

# Legal *Reset*

WHY LAW FIRM CULTURE  
MUST CHANGE NOW



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## METHODOLOGY

We have drawn on best practices from leaders across the law and many other industries to synthesise and present a comprehensive perspective on the current and future state of legal work.

The paper is informed by an online roundtable discussion, organised by Obelisk Support and chaired by Neil Rose, the Editor of *Legal Futures*.

This paper also reviews current reports, surveys and various offline and online literature on the future of work both in the UK and globally, as well as the state of the UK legal market.

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## IN CONVERSATION WITH...

We would like to thank the following for taking part in the discussion:



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## Cherie Blair CBE

*Barrister, Lecturer and Writer*

Throughout my legal career I have been fortunate to be involved in the fight for human rights and particularly women's rights. Since 2008, the Cherie Blair Foundation for Women has partnered with global organisations to support women entrepreneurs in low- and middle-income countries.

But I also want to support women entrepreneurs in our legal world. I have not been shy of having my say about the obstacles in the legal profession, especially at the Bar. Where this all fits neatly with Obelisk's latest report is how structural change has played a key role in advancing this agenda.

When I co-founded Matrix Chambers in 2000, I wanted to experiment with the organisational and management structure of a chambers' set-up, to run chambers in a more business-like and less hierarchical way – the kind of hierarchy that meant, when I finished my pupillage, I was told that the single tenancy available would, naturally, go to a male colleague. Of course, Tony Blair then left the profession after a few years, whereas more than 40 years later I'm still in the law. It shows how it's best not to make assumptions.

In 2011, I launched Omnia Strategy, an early recipient of an alternative business structure licence from the Solicitors Regulation Authority. Omnia specialises in bespoke dispute





resolution and prevention around the world and has again pushed the boundaries with our unique *law+* model, combining legal capability with multi-disciplinary skills in policy, business and communications.

None of this was possible when I began practising but now we don't have to wait for generational change – there are tools out there to accelerate and consolidate change. More and more I see smart, confident women running legal businesses in fresh ways, as well as an exciting crop of younger lawyers challenging why things have to be done in the same way they always have been.

As this report makes clear, for all the progress to date, we remain a long way from the kind of diverse and inclusive profession we all surely want. However, the pressure is building from all sides and cannot be ignored. Presenteeism is a curse and we can practise law differently.

We cannot ignore how Covid has upped the pace of change. Like many of our clients, we cannot go back to the way we were – as practitioners, parents and individuals, who have a life as well as commitment to our firms, we are saying that this is not how we want to be anymore.

In the last report, I wrote about the desperate need for a cultural change in the law, for new norms, priorities and practices that diversify the workforce and enable those who do not fit the 'lawyer' stereotype to succeed.

Helpfully, it's not just women who recognise this now. There are huge opportunities and benefits for those who make practising law in the 21st century an inclusive, transparent and more than anything human experience.

*Oliver Blair*

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# INTRODUCTION

In 2019, in our report, ***Back to the future: Reshaping law firm culture***, we called for “fundamental action” to future-proof the shape and operation of law firms. Since then, the world has undergone a major shift, with change being forced on law firms by the global Covid pandemic in early 2020. On the face of it, the changes are visible, but how deep do they cut? Has the world really changed forever for law firms? Are we really witnessing a legal reset?

Not if we are to judge by the way firms have adjusted since the deadliest waves of the pandemic receded. Much is old cultural talk – a talent war, with sky-rocketing wages being offered to the junior ranks, along with huge profits per partner, all whilst a quiet mental health crisis is taking grip, out of sight, as many staff struggle in the face of much uncertainty and pressure to deliver.

Or by how law firms have most recently been forced to act as the pandemic was followed by another global crisis with the onset of the war in Ukraine. Will there be a lasting impact for law firm culture, or will economic priorities prevail in the long term?

This is no time to be complacent into thinking more has been achieved when fundamental transformation is yet to come – judging by the headlines, many law firms are still driven by billable hours targets, offering lawyers huge rewards for putting the job first, ahead of family, friends, life outside work and health.



Photo by [Rosie Parks Photography](#)

The reality is that there has not been the internal change and new ways of working (beyond working at home vs in the office) to address the real issues facing the industry, such as inclusion, accessibility, ability to attract and retain the next generation of lawyers and ensuring the legal profession stands first and foremost for the rule of law and not just profit.


There is an obligation to reset our values as a legal profession. To be intentional about cultural change and ensure we are living up to these values through measurement and reporting that drives action beyond another index or award ceremony. Lawyers should not just be content to ‘doing the right thing’ but lead the way for other disciplines and sectors to follow and in doing so build a legal profession we are proud to leave as a legacy for the next generation.

A handwritten signature in black ink, appearing to read 'Dana'.

**DANA DENIS-SMITH**

CEO, Obelisk Support





“Change  
before you  
have to.”

JACK WELCH

*Former CEO of General Electric*

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# WHAT ARE THE ISSUES?

What impacts law firm culture is a many-headed beast. Today, new pressures such as client demand for reporting on ESG and managing a hybrid workforce add their weight to those we identified three years ago.

The Ukraine crisis has exposed yet another novel challenge in the shape of societal pressure to cut ties with Russia and Russian clients, irrespective of their individual circumstances.

Millennials and Gen Z continue to push existing boundaries and demand change, the talent crisis is exacerbated, inequality and an exclusive culture endures, tech development continues to lack transformative impact, and an inability to truly innovate the future of work remains.

When attracting and retaining the right people, adapting to new ways of working and differentiation are cited as the top challenges law firms face, now is when leaders should make change happen to stand out from the crowd.

## 1. Evidence of a failing culture

If remote working is the great leveller, establishing a strong firm culture is going to be a crucial differentiator when it comes to attracting talent, according to *Smith & Williamson*, in their [Annual law firm survey](#).

We could not agree more.

