



The Business Of Law Is Changing

PDR



Today's law firm is facing new and on-going pressures, driving the need for a fresh perspective to not only stay competitive in the market for legal services, but also in the market to attract the right talent.

An agile, future-ready business model that is ready to respond to the market now and be able to evolve to respond to what's next will be key for a traditional law firm to continue to thrive.

Internally, this model must be laced with policies that support the health, safety and wellbeing of the people. Not only does today's talent pool demand it, overcoming new challenges from a global pandemic will also.

Does your workplace support your response to these new and on-going pressures?

Business Imperatives: Ten Challenges Every Organization Needs to Solve

Our work inside organizations across industries has identified these universal Business Imperatives that are critical for leaders to prioritize and solve.

PDR believes organizations can intentionally address the most critical imperatives by leveraging the **Workplace as More™**

RIGHT TALENT



Attracting talent with attributes that align with an organization's growth strategy

SYNERGY




The exponential benefit that results from effective collaboration of two or more groups

INNOVATION



The process of transferring new ideas into action

EXPONENTIAL TECHNOLOGY



Progression on pace or faster than Moore's Law, igniting the possibility to solve problems

AGILITY



The capability to rapidly adapt to market changes without major internal disruption

PURPOSE



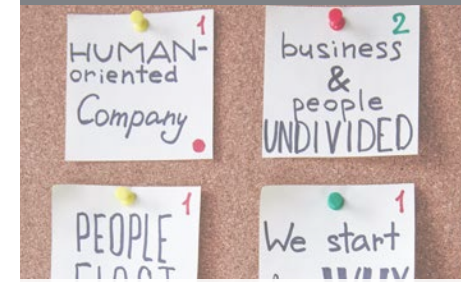
An organization's aspirational reason for existing; all components should align to it

HUMAN EXPERIENCE



The culmination of every interaction an employee has with an organization

INCLUSION



A sense of belonging and respect through the equal empowerment of diverse people

EMPOWERMENT



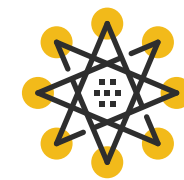
Giving employees the autonomy to take initiative, make decisions, and solve problems

WELLBEING



A holistic state of a person's wellness including their physical, social and mental conditions

- Workplace can be a vehicle for
- + Improving **Human Experience**
 - + Advancing **Business Performance**
 - + Driving **Organizational Change**



A law firm can leverage the workplace to support these imperatives as a strategy to address both external and internal pressures.

External Pressures



Since the 2008 Great Recession, the legal industry has continued to see changing client demands and an increase in non-traditional competition.

THE MARKET CHALLENGE:

As clients continue to demand accountability and cost-effective service, they've strategically shifted their approach to procure legal services. Competitive RFP processes and disaggregation of services to save costs are now commonplace. Saving costs on routine legal services is also the driver behind the rise of non-traditional competition. Clients are now more likely to have in-house legal counsel for support or are turning to the Legal Tech industry for automated on-line services.⁶ The biggest competitive pressure comes from Alternative Legal Service Providers (ALSPs) – think the Big 4 Accounting Firms as an example.¹ Corporate use of ALSPs has doubled in growth over the last two years.²

“As lawyers, we must let go of our inflated belief that what we do is custom and bespoke. If 85% of what we do is commodity work and 15% is customized, how can we reduce our cost structure and build efficiencies into the practice of law? As an industry, we must fundamentally look at new business models and technologies that can help us be more efficient and evolve the business of law.”¹⁰

-As published in 2020 Outlook: Supply-Demand Tidal Wave



Being efficient is table stakes. Law firms must do more to compete. Outsourcing, diversification, investing in technology and shifting towards being more client-centric are all methods law firms are embracing to craft their unique response to these market pressures.



