Ep #135: What Business Clients Want From Their Law Firms with Stephanie Corey (Voice of the Client)

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John E. Grant

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John Grant: A lot of what I talk about on this podcast is grounded in access to justice and access to legal services. And it's been my belief that by helping lawyers be more effective and ultimately more efficient, that I can help keep legal work reasonably affordable for the clients who need it. My guest today has had a similar theory for a different type of access to legal services. In her case, the in-house legal departments accessing outside law firms.

Stephanie Corey is the founder of UpLevel Ops and one of the founders of CLOC, or the Corporate Legal Operations Consortium. And she spent 25 years on the buying side of legal services. Where she and I differ isn't the theory, it's the approach. I've spent the better part of my career trying to make lawyers, especially inside of law firms, better at delivering the legal work. Stephanie has spent hers making in-house teams smarter about buying it.

You're listening to *The Agile Attorney Podcast*, powered by GreenLine. I'm John Grant, and it is my mission to help legal professionals of all kinds build practices that are profitable, sustainable, and scalable for themselves and the communities they serve. Ready to become a more Agile Attorney? Let's go.

All right, welcome back everyone. I'm super excited this week to have Stephanie Corey on the podcast. And no pressure, Stephanie, but I think you're maybe the biggest of the bigwigs I've ever scored for an interview. No offense to my other guests who are great, but I really admire your work. So, Stephanie, thank you for joining me.

Stephanie Corey: Thank you.

John: You and I spoke for a minute before we turned on the recording, but the very genesis of this podcast was a series that I was calling Voice of the Client. And it's built around the idea that it's hard to get feedback, it's uncomfortable to get feedback, and if lawyers aren't going to go get feedback from their clients about what's working and what's not working, then darn it, I'm going to do it for them. And so I feel like I have a rare opportunity with Stephanie to sort of get into the heads, maybe not of an actual client, but you're so close to so many people who are clients of law firms that I would love to just pick your brain and get your perspective about what the landscape looks like here.

Stephanie: Yeah, thank you, John. I think thinking about my experience with in-house legal teams and general counsels, at this point I've worked with well over 100 GCs and CLOs. And spending time talking to them and their legal teams, because when I was at HP, I was there for over a decade running operations there and their chief of staff. You know, and had a couple of subsequent in-house jobs since then too. And so really living in that how legal teams operate, how lawyers think, how they function. And what's interesting is, and this really surprised me because I'm not a lawyer myself. I came from finance before moving into this role.

And I think what I thought lawyers were going to be like and the reality is so different, right? You always think of lawyers as being sharks and they're great negotiators and they're super tough. And then you start working with them and realize the relationship between in-house teams and their law firms, it's not what you would expect as being somebody coming in from the outside, right? The in-house teams are extremely deferential to their law firms. And that's a culture that I still to this day, I've literally been doing this for about 25 years now, I can't even believe I'm admitting that it's been that long.

And that culture still surprises me. And so what I used to do, the role legal ops plays oftentimes and what I did when I was in-house was played the bad guy kind of finance person role, right, procurement person role, controller for the department. And so I took that burden away from the in-house. Once I realized, oh my God, they really don't want to push back on the firms on rates or anything, not even just pricing, right, like give them feedback on quality of work or what have you. I started taking on that role and said, just I don't need to have a good relationship with the law firms. That's not my purpose here, right? They can see me as the mean person, right?

And so the lawyers love that. And anytime any rate discussions, they're like, oh, Stephanie handles that, let her deal with this, you know, or, oh, sorry, Steph said that it has to be this way. And they could, you know, move on and have their relationship and I could play the bad guy. And that worked really well.

And I suggest if any in-house, you know, legal ops folks are listening to this or GCs, that's a great way to use your ops person as the bad procurement cop, so to speak. And it works really well and it allows the in-house teams to maintain their relationship with law departments. But John, I don't know if you're going in this direction, but I'd love to talk about providing feedback and best practices there and scorecards and all of that if you don't mind me getting into that topic.

John: Sure. Yeah, well, let's build to that. So let me start with what should seem like maybe 101 questions, but for in-house legal teams, what is the job that they have for the companies that they're serving? What is their purpose? Why do they get paid?

