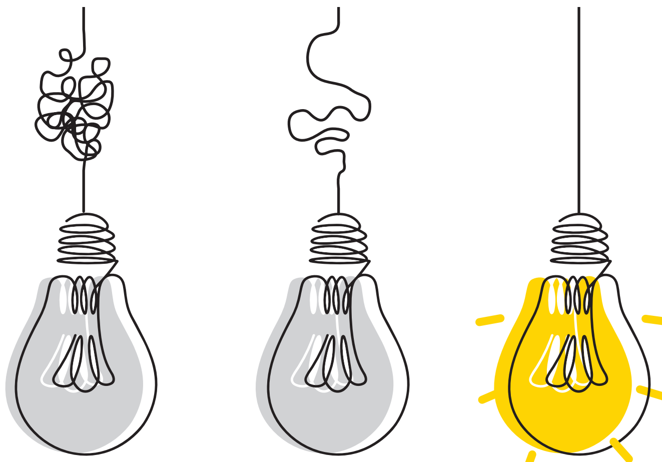
Unlocking Value in the Law Firm You Already Own

WWPED

(What Would Private Equity Do?)



Find success by applying the same repeatable operating principles private equity firms use to improve performance, scale intelligently, and unlock enterprise value.

BRAD BLICKSTEIN

WWPED (What Would Private Equity Do?)
BRAD BLICKSTEIN

Most law firms are profitable. Few are operating at their full potential. And private equity investors have noticed.

When they look at law firms, they see strong demand, talented professionals, and loyal clients paired with inconsistent pricing, informal decision-making, and enterprise value that is never fully captured. They see opportunity in the gap.

WWPED (What Would Private Equity Do?) borrows the operating lens that private equity applies to professional services businesses and turns it on the firm you already own. In it, legal industry futurist Brad Blickstein translates core private equity principles into practical law firm terms: how to think about profitability and pricing, how to build governance that actually drives decisions, how to develop talent and systems that outlast any individual partner, and how to use technology as a strategic tool rather than an expense.

The firms that will thrive in the years ahead are not necessarily the largest or the most aggressive, but those that operate with the most clarity and discipline. Your firm already has the assets. This book shows you how to unlock its value.

Praise for *WWPED*

Having spent my career focused on law firm operations, pricing, and profitability, I found this book particularly relevant. *WWPED* challenges firms to think more deliberately about how they run their businesses, while offering a pragmatic roadmap for improving performance and scalability within the realities of legal practice. The question at the heart of this book, "what would a value-focused operator do differently," is exactly the lens law firm leaders should be applying today.
– **Melissa Prince, Global Head of Revenue, Duane Morris**

Private equity isn't a financial transaction; it's an ownership and operating mindset for value creation. In *WWPED*, Brad Blickstein gives law firms a new owner's manual—how to shift from the old-world cash-flow oriented mindset to the new-world enterprise value-oriented private equity mindset—and explains how making that shift will separate the law firms of tomorrow from those that get stuck in the past.
– **Lee Minkoff, Managing Director, Renovus Capital Partners**

Brad Blickstein's *WWPED* is a provocative and profoundly practical guide that strips away the mystique of private equity to reveal a set of repeatable operating principles any firm can use to unlock the 'unrealized enterprise value' it already owns. Whether you're seeking outside investment or fiercely guarding your independence, this book is essential reading for the modern law firm leader.
– **Jae Um, Chief Growth Officer &
Head of Knowledge, Lumio**

$27.95 / Higher in Canada

Blickstein Group
https://www.blicksteingroup.com/

ISBN 979-8-2957-7966-4
52795
9 798295 779664

Praise for *WWPED*

Brad Blickstein has long been a leading voice on law firm strategy and performance, and *WWPED* reflects that perspective in a highly practical way. Drawing on core private equity principles, Brad translates what drives enterprise value, pricing discipline, operational rigor, and intentional growth into clear, actionable strategies for law firms.

Having spent my career focused on law firm operations, pricing, and profitability, I found this book particularly relevant. It challenges firms to think more deliberately about how they run their businesses, while offering a pragmatic roadmap for improving performance and scalability within the realities of legal practice.

Whether or not a firm ever considers outside investment, the question at the heart of this book, "what would a value-focused operator do differently," is exactly the lens law firm leaders should be applying today.

—Melissa Prince, Global Head of Revenue, Duane Morris

Private equity isn't a financial transaction; it's an ownership and operating mindset for value creation. In *WWPED*, Brad Blickstein gives law firms a new owner's manual—how to shift from the old-world cash-flow oriented mindset to the new-world enterprise value-oriented private equity mindset—and explains how making that shift will separate the law firms of tomorrow from those that get stuck in the past.

—Lee Minkoff, Managing Director, Renovus Capital Partners

Pressured by AI, sophisticated procurement, and shifting talent expectations, the legal market has already passed the inflection point into a new competitive reality. Brad Blickstein's *WWPED* is a provocative and profoundly practical guide for navigating this shifting terrain.

