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The Changemakers Report

How Midsize Firms are Achieving Growth Through Adaptation

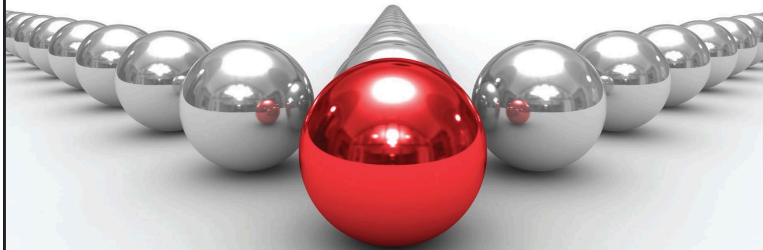
Presented by:

Ari Kaplan | Principal | Ari Kaplan Advisors

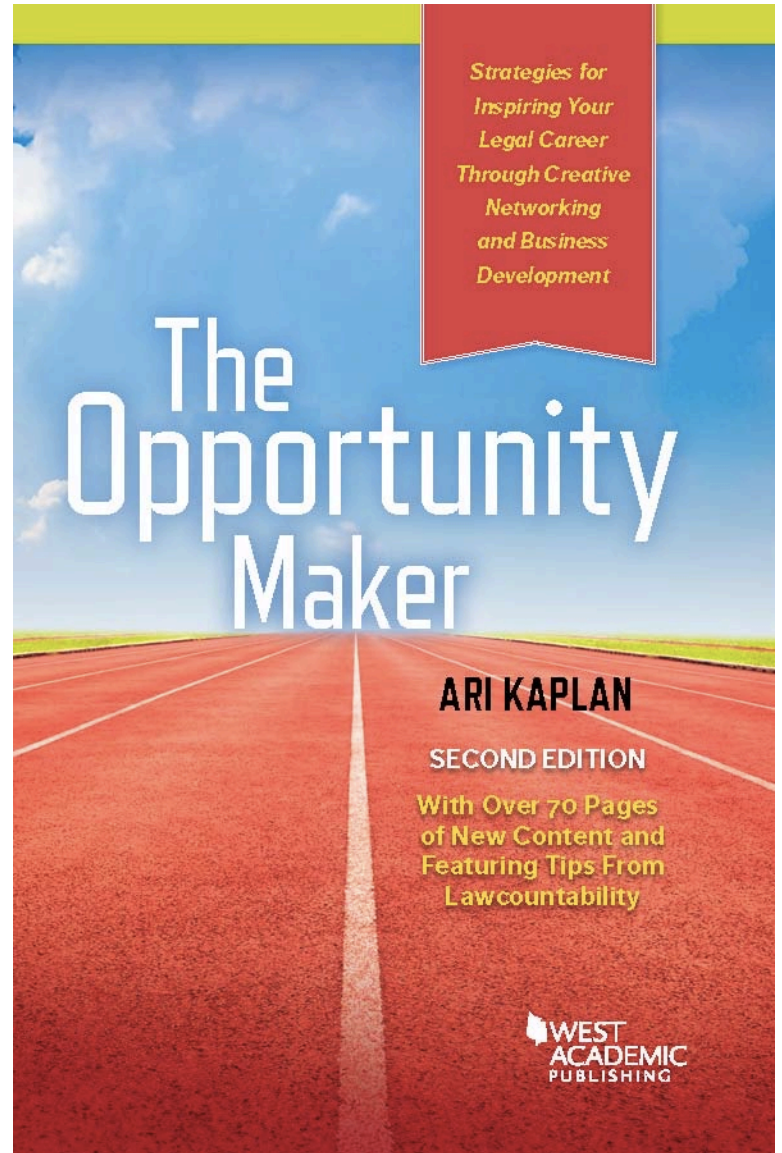
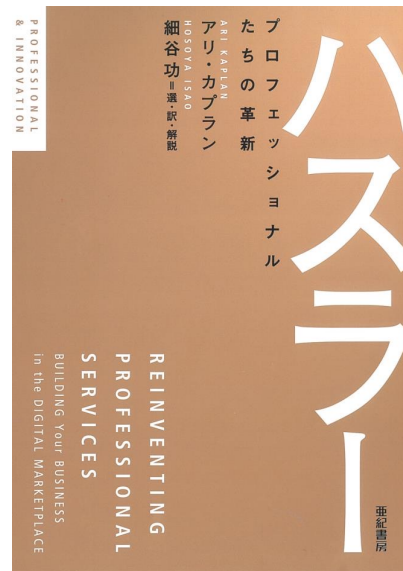