Stephanie: Okay, let me say this. One thing you kind of alluded to before we started recording and we were just chatting, a lot of people think that when you're running an in-house legal team, it's basically a captive law firm for the company, the organization, and that they function the same as law firms, but that's not really true at all. And so there's several major differences that make them function where they should be functioning completely differently from a law firm.

So when you look at how the charter of any in-house legal team, many GCs and CLOs will say, you know, my job is to protect the company from risk, right? That seems pretty basic. That's true, but I would argue as somebody who's a chief of staff who helps with messaging, right? I'm not there to do the substantive legal work. That's not what I do, but I help provide that messaging around what legal does to the rest of the organization. Like, why are we here? Why are we spending so much money? What's the value legal is bringing to the organization? That's a critical story to tell. And I think just saying, hey, we're here to protect against risk, none of the business people want to hear that.

John: No, because that reinforces the whole, I don't know, the trope of the lawyers as no people, which no lawyers like that story, even if it has to be true at times. And I can tell you from my own time when I was doing in-house briefly, but for a while at Getty Images and then some of the other companies that I've worked with in a consulting standpoint, for me, and tell me if you agree with this, but I think that positioning legal as an enabling function and even an accelerant, right? It's not so much that we're the no people, it's that in-house lawyers can help you chart a smoother path to the outcome you want to achieve with not only less risk, but less friction, less delay.

But the messaging is so important because I think the American cultural perspective, maybe global cultural perspective, is lawyers as no people, lawyers as risk people, whatever. But if you can really demonstrate that value and prove it to your internal constituents such that they will then engage with you early in the process when you actually can be useful as an issue spotter, as a roadmap creator, that's where things really start to take off, I think.

Stephanie: 100%. Yes, you took the words out of my mouth. I think again, telling that value story, which is speed of delivery, right? Like you're trying to get to market faster, you're trying to get into new countries, new markets, new whatever, faster, trying to get new products to market faster. And if legal can tell the story of how they facilitated that and pushed that, that's where the real value is. And so that's a very different charter, I think, than what law firms' charters are, right, which is the more conservative looking at this. It's a very different risk tolerance. Let me say it that way, John, but I'm curious what your perspective is.

John: Yeah. Well, it's funny because I think that is true, but also doesn't have to be true.

Stephanie: Meaning the law firms don't necessarily have to take that approach, but is that what you're saying?

John: Yeah, it's the same thing, right? And, you know, in my work with law firms, the constant cry is, I wish they'd called me earlier. If I could have if I could have gotten to them at X point, a while ago, then I could have helped them avoid this bad outcome that they're now having to navigate and experience and and all the rest. And so…

Stephanie: Legal teams say the same thing about their internal clients, by the way. Every, every assessment I do, I hear that.

John: Yes, and I think, you know, part of it is that's just the human condition, right? The second best time to plant a tree is today, right? There's any number of times you wish you'd have planted the tree in the past, but you just have to start where you start. But I do think that there's a lot that any lawyer, in-house or firm counsel could take as a how they position, how they message, how they approach the work so that people do begin to trust it. Oh, this is a partnership. It's not, hey, I'm just flipping this thing over the fence and letting the lawyer take care of it. It's like, no, there's, this is a conversation, this is a co-working arrangement, not a vendor relationship. And that can be true even if it is actually a vendor relationship, right?

Stephanie: Yeah. Yeah, no, that's exactly right. And I think I'm curious, I'd like to hear from you a little bit more. I get that in-house perspective all the time, but I don't genuinely get the law firm perspective all the time. I mean, I talk to enough law firms, obviously, and when I was in-house, I worked with them closely, but just hearing their perspective is kind of interesting. I think it says a lot that we don't do that much crossover and don't, you know, have more of these conversations, right?

John: Well, it sounds like we both could do a Voice of the Client for each other to some extent. Or you know, or at least start to key some things off. But I will tell you my experience working with law firms and as I told you earlier, most of my clients tend to be what I think of as large small firms, right? So I am not generally working with the AmLaw 150, although occasionally I'll work with practice groups inside of larger firms. I tend to work really better at something that I think of as a team level, and that team might be an entire law practice or it might be a part of a law practice, it doesn't matter.