He strips away the mystique of private equity to reveal a set of repeatable operating principles—around pricing discipline, governance, and process—that any firm can use to unlock the 'unrealized enterprise value' they already own. He translates financial levers into sustainable, investor-grade profitability modeling that produces clarity on economics and decision-making. Whether you're seeking outside investment or fiercely guarding your independence, this book is essential reading for the modern law firm leader.

—Jae Um, Chief Growth Officer & Head of Knowledge, Lumio

Unlocking Value in the Law Firm You Already Own

WWPED

(What Would Private Equity Do?)

Find success by applying the same repeatable operating principles private equity firms use to improve performance, scale intelligently, and unlock enterprise value—whether or not your firm would ever consider outside investment.

BRAD BLICKSTEIN

BLICKSTEIN GROUP

Blickstein Group
https://www.blicksteingroup.com/

Copyright © 2026 Blickstein Group
All rights reserved.

This book or parts thereof may not be reproduced
in any form without permission.

First Edition

10 9 8 7 6 5 4 3 2 1

Book Design by Niki Forner

Table of Contents

Chapter 1

Introduction: What Would Private Equity Do?

Introduction: What Would Private Equity Do?

A Thought Experiment

Private equity has become increasingly interested in the legal industry. That interest is most visible in management services organizations (MSOs), alternative business structures (ABSs) outside the U.S., minority investments, and other capital arrangements designed to comply with professional rules while still allowing financial participation.

This book is not about whether your firm *should* take private equity money. It is about something more practical: why sophisticated investors are interested in law firms at all, and what that interest says about the unrealized enterprise value within existing firms.

Even firms that would never consider outside investment should pay attention to that question. Private equity invests where it believes disciplined operational changes can improve performance and increase enterprise value over time. When investors look at law firms and see opportunity, they are making an implicit judgment that many firms are not operating as efficiently or deliberately as they could.

The core premise of this book is to treat private equity less as a source of capital and more as a way of thinking. A lens that emphasizes clarity about economics, repeatability, and decision-making.

Note: This icon marks paragraphs where artificial intelligence plays a meaningful role. AI is rapidly becoming one of the most powerful enablers of the operational improvements explored in this book. Any private equity investor evaluating a law firm would be looking closely at how effectively the firm uses AI to improve productivity, pricing, and service delivery. These markers highlight where AI is likely to have the greatest impact.

WHAT WOULD THE NUMBERS SAY?

Economic Reality Check

An investor would want clear answers to a short list of questions that go to the heart of a firm's economics:

- Profitability by practice, client, and matter
- The fully loaded cost of partner compensation
- Revenue concentration and client dependency
- Margin differences across work types

If the firm cannot answer these confidently, that limitation itself becomes part of the diagnosis.

Why Law Firms Are Under Pressure

Law firms are facing a combination of forces that are familiar as isolated issues but are more challenging when combined.

Clients are more sophisticated buyers of legal services than they were a decade ago. Many are supported by procurement teams, legal operations professionals, and outside advisors who evaluate firms based on cost, predictability, and performance, not just reputation. Pricing pressure is particularly acute for repeatable and process-heavy work, where clients have more data and more alternatives.

Technology, especially AI, adds another layer of complexity. Tools that assist with research, drafting, review, and workflow coordination are improving quickly. While claims about speed or margin improvements should be treated cautiously, there is growing evidence that these tools can meaningfully affect how certain categories of work are performed. However, outcomes vary widely based on implementation, pricing models, and adoption, and should not be assumed.

WHAT WOULD CLIENTS THINK?

From a client perspective, many of the most meaningful changes show up less as internal discipline and more as new ways of engaging with their law firms:

- New delivery models that provide speed, predictability, and lower total cost
- Clearer options around scope, pricing structures, and risk-sharing
- Services that feel designed around delivering value, rather than around internal firm structures

Clients are not uniformly demanding innovation, but many are increasingly receptive to new models when those models solve real problems or reduce friction.

At the same time, talent expectations are changing. Younger lawyers and professional staff often expect clearer career paths, better technology, and more thoughtful management than the traditional apprenticeship model provides.

None of this suggests that law firms are in existential danger. Many remain profitable and resilient. The greater risk is that firms continue to operate comfortably while their relative position weakens, their leverage declines, and their strategic options narrow.

Why This is a Moment of Opportunity

The same conditions creating this pressure are also creating opportunity.

Demand for legal services remains strong across many practice areas, but what clients increasingly seek is predictability, insight, and practical value rather than simply more billed hours.

This shift creates a clear opening: Sustained demand is paired with a growing willingness to consider alternative delivery models that can improve client outcomes while potentially enhancing firm profitability. Yet many firms continue to move slowly, held back by governance constraints, compensation structures, or institutional inertia, even as competitors proceed cautiously or not at all.

This creates an uneven competitive landscape. Firms that develop clearer operating discipline can differentiate themselves and drive partner value without needing to be the largest firm, the most aggressive acquirer, or the earliest adopter of every new technology.

What Private Equity Sees When It Looks at Law Firms

Private equity investors look for identifiable patterns.

In law firms, those patterns often include strong demand paired with uneven pricing discipline, talented professionals supported by inconsistent systems, high revenues with limited visibility into true profitability, and client relationships that depend heavily on individual partners rather than firm-level infrastructure.

