

# Trends Reshaping the Legal Industry

By Sally Kane

Updated September 16, 2016

As legal professionals position themselves to survive the peaks and troughs of an ailing economy, a number of distinct trends have emerged in the legal industry. Most of these trends help law firms and organizations become more efficient, productive and competitive in a global market. Other trends result from changing demographics, attitudes and work styles. Below are ten trends that are transforming the legal industry and law practice.

## E-Discovery

Recent amendments to the Federal Rules of Civil Procedure make electronically stored information such as e-mails, instant messages, voicemails, e-calendars, graphics and data on handheld devices discoverable in litigation. The discovery of electronically stored information (ESI) is known as electronic discovery.

The explosive growth of ESI has increased the cost and complexity of the e-discovery process and forever changed the face of large-scale, complex litigation. New roles in litigation support, e-discovery and trial technology have emerged to address the electronic realities of a digital age.

## The Multigenerational Workforce

For the first time in the nation's history, four generations are working side by side in the workplace: Traditionalists, Baby Boomers, Generation X and Generation Y.

### The Traditionalists

Born between 1927 and 1945, Traditionalists (also known as the Silent Generation) in the legal workplace today are in their 60s, 70s and 80s. About 95% of Traditionalists are retired from the workforce. Those who are not retired are at or near retirement age and many are working reduced hours. Many Traditionalists in the legal workplace are aging partners, managers and "of counsel" to law firms. On the job, Traditionalists are hardworking and loyal. Raised during the Depression, Traditionalists cherish their jobs and are hard workers. Many Traditionalists have worked for only one employer their entire work life and are extremely loyal to coworkers and employers. Traditionalists are great team players and get along well with others in the workplace. Traditionalists differ from younger generations in how they process and respond to information. They are less tech-savvy than younger generations and prefer in-person interaction to e-mails and technological gadgets. Therefore, the best way to engage this generation is through face-to-face interaction. Unlike younger generations, Traditionalists are comfortable sitting in long lectures and meetings are less inclined to incorporate video-conferencing and web-based technology into the workplace.

### Baby Boomers

Born between 1946 and 1964, the Baby Boomer generation is predominately in their 40s and 50s. They are well-established in their careers and hold positions of power and authority. This generational segment constitutes a large majority of today's law firm leaders, corporate executives, senior paralegals and legal managers. In fact, nearly 70 percent of law firm partners are Baby Boomers. Members of the Post-War War II generation, Baby Boomers are loyal, work-centric and cynical. This generation has lived through many changes in the legal industry and brings a different perspective to the workplace. Baby Boomers often equate salaries, high billables and long hours with success and commitment to the workplace. They value face time in the office and may not welcome work flexibility or work/life balance trends. High levels of responsibility, perks, praise and challenges will motivate this generation.

## Generation X

Generation X encompasses the 44 to 50 million Americans born between 1965 and 1980. This generation marks the period of birth decline after the baby boom and is significantly smaller than the previous and succeeding generations. Members of Generation X are largely in their 30's and early 40's and hold junior partner, senior associate, mid-level paralegal and mid-level support staff positions in law firms as well as middle-management positions in corporate legal departments. After witnessing the burnout or layoff of their hardworking parents, Generation X entered the workplace with different work ethic and culture than previous generations. Unlike the Boomers, Generation X places a premium on family time and has a different attitude about work. They are ambitious and hardworking but value work/life balance. In the legal workplace, Generation X dislikes rigid work requirements. They value the freedom to set their own hours. Flexible work schedules and work-from-home options (as long as billable quotas are met) may help to retain and motivate this generation. Generation X has an entrepreneurial spirit. This generation thrives on diversity, challenge, responsibility and creative input. If their current law firm does not provide them with these opportunities, they will not hesitate to seek an employer who will. A hands-off attitude often works best when supervising, mentoring or working with this generation. Members of Generation X value freedom and autonomy to achieve desired goals and often prefer to work alone rather than in teams. They dislike "meetings about meetings" and don't want face time. Flexible hours and challenging assignments will motivate this generation.

## Generation Y

Generation Y legal professionals are in their 20s and are just entering the workforce. With numbers estimated as high as 70 million, Generation Y (also known as the Millennials) is the fastest growing segment of today's workforce. As law firms compete for available talent, employers cannot ignore the needs, desires and attitudes of this vast generation. This new generation holds entry level associate, paralegal, law clerk and legal support positions in law firms, corporate legal departments, the government and other practice environments. Generation Y is smart, creative, optimistic, achievement-oriented and tech-savvy. This young generation seeks out creative challenges, personal growth and meaningful careers. They seek supervisors and mentors who are highly engaged in their professional development. Generation Y are excellent multi-taskers and prefer communications through e-mail and text messaging over face-to-face interaction. Their attitude is "don't waste my time making me come to your office." They would rather send an e-mail so they can be drafting a brief, research a case and answering e-mail at the same time. Cybertraining and lectures through web-based delivery systems may be more effective than traditional lectures. The legal industry is notorious for imposing long hours and billable hour quotas. As Generation Y demands work/life balance in the law firm, employers will need to accommodate them by creating a culture of flexibility. E-mail, laptops, Blackberrys, and other technology tools will help Generation Y work remotely and remain connected 24/7. When working with or supervising Generation Y, it's wise to impose structure and stability and cultivate a team-oriented environment. Immediate feedback and praise will help motivate and reassure this young generation. Frequent communication and reassurance will help keep members of Generation Y eager and involved

As attorneys, paralegals and other legal professionals work beyond retirement age, many law firms and legal departments are trying to balance a generation gap of more than 50 years between the oldest and youngest employees. Four generations working together in the same work environment present new workforce dynamics and challenges. Moreover, the pending exodus of nearly 80 million retiring Baby Boomers and the entry of Generation Z (born between 1991 and 2012) will continue to change workplace dynamics.