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Redefining Law Firm Financial Management in an Era of Unprecedented Economic Uncertainty

A survey of law firm cash flow management

Research Background

Between February 28, 2024, and March 29, 2024, legal industry analyst Ari Kaplan interviewed:



Law Firm Sizes

13 - 230 Lawyers
22 - 390 Professionals

Median Firm Size

67 Lawyers
129 Professionals

Key Themes

- ✓ Change Empowerment
- ✓ Modern Leadership
- ✓ Personalized Client Service
- ✓ Automated Support
- ✓ Future-Proofing Legal

THE CHANGEMAKERS REPORT

How Midsize Law Firms
Are Achieving
Growth Through
Adaptation



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Why?



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Because...

Changemakers Empower

“Technology is allowing firms to empower their clients with self-service tools that permit attorneys to do more higher-level work whether the thought process is crucial.”

- Chief Information Officer, 125-Lawyer Firm

“Leveraging more technology can empower our growth.”

- Executive Director, 30-Lawyer Firm

“Law firms value efficiency and accuracy to grow, and legal technology empowers both.”

- COO, 35-Lawyer Firm



THE CHANGEMAKERS REPORT

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LEGAL MANAGEMENT

SEPTEMBER 2013
VOLUME 32 • NUMBER 6

THE MAGAZINE OF THE ASSOCIATION OF LEGAL ADMINISTRATORS

40 The Accountability Revolution

How law firm managers must
adapt in the perpetual new
normal with metrics, analytics,
assessments, results and reporting



Maximizing Momentum

Using Metrics in Storytelling

Adapting

Becoming a Change Agent

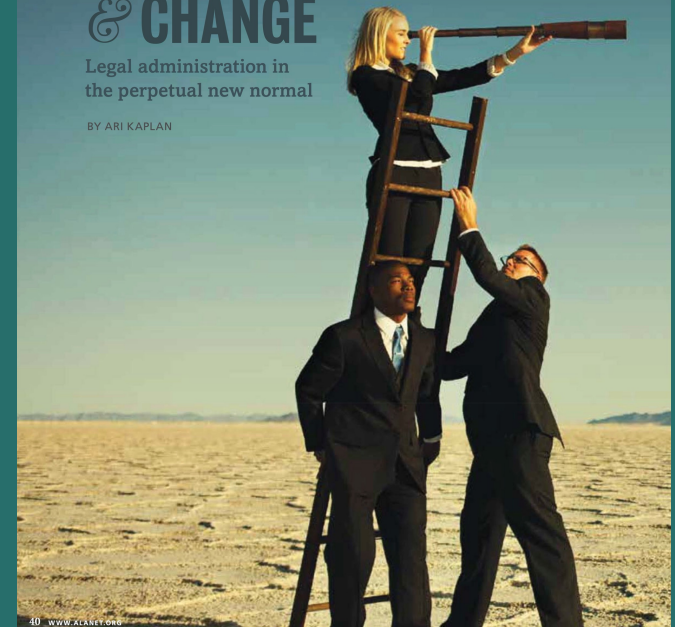
Embracing Accountability

LI

ACCOUNTABILITY, METRICS & CHANGE

Legal administration in
the perpetual new normal

BY ARI KAPLAN



40 WWW.XCANETWORKS

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“You are either the steamroller or the pavement, so you need to be progressive in your thinking.”