Investors see an opportunity in the gap between strong market demand and operating models that often rely on individual judgment, informal processes, and unclear decision-making rights rather than repeatable systems.

New client demands, technology, and competition make this the time for firms to apply structure, measurement, and process in ways that improve performance and reduce risk. And they do not need to actually take investment from private equity to apply some of their core concepts.

What Would Private Equity Do?

This book is organized around a single question applied repeatedly to the modern law firm:

What would private equity do if it were invested in this business?

The point is not to turn law firms into financial assets or to suggest that investor ownership is desirable. It is to borrow a set of operating principles that private equity applies routinely in other professional services businesses.

The chapters that follow translate those principles into a law firm context, with a focus on profitability, pricing, governance, portfolio thinking, and technology and AI as operating tools, business development systems, and talent and accountability.

Throughout the book, we also return to a practical concern: the cumulative risk of keeping the status quo, leaving existing structures largely unchanged while the market around them continues to evolve.

What Would Private Equity Do *FIRST*?

Private equity would begin by developing a clear and shared understanding of how the firm actually makes money today. The first priority would be basic economic clarity.

Chapter 2

Running the Firm Like a Business

Running the Firm Like a Business

For many law firms, the idea of "running the firm like a business" triggers a negative reaction. Some hear it as a critique of legal professionalism. Others hear a threat to autonomy or culture. Still others assume it means importing corporate bureaucracy into a partnership model that has worked, at least well enough, for decades.

Private equity approaches this very differently. The goal is not corporatization for its own sake. It is an operating discipline: discipline around who decides, how resources are allocated, how performance is measured, and how the organization learns over time. Firms that lack this discipline do not usually fail outright. They stall. Decisions take longer. Accountability blurs. Capital is deployed unevenly. In firms without clear decision rights and operating discipline, even sophisticated analytics or AI tools struggle to drive impact because no one owns the decision to act on the data. Over time, opportunity cost compounds.

This chapter examines how private equity can impose operating clarity, and how firm owners can apply those same disciplines without selling control or taking outside capital.

Reframing Governance With the Business In Mind

In many law firms, governance is conflated with representation. Committees are designed to ensure voices are heard, constituencies are balanced, and major groups feel included. Those goals matter. But from an operating perspective, governance serves a more basic function: deciding who has the authority to make which decisions, and on what basis.

Organizations that operate at scale are explicit about decision rights. This clarity becomes even more important as firms adopt data-driven, AI-enabled tools that surface more signals than traditional reporting but require clear ownership to translate insights into action.

All the additional data provided by these tools requires even more intentional separation of:

- Strategic decisions from operational ones
- Firm-level priorities from practice-level discretion
- Oversight from execution

In law firms, the absence of this clarity often leads to consensus-driven decision-making even where speed and accountability matter most. The result is not harmony, but delay.

Professional Management Versus Partner Consensus

Running the firm like a business does not mean sidelining partners. It means recognizing that certain decisions benefit from professional management.

Many firms now employ experienced non-lawyer executives: COOs, CFOs, pricing leaders, innovation heads, and legal operations professionals. As firms adopt AI across pricing, staffing, and matter management, these roles increasingly sit at the intersection of technology, data, and execution. Yet in practice, these roles are often advisory rather than authoritative. Recommendations are made. Decisions are deferred. Execution is inconsistent.

Private equity would not treat senior operators as permanent consultants. It would give them clear mandates, defined authority, and accountability tied to outcomes. This is not a judgment about lawyers' capabilities. It reflects a simple reality: Most highly trained professionals are not trained to run complex businesses.

Large physician groups offer a useful parallel. Doctors retain full authority over medical judgment, but professional managers—trained specifically in operations, finance, and systems—are empowered to run staffing, scheduling, technology, and capital allocation so physicians can focus on practicing medicine rather than managing the enterprise.

Capital Discipline Without Outside Capital

Capital discipline is not synonymous with taking investment.

At its core, capital discipline means being deliberate about where the firm invests time, money, and attention and where it does not. This includes decisions about AI and technology, where pilot fatigue and under-owned initiatives can dilute returns without clear governance.

Law firms deploy capital constantly: opening offices, lateral hiring, investing in technology, expanding practices, and launching initiatives. Too often, these decisions are made opportunistically rather than systematically.

Private equity would ask basic but uncomfortable questions:

- What return is expected from this investment (financial or otherwise)?
- What is the time horizon for Return on Investment (ROI)?
- What evidence will tell us whether it is working?
- What will we do or stop doing if this fails?

Firms that cannot answer these questions reliably are not necessarily undercapitalized. They are under-disciplined.

Operating Cadence Matters

One of the most visible differences between investor-run organizations and many law firms is operating cadence.

Businesses that operate with disciplined management tend to operate with greater frequency and agility: quarterly revenue and performance focus, regularly updated forecasts, ongoing performance reviews, and clear accountability checkpoints tied to action.

AI-enabled forecasting and performance analytics can support this higher-frequency operating model, but only when embedded in a disciplined management process that translates insight into decisions. These practices are not about reporting for its own sake. They are how organizations course-correct in real time.