# 69%

OF LAWYERS  
SURVEYED HAVE  
EXPERIENCED  
MENTAL ILL-  
HEALTH IN THE  
PAST 12  
MONTHS

[Life in the Law 2021 report, LawCare](#)





So do lawyers – 90% of lawyers surveyed for the [Financial Times Innovative Lawyers 2021 report](#) said there are firms they would refuse to work for, regardless of pay, because they believe the working culture would impact their wellbeing.

### **Belonging v self-determination**

Developing culture while most staff are not in the office has become the great head-scratcher of the pandemic period – 61% of respondents to the Smith & Williamson survey believe the pandemic has had a negative impact on cultivating a firm culture.

For some, being in the office is not just about learning but also sharing the highs and lows of the job. Alison Eddy says: *“All those incidental conversations are not happening, and people have started to lose a sense of belonging. If colleagues aren’t in the office at least some of the time, I worry about their loyalty to teams because all the social interaction has gone... It is going to be more difficult to retain people, but I absolutely do not want us to go back to anything like the way we were before.”*

The pandemic has led to a permanent, positive change to the way we work, with hybrid working here to stay. A [survey by Realm Recruitment](#) found that flexible work has overtaken pay as the top priority for lawyers looking for a change of job.

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“I am quite concerned about the weakening of the glue in the firm from people not being together and not having those relationships.”

**NEIL MAY**

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### **Billable hours pushback**

[Legal Cheek’s recent junior lawyer survey](#) reveals the average finish time at Kirkland & Ellis is 11.28pm (and none of the big firms had a finish time before 8pm). It is quickly evident that the billable hour is still the driving force behind detrimental law firm culture.

Mounting evidence shows the number of hours that big firm lawyers are expected to work must be addressed as fewer lawyers are willing to accept the culture of long-working hours.

[Research](#) in the US by recruiter [Major Lindsay & Africa](#) last year found that Millennials – now entering what is arguably their peak period as lawyers – are becoming increasingly open to leaving their current firm, rather than staying to become partners. Dissatisfaction with work-life balance is the primary reason.

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“Some people are not able to work in the same way as others, but they still bring a lot into the business. How do we measure a contribution that is wider than just the hours they charge every day?”

**ELIZABETH RIMMER**

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And it is not just junior lawyers.

For its global [Stellar Performance report](#) last year, Thomson Reuters found that almost a third (30%) of high-performing lawyers wanted to work less. It said firms needed to beware driving away lawyers still in the early stage of their careers: “As these younger professionals mature (assuming they stay in law firms) and older lawyers retire, law firms will need to prepare for downward pressure on working hours at every level of seniority.”

This trend is also seeing more younger lawyers swapping private practice for lawtech start-ups or moving into the technology and innovation development arms of their existing law firms.



Jenifer Swallow says this is often because “they do not see the purpose in it – all they see is a sweatshop where they do not feel valued. We still have that within our ecosystem.”

### **Purpose-led and intentional**

*“The reason people go and work in tech companies is often mission. Increasingly, when I talk to people, they want purpose. They want to work somewhere that lights them up every day.”* Jenifer Swallow

It is all coming back to an existential question that many law firms are now having to answer: “Why do law firms and lawyers need to exist? Beyond providing legal advice and making money from it, what is our purpose? Indeed, what purpose should a law firm have?”

But it is also about being intentional about that purpose. Jennifer Emery says: “Being much more intentional about how you build your culture is very important. I have been watching bigger firms reflect about this big amorphous thing called culture.”

*“What is the current culture across 25,000 people globally? Culture is an intimate thing. It is about how one leader shows up vis-à-vis their team. Yes, you can build it such that it feels like a dense mat that kind of works across your whole organisation, but the way you influence the culture is in a myriad of one-to-one interactions with people all the time.”*

And clients agree. “The big takeaway, from an outside, client perspective, is that it is obvious which firms are being more considerate and thoughtful about this and which are not,” says Chris Fowler.

“I do think a wake-up call that makes us be intentional about culture is a really good thing.”

JENNIFER EMERY

## 2. Money talks?

Firms’ financial results in 2021 have arguably acted as a call to inertia. Predictions that Covid would cause financial chaos have not been borne out – quite the opposite, in fact. The figures indicate that the status quo is just fine.

According to PwC’s 2021 law firm survey, almost every top 100 firm outperformed its revenue and profit expectations from a year before. Average fee income among the top 10 grew 4.2% in 2021 to £1.1bn, with profits up a very healthy 18.5%. In several cases, law firms reported record profits.

Smaller firms have also done well: *“Our experience is that the majority of firms initially produced overly pessimistic financial projections for the 2020/21 financial year, and whilst income has indeed fallen (although generally by less than first feared), overheads have too, helping to maintain profitability levels.”* The Law Society Law Management Section’s 2021 financial benchmarking survey.



### The truth hurts?

But do the figures tell the whole story? Some firms have constrained their partnership numbers to maintain PEP figures, for example, while plenty of law firm accounts show how they have used government funding to help them through the pandemic which needs to be repaid.

The turmoil of Brexit and the pandemic are both far from over and the full economic ramifications of lockdown are yet to be understood.

Alison Eddy says: *“The fact some lawyers now rightly prioritise a work-life balance means that law firms will need to find more efficient ways to remain as profitable. In terms of productivity, though, I see no evidence that working from home has led to any reduction, in fact quite the opposite.”*

### The Great Resignation

The need to address adverse law firm culture has been accelerated by what has been dubbed:

*‘The Great Resignation’*

It’s explained in various ways: people who had planned to quit their jobs but put it off because of Covid finally feeling confident enough to do so; workers leaving because they are burnt out after a relentless period of activity; and more broadly everything that has happened in the last two years leading some to reconsider what they want from their working lives.

**A survey of 6,000 workers by recruitment firm Randstad UK in November 2021 found:**

**69%**

FELT CONFIDENT TO MOVE TO A NEW JOB

INTEND TO DO SO IN THE NEXT 3-6 MONTHS

**24%**

The firm said it would normally expect up to **11% of workers** to move jobs each year. Randstad added that, according to research carried out by *Oxford Economics*, a new professional worker takes 28 weeks to reach optimum productivity, at a **cost of £25,200 per employee**. This figure is probably higher at a big City law firm.





