

Modern Legal Practice

Business • Strategy • Leadership

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A new future for the law

Darryl Cooke

In a fast-changing and dynamic world that has seen so many industries evolve new models of operating, Darryl Cooke, co-founder of gunnercooke explains why the profession needs to change and how challenger firms like gunnercooke are showing how it can be done.

gunnercooke is a challenger law firm. It challenges the way that legal services are delivered to clients. It challenges the way that lawyers balance their lives. It challenges the way our communities are served by those of us more fortunate. Most of all, it gives lives back to our lawyers and enables them to design their life as they wish to live it. Why would you allow someone to design your life for you, which is precisely what lawyers do at thousands of traditional firms around the globe, when you can design it yourself?

The world has changed. It has become a fast-changing dynamic and challenging environment. As Jack Welch once said: “if you stand still you watch your competition pass you by”. In the opening to a brilliant book called *Mission* by Michael Hayman and Nick Giles, they begin with a quote by Winston Churchill: “the empires of the future are the empires of the mind”. That was 1943 but Hayman and Giles go on to explain how that thought has become reality in today’s business world, which has become a battleground for ideas and innovation. A changing world where it has been said that two-thirds of the companies that will make up the S&P 500 stock market index in a decade’s time have yet to be created.

We live in a world of challenge, where our biggest industries have been challenged by new and innovative thinking, where Airbnb changes how we think of our homes and challenges the holiday market. Where Uber transforms transportation, where Amazon changed first the book industry, then the retail industry, then the logistics industry, where Apple changed technology and put design and simplicity first and where google finds new ways to understand the world.

And yet some of our oldest industries, professional services, stand rooted to the spot, unable to recognise just how much change is needed and poorly equipped to deliver new thinking, new ways. When we began in 2010 someone said to me that when you begin you can be the best or you can be different and it is very hard to be the best. So at gunnercooke we began by

being different, very different. We developed a model that both clients and lawyers wanted. That innovation will continue. We have established a special department known as ‘imagineering’ to ensure that every process, every service, every product is fit for purpose and challenge. But ultimately our challenge is about being the best, our innovation will take us there. We will not stop until we are the best law firm in the world, judged not by the number of offices we have, or the revenues or profits we generate or the number of lawyers we have, because frankly who cares, but by clients. We focus on behaviours and we measure it by Net Promoter Score (NPS). NPS was developed by Bain & Co, and is widely used in the retail industry but in my view is even more important in the professional services sector. Quoting Jack Welch once again who after a few years at GE, a company he built to be the largest company in the world said, and I paraphrase, “I used to focus on the numbers but when I began to focus on the behaviours I was amazed how the numbers looked after themselves”.

Before we move on and I share with you the gunnercooke model and just why change is needed, I want to tell you a story. I have to be careful when I do this because it is not a nice story – and you are likely to know the name of the person at the centre of the story. So I must tread with care. It’s a story of a few years ago.

Let’s call him Peter. Peter was a very intelligent, well-educated, sociable, enthusiastic and thoughtful 18-year-old boy. He loved books, Dickens was a particular favourite. He enjoyed music of all genres from classical to indie rock to jazz. He loved film and he was passionate about live theatre. His mother had told him that the world was his oyster. His history teacher had told him that university would open up completely new horizons and had described it as a three-year festival. His A level results were exceptional and he had got a place at a redbrick university to study Law. His family were proud. He was excited.

The world was his oyster. He looked forward to listening to recordings of piano concertos and know who was playing. He looked forward to going to classical concerts and knowing when to clap. He wanted to get modern jazz without it all sounding like a terrible mistake and he wanted to know exactly who Velvet Underground were (that dates it). He was excited. He wanted to be fully engaged in the world of ideas, to understand economics and just what people see in Bob Dylan. He wanted to possess radical but humane and well-informed political ideals and hold passionate and reasoned debates around wooden kitchen tables saying things like “define your terms” and “your premise is patently specious” and then to suddenly discover that the sun has come up and they have been talking all night. He wanted to use words like ‘eponymous’ and ‘utilitarian’ with confidence. He wanted to appreciate fine wines, exotic liqueurs and fine single malts and learn how to drink them without finishing up on a toilet floor and to eat strange things like plovers’ eggs and lobster thermidor. He wanted to make love to beautiful, sophisticated, intimidating women, during daylight and even with the light on and preferably sober. Most of all he wanted to read – Tolstoy, Dickens, Hardy, Trollope, Murdoch, Fowles. The world really was his oyster. It was all about to come true.