In contrast, many law firms review performance episodically. Budgets are prepared annually, forecasts are static, and performance discussions are often backward-looking rather than corrective.

Establishing a consistent operating cadence helps surface issues earlier. It also reduces reliance on informal information flows and individual memory.

Separating Governance From Management

A final distinction that effective operators insist upon is the separation of governance from day-to-day management.

Governance sets direction, approves major investments, and hires or evaluates senior leadership. Management executes. This separation matters even more as AI expands the scope and speed of operational decisions, increasing the cost of unclear authority.

In many law firms, the roles of governance and management blur. Partners involved in governance also intervene directly in operations, sometimes with the best of intentions. The effect, however, is often confusion about priorities and accountability. This dynamic is especially acute because most partners are not trained to operate businesses at this level of frequency and complexity. Consensus-building becomes exhausting rather than constructive, leaving professional operators negotiating every decision rather than executing.

WHAT WOULD THE NUMBERS SAY?

Signals of Governance Effectiveness in a Data-Rich Firm

- Time required to approve major investments or initiatives
- Budget variance versus forecast
- Return on prior investments (laterals, offices, technology)
- Decision escalation frequency

Slow decisions and repeated course corrections often indicate governance problems, not market ones.

Law firm marketing offers a familiar example. A campaign, blog post, or outbound email may be reviewed, revised, and re-reviewed by multiple partners, each optimizing for personal preference or risk avoidance. The result is often that nothing gets finalized, or what does is so diluted that it is ineffective. Over time, professionals hired to lead these functions are neutered, outcomes suffer, and top talent becomes harder to attract or retain.

Recalcitrant Partners and the Limits of Non-Hierarchy

A related challenge is adoption. Most law firms are not truly hierarchical organizations. Even when firm leadership sets direction, individual partners—particularly powerful or revenue-generating ones—often retain the practical ability to opt out.

Organizations that take execution seriously assume that strategy without adoption is failure. When operating discipline is optional, the firm effectively runs multiple models at once, eroding the benefits of scale, investment, and consistency. Over time, this tolerance for non-adoption becomes a value killer.

Running the firm like a business does not require a rigid hierarchy, but it does require consequences. Clear expectations, visible enforcement, and leadership willingness to address recalcitrant behavior are essential if governance decisions are to translate into real change.

Running the firm like a business requires respecting this separation. It's not because partners should disengage, but because organizations function better when roles are clear.

When Outside Capital Actually Makes Sense

Although this book is not an argument for selling or recapitalizing law firms, there are circumstances where outside capital can be rational.

Alternative business structures, minority investments, management services organizations, and other models can make sense when a firm faces a specific constraint: funding a technology-heavy build, accelerating geographic expansion, or acquiring capabilities that cannot be developed organically.

Debt can also be a viable alternative in the right circumstances. Credit facilities, term loans, or other forms of borrowing can allow firms to fund discrete investments while preserving ownership and control, provided the firm has the cash-flow discipline and governance maturity to manage these arrangements responsibly. Like any capital source, debt introduces obligations and risk, but it can be a simpler and more aligned tool than equity when used deliberately.

WHAT WOULD CLIENTS THINK?

What Clients Experience When Firms Govern Well

Clients rarely see a firm's governance structure directly, but they experience its consequences.

Firms with clearer governance and management often deliver:

- Faster responses to pricing, staffing, and scope questions
- More consistent service across matters and teams
- Greater confidence when proposing new models or approaches
- Exceptional agility and proactivity in building and adjusting the business to better serve clients

Operational clarity inside the firm tends to show up as reliability outside it.

Litigation finance and other matter-level financing structures are another form of capital that some firms use selectively. These arrangements can help manage cash-flow timing, support large or contingent matters, or reduce balance-sheet strain, particularly in litigation-heavy practices. Used carefully, litigation finance can expand strategic flexibility; used indiscriminately, it can introduce misaligned incentives and hidden risk. As with debt, governance and transparency are critical.

Private equity would view all of these tools—equity structures, debt, and litigation finance—as situational rather than inevitable. Each introduces economic, cultural, and governance-related trade-offs, and each requires explicit decision rights and oversight. For many firms, the more urgent need is not additional capital but the operating discipline that capital providers tend to impose.

What Would Private Equity Do *FIRST*?

Private equity would begin by mapping decision rights—who decides what, where authority is ambiguous, and where consensus is slowing execution—to clarify how the firm operates.

Chapter 3

Operating Efficiency and Process Discipline

Operating Efficiency and Process Discipline

Operating efficiency is rarely discussed honestly in law firms. It is often framed as cost-cutting, when in reality it is about how work gets done and who should be doing it.

Most law firms are already full of highly capable people working unfathomably hard. The problem is not effort. It is how work is structured, allocated, and repeated. Private equity would look past hours worked and focus instead on how effectively the organization converts effort into outcomes.

Process discipline allows firms to scale quality, reduce unnecessary costs, and free their most expensive and important resources to focus on work only they can do. Without it, technology investments stall, leverage models break down, and growth becomes increasingly expensive.

WHAT WOULD THE NUMBERS SAY?