**Chief Operating Officer
55-Lawyer Firm**

Become Central and Essential



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Today's Session

- Empowering Change
- Earning Buy-In and Showing ROI
- Automation and AI (of course :)
- Training
- Growth and the *Flatter* Competitive Landscape

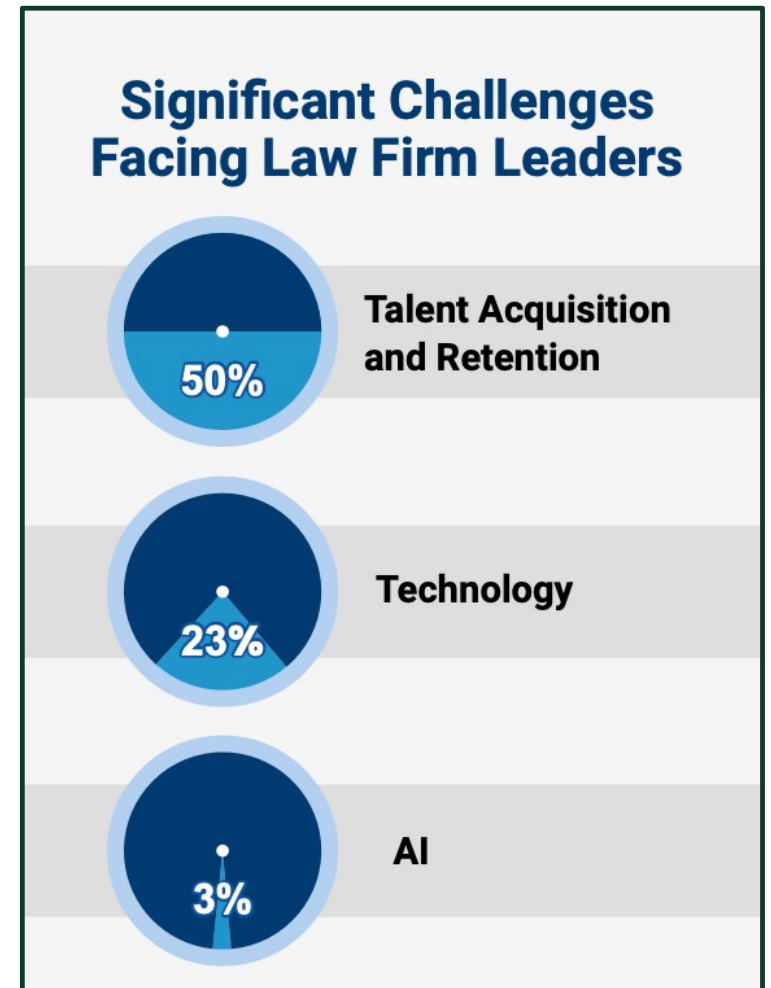
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Change Management as an Exercise in Empowerment

- Planning
- Consensus (e.g., committees)
- Communication
- Timing
- Benefits

“It is an imperfect process.”

-Chief Operating Officer, 60-Lawyer Firm



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Talent is the Most Prominent Issue

“There are younger generations of attorneys who are struggling to balance their expectations of work with the realities of it.”

- Executive Director, 70-Lawyer Firm

“Talent retention is the most significant challenge; it is also difficult to align work habits between generations and manage expectations among workers.”

- Chief Operating Officer, 55-Lawyer Firm

“We have challenges hiring good people, retaining strong talent, and engaging them to be optimally productive.”

- Chief Operating Officer, 30-Lawyer Firm

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Securing Buy-In

On a scale of 1-5, with five being the highest, the participants' adoption rate of recommendations is 4.3.



The reasons for adoption:

Trust

Preparation

Persistence

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Securing Buy-In

“Introduce changes iteratively in small, digestible bites while continuously discussing them honestly to break down the walls and overcome the limitations.”

- Chief Operating Officer, 20-Lawyer Firm

“Start small and expand slowly; prove that it works and continue to build on that proof.”

- Chief Information Officer, 160-Lawyer Firm

“Leaders need to provide understandable and simplified information.”

- Executive Director, 30-Lawyer Firm

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Show Return on Investment

“Attorneys need to understand and see the effect and value of a change to get their buy-in.”

- Chief Information Officer, 180-Lawyer Firm

“You need to ensure the ROI justifies the cost of new technology and fosters change among those who are fairly comfortable.”