According to Altman Weil's 2019 Law Firms in Transition Survey, 96% of law firm leaders agree the top-rated legal trend here to stay is efficiency.¹³

-As published in Altman Weil Flash Survey Law Firms in Transition

REIMAGINING A NEW BUSINESS MODEL:

Clients still highly value specialized expertise, paving the way for law firms to differentiate themselves amongst their competitors.² It will take an **innovative mind set** to reimagine the traditional partner business model in order to diversify and establish such differentiators. *The overall experience of the workplace can energize and inspire – key attributes to a space that cultivates innovation.*

Technology is exponential and law firms must leverage it to stay in the game. From tracking and analyzing data to improve performance,⁹ to launching proprietary legal tech tools¹² to increase productivity,⁵ technology is imperative to reach maximum profitability. *The workplace should support how work is being done while leveraging these technological tools.*

To be client-centric is to build a culture that focuses on the client's needs and demands. Good communication both internally and directly with the client is part of this foundation. Internal **synergy** across the firm can yield customizable, integrated solutions that the client needs.¹ Finding the **right talent** to consult directly with the client on c-suite level decisions, can foster long-term client relationships⁸ and be an additional differentiator. *The workplace can be designed to facilitate impromptu collisions, allowing cross-ideation between groups of people.*

Internal Pressures



Employee **wellbeing** is on the forefront of internal pressures. An increase in non-traditional competition means legal professionals have more choice for employment, causing attraction and retention of right talent to be more challenging now than ever before.

THE MARKET CHALLENGE:

Traditionally, working at a law firm often meant high levels of stress with little to no mentoring, support or training.⁷ Long-term stress can lead to a number of negative health and organizational outcomes – driving employee burnout and lost revenue for the firm respectively. With the recent growth in more desirable freelancing or consulting opportunities, both the young and the over-stressed can find a better work-life blend³ with flexibility they demand. Combined with the rise in recruitment and turnover costs, law firms must focus on employee wellbeing and ensuring a healthy organizational culture to protect their greatest asset – their people.

“First, recent regulatory changes have opened up competition in the market, offering solicitors alternatives to traditional private practice. This means good solicitors can now walk away from law firms and practice in a different way that is more conducive to their own wellbeing. The second factor is the consistent high levels of stress that accompany the job, which have a significant effect on the resilience of people in the profession. And the third factor is that many partners and leaders don’t have the right support or training to enable them to support, grow and develop their people.”⁷

-As published in Heading into 2020, what are the biggest challenges facing law firms?



Creating a collaborative work culture, developing their people and leadership, and providing a more flexible work-life blend are all methods law firms are embracing to promote cultural change for employee wellbeing. Not only will this change make people happy, the firm will be more profitable too.

78% of law firms surveyed reported improved firm performance as a result of creating a more collaborative work culture.¹³

-As published in Altman Weil Flash Survey Law Firms in Transition

REIMAGINING A NEW CULTURE:

A collaborative environment is necessary to nurture a strong culture that is **inclusive** – where everyone feels like they belong. An inclusive culture allows informal and formal mentorship programs to take form, providing the essential support and guidance for the firm’s younger generations. *The workplace can be a platform for socializing. The experience should feel welcoming and comfortable – encouraging interactions that build relationships.*

Providing effective leaders with the right training and development allows them to support, enable and grow their teams, improving team engagement and boosting overall team performance.⁷ When teams come together to collaborate, they gain a sense of identity in contrast to others, revealing the value of one’s unique individual impact to the greater **purpose** of the organization. *The workplace should have a variety of spaces to support team engagement and offer an employee experience to connect people to the firm’s brand, vision and values. When employees are purview to clearly defined goals, the firm can work in unison to achieve them.*

Law firms must entertain flexible work policies that **empower** individuals with the choice to manage their own work-life blend. *Depending on how much choice, or how agile a firm decides to become, the quantity and/or size of dedicated workspaces should be reconsidered as fewer people will be in the office at any given time.*

Internal Pressures



The current global pandemic has made waves in virtually every industry - disrupting economies and creating new challenges that have driven businesses to adapt rapidly.

THE MARKET CHALLENGE:

For the legal industry, the COVID-19 crisis has forced firms to retire outdated practices and step fully into the digital age,⁴ leveraging technology to ensure business continuity and to stay virtually connected to their teams and clients. As law firms continue to operate from home, they will soon plan to pivot into their “next normal” in preparation to transition back to the office. Careful consideration will be needed to answer questions like – How will the space be used differently? How will the health and safety of the employees be protected? or Why go back to a physical office at all? Every law firm will answer these questions differently, determining their own unique “next normal” response.



New technology, a blended work model, and a need for human connection are all “next normal” considerations that law firms need to evaluate, as these all have potential impact on how space should be used.



REIMAGINING A NEW CULTURE:

Law firms that have invested in new **technology** to work from home, will most likely keep these technological tools in place after returning to the office.