Whether the Firm Is Actually Operating Efficiently and Building Optionality

- Cycle time by matter type and variance across similar matters
- Cost per matter relative to complexity and pricing model
- Percentage of work performed by non-lawyers, partners, ALSPs, or clients themselves
- Utilization, capacity constraints, and throughput by practice
- Rework, write-offs, and realization trends over time
- Performance of tech-enabled or subscription-based offerings relative to expectations

Efficiency shows up not just in cost reduction, but in predictability, capacity, and strategic flexibility.

Process Before Technology

Firms often adopt technology before fully understanding their own workflows. That sequencing mistake can be crucial.

Before deploying tools, companies must be able to map how work actually flows: from intake to delivery to billing. Process mapping reveals the hidden work and identifies bottlenecks, handoffs, rework, and inconsistencies that quietly drain time and profit margins.

Standardization does not mean commoditization. It means deciding where variation adds value and where it does not. Firms that resist this step often find that technology simply automates inefficiency rather than eliminating it.

Reducing Reliance on the Most Expensive Resource

Law firms tend to solve problems by adding lawyer time.

From an economic perspective, this can be highly profitable, at least in the short term, especially under hourly billing models. But from an operating perspective, it is unsustainable. Lawyers are the firm's most expensive and constrained resource, and using them for work that does not require their training or judgment ties profitability directly to ever-increasing hours rather than to scalable leverage.

Private equity thinking starts with a simple question: *Who is the lowest-cost, highest-quality resource that can perform this task?*

Task Decomposition and Right-Sourcing

Improving efficiency usually starts by looking more closely at the work itself.

Task decomposition separates complex matters into component activities, making it possible to assign each piece to the appropriate resource. Once work is decomposed, right-sourcing becomes possible.

Right-sourcing may include:

- Paraprofessionals and legal operations staff
- Technologists and innovation professionals
- Offshore or nearshore centers of excellence
- Automated or self-service tools where appropriate
- Partnerships with ALSPs or other specialized providers for scale and cost efficiency
- Work deliberately transitioned back to clients, where it can be handled more efficiently in-house

This approach does not diminish legal work. It protects it by ensuring lawyers focus on analysis, judgment, advocacy, and client counseling—the work that justifies their cost.

Expanded Roles Beyond Lawyers

As firms rethink how work is structured, new roles become not just helpful but necessary.

As work is decomposed and right-sourced, firms increasingly rely on paraprofessionals, legal operations leaders, technologists, project managers, and innovation professionals. These roles are not support functions in the traditional sense. They are core to how work gets done.

Firms that treat these professionals as second-class citizens struggle to achieve the benefits of efficiency. Firms that empower them unlock leverage at scale and allow the firm's lawyers to practice at the top of their license.

The point of operating efficiency, after all, is not to squeeze more hours out of lawyers, but to change how their time is used.

When process, technology, and staffing are aligned, lawyers spend more time on judgment, strategy, and client interaction—and less time on coordination, administration, and rework.

This shift improves margins, outcomes, and satisfaction for both lawyers and clients.

WHAT WOULD CLIENTS THINK?

Clients experience operating discipline as a source of reliability and confidence.

From their perspective, efficient firms tend to provide:

- Faster turnaround without quality loss
- More consistent staffing and outcomes across matters
- Fewer surprises in scope, staffing, and cost
- Thoughtful use of technology and self-service where appropriate
- New service models that trade speed and predictability for hours when it makes sense

Inefficiency is rarely visible at first, but it becomes obvious when timelines slip, teams churn, or bills are hard to explain.

Knowledge Reuse and Leverage Models

Across firms, large amounts of legal work are recreated from scratch far more often than necessary. Clients often feel they are paying for the same work over and over.

Precedents, playbooks, checklists, and templates exist, but they are often underused or poorly maintained. Knowledge reuse requires ownership, incentives, and integration into daily workflows.

Effective leverage models depend on this foundation. When knowledge is reusable and accessible, firms can staff matters more flexibly, train faster, and deliver more consistent outcomes.

AI can support knowledge reuse through better search, summarization, and pattern recognition, but only when the underlying content is curated and trusted.

Capacity Planning and Visibility

Capacity in law firms is typically managed in response to pressure, not in anticipation of it.

Work arrives. People scramble. Sleep is lost. Bottlenecks emerge. The cycle repeats.

Capacity planning introduces foresight. By tracking demand, utilization, and cycle times across practices, firms can anticipate pressure points and adjust staffing, pricing, or scope before problems surface.

This level of visibility is essential for sustainable growth. Without it, firms either overhire or burn out their best people.

Measuring and Managing Efficiency

Efficiency is often discussed anecdotally in firms, but rarely tracked systematically. Metrics such as cycle time, rework rates, handoffs, and realization provide a clearer picture of how work is actually performed.

Used well, these metrics are diagnostic, not punitive. They help firms identify where processes break down and where improvement efforts will have the greatest impact.

Efficiency, Hourly Billing, and the Revenue Tension

For many law firms, the idea of driving operational efficiency creates an immediate and understandable concern: *if we bill by the hour, why would we want to reduce the hours it takes to do the work?*

This tension is real. Under traditional hourly models, inefficiency can appear economically attractive. More hours often mean more revenue, at least matter by matter. In that narrow frame, streamlining work can feel like voluntarily giving money back to the client.