## Social Networking

Social networking has the potential to transform the business and practice of law in the coming years. Legal professionals have a growing number of social media tools at their disposal to accomplish a variety of legal tasks and career objectives. Social networking is changing how legal professionals recruit, job hunt, network, locate and discredit witnesses, manage their careers and interact with clients. Social media tools such as LinkedIn, Facebook, Twitter and YouTube are also key marketing tools, helping lawyers and legal professionals reach a broad audience and accomplish branding, advertising and client development goals.

## Legal Process Outsourcing

In recent years, the legal industry has experienced a global paradigm shift in the delivery model for legal services. This new model, known as legal process outsourcing (LPO), transfers the work of attorneys, paralegals and other legal professionals to external vendors located domestically and overseas. Legal outsourcing, both onshore and offshore, is transforming law practice as law firms and corporate legal departments seek to minimize costs, increase flexibility and expand their in-house capabilities.

Below are several key advantages of outsourcing legal work domestically or to overseas providers (known as offshoring).

### Cost Savings

One of the most significant advantages of outsourcing legal functions is cost savings. Organizations can reduce their cost structures through labor arbitrage - the wage differential between in-house legal personnel and outside vendors - to reap tremendous cost benefits. For example, an in-house attorney might cost the firm \$150 an hour while a vendor attorney might cost \$75/hour. Offshoring overseas can sometimes produce even greater cost benefits. Legal employees in overseas markets earn 30–70 percent lower wages than comparable employees in the U.S. and U.K. Infrastructure costs in India and other overseas markets may also be lower.

### Access to External Talent

Outsourcing legal work to external vendors allows organizations to access high level talent and niche expertise that does not exist within the firm. For example, litigation firms lacking litigation support expertise may outsource certain aspects of litigation support, such as coding and document review, to niche providers. Access to external talent is particularly useful for small boutique firms to fill in gaps in internal competencies. Legal offshoring also allows domestic firms to tap into global expertise. Offshore destinations such as India and China boast a large, highly-trained and motivated labor force, ensuring a large pool of qualified workers.

### Reduced Turnaround Time

The use of external personnel can expand internal bandwidth to reduce turnaround time for pressing legal projects. The use of a combination of onshore and offshore teams can also allow organizations to complete a project in a shorter time frame. For example, the 12-hour time difference between the U.S. West Coast and India permits 24/7 operations. Offshore teams can work through the night to complete a project by morning.

### Flexibility

Employing a combination of in-house and external talent allows law firms and organizations to tailor their capabilities in response to workload and client demands. Workflow challenges are particularly prevalent for small and mid-size firms. These firms may find it more difficult to spread variability due to a smaller number of attorneys, support staff and clients. Outsourcing legal work allows firms to quickly scale up for a case or project, leveling the playing field with larger firms. Flexible staffing also reduces firm overhead; by outsourcing to external vendors, law firms can avoid the fixed costs of salaries and benefits associated with full-time, permanent personnel.

## Work-Life Balance

An ailing economy, billable hour quotas and a competitive global market for legal services have driven many law firms into overdrive. The pressure to do more with less has forced a growing number of employees to sacrifice their personal life in order to work harder and longer. As recession-related layoffs pile greater workloads upon legal professionals, workers are demanding a better work-life balance. New workplace policies such as flex-time,

telecommuting, part-time work, phased retirement, temporary leave, compressed schedules and other alternative work arrangements are transforming the law firm environment from sweatshop to one of flexibility

## Globalization

Domestic law firms are expanding across borders, collaborating with foreign counsel and forming intercontinental mergers, erasing traditional boundaries on the geographic scope of law practice. Although globalization is not new, it is gaining momentum due to the growth of the Internet, the automation of legal processes, developments in data security and emerging technology tools. As law firms continue to expand their footprint worldwide, globalization will continue to reshape the landscape of the legal industry in the coming years.

## Eco-Consciousness

As going green becomes a global priority, green law initiatives are impacting the business and practice of law. In response to global warming, economic pressure and eco-conscious clients, law firms and legal professionals across the globe are establishing green initiatives that cut expenses, reduce their carbon footprint and promote social responsibility. Environmental law or "green law" is a growing practice area and many firms are establishing niche sub-practices in fair trade, organics, renewable energy, green building and climate change.

## Virtual Law Firms

Powerful mobile devices, software-as-a service, and secure, web-based technology allow legal professionals to work from virtually anywhere. As a result, more legal professionals are working remotely from home or a virtual law office. Virtual law offices provide an alternative method of practicing law that permit flexible work hours and foster a better work/life balance for legal professionals. Virtual work is not just for lawyers – a growing number of legal professionals are working remotely. Working virtually allows legal professionals to serve their employers and clients while maintaining a better work/life balance and modifying their schedule to fit personal and family needs.

## Alternative Legal Service Delivery Models

Lawyers no longer have a monopoly on the law. The legal marketplace is changing and clients can seek legal assistance from a growing number of non-lawyer professionals including paralegal technicians, legal document preparers, legal self-help sites, virtual assistants and offshore legal vendors. These new options enable help bring affordable legal services to disadvantaged populations and empower citizens to address their own legal matters. As the cost of legal services continues to rise, new legal delivery models will continue to emerge and gain momentum in the coming years.