A closer look at how these tools affect work processes in the physical workplace will be needed to determine how the design of the space can best support how the work is now being done.

Law firms that provided suitable tools for individuals to remain connected and working effectively from home, may decide to establish a blended work model¹¹ – allowing individuals to work part-time from home and part-time from the office. A blended work model **empowers** individuals by giving them choice should they feel unsafe to return to the office or have come to rely on the flexibility.

A closer look into new work policies will be needed to determine the appropriate shift in how real estate is used.

Understanding the need for human connection and ensuring this experience in the long-term “next normal” is vital for a firm’s health. Reconnecting to the firm’s mission, vision and values and maintaining a strong, inclusive culture are a few reasons among many why coming together is imperative.

*The workplace design should support the overall desired **human experience** where these things can freely happen.*




Creating the **Total Work Experience:** Making a Difference



No two law firms look the same. They may have different business models, different philosophies, or different cultures. The opportunity for change will look different for all firms depending on the size of the gap between your current state and how they plan to uniquely respond to these new and on-going pressures.

Realizing a new business model and a shift in work policies will impact the organization's goals, PDR's inside out philosophy allows us through a holistic approach to discover how a firm will improve, explore or transform the people, process and place to support reaching these new goals. The opportunity spectrum is wide and no one solution will fit all. PDR stands ready to partner with you to guide you through your unique journey.

OPPORTUNITY SPECTRUM

 Improve MINIMAL CHANGE	 Explore MODERATE CHANGE	 Transform MAJOR CHANGE
<p>Why?</p> <p>The problem is clear</p> <p>Expected outcomes are well defined</p> <p>Minimal change is required to achieve</p>	<p>Why?</p> <p>The problem is not clear</p> <p>Expected outcomes are not well defined</p> <p>Moderate change will be considered</p>	<p>Why?</p> <p>The problem is significant</p> <p>Transformation is expected</p> <p>Major change is necessary to achieve</p>

IMPACT

People	Human Experience is improved	Human Experience is considered	Organizational Culture and Human Experience is transformed
Process	Business Performance is improved	Business Performance is considered	Enterprise systems are transformed
Place	Physical Environment is updated	Physical Environment changes are considered	Physical Environment is transformed

Where does your organization need to be?

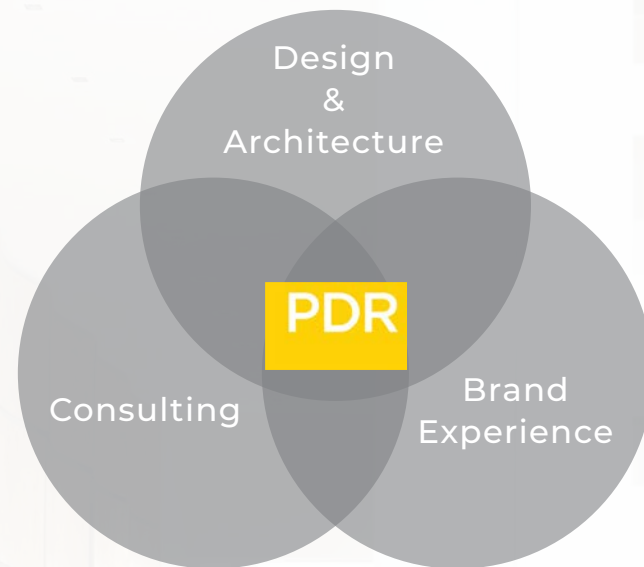
Improving?

Exploring?

Transforming?

About PDR

We are an unconventional super-competitor
We disrupt norms across three distinct industries



Since 1977, PDR has worked with numerous law firms and in-house legal teams ranging from significant legal clients of “individual prowess” like Jamail and Kolius to Fortune 100 corporations like ExxonMobil. While each firm or group has had distinct needs and goals, a common thread has been the desire to create an office that helps attorneys be productive, efficient, and attentive to client needs and experiences. That thread still holds true today but with more emphasis on new pressures.

PDR’s broad experience creating high performance workspaces for a diverse collection of corporations and institutions results in clearer objectivity to find real business opportunities hidden within your physical offices. The process for creating successful workspaces translates aptly to the planning and design of the evolving legal workplace. A workplace should support your firm to continuously outperform, recruit, retain, and deliver at the highest level. PDR will create and deliver your law offices to be prepared for the future

Our integrated team delivers proven strategies and dynamic solutions that impact what matters most.