But this view breaks down at the firm level.

First, efficiency and revenue are not opposites when demand is constrained. Most firms are not limited by available work; they are limited by capacity. When the same work takes fewer hours, lawyers can take on additional matters, higher-value work, or more complex engagements. The firm is no longer monetizing delay—it is monetizing judgment, throughput, and reputation.

Second, inefficiency directly links growth to headcount. When revenue depends on ever-increasing hours, the only way to grow is to add more lawyers or push existing ones to work longer hours. That model scales poorly. It increases burnout, magnifies recruiting risk, and raises the firm's fixed cost base. Efficient firms, by contrast, decouple growth from headcount by using leverage, process, and technology to increase output per lawyer.

Third, clients are increasingly intolerant of visible inefficiency. Even when they pay hourly, clients compare firms based on speed, predictability, and staffing discipline. Firms that appear slow, overstaffed, or repetitive face pricing pressure, write-offs, and erosion of relationships over time. Efficiency protects pricing power by making billing more defensible.

Finally, efficiency creates optionality. Firms that understand their cost structure and cycle times can choose when to trade hours for margin, when to price differently, and when to deploy alternative models. Firms that rely on inefficiency to drive revenue have far fewer strategic options.

For firms worried about making this shift, the starting point is not radical change. Practical first steps often include:

- Focusing efficiency efforts on work that is already price-pressured or written down,
- Reinvesting freed capacity into higher-value matters rather than cutting hours,
- Using efficiency gains to improve realization and reduce write-offs,
- Aligning partner messaging around throughput and quality, not just hours billed, and
- Piloting process improvements in specific practices before expanding firmwide.

In other words, the goal is not to bill fewer hours for the sake of it. The goal is to stop relying on inefficiency as a revenue strategy and to build an operating model that supports sustainable growth even when pricing models evolve.

New business models are often the release valve for this tension. Tech-enabled legal work can be delivered far more efficiently than traditional hourly models allow, without sacrificing quality or control. When work is decomposed, standardized, and supported

> by technology, firms can price outcomes, access, or volume rather than time.
>
> Subscription-based models, including self-service and hybrid offerings, are especially powerful in this context. They allow firms to deliver predictable value to clients while creating recurring revenue streams that are less sensitive to staffing for individual matters. From an investor's perspective, this kind of recurring, contracted revenue—often described as annual recurring revenue or ARR—reduces volatility and increases enterprise value. From a firm's perspective, this creates stability, scalability, and a clearer return on investment in processes and technology.

What Would Private Equity Do *FIRST*?

Private equity would start by mapping core workflows, identifying where high-cost lawyer time is being used unnecessarily, and surfacing where processes, staffing, and pricing are misaligned, while explicitly acknowledging and addressing the tension between efficiency and hourly billing.

Chapter 4

The Value Behind the Billings

The Value Behind the Billings

For decades, top-line growth has served as the primary shorthand for success: larger books of business, higher billings, bigger offices, and stronger rankings (including status in benchmarks like the Am Law 100). In many firms, revenue became not just a financial metric but a proxy for prestige, influence, and professional standing.

This is where the private-equity lens diverges sharply from traditional law-firm thinking.

Investors care about revenue only to the extent that it converts into sustainable profit. Profit is not treated as a valuation trick or an exit multiple exercise. It is treated as a discipline, a way of understanding how the business actually works, where it creates value, and where it quietly destroys it.

This distinction matters because many law firms are successful by traditional measures while being far less profitable, scalable, or resilient than they appear.

Profit as a Discipline

Profitability is not a number to be reviewed once a year. It is a management tool.

Profit discipline starts with a simple premise: a firm cannot make good strategic decisions if it does not understand which work, clients, and practices truly generate economic value. Yet many firms still operate with only partial visibility into their own economics.

Revenue growth can mask a great deal. AI-driven forecasting and variance analysis can make margin compression visible earlier, but only if firms choose to use these tools to inform decisions rather than simply report results. Firms can increase billings while margins compress, complexity increases, and partner effort rises faster than returns. In those cases, growth may feel like progress, but it can actually make the business harder to manage.

A firm owner applying this discipline would treat profitability not as an abstract outcome, but as a set of questions to be answered continuously and acted upon deliberately.

Cream, Core, and Commodity

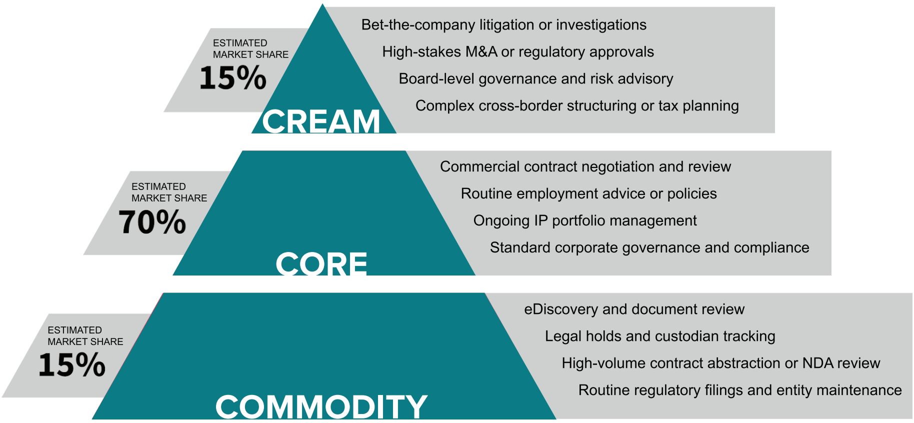
Not all legal work is economically equivalent.