### 3. Millennial pressure

Millennials and Gen Z don't run the world. Yet. But they will soon be running law firms and the question is how much that might change things. Super-confident and entrepreneurial, digital natives and social activists – firms are recognising the imperative to take their views into account more than they might have done with previous generations.

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“They are confident and questioning. It is great they communicate across teams, but sometimes they may not realise you are already working on something, and things can be better resolved by going up the hierarchy. They want and expect to be able to do things.”

**NEIL MAY**

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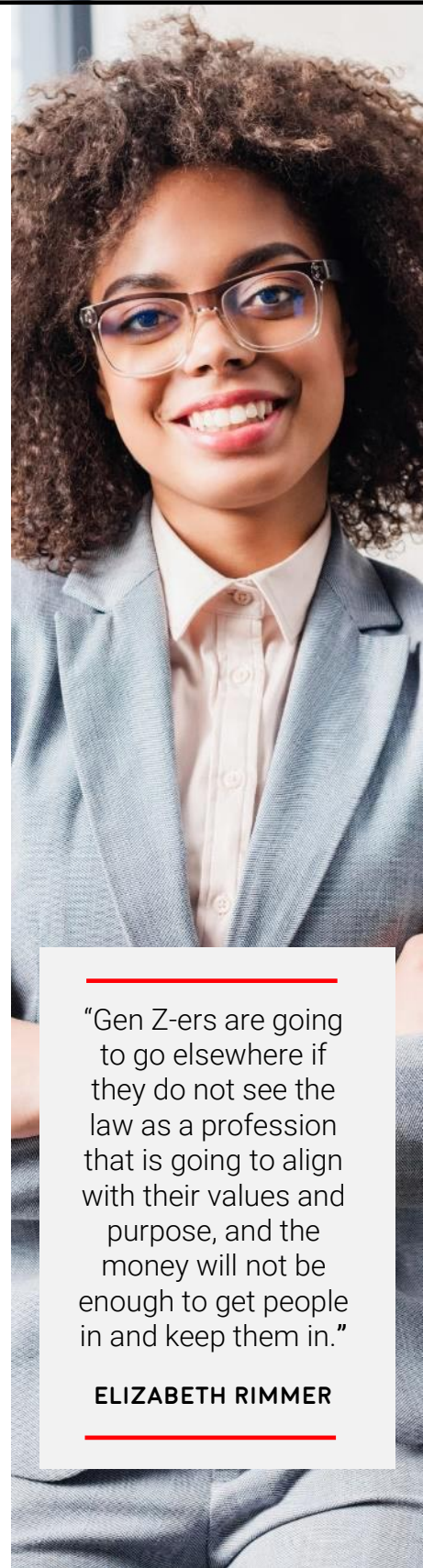
### Holding to account

Gen Z and Millennials hold themselves and others accountable: “They're the people most likely to call out racism and sexism, and to shun companies and employers whose actions conflict with their personal values,” says the [Deloitte Global 2021 Millennial and Gen Z Survey](#).

This is, of course, a generalisation but it describes these generations as, overall, more persistent, more vocal and more apt than others to question and even upset the status quo. In ‘command and control’ structures like law firms, such attitudes can be disruptive.

Law Students for Climate Accountability, an eye-catching movement in the US, is just one example of this. In 2020 they published a first-of-its-kind Climate Scorecard, cataloguing the climate-related work of the 100 top-ranked law firms in the US (including several UK-based practices) and grading them on their performance. It was updated last year and warned that America's most prestigious law firms had expanded their fossil fuel work, accusing them of fighting “even harder to accelerate climate change”.

The [report](#) is aimed in part at helping law students and young lawyers choose their future employers and in late 2021 it organised a pledge by students to boycott one leading US firm because of its work “shielding corporate polluters from climate accountability”.



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“Gen Z-ers are going to go elsewhere if they do not see the law as a profession that is going to align with their values and purpose, and the money will not be enough to get people in and keep them in.”

**ELIZABETH RIMMER**

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### No more platitudes

Such activities have an effect. Law firm leaders talk about how the coverage of such initiatives lead to internal discussions. These have in turn seen firms develop 'hard' environmental and diversity & inclusion targets.

A [recent International Bar Association report](#) highlighted Baker McKenzie's goal to reach a global target of 40% women, 40% men and 20% flexible (women, men or non-binary persons) representation at partnership and leadership level by July 2025.

There is a recognition that the time for platitudes is over – both internal and external stakeholders want to see action and leaders held accountable. There are signs at some firms that this attitude is having an impact on how they run themselves.

Pressure is coming from younger lawyers, agrees Suzanne Liversidge. A staff survey at Kennedy's identified several issues that are "at the forefront" of their minds:

*"Whether it be on climate, D&I, our pro bono work, how we vet our suppliers and who we work with, these issues are important to our people, and they are important to us, so we will continue to put a high focus on them."*

The Ukraine crisis, however, shows that these issues can arise from anywhere and without warning. Law firms have had no choice but to act quickly and sever their Russian connections, whatever their true feelings about doing so, because to do otherwise would have attracted opprobrium from every quarter.

### New propositions

The profession must create better employment propositions that are more inclusive and diverse.

According to Chris Fowler:

*"What people want is broader now and we really have to nail that if we are going to continue to attract the best and the brightest."*

Three-quarters of Gen Z law students [surveyed](#) last year by Major Lindsay & Africa felt that there is a gender pay gap at big law firms and that sexism remains an issue. When it comes to law firm culture, only 55% believe firms and partners cared about associates. Although pay is still the priority when looking at potential employers, benefits including informal mentorship and training also ranked highly.