In his first week he signed up to so many clubs that he could hardly carry the literature back with him – sports clubs, golf, soccer, tennis, wine clubs, theatre clubs, film clubs, dining clubs, book clubs. He joined charities. He did not want to be hedonistic but he wanted to give back from all the pleasure he was getting. And he loved his life at his university but he never, because of his shyness around women, found that sophisticated, intimidating, beautiful woman to make love with in the daylight. But the rest was great.

And he was excited about being a lawyer – making a difference and helping people and being that lawyer that he had seen on the television eating croissants at breakfast meetings and looking very smooth and dapper and handsome. And so he got a place at a major City law firm. Life just couldn’t get better.

During his time at law college Peter met a wonderful girl, only his second long-term relationship. She was in publishing and at the end of his time at Guildford they moved to London together and moved in together. Life was idyllic.

His first week at his City firm he left at 5 pm. He and his girlfriend Vanessa had tickets for the theatre and then for a gig at LSE and also to a university friend’s dinner party. They were determined to enjoy London. His mother’s words resounded in his head – the world is your oyster.

The second week, as he was about to leave he was told to stay to proofread some IPO documents that evening. He rang Vanessa and they postponed their

night out with friends. He got home at 11 pm. The next night he was told that he would be needed at a meeting to go through the verification notes with a client and to process the documents afterwards. He got home at 2 am. You know the story. It went on and on and on.

They stopped making arrangements to go out because they didn’t know if Peter would be home in time. They stopped buying tickets for concerts because there was just no point. Peter stopped reading and listening to music and going to interesting food restaurants. He stopped playing football. He stopped taking an interest in all those things that he was passionate about. He stopped helping a local charity that he had agreed to support. He worked. And he worked. But when the bonuses came around he was rewarded well. It seemed worthwhile – at least for a week or so. But was it?

He became unhappy and even more so when he realised that he was working for other unhappy people. But he was caught – the money was good.

What happens to a decent person who is forced to work long hours at a job he or she doesn’t like, under conditions she can’t control for clients who don’t express appreciation or even acknowledge her existence? When people work under these conditions, with little time for personal life and even less time for the outside interests they used to have, they can become bitter, vindictive or passive aggressive. They are not fun to work with, they are not fun to be with.

Peter, a once brilliant, entertaining, full-of-life and hungry-to-learn lawyer and human being became boring.¹

Recognise him?

I know a hundred Peters and also a hundred Susans. Peter was at university in the 1970s and became a lawyer in the 1980s. Sadly, despite the world changing rapidly nothing has changed for the Peters and Susans.

The boards and managing partners of law firms have a responsibility to the future Peters and Susans to enhance their lives and not to destroy them, to fuel their ambitions, not to remove them. It is a big responsibility and few are equipped to do it but those who are able and willing can leave a legacy that will long outlive them.

When we began the firm I spoke to over 50 CEOs, FDs, financiers and heads of legal and I asked them, first of all, what they would do if they were setting up a new commercial law firm. I wanted to design a firm around what was best for the client but also what was best for the lawyers. I was amazed how closely those ambitions came together. I was given a few ideas but in fact very few radical ideas. As Henry Ford is reported to have said: “if we had asked the customer we would just have had faster horses”, and more recently Steve Jobs said: “it is up to us to show the

As Henry Ford is reported to have said: “if we had asked the customer we would just have had faster horses”, and more recently Steve Jobs said: “it is up to us to show the customer what they want”.

customer what they want”. But there were lots of consistent answers to my second question “what do you dislike about how lawyers operate?”, and it was the answers to that question which helped us to build our model.