But a lot of where I help is helping those teams, number one, define what their product mix is, what their service mix is. And one of the places that maybe is a little bit interesting is that I think for a lot of in-house lawyers, they're the lawyers. They're going to be the first call. And you may have a background in intellectual property law, but if you're part of a small in-house legal team, you're going to get an employment law question, you're going to get a commercial leasing question.

And so that I think feeds into when in-house counsel are seeking outside expertise versus when it's something that they feel like they can do themselves. For me, when I'm talking with those outside expert firms, it's partly about understanding your own message and being able to develop a product and service line that really clearly solves a particular set of problems and doesn't try to get too broad. You wouldn't hire an outside firm who is your trademark counsel to give you employment law advice. You might say, hey, who do you know that is a good employment lawyer? But I think that one of the mistakes that I see with law firms is they try to be too many things to too many people.

Stephanie: Yeah, that's interesting. I think you could make that analogy to in-house legal teams as well, which probably won't surprise you. There's always that kind of constant decisions on whether or not we should hire in-house or continue to, you know, look outside for this knowledge, right? So like, there's always that very rarely do I work with legal teams where they're like, we can hire however many heads we want. You get them and that's brilliant. Like they're the fun clients to work with because there's just whatever we say, they're like, yeah, we can get somebody here and here. But 99.999% of the time, right, there's major budget and headcount constraints.

And so when we're working with them, it really is a trade-off of, okay, does it make sense to bring this, you know, expertise in-house or outside? But even then when you do bring it inside, that doesn't mean that you're never going to have out, like let's say you hire your first labor and employment attorney, right? That doesn't mean you're never going to Littler again, right? And so there is that, okay, if you do hire somebody in-house, this is the point I was trying to get to earlier, John, when I was talking about the differences between in-house teams and law firms is in-house teams are really managing to a P&L. They are businesses, they're internal businesses, right?

And it's very different from the law firms. They have their own P&L, but that looks different, right? Like when you're reporting this up to the CFO and you have to explain why you're over budget, right? And now many law firms because of licensing or affirmative litigation and all of that, they do have a little bit of revenue coming in the door too. So sometimes there is money coming in to offset some of their expenses. So they're not always purely a cost center as well. A lot of times they're managing to this. And always managing to a budget to some degree.

And so, I know law firms recognize this, but sometimes I don't think they recognize just how stressful this is for in-house legal teams and what these rising, these ever rising hourly rates are doing is it means there's less money for these in-house teams, right? Because again, lawyers are bad at negotiating with their law firms. They need people like me in there negotiating for them and, you know, doing value-based pricing and retainer agreements and moving away from hourly because it's just getting ridiculous, some of these rates I'm seeing come through $3,000 an hour or more.

And because of that, now we're at this point where we're like literally in-house trying to figure out, I'm not even joking, who do you fire so that you can pay some of these outside counsel bills? This is really often the pressure. Who do we let go? Do we have an early retirement program? Or forget it, I have three open wrecks and I can't fill any of them because I'm over budget. So these budget pressures, I just want to really sensitize the listener to how very real they are. It doesn't mean somebody's only going to get a $300,000 bonus instead of a $700,000 bonus. No, it means head counts gone, salaries are held flat, zero bonuses, no hiring, or now we have to consider actually letting people go. So that's the pressure that these in-house teams are facing.

John: Yeah, well, as I also said before we got started with the recording, a lot of the firms I work with are not necessarily seeking your clientele, but the pressures are the same.

Stephanie: And let me be clear too. I want to make that clear. We're kind of in the same boat. We work with mid-sized to smaller in-house legal teams more often than not too. Like I came from HP, I think when I left it was 1200 people. It was a massive legal department. That's the size of an AmLaw 100 firm, right? And so it was a massive legal team, but the majority of people who we work with now are smaller. They'll get creative, right, and use the smaller law firms, which hello, this is what we push, right? I want them getting away from these white shoe law firms that are charging $3,000 an hour. And these smaller law firms are the ones who will be creative with their pricing arrangements too, which I love. So there's opportunity here, I guess is what I'm saying.