Katie Newbury says: *"We need to continue to be open-minded about what the future of being a lawyer could look like and to be better suited to generations coming up."*

**18.5%**

**REPORTED INCREASE IN PROFITS  
IN 2021 FOR THE TOP 10 UK FIRMS**

2021 law firm survey, [PWC](#)

2021 Life in the Law report, [LawCare](#)

**42.2%**

**OF LAWYERS SURVEYED CORRESPOND  
TO A 'HIGH RISK OF BURNOUT'**



39%

**AVERAGE SIZE OF MEN'S BONUSES EXCEEDING THOSE OF WOMEN**

*Law Society analysis*

## 4. Equality under the law?

Despite pledges, indexes, and promising initiatives such as the introduction of the SQE (Solicitors Qualifying Exam) assessment, equality in the legal profession is moving at snail's pace.

Publishing the results of its biennial survey of the profession's diversity in early 2022, the *Solicitors Regulation Authority* said they showed the "real challenges" for large firms in making progress: the largest firms (50+ partners) have the lowest proportions of female partners, ethnic minority lawyers and disabled lawyers, when compared to other firms, and the highest proportion of lawyers who went to fee-paying schools.

Indeed, the first results from the SQE, published in January 2022, show that there is a long way to go before it succeeds on this front. There has long been a marked difference between the success rates of white and non-white candidates in qualifying as solicitors – and indeed in other professions – and it was the same in the first SQE sitting: while 66% of White candidates passed, the figures were 58% for candidates from mixed/multiple ethnic groups, 43% for Asian/Asian British candidates and 39% for Black/Black British candidates.

The gender pay gap is still significant too, as is female representation at senior levels. Law Society research highlights the under-representation of BAME groups at partner level among the top 50 firms, as well as lower levels of workplace wellbeing and retention when compared with White solicitors.

## Equality = Paying everyone the same

A Law Society analysis of the statutory gender gap reporting of the 41 largest law firms found an average 20% discrepancy between salaried women and men based on hourly pay (the highest was 39%), far more than the national pay gap of 14%. The median gap was even higher, at 32%. Although a similar number of both genders received bonuses, men's were 39% larger than women's on average.

You can make some allowances for some of the demographics, with broadly speaking male lawyers more senior than women, but it doesn't explain the whole picture. Men not lacking confidence in the same way women do to put themselves forward, to ask for that promotion or pay rise, is part of it.

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"I have not seen the necessary action, or in some quarters a sense of urgency, for action to move us to a profession with true gender parity."

**GEORGIA DAWSON**

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### CASE STUDY

#### Burford Capital

*Putting its money where its mouth is*

Top litigation funder Burford Capital is taking a different approach. In 2018 it launched the [Equity Project](#) committing at least \$50m to back cases led by women (it ended up investing \$57m).

The second stage, unveiled last October, involves a new commitment of \$100m and making it available based on racial diversity as well as gender. In future, LGBT lawyers may be included too. Another new feature is that, when Equity Project-funded matters end and generate a return, Burford will contribute on its client's behalf a portion of its profits to organisations that promote the development for female and racially diverse lawyers.

The aim is to help lawyers eligible for the fund pursue leadership positions running big cases and ease the "pathways" towards gaining credit for originating work and building client relationships.

*"Legal departments that are committed to diversity can use Equity Project funding to further incentivise their firms to appoint diverse teams to represent them, and law firms and companies alike can use the Equity Project as part of their ongoing ESG efforts." Burford Capital.*



### System failure

Yet the problem is not the number of women joining the profession (more than half of practising solicitors are now women), or their calibre, or the number of women in senior roles in in-house practice.

The challenge is much bigger. Georgia Dawson highlights in a recent [Law Society Gazette](#) article that the law has an 'ecosystem problem'. According to Georgia, *"for many years, efforts have focused on improving gender equality, giving individuals the tools to navigate the profession as it currently exists and operates. There have been efforts to improve aspects of the ecosystem, [such as] unconscious bias"* – which the IBA report said lawyers found the least effective initiative to bring about change.

Georgia also highlights that equally, *"we have to recognise not all women have the same experience of work. There are additional barriers for women, such as women of colour or disabilities. The pandemic has provided us an opportunity to reimagine the practice of law and have the chance to reshape the ecosystem as something fairer for all."*

To drive action, management need to be held accountable for the lack of progress in gender equality, hence the slew of diversity targets law firms have announced in recent times.

### Direct action

Pressure is mounting from clients. Fed up with the lack of progress, they are forcing a change in law firm culture.

Law firms instructed by Microsoft will be eligible for a bonus of up to 3% of their annual fees in 2022 if they meet its eight diversity targets. CMS was named as the top performer in [Microsoft's review](#) of what panel firms achieved in 2021 – the number of hours diverse employees from CMS spent on Microsoft matters grew to 63%.

Companies are looking to increase their spend with diversely-owned firms, whether gender, race or sexual orientation. The pressure is coming initially from global procurement, but in-house teams are keen to use what they have to ensure their suppliers have this on the agenda.

### Diversity and what?

Inclusion is increasingly an important focus for law firms and the wider legal profession. From being more representative of the society to new ways of working and exploring ways to adapt to welcome difference, it is a business priority that the law cannot ignore.

But inclusion isn't just another word for diversity. While diversity can be measured and targeted, some firms struggle to realise that inclusion is a much broader concept

For example, in 2020 a major report, [Legally Disabled?](#), recounted how disabled lawyers face both overt and 'unconscious' discrimination on a daily basis, such as "rituals, practices and attitudes that exclude or undermine them" – like physical networking and billable hours targets. Many of those surveyed told researchers they hid their disability when applying for jobs.

How about neurodiversity? Neil May outlines how it has been a critical part of the design of Thackray Williams's new open-plan head office.

*"Our goal has been to create spaces that allow people to be at their natural best, rather than making people fight against their natural grain. The neurodiverse tend to be over or under stimulated by parts of their environment, such as background noise and lighting, but also including textures, smells and temperature."*

All of this must be considered in creating spaces that suit different types of people.

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"Diversity is nothing without inclusion. If you don't feel included, you won't feel that you're part of a diverse organisation."

**SUZANNE LIVERSIDGE**

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## 5. All is not well

Are we surprised there's a wellbeing crisis? Not really. And Covid has made it worse. [LawCare](#) argues that the organisational culture of the legal profession needs to change to tackle the ongoing problems of mental ill-health, bullying and harassment.

