notably the Co-op. Bull made the important point that consumers were more likely to turn to familiar retail brands that they already know and trust for standard legal services.

Bull offered five KM priorities for competitive advantage

1. Analyse and document workflow and process – this enables you to forecast fees and find efficiencies
2. Convert know-how into products – by delivering value-added services; providing out of hours services, attracting more online traffic
3. Develop true thought leadership – create differentiation through specialist expertise, key recruitment
4. Leverage client knowledge – focus on branding, and most importantly, make CRM work! CRM needs to be a way of leveraging client data and converting it into new business, rather than a simple contact database
5. Seamless collaboration – deliver a consistent service from third-party providers, alliances and networks.

Although Bull concentrated on the changes in the UK legal sector, the general view was that his observations – and Susskind's models – are more relevant to the largest Swedish firms than Ramberg was prepared to acknowledge. As a Swedish lawyer explained to me later, domestic law firms and the Swedish Bar rightly consider themselves robust players in a strong local market but larger more international firms are finding that the effects of the downturn and the crisis in Europe are bringing more competition from international and foreign firms, particularly for big-ticket corporate transactions involving Swedish entities. The bigger Swedish law firms, therefore, have to change in order to compete effectively with other international firms.

Other presentations covered the role of innovation and the value of leveraging business intelligence to drive change. Martin Salomon of research and strategy company Regi presented significant Swedish research about what clients are looking for from their legal advisors. The biggest omission in client service was identified as follow-ups, with only 37% of firms providing regular follow-ups.

In the only multimedia presentation of the day, Rob Ameerun founder of Legal IT Professionals and business consultant at I.R.I.S. showed us one of the famous YouTube videos on the social media revolution and used Dave Carroll's United Breaks Guitars viral video to highlight the power of social media. He offered clear, practical guidance on how law firms can deploy 'the big four' social media tools – blogs, LinkedIn, Facebook and Twitter – to communicate with stakeholders – and potential stakeholders, through client development and recruitment – develop and strengthen their market position and reinforce their brand.

Ameerun used Dutch firm Dirkzwager's award winning internal and client facing KM system, based entirely on social media as an example of what can be achieved. Law firms are still behind the curve when it comes to technology and social media but times are changing, as was demonstrated by the preponderance of iPads in the audience, a lively Twitter feed and the fact that the forum has been mentioned in several blogs, including this one.

Finally VQ presented the digital associate, a strategy which puts the Susskind model into practice by automating standardised functions and creating new non-lawyer KM roles. This involves analysing which roles and functions could be replaced or improved by smarter technology and processes and identifying opportunities for KM to deliver business critical functions. Examples of strategy into action included the VQ Legal intelligent legal document solution.

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