John: Yeah, well, let me finish my thought and then I want to really dive in on that because my thought is, you know, if you're representing someone in a divorce, again, you're taking money that they would otherwise be spending for other things. And so they're making hard choices too. And I often say that law firm lawyers have to realize that for someone to even get to the level where they're even considering talking to a lawyer, the problem has to be pretty bad. The pain has to be pretty strong because there's so many cultural things and I don't think as far as I know, none of my clients are up over the four-figure hourly rate yet.

And frankly, if they're working with me, we're already working on alternative pricing. But, I mean, it's funny. It seems like just yesterday that we cracked the four-figure mark with somebody and now once they got into that four figures, the only limit is five figures, right? It's rapidly getting there. That aside, so there's two things I want to, and I have colliding thoughts, so I'm going to say them both and then we can figure out which one we do.

But one of the things I say all the time is that there has never been a better time in the history of lawyers to start your own practice. And for someone maybe who is working for one of these bigger law firms or even working in-house, there is this really interesting opportunity right now to rethink what it means to provide legal services to businesses that I think could really resonate with your clients and your people and I'm not saying you have to go invent it in whole cloth either. You can invent it through conversation with these clients and potential clients.

So let me actually, I guess, I'll focus on that one since I said it first. From your perspective, advising the mid-sized business in-house legal team, what does the unicorn law firm look like to you? Like what would the perfect law firm experience be?

Stephanie: That is a really good question. I think ideally, and we're starting to see this, I think especially for the clientele that you're thinking about and talking about and that are probably listening to this podcast, I mean, I would say AI-led first. So I think AI has to be a big part of this. And then moving away from hourly and just looking at flat fees. This is what we charge for this type of work. So people know what they're getting into. I think especially when you're talking about smaller legal teams, individuals using legal services, that's the scariest part.

Like my bill could be $500, it could be $500,000. I have no idea what I'm going to be spending here. And that's impossible to think about if you're a solo person or running a ten-person legal team, right? And so I want to hear why you think it's the best time. I don't disagree with you, but I want to hear your logic behind it. I would say if you're the Googles of the world and the big companies of the world, right, sure, you go to the AmLaw whatever, 10 or whatever. And they tend to have all of the practice areas in one, and there is a convenience to that.

And certainly from an onboarding and vendor management perspective, it's certainly easier. You push as much work as you can to them to get volume discounts, and they'll do special things for you. They'll be willing to do different type of pricing arrangements and all that because you're sending them all of your work. But I think you do have to have some pricing leverage in order to get those benefits, right? So if you're a smaller organization, you don't necessarily get that.

John: I've sometimes joked that for organizations that size, pricing is more of a sport than it is a need, right? It's like they're doing it because it's someone's job to do it and they're seeing what they can do. And the big firms are the other team in that sport. Like they're playing a game too. And nobody is going to go without dinner because of someone's legal pricing.

Stephanie: That's exactly right. They're still all getting their bonuses and everything else. It doesn't really matter. And certainly in the M&A field, like it's so weird, some of the pricing that I see like in PE firms and just what they're willing to spend. It's kind of crazy dollar amounts. But we're talking about the other 98% of us. And so I think that's such a good question, John. I think firms fail when they try to do too much and then their reputation suffers for that.

And so I guess if like if I was looking at like mid-size, I'm looking for somebody who's going to be priced right, who's going to cover most of the things I need. Having those basic practice areas covered, I think is really important. I think the flat fee pricing is incredibly attractive, which means you're how you pay your lawyers has to look totally different. These are salaried lawyers. It's just a complete, so start with get away from the old billing model and your compensation model, because of course that really handcuffs how you do pricing later. And so start the right way just like you're starting any other company. And by the way, nobody does hourly anymore. Like the consulting firms have all moved away from it. Nobody's doing hourly.

John: No, I so I love that. And I realized right after I asked it that I asked you the hardest possible version of the question. And what I should have said is, what are firms doing well that you like? Like what are some specific examples? Because the unicorn, of course, is an imagination thing, but that other way of saying it is getting it right. But I actually love what you said about how you pay your lawyers, because this is one of the things that I run into all the time. And I've helped a lot of firms transition into some form of alternative pricing, whether it's straight flat fee, whether it's value pricing, engagement pricing. I love phased flat fee. That's one of my favorite ways to go is like, let's treat this as an ongoing engagement and we can break it into parts.