A substantial [survey](#) it carried out last year found that 69% of lawyers had experienced mental ill-health in the previous year, while 22% said they had experienced discrimination, bullying or harassment in the workplace; nearly three-quarters of respondents were women.

Law is a stressful career – we all know that. But it still has a culture with strong echoes of an earlier era defined by men bearing stiff upper lips. Only, ever increasingly, that's not what the profession looks like. Women and ethnic minority lawyers are pouring into the junior ranks,

while the older (largely white male) generation is retiring. Look at the Bar – the number of female barristers increased by 1,026 between 2015 and 2021, compared to 194 men [according to the Bar Standards Board's 2021 diversity report](#).

Those brought up in a system they know is flawed – yet rewards them handsomely – are nonetheless sometimes reluctant to pull it down. But these are business-people and the business case is strong: [research by McKinsey](#) has tracked the positive relationship between diversity and business performance.

It's going to take bold leadership to make law firms fit for the future but, with Millennials closing in on the levers of power, a breed of disruptors is coming.



83%

OF PEOPLE  
AROUND THE  
WORLD WANT  
A HYBRID  
WORKING  
MODEL

2021 Future of Work  
report, *Accenture*

## 6. Now you see me. Now you don't.

Two other terms too often confused are remote working and flexible working. The first does not necessarily mean the second, although it can be part of the wider package.

It is clear from countless surveys, both within and without the legal sector, that many people do not want to lose the benefits of remote working entirely – the [2021 Accenture Future of Work report](#) found that 83% of people from around the world wanted a hybrid working model.

And business should want it too: Accenture says 63% of high-growth organisations have 'productivity-anywhere' flexible working models, while 69% of negative or zero-growth companies are still focused on where people are going to physically work.

Crucially, productivity does not seem to have been affected – indeed, by comparing the results of its law firm survey with those of its wider [Future of the Office](#) research, *PwC* says virtual working had more of a positive impact on productivity in the law than other sectors.

### Sofa, so good

Many firms are shrinking their office space as a result and rethinking the space they have

left. Design firm *Perkins & Will* [says](#) it is now as likely to test desk-booking systems and investigate storage lockers for law firms as it is to design private perimeter offices.

The move to hybrid working means employees want more from offices so they can collaborate when they are there, while also having spaces where they can sit quietly and concentrate.

There are worries about losing the gains of home-working when life gets back to normal, such as a return to presenteeism out of a belief that being in the office is better for your career.

But there needs to be a balance. Many people have found they are more productive when working from home, but we are social creatures and most people miss not having that face-to-face time because that is where we build our networks. It means you know who to call to solve a problem because you have that relationship.

### Funky time

Thackray Williams has just moved its headquarters from a traditional 'cellular' lay-out to a carefully designed open-plan. Neil May says:

*"We want people to come in at least one or two days a week, however those are for team come-together days, therefore not necessarily for legal work but for training and trying to rebuild all that glue."*



Maintaining culture when most staff are away from the office is a new problem for law firms and they are still working out how to deal with it. One response has been the design of increasingly funky law firm spaces. City firm [Kingsley Napley's new office](#) comprises of 'shared neighbourhoods', private working rooms and pods, dedicated case rooms, silent libraries and collaboration areas – along with a wellbeing suite that features a relaxation room, fitness studio, and prayer and contemplation room.

This is all well and good, but you can't drive culture purely through office design. And by insisting offices are good for younger lawyers because they get supervision and training, managers so far have overlooked in the build of funky offices the critical importance of helping younger lawyers to build peer-to-peer relationships, social circles and lifetime networks, says Dana Denis-Smith.

*"For younger lawyers, usually without families nearby, this will often be their first full-time job, so work becomes a big*

*part of their social lives too. It's why they want to go into the office and not be isolated at home. Firms need to understand this and help them to build those relationships – it is critical to building culture as well as personal development."*

### Dual-track careers

Complicating the picture is that risk of dual-track careers between those who are in the office and those who are not, in an industry where presenteeism has been rampant. Part of addressing this will be to address how work is allocated and how proactive managers and leaders will be to ensure that the gap remains narrow between the two groups

Alison Eddy says: *"Being able to work from home is a wonderful thing, but I do worry that there will be a dual track. In my area of the business, we are very female-dominated, so this is not about men getting promoted and not women because men are more visible. It would be those women who come into the office against those who do not. We need to be alive to this and make sure we are giving opportunities to all colleagues and not just the ones that we can see."*

## CASE STUDY

### The Crown Prosecution Service

The Crown Prosecution Service (CPS) uses a lot of external advocates and, being under the public sector equality duty, is leading the way in ensuring equality of opportunity for lawyers.

In summer 2021, it published [a diversity and inclusion statement](#) that set out its requirements of those barristers on its panels and their chambers. It was launched together with new CPS briefing principles, which "put the progression of advocates and advancing equality of opportunity at the heart of our decision-making".

All panel members have to make an annual self-declaration on protected characteristics. Under the briefing principles, chambers are required to take an "equitable approach", with the distribution of work actively monitored, particularly among pupils and junior tenants. Chambers are expected to provide clerks with guidance on the equitable and inclusive allocation of work, and ensure equal access to the range of work available and equitable allocation of work within chambers for all advocates, "addressing any significant differences".





## 7. Climate conscious?

We've already recorded how law firms are being held accountable by law students over their environmental performance. They are under scrutiny from their own lawyers and clients too. The days of 'do as I say, not as a I do' are over.

According to KPMG's 2021 CEO Outlook, CEOs are embedding ESG into their business strategies, although more than half admit that, with stakeholder expectations of diversity, equity and inclusion rising so fast, they may struggle to meet expectations.

Their in-house lawyers will use their purchasing power to push law firms forward. Companies have sustainability clauses that are going into all of their supply agreements, for example, and there is no reason to exclude legal services from that.

Once more, it is time for law

firms to take action, not just talk, and it is one of many areas where silos are breaking down and firms are genuinely working together in the wider interest.