Many legal market experts rely on the "Cream / Core / Commodity" framework, originally developed by Jae Um, to segment work based on its economic and strategic characteristics:

- **Cream** work is highly differentiated, relationship-driven, and difficult to replace. It tends to be highly profitable, sticky over time, and closely tied to trusted client relationships. For many firms, Cream work anchors reputation and margins, even if it represents a smaller share of total revenue.
- **Core** work is repeatable, predictable, and central to ongoing client relationships. It is often the "run-the-company" work for clients—steady, operational, and essential. For many firms, Core work has historically been the bread and butter, generating a significant share of revenue even if margins are more modest than Cream work.
- **Commodity** work is standardized, process-driven, and highly competitive. Much of this work has already migrated to alternative legal service providers (ALSPs) or AI-powered legal technology platforms, or has been brought in-house by clients seeking lower costs and greater control.

This segmentation matters because each category faces different economic pressures.

Cream work is typically resilient but limited in scale. Commodity work has largely been competed away. Core work sits in the middle—and is where many firms have the most exposure. It is also where disruption is accelerating. AI-enabled delivery, client insourcing, pricing pressure, and new service models are all reshaping how this work is performed and valued.



For firms, this makes Core the critical battleground for profitability. Understanding its true economics, deciding where to invest, and identifying ways to improve margins—through pricing discipline, staffing models, technology, or new delivery approaches—will increasingly determine the firm's overall performance. In some cases, these strategies can increase profitability even if they reduce revenue.

This framework is foundational because it informs nearly every subsequent decision: pricing, staffing, technology investment, delivery models, and growth strategy.

Many firms implicitly operate this way. Private equity firms seeking to drive enterprise value would insist on making these distinctions explicit.

Investor-Grade Profitability Modeling

In most industries, mature businesses expect to see profitability modeled at multiple levels: by product, by customer, and by business line.

Many law firms cannot reliably calculate profitability at the matter, client, or practice level. This is not because the data does not exist, but because systems, incentives, and habits were not built to produce that view.

Private equity would see this as a legacy design choice, not a failure of intelligence.

The consequence is significant. Without investor-grade profitability modeling, firms struggle to answer basic questions about where value is created and where it is diluted.

AI and advanced analytics can improve visibility into these questions, particularly in areas like staffing analysis, matter scoping, and pricing sensitivity.

The Billings Obsession

The legal industry's focus on billings did not arise by accident.

Am Law rankings, peer comparisons, lateral recruiting, and internal status dynamics have reinforced the idea that revenue is the scorecard that matters most. Billings are visible, easy to compare, and culturally reinforced. Profitability is more complex, more sensitive, harder to calculate, and often less discussed.

This imbalance introduces real risk into how firms price, staff, and invest.

An organization optimized around billings will tend to favor volume over margin, activity over efficiency, and short-term production over long-term sustainability. Over time, that orientation can distort pricing decisions, staffing models, and investment priorities. And that volume may diminish as more legal teams leverage AI.

This is not an argument against growth. It is an argument for understanding whether growth is actually improving the business.

Normalizing Partner Compensation

One of the first obstacles to understanding true profitability in a law firm is partner compensation.

Partner pay serves multiple roles at once: income, incentive, reward for seniority, and expression of firm politics. As a result, it is rarely analyzed as a cost in the same way as other expenses are.

WHAT WOULD THE NUMBERS SAY?

Where the Money Is Really Made

Viewed through the Cream / Core / Commodity lens, an investor-grade profitability view would focus on:

- Profit contribution by Cream, Core, and Commodity work, not just revenue share
- Margin differences between Cream and Core work, and how sensitive Core margins are to pricing, staffing, and scope
- The true cost to deliver Core ("run-the-company") work, including leverage and non-lawyer roles
- How much Commodity work remains, where it sits, and whether it is still profitable at all
- Scenarios where reducing Core volume could increase overall firm profit

The key question is not where revenue is highest, but where incremental effort actually improves returns.

For firm leaders trying to understand their true economics, this becomes a problem. If partner compensation is not normalized—meaning it is not treated consistently and transparently as part of the cost structure—it becomes difficult to understand the real economics of matters, clients, and practices.

This does not require reducing compensation or changing a firm's model overnight. It requires clarity. Without it, firms risk mistaking high gross revenue for high profitability and effort for value creation.

WHAT WOULD CLIENTS THINK?