But whatever it is, if you have billable hour targets under a fixed fee pricing model, your business is working against your business itself. The interests don't align. And so you've got to figure out, and there's ways to do it, and we won't go deep into that, but you have to come up with a compensation structure that doesn't incentivize people to overwork the problem.

Stephanie: Yeah, and if you really look at the problems that law firms have and lawyers in our whole industry has, I think it can all be tracked back to the billable hour. Seriously, the stress in our field, the alcoholism, the high divorce rates, like read anything about what it's like to live a law firm lawyer's life, right? The addiction problems, all of it. It's the pressure that they have on meeting these ridiculous billable hour guidelines or requirements.

And so I think, again, no other field does this. I think if we could move away from it, we'll have a bunch of much happier, healthier lawyers and just less dysfunction. I also think, and at some point you have to meet Ken Callander on our team, he's the guy who does all of our pricing work. You could have a whole podcast just with him because he does value-based pricing. So you guys can really talk about pricing. I think that would be a super interesting dialogue. But you're right, there are ways to do it really well where you've got just happier people and ultimately happier clients because they know exactly what they're going to be paying. It's the comp model, right? That's what drives all of this.

John: It sure has an outsized role, I think. I mean, I think there might be some other drivers too, but that to me is in some ways the easiest one to fix, but I also often say that the problem with low-hanging fruit is it's sometimes connected with chains.

Stephanie: Yeah, it's true. Yeah, you know, if you're advising somebody to start their own law practice or any business, would you ever tell them, hey, I want you to limit the amount of money you're going to make ever? But that's what you do, right? With the hourly model, you can only charge by however many lawyers you've got and however many hours they have to get. That's the max you're going to make. You're capping revenue. Like it makes no sense to me.

John: And especially in this era that I think we're in right now, and I won't dive too deep into the weeds on it, but there aren't enough lawyers to meet the demand, right? In any practice area. And that's partly because of law schools shrinking their class sizes in the great recession and never recovering. And I think we're almost, almost getting back to where it was in 2006, 2007, but even then and then the boomer retirements and all the things. And so you can't scale up a law practice as quickly or as cheaply as you would like to. The market for legal talent is for better or for worse, a seller's market right now.

Stephanie: Yeah, and AI is really going to throw a wrench into the works here. And so as you think about how if something took you four hours to do before and now it's taking you 30 minutes, you know, are you just going to churn more work so that you could bill the same amount of hours and churn through more clients? I mean, maybe that's okay, but I don't know. It doesn't make sense.

John: Well, let me dive into that because I think there's a few things. When I hear you say they have to be AI first, I don't disagree with you, although I do think that the underlying desire there is just be efficient. Be productive, be efficient, use the tools that are at your disposal and AI happens to be a really great tool for that.

Stephanie: Yes, but let me push a little bit on that one because I think in-house teams would roll their eyes at that, I'm guessing. Only because there's zero evidence that law firms can be efficient. No evidence we've seen, right? And so if a law firm came to us, you know, and I was in-house and we were doing our annual review or whatever, and said, we're working hard to be efficient on your matters. Maybe that would resonate with the GC a little bit. I would have rolled my eyes and been like, yeah, right. The proof is in the pudding. Show me because I'm still paying you $2 million a year, you know, or whatever. And so I don't see it. I think in-house teams feel like they need to take the shotgun to the whatever the analogy is with the fly on the wall, you know what I mean?

John: Well, that's okay. So then I think what I'm hearing from you, and I love to just like reframe things, is that enough with this efficiency talk, show me by action, and right now the action that I think is most reliable is that you are taking your firm and leaning into AI because if you're leaning into AI, you recognize that the billable hour is on shaky ground. This is the whole thing, right? And it is, there's a chicken and egg, but another one of my stock terms is that efficiency is not the friend of the billable hour, right? And no one will deny that.

Stephanie: It disincentive, yeah, the billable hour. You can try to be efficient anyway.

John: Right. But if you're adopting AI, you're accepting that, okay, there's going to be tradeoffs. And I think part of what I'm hearing, and one of the things that I would love for more lawyers to accept is that just because you can't bill for your time, doesn't mean you can't bill for your value.