Take the Legal Sustainability Alliance, a collaborative network for lawyers to share best practice and work together to ensure their firms play their part in tackling the climate crisis. In-house lawyers, meanwhile, have a similar initiative called Lawyers for Net Zero.

## 8. The silent threat

Cyberattacks are now a fact of life for law firms, often seen as a weak part of the chain by hackers and fraudsters, as well as a target with deep pockets. Cybersecurity firm BlueVoyant said in 2020: "Threats against law firms are high volume, multi-faceted, and organised. Threat actors use multiple sophisticated tools and techniques."

In 2017, DLA Piper was the first

major law firm in the news for suffering a major ransomware attack. Last June, Gateley reported a cyber-attack while in November Simplify – the largest conveyancing business in the country – had to take its systems down for weeks after an attack, causing chaos for thousands of home movers and some very bad headlines.

Top criminal law firm Tuckers was fined £98,000 by the Information Commissioner in March 2022 after multiple cyber-security failings assisted a ransomware attack that saw nearly a million of its files encrypted, with some put on the dark web.

**43%**

**OF FIRMS SURVEYED HAD NOT UPDATED THEIR CYBER-SECURITY POLICIES SINCE MOVING TO REMOTE WORKING**

2021 Research by Access Legal



Solicitors Regulation Authority research says most incidents of cybercrime are actually due to individual errors and misunderstanding rather than systems being hacked. *“It may be better to ask when, not if, you will be targeted by online criminals,”* the regulator says.

Remote working has exacerbated the risks. Research by Access Legal last year said 43% of firms had not fully updated their cybersecurity policies since moving to remote working, while 40% had not reviewed or updated their anti-money laundering risk assessments either.

## 9. Managing the change

The sum of all these many influences is that law firms have to manage a period of genuine change. The old ways no longer cut it, and that’s a challenge to a profession where tradition looms large.

Neil May speaks frequently of rebuilding the ‘glue’ that brings the firm together post-Covid. He says:

*“It has been very much, for us, a change programme.”*

Dana Denis-Smith cautions that law firms need to change their management style to handle the shift to flexible working. After more than a decade of managing a remote workforce, she knows better than most on being proactive to make a success of it.

*“It doesn’t happen by magic. There are a lot of moving parts when you have different people working in different ways and pulling it all together takes effort and organisation. There is no need for clients to be involved in seeing all the internal workings if the firms are committed to making the transformation.”*



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“We will provide space for our people who need to do quiet, focused work and create spaces to allow our people to collaborate when they need to. As we adopt a different, more agile way of working, we want to give our people the flexibility to work in different ways”

**SUZANNE  
LIVERSIDGE**

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“To  
improve is  
to change;  
to be  
perfect is  
to change  
often.”

WINSTON CHURCHILL

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# THE FOUR PILLARS OF THE FUTURE FIRM CULTURE

## Pillar 1: Why are we here?

It's not enough any longer to say simply that law firms exist to provide legal services. More is expected of organisations, especially those that make the kinds of profits many big firms do. We have to reset the profession's values.

This is not just about being seen to do the right thing. If working in large firms is to remain an attractive proposition to Generation Z and those who follow behind, it has to offer more than just money. (By contrast, of course, in the

publicly funded parts of the profession that have social value in spades, a lack of money is the problem.)

We've already spoken about practising with purpose. Thompsons – a major consumer law firm whose roots are in the trade union movement – may well be alone in long having a partnership deed that explicitly says its purpose is not to maximise profit.

But there are signs of change. There is [a criminal law firm set up as a not-for-profit business](#), other small practices are operating as social enterprises.

The biggest step among larger firms has been taken by the handful that have become a B Corporation (standing for Benefit).

These are words that will turn the heads of Gen Z in particular. B Corps have to recertify every three years, so there's no resting on laurels. This is real accountability – not producing glossy ESG reports.

Ultimately law firms have to truly live these values. Their cultures won't genuinely evolve if they are only making changes because they feel pressure from the outside.



### CASE STUDY

#### Bates Wells

In 2015, London-based Bates Wells was the first law firm in the UK to become a B Corp, changing its partnership deed to provide that the firm is not just run for the benefit of the partners.

As a B Corp, it is committed to making a “material positive impact on society and the environment” in what is called a ‘triple bottom line’ approach to business. The partners are also required to consider a range of ‘stakeholder interests’ – including employees, suppliers, society and the environment – when making decisions.

Unlike a lot of charters and the like, applicants have to go through a rigorous certification process to show they meet externally audited standards of social and environmental performance, accountability and transparency.

Bates Wells formally recognised the climate emergency in 2019 and offers incentives like a climate perks travel scheme, where staff are given additional days in holiday if they avoid flying. The firm has also created a sustainable pension scheme.



Diversity initiatives include upward mentoring of Black staff.

It has a reputational risk group that meets twice a month to consider new clients and whether they fit with what the firm wants to achieve.

Managing partner Martin Bunch has said: *“Being sustainable and inclusive costs time and money. It’s a hard sell for traditional law firms, but it makes business more attractive and enjoyable and it’s easy to be proud of what you do... The old form of capitalism will not last. This is the way things will be done in the future. Law firms need to understand if they’re going to survive and be stable.”*

## Pillar 2: The future of work

Remote working has become an accepted facet of working life post-Covid but that it is not the same as flexible working: the number of employment tribunal decisions relating to flexible working increased 52% last year, according to the law firm GQ Littler, with cases often brought alongside discrimination claims.

Obelisk Support was offering flexible working in legal jobs when nobody else knew what it was. Before setting it up, Dana Denis-Smith worked in journalism, an industry where the focus is all on the outcome, not when you clock in and clock out.



It is an approach that law firms, with their focus on billable hours, have struggled with even as they have sought to build lower-cost offshoots for certain types of work – or just hand over staff on secondment for free. The goal is retaining clients and access to their more profitable work, rather than helping lawyers work in different ways and deliver what clients want.