I was told that the greatest value was from the involvement of partners. It was the experience of those lawyers that delivered value and when it was passed to a more junior lawyer that most important service was often lost. Our response was to only recruit lawyers with 10,000 hours of experience. This is the number of hours required to be undertaken to become an expert at something, as determined by Anders Ericsson, the world’s leading expert on expertise and later popularised by Malcolm Gladwell. But it isn’t just the hours that are important but what you do with those hours and our development office will work closely with our lawyers to enable them to achieve all that they wish to achieve in both a business and lifestyle sense. Our view is that our lawyers should all become trusted advisers. They deliver wisdom. Wisdom is a combination of knowledge, experience and common sense. In fact we later set up a new law firm, *gunnerbloom*, for young lawyers in order that we could work closely with them on their development. The training of lawyers has not changed for decades and in our view is not fit for purpose in the fast-changing very commercial business world that we now operate in. The training of a *gunnerbloom* lawyer is very different from that of any other lawyer. One of the parts of their training that I like the most is that in their second or third year they will be asked to set up a social business to respond to a social need through our charitable foundation, *inspire**. It teaches not just a greater social conscience but also responsibility, a wider understanding of business, leadership and decision making.

Secondly, I discussed fees. I was surprised that clients did not complain about the size of fees, but in fact their main concern was the lack of certainty around fees and that quotes are rarely consistent with final bills. In a business where there are budget tensions and demands on the purse strings this makes financial planning very difficult. Our response was not to use time sheets, surely the most anachronistic and

blunt approach to selling services. Instead we encouraged our lawyers to think much more carefully about the work that they were undertaking and the value that they are delivering. Fees are based on contribution to the value of the outcomes. It is the outcome that matters not the time spent. All fees are fixed. The purpose is to avoid fee creep. It has major benefits from the outset for the client, including encouraging a lawyer to properly plan a job from the outset, in terms of the outcome required, the value he or she will deliver and the efficiency of execution which will deliver both a happier client and a better margin for the lawyer. The lawyer should be conscious of a client’s budgets. It also takes the cap off earnings for a lawyer if he or she can show real value. It can be a difficult change for lawyers so used to filling in time sheets and so the development office introduced a price specialist from our consultant division, who works very closely with our lawyers in the early months. Ultimately it is more remunerative for a lawyer and gains far greater loyalty from a client. Possibly the greatest number of fall outs with a client in a traditional firm is over fees. It takes away all that tension. Why should lawyers be guaranteed a 40% profit year in and year out? They should have the price pressure of being more efficient. We teach them how to deliver greater value and achieve greater margins and use pricing to help them win work. But there will always be cases where you get the pricing wrong. It is the same in every business – deal with it. But the benefits for clients and lawyers alike far outweigh any downsides.

Finally, and most surprising of all, I was told that lawyers were the least commercial of professional services advisers. In context I was told that they were very good at what they did but they operated in a very narrow remit and rarely understood the needs of a business. When advising businesses, if you think about it, it is crucial that you understand how business operates. Our response was that partners would have a much more direct financial benefit from the rewards of their work and as a result make them far more aligned with the aims and ambitions of their clients. They would retain 70% of the fees generated from a client fee. The benefits to lawyers and clients were far greater than we expected. First, it took away

all the unfairness of remuneration committees and peer judgement. Second, it meant that a lawyer could take control of his or her own income. We do not make a lawyer accountable for hours or time worked or revenues but our development office does operate a growth academy to assist ambitious lawyers. The amount they can earn is completely unlimited and is simply a result of process product people. It won't be long before some of our lawyers are earning far more than any commercial lawyers in the country. We also have a simple model of source partners that allows them to earn fees on all work that they introduce. Most are already earning two to three times the income they were previously earning. But that is their choice and if they want to earn a minimal amount, that is also fine, so long as they follow our values. Finally, it altered behaviours which is what we really wanted. Our lawyers become very close to our clients. They dispense wisdom. They become trusted advisers. They have both the time and the motivation to understand a client's business. And, most of all and in response to the client, by running their own business they understand better the commercial needs of a client.