Stephanie: Exactly. Thank you. That's exactly right. Here, let me give you an example. If we wrote billing guidelines for law firms, I'm making that up because we give them away for free on our website. But let's say I charge for them. And I've only written them once. I refine them, of course, but I've written it once. I can still charge you, if anybody wants it, it's $100 to download or whatever, you know what I'm saying? I'm not doing any work on them. You're literally downloading them. They're behind a paywall and now you have to pay $100 to download them. You know, just as an example. Like the value was that you spent however much time you spent doing them. And that's your intellectual property and now people want them. And so the market will decide what they're willing to pay. And that's value to them. Doing does not equal value. Let me put it that way.

John: I 100% agree. In some ways, it's every lawyer's dream to be able to make money in their sleep. And I'm not saying that you can necessarily do that with your legal products, right, or your productized legal services. Let me put it that way, right? Because when you flat rate, when you value price, and those things are slightly different, but close enough for now, what you're saying is, okay, I understand what scope is, I understand what all the pieces are, and I can say this is the thing that I'm going to deliver to you. And I can stand behind it. And then it's up to the customer, the client to determine, oh yeah, this is worth it for my need.

Stephanie: Exactly. And so that, you know, bringing it back to the efficiency conversation, John, is that like again, what is efficiency to a law firm? Guess what? We don't care. I don't care if you've stratified the work so that AI is doing some, so that paralegals are doing some, so that you've got an ALSP, you know, an alternative service provider helping with some of it, and then you're bringing down the total cost. I don't care. That's your business. Like how that sausage gets made is up to you. I care about that total price after. And so just to put that out there, you know what I'm saying? Like, so when law firms say we're going to be more efficient, we have not seen, legal fees just keep going up and up and up. So we haven't seen any evidence to show that they're doing real legal project management and stratification of work and all of that. So I don't think it's happening. Whatever. I haven't seen any evidence.

John: Only to a limited extent. And I, without naming names, I spent some time as an employee of an AmLaw 200 law firm as their head of legal project management. And I eventually, I mean, I spent a lot of time twiddling my thumbs because what I realized was that the firm wanted to be able to market the fact that they had a head of legal project management more than they actually wanted to, I mean, they just frankly weren't willing to do it.

Stephanie: Yes, every in-house legal ops person I know who's gone to a law firm has had that same experience.

John: Yeah. We did some really great things with a couple of teams and including some really interesting ways. There's one lawyer in particular that I have in mind and I'm so tempted to name him because he was awesome. But he had a contract with a major trucking and shipping company doing flat fee work or phased flat fee work for certain types of employment law. And when it came time to renew that agreement, we were actually able to create this really amazing statistic that showed that their spend for outside employment counsel as a function of their number of employees had dropped by 20% over the course of the contract. The absolute spend actually had grown a little bit, but they had added so much headcount during the time that when we looked at it at that per employee basis, it was a really compelling story.

The sad coda to that story was that even though we came up with that great metric and even though the client was willing to re-engage with a similar contract for the next period of time, the managing partner of that law firm killed the deal because he didn't like the flat fee work.

Stephanie: Yeah, exactly. And you know what's interesting, I'll show you the other side of the coin is that a lot of times we'll work with clients and sometimes convincing the internal team that this is a good idea, the internal team is really reticent to do a flat fee or value-based pricing. And you'll have like the GCs on board or whatever the head of litigation's on board, but the actual attorneys doing the work are like, I don't know. And then they'll do exactly what you kind of alluded to earlier was they'll ask the law firm to shadow bill, which is exactly opposite of what we want. We're trying to move away from hours.

And, you know, so the whole point of a flat fee, different from value-based pricing, you know, hopefully you have a conversation, but the whole point of a flat fee is yeah, or retainers is like some months you win, some months you lose, but at the end of the year, it's a wash and that's what you want, right? And that works. It's that predictability. And then I'm not afraid to pick up the phone because we've got this retainer. So, so that's why we encourage those with in-house teams, but sometimes it is hard to convince the in-house teams because they're again, it's so entrenched with hourly model.

John: Yeah, it's cultural. Yep. Yep. I agree. And it's so funny to me, the amount of administrative overhead that goes into producing the detailed bills that meet the billing guidelines and then reviewing those bills to make sure all of it is from a Lean operations standpoint, it's all just waste. None of that is in the actual value chain.

