

Can Law Firms Innovate Remotely? Thompson Hine's Deborah Read Is Ready to Find Out

By Ben Seal
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Managing partner Deborah Read isn't yet certain when Thompson Hine's lawyers will return to the office in large numbers, or what "normal" will look like once they do, but she's sure of one thing: There is something lost when lawyers can connect only virtually, especially in terms of training and development, and eventually clients will take notice.

"They pay Am Law 200 lawyers to think about and analyze deeply their problems and to deliver business-oriented solutions, and those are things that aren't easily learned from Zoom calls or from someone's kitchen table," Read says.

Thompson Hine's four Ohio offices and its Atlanta office have been open since last June, with lawyers working wherever is most comfortable and effective, and the firm is evaluating reopening in Chicago, New York and Washington, D.C. But in this interview, Read explains that more than questions of timing and structure, her focus is on how her firm can maintain the trajectory it's been on and keep finding new ways to deliver for clients.

This conversation has been lightly edited.

Ben Seal: There are a number of challenges presented by the return to the office, whether it's how to get the greatest benefit from being in-person or the potential that it will create tension between different groups with different desires for how to work going forward, not to mention questions about vaccines and what work will actually look like. Are there any particular issues you're keeping an eye on right now?

Deborah Read: We have our stake in the ground on innovation. We've spent a lot of time and effort on that. It's important to us. It's who we are. Innovating with a distributed workforce is a huge challenge. We've got our bets on a process that has worked extremely well for us and for the clients who have benefited from it.

Innovation is an evolutionary process. You keep going and perfecting and try new ideas and build on your prior

innovations to deliver better innovations. Your ideas come from your people.

When we first started down this path, we mapped out where we were going, but then after we got started we conducted innovation sessions, live sessions with a white board, and for the smaller practice groups we'd bring everybody in and brainstorm about what we could create or perfect to delight clients. What processes we undertake as lawyers that are completely inefficient for a client and for us, and how can we improve those processes?

We started brainstorming by Zoom, but it's just not the same. If someone is in one of these sessions and doesn't want to speak up but has an idea and you bump into them in the hall ... that sort of watercooler innovation doesn't happen when everybody's distributed, so I'm particularly worried about that. Innovation has been good for us, it's been great for our clients and we're invested in it, and it doesn't work as well when everybody is everywhere.

BS: What does innovation mean to you in the law firm setting?

DR: For us, it was changing our service delivery model to align with our clients' needs for efficiency, predictability and transparency.

After the economic downturn, I was just coming on as managing partner. I began analyzing how clients were viewing the purchase of legal services. Law firms were under pretty severe pressure to be efficient and predictable in resolving their legal matters. Back in the day, when I was coming up as a lawyer, clients didn't really have a whole lot of leverage, or at least they



Deborah Read, Managing Partner of Thompson Hine.

didn't use whatever leverage they may have had to say what's this going to cost and when are you going to get it done. After the economic downturn, clients started to see the power that they had and they weren't going to tolerate anymore a lack of reliability on cost estimates and services that didn't align with their business needs. General counsel's jobs were on the line to reduce legal fees and to deliver a predictable line item budget. Firms—for the first time probably ever—were forced to adhere to what clients were asking for. Clients were pretty dissatisfied with the way law firms were delivering legal services.

I came across an Altman Weil survey that asked how serious are law firms about changing their legal service delivery model to provide clients what they're looking for. On a 0-to-10 scale, the median score was 3. I started to think, these are customers talking about customer satisfaction. What an opportunity. Thompson Hine said this is a big opportunity for us. If we can enhance the way we deliver services to deliver more predictability, more transparency, more efficiency, wouldn't clients be delighted?

We have our stake in the ground on innovation...It's who we are.

Having deep expertise, being smart, being qualified—that's the cost of entry if you're an Am Law 200 firm. But clients were looking for firms who had the requisite expertise and could also provide services that aligned with their business needs. We decided we're going to do this, we're going to change the way we provide services.

We focused on four areas to start: legal project management, process efficiency, flexible staffing, and value-based pricing. The biggest challenge was legal project management. It required behavior change, and that's not easy in a law firm environment. So we created our own proprietary budgeting tool. It allows our lawyers to estimate the time and the talent required for any sort of project. The tool allows us to monitor the actual adherence to the budget and it allows us to design graphs to show clients where we stand relative to the budget.

Our largest challenge was having lawyers understand how to budget their work and then adhere to that budget. Lawyers are taught to turn over every stone, go down every avenue, and build the best Rolls-Royce they can. Clients don't think that way. They enter into a

cost-benefit analysis all the time: "For this ride, it's not that far, we need something tailored to our business needs. We don't want you to build a Rolls-Royce today." And lawyers are not great at that.