The in-house community has always understood flexible working better because its growth, at least initially, came from people looking for a better work/life balance.

# Only 4%

**INCREASE IN JOBS  
ADVERTISING SOME  
KIND OF FLEXIBLE  
WORKING IN 2021  
VS 2020**

[2021 Analysis, Timewise](#)

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“GCs don’t have to wait for the law firms to improve. There are alternatives already available. They can bring the future forward by trying to fix the legal ecosystem more broadly rather than law firms. They can show firms what they want through the choices they make.”

**DANA DENIS-SMITH**

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This means, frankly, embracing alternative legal services providers. Dana says: *“It starts with who you’re inviting to the table rather than changing them once they’re at the table.”*

Despite Covid, a 2021 [analysis by flexible working consultancy Timewise](#) of five million job

advertisements found that only 26% offered some form of flexible working, an increase of just 4% on 2020. No wonder that the government is consulting on making flexible working the default position.

For lawyers habitually working late into the evening, the line between working to live and living to work has long gone. [LawCare’s Life in the Law 2021 report](#) found that almost two-thirds of lawyers felt they needed to check emails outside of regular work hours to keep up with their workload, and 28% said their work required them to be available to clients 24/7.

This isn’t sustainable. *LawCare* says we have to accept that long hours, heavy workloads, poor work-life balance and the lack of effective supervision is undermining wellbeing. *“The digital transformation that most legal workplaces have gone through during the pandemic provides a foundation for the human transformation that is now needed.”*

Where is the innovation? Where is the training of management to be able to manage a flexible workplace in a positive way? Where are the job shares and part-time workers? The compressed hours, flexitime or staggered hours? Have firms got to grips with understanding the financial implications? We think not.



## Pillar 3: Partnership model is broken

The death of the billable hour has been announced many times and yet it remains dominant. Why change a successful model? And for all the general counsel who complain about it, are they doing enough to shift mindsets?

But it is at the root of many of the problems we have identified. When we hear Georgia Dawson, as the leader of a firm the size of Freshfields, talk about focusing on “outputs, not just inputs”, maybe progress is on the horizon.

In 2019, [Clifford Chance launched a year-long trial](#) across its Middle East offices to understand the impact of removing utilisation – total billable hours as a percentage of total hours available to be worked – from its assessment of lawyer contribution and performance. A key hypothesis under evaluation was that more explicitly valuing a wider range of activities would create greater incentives for lawyers to focus their time and capabilities on other important activities.

[Thomson Reuters’ Stellar Performance report](#) says all lawyers want fewer billable and more unbillable hours, so

they’re not looking to slow down. But a lack of recognition or reward for non-billable activities, along with prohibitive billing targets, are barriers, along with client pressure. The report recommends that firms adjust their compensation packages and approach to performance management to overcome this.

Another problem is that the non-billable activities lawyers are keenest on are around business development – ie, to generate more billable work. Crucially, the Clifford Chance pilot explicitly monitored the potential impact on time spent progressing the firm’s diversity and inclusion, wellbeing and community programmes.

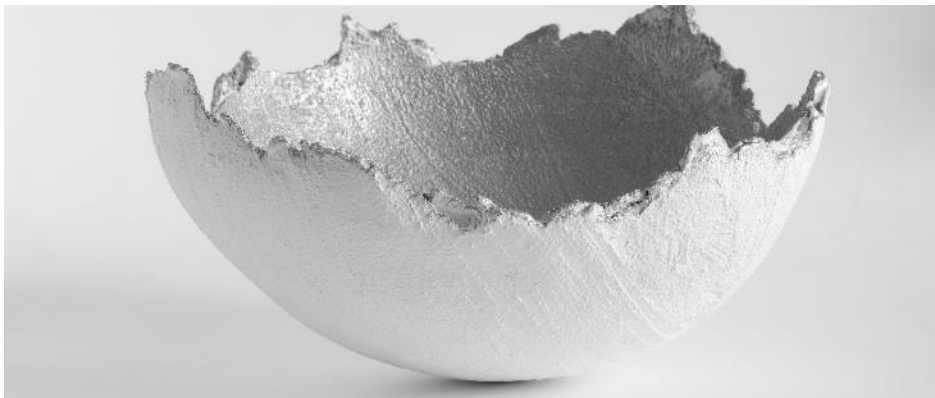
There are other drivers too. Firms now have a growing cadre of business specialists who are not qualified lawyers but are crucial to their success; they’ve had to develop sophisticated ways of recognising their contribution, opening the door to a wider application.

## CASE STUDY Thackray Williams

Unusually, a fifth of staff at the Kent-based law firm already work part-time. The new ‘You day’ initiative is aimed at full-time staff – if they can do 10 days of work in nine, they get the last day off.

Neil May says: “It means working about 50 minutes extra per day. We have not changed their targets or the chargeable hours we expect from them. Managers will monitor output rather than input and trust their staff. We know everyone works their socks off.

And if partnership is not the career goal it once was – as evidenced by research cited earlier of more lawyers becoming increasingly open to leaving their current firm, rather than staying and becoming partners; or changing career track to focus on innovation and operational roles within the legal sector – then firms need to find new ways to keep lawyers motivated.





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“One of the challenges we have in the law is the way we measure success. Rather than just looking at profits per partner, salary, billable hours and listing in directories, how do we measure the contribution some people make that is wider than just the hours that they charge every day?”

**ELIZABETH RIMMER**

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In any case, it seems likely that corporate structures will come to dominate the legal market, not least given the growing role of external investment and stock market listing, so the partnership model may be on its way out anyway.

Indeed, the growing number of law firm consolidators in the mid-market are predicated on a small core management, centralised back-office functions and lawyers freed up from management and ownership responsibilities.

*“We need a constant willingness to really try to suspend all the well-worn assumptions we have about how things have to be and listen to the newer generations coming through about why they are doing what they are doing,*

*what their sense of purpose is and what you need to build around them to enable them to do their jobs well in their way and in a way that works for them.”* Jennifer Emery.