Stephanie: I know we law firms have implemented systems for billing because their clients now have e-billing systems that look at all of this stuff. Think of the markets that this hourly model has created just because it's such a pain to manage. And the needs, now we all have systems managing it kind of poorly, so we have to jump in and the manual effort, it's ridiculous. It's crazy. Accruals, all of it. If it was all flat fee, we would know exactly what we were getting. It's, you know.

John: Well, I feel like it's a version of the bloat that is in the American healthcare system, right? The amount of contortions we have to go through and the different business models that have to exist, none of it's actually, or so much of it isn't actually necessary.

Stephanie: These industries are so analogous. I know, I agree. I did just want to mention, John, like one thing that I think is so critical is that law firms, like this whole communication piece that we talked about, is so important. And so one thing that I did when I was in-house and I'm happy to share it with you or your listeners if they ever want it, what is like just a scorecard, because again, these conversations are not happening. They're awkward or they can be.

And so we would take our top 20 firms and every year we would have a conversation with them. We called it our quarterly business reviews, but we would do five per quarter. So we got through all 20 for the year. And we would like schedule a meeting where we would talk through. I came up with formal scorecards, but I asked them to turn around and then rate us, which they were reticent to do as you can imagine. But like, I want to know, what are my lawyers like to work with? Are they delayed in getting information to you? Are they coming to you way too late in the process? Blah, blah, blah, all of the things, right?

So we have a list of questions and some of the law firms actually went and filled them out. Others just used it as a discussion topic. There were no requirements around it, but I wanted the law firms really thinking about, look, if we're going to partner with you and be spending millions with you a year, I want that relationship to be really good and that back and forth communication to be good. But we would score them on not just quality of legal work, which of course is the most important thing, but like how easy are they to do business with? Am I having to chase them down for things? Like from an administrative standpoint, are they just a nightmare?

Because that would be the deal breaker if like we were running an RFP and it was between two firms and one of them was hard to deal with, I would just make the call. We're not dealing with them anymore. Why continue that? These are all just important conversations and it's important for legal teams who are running so lean, making their lives easier, I think is really how you win.

John: I'll give you a story and this is a firm that I'm not currently working with, but I've worked with in the past. It's Hoare Law Group. I will call them out because I'm going to call them out for something positive. They're over in the UK and they do mostly work for record labels. And he actually is, I forget the exact name of what it is in the UK now or in England, but he's an alternative structure for law practice. He's all gone to flat fee and value-based pricing, subscription revenue, things like that. And they're doing exactly that, but they're pushing it from the law firm side.

So for all of the studios, all of the labels that they work with, they're making sure that at least a couple times a year, they're doing a version of an Agile retrospective, right? Which is what's working well, what's not working well, what do we need to change? And what they're finding is that having that activity is not only useful for them as the law firm, they're providing real value for their client in giving them the time and space and framework to do that analysis for themselves. And so by asking for feedback and having a structure for feedback, they've actually deepened their relationships with their clients.

And there's no reason that every law firm in the world couldn't be doing this except that we don't build it into our systems. We don't build it into the time, right? It does take time. And also, sometimes those conversations are uncomfortable, but it's way better to have an uncomfortable conversation than a sudden departure of a client, which is really what will happen otherwise.

Stephanie: And that's how it ends, right? That's how clients fire their law firms. They just quietly leave. And so that's why I think it's such a good idea. Again, you don't have to do it for everybody you work with on either side, but for your top 20, you should definitely be having those conversations.

John: For sure. Well, and what's interesting, I think with Richard and his team is that they were doing that with their top 20, and then they started to realize, we have enough work with our top 20 that we don't actually need to be working with as many smaller. And that was hard for them at first because they had built some of their practice with the smaller entities and they have a soft spot in their heart, but looking at it through a business lens, they can still scratch a lot of their own itches working with the top 20 clients that they have. I want to run one other thing by you before I go. And this is actually sort of ripped from my own experience long ago where I actually did do work with the in-house legal team of a pretty big company.