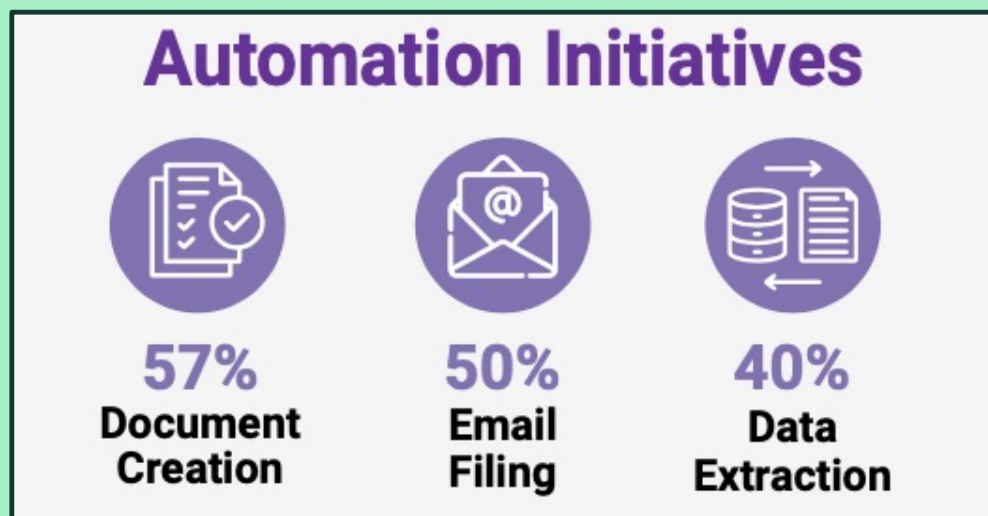
- Chief Operating Officer, 175-Lawyer Firm

Skeptical by nature, lawyers often want to see the benefits before committing to change.

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Automation is Increasingly Attractive

“We create email rules in Outlook.”
- Chief Operating Officer, 60-Lawyer Firm



“Law firms grow in baby steps, so no single activity will change how they work..”

- Chief Operating Officer, 60-Lawyer Firm

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Top Technology Objectives

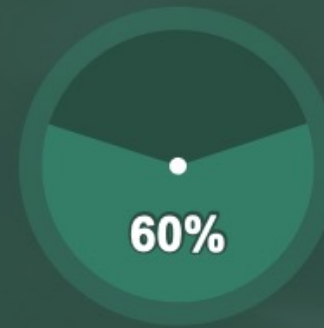
“It is about staying ahead of technology, implementing efficiency tools and protocols, and fostering a culture where people want to come to work and enjoy their work.”

- Chief Operating Officer, 70-Lawyer Firm

“We need to understand better client and attorney needs to empower them rather than push out generic tools to give them basic advantages.”

- Chief Information Officer, 180-Lawyer Firm

Top Technology Objectives



Enhance
Efficiency

“No technology alone can advocate on behalf of a client.”

- COO, 20-Lawyer Firm

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Technology Drivers

Work-life balance. “If we need to spend more on technology to increase that balance, that is what it is all about.”

Competitiveness. “Keeping up with competitors and increasing productivity is key.”

Operations. “No firm can operate without technology, but the type of technology or extent of usage varies.”

Data Access. “Efficiency and accessibility of information must be aligned.”

Revenue. “The more productive you are, the more revenue you can generate.”

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Profitability is Potent

“The goal of efficiency is to support profitability.”

- Executive Director, 30-Lawyer Firm

“We deploy technology to help people work smarter and more efficiently, which could help us offer more competitive and profitable flat fee arrangements.”

- Chief Operating Officer, 17-Lawyer Firm

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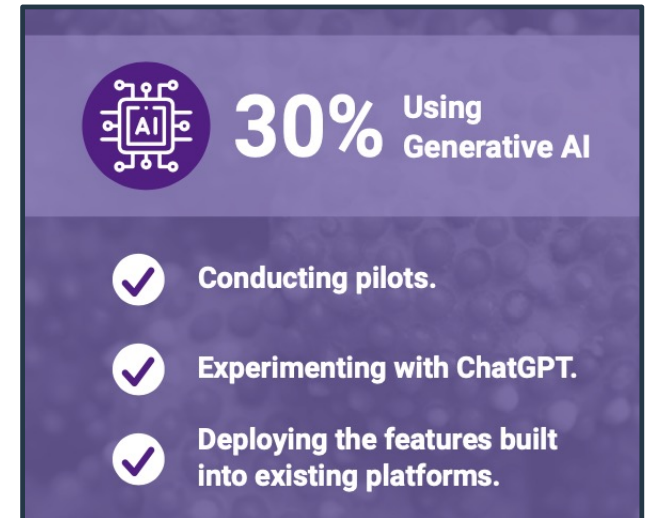
Generative AI is Generating Interest, But Not Necessarily Usage

“We are looking at tools that will help us in our practice, but we are not there yet, and we also do not want to be on the front lines, so we are in a due diligence phase.”