## **Pillar 4:** **Technology & innovation**

Professor Richard Susskind says that much of the tech used in the law simply automates manual tasks; doing the same thing more efficiently doesn't represent genuine innovation, although it is better for clients, which should not be sniffed at. There are pockets of innovation, but a major problem is that many continue to see tech as a one-time investment.

**1-2%**

OF JOB ADVERTS FOR  
LAWYER  
JOBS REQUIRED  
LAWTECH SKILLS

OF JOB ADVERTS FOR  
OTHER LEGAL SECTOR  
JOBS REQUIRED  
LAWTECH SKILLS

**15%**

*Solicitors Regulation Authority research*



### CASE STUDY Kennedys IQ

Kennedys IQ is a standalone technology business that promises 'Kennedys, without the lawyers'. Targeted at its large insurer client base, it's a data-powered platform to help them manage claims in less time, at a lower cost and with better outcomes.

It aims to help clients become better informed to tackle future threats, challenges and opportunities through the data it delivers and the support of lawyers, technologists and claims experts.



According to PwC, average spend on technology among the top 100 firms is less than 1% of turnover (and just 0.5% among the top 10).

*"The standard in business is 5% that you reinvest in R&D, and we are not even at 1% in the legal sector. That is pretty woeful, but it is probably indicative of the maturity we are at."* Jenifer Swallow

Research by Thomson Reuters also highlights the need to make better use of existing technology – firms are focusing more on buying the tech than training in its use. This results in a low return on investment and discourages the next round. Frankly, leaders need to listen more to their IT directors.

At the same time, we have a booming lawtech industry in

the UK. The average annual rate of growth for investment in UK lawtech companies between 2017 and 2020 was 101%, according to *LawtechUK*, higher than areas such as fintech, healthtech and climate tech. The approximate 200 UK lawtech companies attracted a total of £674m of private investment up to the end of 2020 and employed 7,100 people. These figures are only going to increase.

*"The legal sector has been one of the slowest to evolve, without a burning platform or external pressure to change and with a range of sector-specific barriers impacting the adoption of technology. But it has now reached an inflection point."* LawtechUK report



The help is there but do firms understand it? There's still a critical lack of digital skills. The Chartered Institute of Legal Executives broke new ground last year by launching a qualification that makes legal technology an integral part of would-be lawyers' education.

"Lawyers now need to understand data analytics, innovation techniques, design thinking, legal and ethical issues raised by the use of technology, and business-specific tech applications", says LawtechUK.

Solicitors Regulation Authority research unfortunately found that just 1-2% of job adverts for lawyers in recent years required lawtech skills – commanding higher salaries – compared to up to 15% of other legal sector jobs.

Though appearing innovative can have something of a halo effect, Dana Denis-Smith says that ultimately clients don't much care how their lives are made better, so long as they are. Obelisk Support built its own technology that enabled a new approach to resourcing but doesn't shout about it – that it delivers for clients is what's important, not the shiny new bell or whistle added to the system in a blaze of publicity.

*"All clients want the same: a good price, speedy service and quality. My answer to that was not 'Here's some tech', but 'Here's the right lawyer for your needs'. Clients don't know how I do it and don't need to know. That's our business problem."*

When you can do it right, however, it's a powerful tool.

Law firms need to keep a close eye on the competition in this area. Keeping current with technology is really important and the Big Four, with their consultancy branches, have really kept on the ball. They are the ones forming the partnerships now with legal tech companies – for example, in March 2022, EY and Microsoft announced an initiative "to help businesses around the world use technology to tackle a range of increasingly complex challenges faced by legal and compliance teams".

What we hear is that it is the Big Four that are on the phone to general counsel all the time. They want to come in and do their, 'What does your current legal team look like? Where can we put the right outsourcing and skilling?' Why are the law firms not doing this?



**101%**

**AVERAGE ANNUAL  
INVESTMENT  
GROWTH RATE IN  
UK LAWTECH  
COMPANIES  
2017-2020**

*Lawtech, 2021*





# THE LAW FIRM OF THE FUTURE

The heritage wrapped around the law is one of its glories. It is also arguably its greatest weakness. Structures that have stood for so long are crumbling in the 21st century and we have to move on.

Chief among them is the partnership model. Too many of the issues identified in this paper stem from its shortcomings, the pyramid structure leads to a culture driven by billable hours and laser focus on inputs rather than outputs. The need to maximise partner profits necessitates a short-term attitude that infects every aspect of a firm's operations, management and values.

It doesn't have to be this way. We envisage that the law firm of the future will be values-driven in a way that supports diversity in its many forms and creates the platform for motivated staff to deliver for their clients. Obelisk Support was founded on the principle of #HumanFirst and everything we have

learned and achieved in the 11 years since has reinforced the business benefits of putting people at the centre of what we do.

Getting to this point will not be easy for tradition-bound law firms. But they will be surprised by the hunger among their lawyers, as well as the next generation, to embrace transformative change.

Diverse, inclusive, accountable, responsible and eco-conscious – none of these values are contentious on their own, and they should not be hard for law firms to live. They are not unreasonable for clients to demand.

Ultimately, the world is changing, and law firms must recognise that the old ways will no longer do. It's not going to happen overnight, but it is going to happen. Get on board or get off. #HumanFirst or partner first. You make the choice.



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## ABOUT OBELISK

Obelisk Support is an award-winning legal services provider, providing flexible legal solutions to law firms and legal teams, including many of the FTSE 100.

Established in 2010, Obelisk Support is founded on and continues to honour the principle of “Human First”. Our purpose is to help professionals thrive in a digital society. We set ourselves apart through our commitment to putting people first and focusing on what our clients and expert legal consultants and freelance paralegals really need to succeed – which is why 90% of our clients come back to us again and again.

Working with Obelisk Support helps you deliver better results, manage your costs and be more productive. Plus, you’re championing flexible working and helping us keep great talent in the industry.

Obelisk Support is 100% female-founded and managed by CEO Dana Denis-Smith - an outspoken champion of women in law and founder of the First 100 Years and Next 100 Years Projects.

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