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The pressure is on as legal department-law firm relationships evolve in the pandemic's wake

By Brad Rosen, J.D.

The COVID-19 pandemic has unleashed forces that are driving dramatic changes across the legal industry and these trends are expected to continue. “The pressure is on,” remarked Wolters Kluwer Legal & Regulatory, U.S. Vice President Ken Crutchfield, noting that law firms are continually being pressed by their corporate legal department clients, while these clients are driven by the needs of their corporations to increasingly do things better, faster, and cheaper. Crutchfield shared these observations during a recent Legal Value Network webinar he moderated titled *The Evolving Client-Firm Relationship in the Wake of the Pandemic*.

Ken Crutchfield was joined by fellow industry thought leaders representing both the law firm and legal department communities, including [Natasha Edlow](#), Director, Strategic Pricing & Project Management at Covington & Burling LLP, [Bart Gabler](#), Chief Information Officer, K&L Gates, and [Hannah Robinson](#), Assistant General Counsel, Invenergy LLC. The panel engaged in a lively discussion exploring some of day's hot button topics, which included tightening legal budgets, heightened client expectations, and the increased scrutiny around the value of legal services delivered.

The Future Ready Lawyer Survey and its key findings. Crutchfield led off the webinar by providing an overview of the *Wolter Kluwer's 2021 Future Ready Lawyer Survey*. He noted this was the survey's third edition which probed around 700 legal professionals across the U.S. and ten European countries about the industry's top trends and what it means to be future ready. The study included law firms, corporate legal departments, and business services firms. The survey focused on the dynamics between corporate legal departments and their outside law firms, as well as the role technology plays to drive performance, productivity, and customer service.

According to Crutchfield, the survey reveals a number of gaps in understanding, expectations, priorities and capabilities between law firms and corporate legal departments which have resulted in inhibiting top performance. He noted two big takeaways from the Future Ready Lawyer report, those being:

- 91 percent of corporate legal departments will ask law firms to describe the technology they use to be more productive and efficient. That is up from 81% from the prior survey.
- 24 percent of corporate lawyers said they are very likely to switch firms compared to just 12 percent as reported in the 2020 survey.

“Client expectations are driving change,” Crutchfield observed.

Some factors impacting corporate legal department-law firm relationships as the pandemic recedes. As a new normal appears to be emerging in the pandemic's wake, Hannah Robinson indicated the law department for her employer, Invenergy, a major player in the fast-growing renewable energy industry, is looking to effectively scale and manage the growing demands on the legal team which has resulted from rapid industry expansion. Robinson noted that the legal team relies heavily on outside counsel to assist with the increased project workload, so one of the primary factors affecting the outside counsel relationship is whether those law firms have the capacity, technology resources, and appropriate practice group staffing to sufficiently manage the amount of work delegated to them.

For Robinson, her main priorities when selecting and working with an outside law firm is that they have the capabilities for process improvement and project management, and also have the necessary resources to deliver quality work product in a timely manner.

From a law firm perspective, K&L Gates' Bart Gabler explained that when the pandemic hit, the key became adopting existing technology and using tools that were there and that worked. The organization's goal was to bring everyone up to speed. Gabler observed that nice-to-haves became absolute necessary requirements, both in terms of technologies employed and the skills people needed to have.

Gabler also saw that many of the changes in how work got done, as necessitated by the pandemic, are here to stay. In his view that's often a good thing and often offers greater transparency. For instance, before the pandemic, a quarterly client meeting may have been conducted by phone and did not have a visual component. Now, those meetings are held monthly, and are audio and visually enabled. In Gabler's view, this has been a real uptick and he hopes improved practices like these continue going forward.

The battle for talent intensifies as prices increase. Talent is scarce in many industries and the legal industry has not been immune to the phenomena. Covington and Burling's Natasha Edlow observed given that corporate law departments are often understaffed, law firms are seeing an uptick in requests for secondments. She also noted these are wonderful opportunities for associates to work with a client and understand how they do business, as they build relationships and connections for the future. However, at the same, Edlow indicated this increase in demand has put strains on law firm staffing needs, as well as associate training and development within the firm. She noted, "We continue to explore ways to help our clients with acute staffing needs while also balancing the needs of the firm and the professional development needs of our associates."

Given the shortage of talent in the marketplace, and the rampant poaching of both lawyers and other professionals, Edlow further observed that the market has responded by increasing the pay scale for associates, as well as the salaries for skilled legal professionals. She stated, "Since the client demand for legal services has outstripped supply, the cost of legal services has been increasing more rapidly than in recent years."

For his part, Gabler indicated that if demand remains high, it will force his firm to innovate in how it provides legal services. He noted, that while the firm continues to compete for top legal talent, it is also looking at technology and alternative resources, as it evaluates what work needs to be done by

a lawyer, and if so what skills or experience are really required. The firm is also exploring how it may further employ technology, automation, and artificial intelligence toward this end.

DE&I and cybersecurity on the front burner. Corporations remain under pressure to demonstrate that they are conforming with or expanding their policies with respect to diversity, equity and inclusion matters, as well as cybersecurity protocols. Additionally, the role of corporate procurement continues to be scrutinized from an ESG perspective, as these issues continue growing in importance and impact legal department-law firm relationships.

According to Edlow, the most successful law firms are those that recognize the growth in client legal operations and see procurement as an opportunity, rather than a threat. She noted that Covington and Burling has benefited greatly from collaborating with their client legal operations and procurement counterparts. Edlow also observed to remain competitive, firms have to expand their staffing resources to meet those compliance objectives. This may include hiring a chief diversity officer or cybersecurity chief to assure applicable risks are being managed and complying with outside counsel guidelines.

Gabler echoed many of Edlow's observations with respect to DE&I. He underscored that firms are being held accountable more and more by clients, but this has also opened up the opportunity for great conversations about diverse talent with clients. Likewise, scrutiny over cybersecurity practices have been heightened in the past year in light of high-profile breaches like those involving the Colonial Pipeline and vulnerabilities exploited via SolarWinds, Microsoft Exchange, and Log4J. According to Gabler, client reporting requirements and annual security audits have become commonplace as the firm closely monitors its own cybersecurity protocols and practices to ensure compliance.

On the corporate legal department side, Robinson indicated that diversity, equity, and inclusion issues are a priority for the Invenenergy legal department when it considers relationships with its outside counsel. Robinson noted, "We want our outside counsel to meaningfully understand the business value of having diverse and inclusive teams and the real, tangible adverse effects that non-inclusive environments can have on work product and productivity."

As a new normal appears to be emerging in the pandemic's wake, it will be interesting to see how the trends and dynamics discussed during the webinar around corporate legal department-law firm relations unfold. Crutchfield indicated that an updated edition of Wolters Kluwer's Future Ready Lawyer survey is in the works. For now, the current *2021 Future Ready Lawyer Survey: Moving Beyond the Pandemic* can be accessed by clicking [here](#).