- Chief Operating Officer, 19-Lawyer Firm

“We are investigating AI because we think it can help, but I don’t think it is at a level where we can apply it to our workflow.”

- Chief Operating Officer, 80-Lawyer Firm



“The emergence of generative AI has not affected our approach yet, but I love that it could and will.”

- Chief Operating Officer, 170-Lawyer Firm

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Generative AI Use Cases

- Analyzing financials, preparing RFP responses, and augmenting data retrieval from the firm's employee handbook for HR.
- Automating client intake.
- Conducting performance reviews and summarizing deposition transcripts.
- Creating content, performing legal research, and summarizing terms in contracts.
- Drafting correspondence to incorporate personality and to help it adhere more closely to the firm's culture.
- Drafting press releases.
- Managing contracts, entering time, and complying with outside counsel billing guidelines.
- Modernizing onboarding and training and drafting firm policies and procedures.
- Reviewing documents.
- Searching for new patents.
- Tracking data and summarizing materials in healthcare.
- Verifying or challenging the arguments of our opposing counsel.

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Training is an Imperative for Adapting

“There needs to be more peer learning; people learn in various ways, but they trust their peers more.”

– Chief Operating Officer, 170-Lawyer Firm

“The challenge is a lack of training and to persuade professionals to invest time in training.”

– Chief Operating Officer, 60-Lawyer Firm

Challenges to Technology Usage



33%

Training



20%

Awareness

“We need to offer more training options than ever to meet the shifting expectations and accommodate the reality of the hybrid work environment.”

– Chief Operating Officer, 125-Lawyer Firm

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Enhancing Knowledge Management to Maximize the Benefits of AI

97% The firm can improve its collective knowledge management.

“We don't have a great knowledge management process, which is common among midsize firms.”

- Chief Information Officer, 100-Lawyer Firm

“I hadn't thought of that before you asked the question.”

- Chief Operating Officer, 20-Lawyer Firm

87% Not using AI for knowledge management.

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The Shifting *Flattening* Competitive Landscape

Smaller and midsize law firms see an opportunity to compete directly with large firms.

“Midsize law firms must overcome the impression that they are mom-and-pop firms and raise rates in ways that are consistent with their peers; as a multi-practice firm, there is much opportunity for midsize law firms to compete for work that larger firms have historically performed.”

- Chief Operating Officer, 225-Lawyer Firm

The Promise of Legal Technology



93%
Improves
Service



90%
Increases
Revenue



73%
Drives
Growth

“The midmarket is in a good position and can grow organically by demonstrating the value we provide to larger clients with high-value work for which they hire bigger firms.”

- Chief Operating Officer, 80-Lawyer Firm

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Creating Value

“Law firm leaders can create value by looking around corners because lawyers are typically poor managers since they are so focused on their practices; we create value by thinking about potential pitfalls over the long term.”

- Chief Operating Officer, 50-Lawyer Firm

“Law firm leaders can help by reimagining how subject matter experts, such as tax lawyers, and those in knowledge management who understand processes and workflows can interact to enhance profitability.”

- Chief Information Officer, 170-Lawyer Firm

“There will be a day when ownership is available to those who are not lawyers, and when that happens, everything will be thrown out the window.”

- Chief Operating Officer
80-Lawyer Firm

- **Change**
- **Buy-In/ROI**
- **Automation & AI**
- **Training**
- **Growth**



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Q&A

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Thank you!

www.AriKaplanAdvisors.com
Ari@AriKaplanAdvisors.com
(646) 641-0600



Ari Kaplan

Legal tech ghostwriter, legal
industry analyst/speaker, b...