And there were a couple of different parts of it. I don't even know if Serengeti is still a thing, but they had been using Serengeti for a few years, but no one was looking at the data. And so my then business partner was doing some data analysis. I was doing the subjective part. And I interviewed a dozen different lawyers with this business and asked them a version of the questions, right? What's working well? What's not working well? What would you change? And the feedback I got was amazingly consistent. And there were five things that came up. Number one, they don't understand my business well enough. Number two, I never know how much something's going to cost. Number three, I never know how long it's going to take. Number four, they overwork a problem or they introduce complexity. And number five, they don't give me work product in a format I can use.

Stephanie: Yeah, and I feel like we can literally have a podcast on, you know, just talking through those because it's so true and I hear consistent feedback when I talk to in-house teams. And part of it is because it's the nature of how you do business. They're not an integrated partner, really. And so mostly legal teams use law firms either as overflow, not the best way to use law firms, or for a specific strategic need, right? Like litigation or M&A or whatever, right? They have a certain intellectual property question or, you know, it's a complex labor, you know, negotiation or whatever.

John: Sure, privacy, security, any number of things.

Stephanie: Totally, right, all of those specialties. And so I think maybe enough scoping isn't done in the early stages of like, what is this, you really have to understand the risk tolerance of the client. And so where it comes back like a contract can come back bleeding from outside counsel where the in-house team is like, I don't care about 80% of this. They have different risk tolerances. And so if the law firms were more integrated, and I have seen that sometimes and it works really well if a law firm can afford to do that and really understand the business, then they do the exact right amount of legal work, but they'll always err on the side of over-lawyering it.

It's just the nature of the beast, right? And then I think in terms of deliverables and not getting it in a format that you need to make it usable, again, I think it's a misalignment of what the client really needs. And I think those things are very fixable.

John: And I will say sometimes the client isn't necessarily good at expressing their needs. But, and this actually gets back to the phased flat fee thing, right? For me and having spent time obviously as a lawyer, obviously consulting for lawyers, but also partly at a consulting firm, one of the things that consulting firms are generally pretty good at is the first iteration of any project is an assessment, right? We're going to actually get in and try to understand the lay of the land and we've got a process to ask you some targeted questions and fill out a scorecard or at least figure out how to shape.

Stephanie: Everything we do starts with an assessment.

John: But it's a tool that law firms are not using nearly enough. I mean, so few law firms are doing it. And yet it's something that number one, some clients will pay for, maybe not everybody, but whether they will or not, it's establishing the baseline information that you need to be successful in the relationship.

Stephanie: 100%.

John: Stephanie, thank you so much for coming on the show. I do, I feel like we could go in so many different directions. And I'd love to have you back or, you know, love to talk more about any number of things. If there's sort of one thing that you could leave the maybe smallish law firm owner trying to target these businesses or maybe a practice group lead inside of a bigger law firm, what should they be thinking about that is going to start the process of having a more successful relationship with in-house legal teams?

Stephanie: Yeah, I think customer service is still key. If you have the best customer service, obviously legal skills are table stakes. If you've got the best customer service, you're going to win every RFP and again, really understanding client needs. I think that's what's going to win you these clients.

John: Perfect. Well, let's leave it at that. Thank you so much for coming on the show.

Stephanie: You bet. It's great being here, John. I appreciate you having me.

All right. Well, there is a lot to take away from that interview, but let me leave you with this one thought. Your clients are evaluating their whole experience of working with you, not just the legal work. In a lot of ways, good legal work is the table stakes. Whether anyone has to chase you, whether your communications make sense, whether you're easy to do business with, that's what they remember, and that's what's going to get you the next matter either from them or as a referral from them. And frankly, Stephanie's comment about lawyers not actually using efficiencies to benefit their clients has me thinking about whether I see that happening in the people law sector too. Directionally, I don't think she's wrong, but I do also know enough counter examples, firms that are really using process improvement and other members to increase their value in the client's eyes, that I'm not ready to give up on trying to help that happen.

Okay, if today's conversation resonated with you, please go find Stephanie and her team at UpLevel Ops. I'll put a link in the show notes, along with a link to CLOC. And then if you have a friend or colleague who's working on improving their client experience, especially if they work with business clients, please share this episode with them if you think they'll get good value from it. As always, this podcast gets production support from the great team at Digital Freedom Productions and our theme music is Hello by Lunareh. Thanks for listening and I will catch you again next time.