The model is simple and it has not changed. But as we grew what we realised more and more was that our culture was the key to our success. I often say that anyone can copy everything that we do but they can't copy our culture. We are not in the business of law, or professional services (I forgot to mention that we have taken the model into consultancy and operating partners and will continue to take it into other areas) but we are in the business of transforming lives. The lives of our lawyers and consultants, the lives of our clients and the lives of those less fortunate through our charitable foundation which is core to our business. It is another story but we have taken the view that CSR is dead. It is not sustainable because it does not connect the commercial activities of a business with its philanthropic activities. The business model of inspire*, our charitable foundation, does precisely that.

We focus on helping our lawyers to live fulfilled lives because it is the right thing to do. The traditional model of driving and making lawyers accountable for the number of hours that they work is not fit for the

21st century and is not conducive to living a balanced happy life that Peter and Susan sought when they began to study law at university. But when we focused on our lawyers' lives and their happiness we were amazed at just how successful they became and we became. Happiness is a great motivator to success.

We have a strong vision for the firm which is encapsulated in a formula 4+4+1=Why. It has 4 objectives 4 values, the 1 is our purpose and we have 3 why's to why we exist But our development office encourages every lawyer to determine their own values that are constant and consistent to how they wish to live the remainder of their lives. They work with our lawyers to help them gain greater self-awareness which will enable them to make decisions that will lead to greater happiness.

It was the Dalai Lama who said that: "we don't know the meaning of life, only God does, but we do know the purpose of life which is to be happy". You will have seen in the bookshops over Christmas and recently more and more books on ways to be happy. There is the Danish way of being happy – supposedly the happiest people in the world – and then there is the Swedish way and even the South Korean way (big on measuring happiness) and the last one I saw was the Japanese way. Ever since former Prime Minister David Cameron announced that measuring our happiness was just as important, if not more important, than measuring GDP, there have been a plethora of studies on happiness by government organisations, educational facilities and NGOs. In every case the same stuff rises to the top. In every study about what we can do about our happiness and contentment the same five ways of improving our circumstances come to the top – consistently so, and so obvious that we would be mad to ignore the findings.

First is the importance of our *social relationships*. People who see others regularly or are in a meaningful group are likely to experience higher levels of happiness. Another is the importance of mindfulness or curiosity – at its simplest level this is noticing things around you and appreciating and *being grateful* for everything. Another feel-good factor is giving. Individuals are at their happiest when given the opportunity to help or spend money on others –

It is a pleasure to be in the office to see lawyers come and go at ease, often to work at home or at clients' offices or to announce they are off for a bike ride or perhaps to a matinee. It is their life to do as they please when they please.

we now pay bonuses in two halves, one for the person and the other to help our people think of giving to others. Another route to happiness is *learning*. The studies show that learning something new and, in particular, later in life provides a positive impact on our lives, and raises our self-esteem and confidence. And finally, studies show a consistent corollary between *health* and happiness. The better your own health and fitness is, the higher your own levels of satisfaction.

Our model allows our lawyers to take a look again at the design of their lives and choose how they wish to live. Lots of firms claim to operate hot-desking but again it is often cosmetic because of the guilt that comes through years of traditional working and often peer pressure. It is a pleasure to be in the office to see lawyers come and go at ease, often to work at home or

at clients' offices or to announce they are off for a bike ride or perhaps to a matinee. It is their life to do as they please when they please. It just so happens that they become better at what they do and closer to clients – probably because they are happier.

Have you seen the film 'Becoming Warren Buffett'? At the beginning he is seen talking to a large group of students. He asks them if they were to be given a car at the end of the lecture, any car, what would it be? Wouldn't that be exciting, he says. But there is one catch and that is that you can only have one car and you have to keep that car for life. Imagine, he says, just how well you would look after it. Now, he says, you have only one mind and one body and one life. How well are you going to look after it? Are you going to let someone else design your life for you?

Darryl is a corporate and private equity lawyer who after many years at some of the major global traditional law firms co-founded gunnercooke in 2010. Today gunnercooke is approaching 200 partners and has taken the new law firm concept into other professional service areas including Consultancy and Operating Partners.

1 Taken from an idea in David Nicholls book One Day.

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