Clients don't want to pay to understand everything that might go wrong if the consequences are small or if the business risk to them is unimportant. Budgeting really forces our lawyers to embrace a behavior that has you analyze this.

BS: How have you organized the firm to be innovative?

DR: We did it by requiring it. We made budgeting mandatory. Now it is mandatory for all or some significant piece of work in 11 of our 16 practice groups. If you don't have a budget in by your practice group's defined time period for that kind of work, your matter shuts down to billing time. When you force people to do it, they do it—and they get pretty good at it.

BS: Were there other organizational changes to the way the firm worked that allowed you to prepare and deliver on the innovation you wanted to see?

DR: Team-oriented work is really important when you are working on a budget. That's another thing that can suffer with a distributed workforce. Having the team understand the value the client places on a particular project at a particular price and having everyone understand what their role is and what tasks they're performing under the budget are important.

Lots of communication is very important here so that everybody understands how their tasks are budgeted and how they fit within the overall budget for the client. Not everything goes according to budget, and identifying when something is going off-track and communicating that to the responsible lawyer and/or the client is critically important. One of the ways that our budgeting tool contributes to predictability is communication with the client. Teamwork and communication are critical to delivering work in a budgeted environment.

BS: How has that process changed the firm's relationship with clients?

DR: Clients who care to learn about this and embrace it love it. I don't know that any client that's dug in and learned about it has said, "I don't care about predictability and efficiency." What happens is we get more work from them. Clients routinely find that law firms who have a system like ours—where we have identified budgets, we are tracking those budgets, we are delivering as frequently as clients want graphic reports—are delivering predictability as opposed to a back of the envelope budget where the first and last time they think

about that budget is when they do it. And the end of the project comes 20 months later and clients pull out the budget and say, “Well, what about this?”

Our system requires regular monitoring. We have all kinds of reports we’ve developed over time to enhance adherence to budget. For example, we developed a remaining hours report by timekeeper and task that shows how many hours and how much in fees remain against the budget and all the tasks that need to be completed.

One of our smartest investments recently has been to hire legal project managers. They don’t function as lawyers who bill time. They function as project managers, and we have been using them with great success. They’re typically placed on large transactions and their job is to keep the team on task and on budget. They really relieve the senior lawyers from the project management activities, and for a big project that is a lot of time. Our first foray here has been a marvelous experience. They really help us manage smartly and they’ve definitely allowed us to deliver greater client satisfaction.

BS: Thompson Hine has published two editions of a report about the innovation gap between what clients want and what their firms deliver. Where do you think the industry goes wrong in its approach to innovation?

DR: One of the things the innovation reports demonstrate is that there’s a big gap between what the law firm sector says it’s doing and what clients are seeing. If you track both of our reports, it’s pretty clear that clients really aren’t seeing much innovation from firms.

The one thing that I knew would be a challenge for us was the behavior change. You can invest in the spiffiest system you want, but if people don’t change their behavior, it really doesn’t matter. Behavior change is really hard.

When our business litigation practice group leader became the first one to make budgeting mandatory, people were saying, “What? I have to budget in order to bill my time?” It was hard work, and initially people went kicking and screaming, but now it’s part of the fabric of what those business litigators do. They have been mandatory budgeting since 2016.

We now have \$371 million of work under active budgets, on 3,097 budgets. That’s more than Thompson Hine’s annual revenue because a lot of these are

multiyear engagements. It’s a 300% increase in the fees under budget since the end of 2018.

BS: What keeps you up at night?

DR: Innovation is what we’re all about. It’s who we are. And it’s very important to the continued success of the firm to deliver on our innovation platform and I worry about how being more distributed after the pandemic will impact our ability to deliver on our business strategy.

Second, everybody says this but our culture is great here. I see the strain of being away from each other and the impact it’s had, and the challenge is going to be to live in a new world that allows us to regain our strong culture. It’s the glue that keeps us together. We’re trading on some strong glue, but as time goes by the glue’s getting

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a little thinner, and we’ve got to strengthen that bond. There are little tricks everybody’s been undertaking while the pandemic’s been going on, but being together and having the resolve to get behind this innovation initiative and deliver on it, that’s a unifying force in a firm. We just need to reinforce that strong culture that we have.

A final concern: I keep thinking this is going to be over and then I look at what’s happening in India, and there’s another new variant. I expected this to be over three or four times now and one thing that keeps me up at night is how long will this continue? How long can we run on borrowed time here until this is all behind us?

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