Improving

Human Experience

Define the experience that connects and engages people to their organization



Advancing

Business Performance

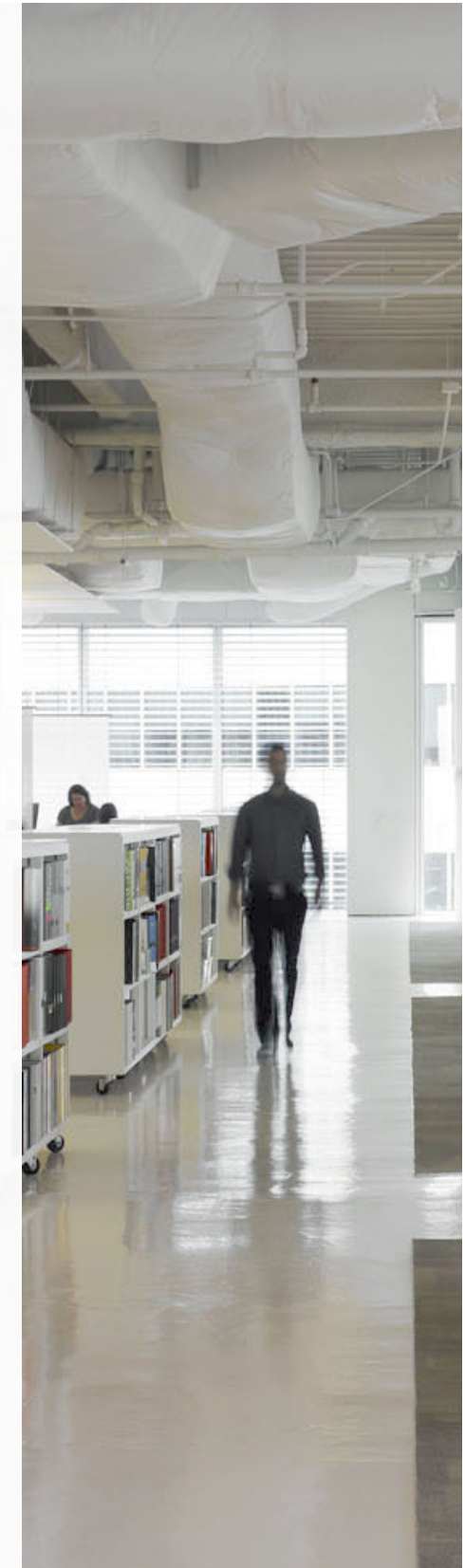
Plan the changes needed to achieve your business objectives



Driving

Organizational Transformation

Identify new strategies and solutions to transform the organization



Resources

- 1) 2020 Report on the State of the Legal Market, by Georgetown University, Thomson Reuters and Peer Monitor, dated 2020
- 2) Law's Emerging Elite: Enterprise Legal Service Providers, Part I & II, by Forbes.com, dated March 21, 2019 & April 11, 2019
- 3) A Millennial explains how law firms can attract and keep his generation of lawyers, by AmericanBarAssociation.com, dated June 2018
- 4) The 4 Main Challenges Law Firms Are Facing Right Now, by Abovethelaw.com, dated March 23, 2020
- 5) Lawyers' next challenge: too much technology, by Financialtimes.com, dated October 22, 2019
- 6) Biggest Challenges for the Legal Sector 2020, by Picante.today.com, dated November 7, 2019
- 7) Heading into 2020, what are the biggest challenges facing law firms? By bcllegal.com, dated January 28, 2020
- 8) How non-lawyers and tech are changing the modern law firm, by legal.thomsonreuters.com, dated April 27, 2020
- 9) 4 Major Trends That Are Already Changing the Legal Sphere In 2020, by lawyermonthly.com, dated February 11, 2020
- 10) 2020 Outlook: Supply-Demand Tidal Wave, by Abovethelaw.com, dated January 23, 2020
- 11) A Complete Guide to the Lawyer Code of Ethics, by aizmanlaw.com, dated August 26, 2018
- 12) The Future Ready Law Firm: A Guide to New Technologies, by Abovethelaw.com, dated October 29, 2019
- 13) Altman Weil Flash Survey Law Firms in Transition, dated May 2019