Clients tend to experience the Cream / Core / Commodity shift in practical ways:

- **Cream** work remains relationship-driven and trusted, and clients value continuity and judgment here
- **Core** work is where clients are most open to new models, including standardized pricing, technology-enabled delivery, and alternative staffing; Core work is also often the work they are trying to bring in-house
- **Commodity** work is often already handled elsewhere—by ALSPs, in-house teams, or technology platforms

From a client's perspective, firms that understand this segmentation are easier to work with. They offer clearer choices around cost, speed, and customization, especially for Core work, where flexibility matters most.

What Would Private Equity Do *FIRST*?

Private equity would begin by establishing a shared, firm-wide view of profitability, even if the initial picture is uncomfortable. Before changing pricing models or investing in new initiatives, it would create a common economic baseline.

Chapter 5

Pricing as a Strategic Weapon

Pricing as a Strategic Weapon

When law firms talk about pricing, the conversation often jumps straight to alternative fee arrangements (AFAs). Fixed fees. Subscriptions. Value-based pricing. Those models matter, and we will discuss them further. But starting there skips the more important point.

Pricing is the single most powerful lever law firms have to improve profitability, and it applies just as much to hourly work as to non-hourly models. Before innovating on pricing structures, private equity would focus on pricing discipline: understanding what the firm charges today, why it charges that way, and where pricing decisions are driven by fear rather than data.

The Pricing Pressure Is Real

Clients are more active and sophisticated buyers of legal services than ever before. Requests for Proposals (RFPs), procurement teams, and benchmarking tools are now common across many segments of the market. These forces are explicitly designed to put downward pressure on price through clarity on scope of work, service expectations, pricing structure, risk and compliance, and differentiation.

However, this does not mean firms must concede everywhere.

Well-run professional services businesses distinguish carefully between:

- Where price pressure is unavoidable
- Where it is negotiable
- Where the firm has more leverage than it assumes

The difference is rarely intuition alone. It comes from analysis, segmentation, and a clear understanding of client behavior.

Pricing as the Biggest Value Lever

Private equity consistently treats pricing as one of the fastest and least capital-intensive ways to create value. Small changes in effective price often flow almost entirely to profit.

It is common to see businesses improve revenue by several percentage points on the same underlying work through better pricing strategy and execution. When costs remain largely fixed, those gains translate disproportionately into profit. This can be especially true at law firms, where information is imperfect, and discounts are often granted by instinct.

Fear-Based Underpricing

Pricing decisions in law firms are often shaped more by anxiety than by data.

Firms worry about losing clients, losing matters, or being perceived as expensive. In the absence of rigorous price elasticity analysis, those concerns often lead to preemptive discounts, conservative rate increases, or uniform pricing across very different clients and matters.

The result is a quiet erosion of value.

In some cases, raising prices and accepting the risk of fewer clients can increase total profit.

This runs counter to deeply ingrained instincts in many firms, but it is a familiar conclusion in other professional services industries.

Hourly Pricing Comes First

Better pricing does not mean abandoning hourly billing.

For most firms, the first and most immediate opportunity lies in optimizing how hourly work is priced, governed, and managed. This starts with rate setting itself. Too often, rates are rolled forward year after year based on precedent, peer benchmarking, or broad firmwide increases, rather than grounded analysis of client behavior, matter economics, and willingness to pay.

WHAT WOULD THE NUMBERS SAY?

What Pricing Discipline Reveals

A firm that treats pricing as a managed capability would track:

- Realized rates by client, matter type, and pricing professional involvement
- Discount frequency, size, and approval patterns (including where discounts are preemptive)
- Rate-setting outcomes versus initial proposals
- Price elasticity by segment, including where higher prices correlate with higher profit
- Margin impact of hourly pricing changes before introducing AFAs

The point is not to model every scenario perfectly, but to understand where pricing decisions materially change outcomes.

Well-run firms treat rate setting as an ongoing discipline, not an annual ritual. They differentiate rates by client, matter type, urgency, and risk profile, and they revisit those decisions as market conditions and delivery models change.

Increasingly, firms are recognizing that this work requires specialized expertise. Dedicated and highly skilled pricing professionals—often drawn from consulting, finance, or other professional services industries—are now common in larger firms and spreading quickly beyond the Am Law 100. These professionals bring analytical rigor to questions that partners rarely have the time or tools to address on their own.

This is also an area where modern analytics and AI-enabled tools can make a material difference. Used appropriately, these tools can analyze historical matter data, discount patterns, realization, and staffing mixes to support more informed rate-setting and pricing decisions. They do not replace judgment, but they make patterns more visible than manual analysis allows.

At a practical level, hourly pricing optimization includes:

- Differentiating rates by client, matter type, and urgency
- Aligning staffing decisions with price, not just availability
- Using data and analytics to inform rate increases and discount decisions
- Reducing unnecessary discounting and leakage through clearer approval pathways
- Treating realization, write-offs, and write-ups as pricing signals, not administrative noise

Many firms attempt to layer alternative pricing models on top of weak hourly pricing foundations. That rarely ends well.

Pricing Innovation Comes Second

Once pricing discipline is in place, alternative models can become powerful tools rather than blunt instruments.

AFAs, subscriptions, and packaged offerings tend to be most effective for Core and Commodity work, where scope is more predictable and delivery can be standardized. Used well, these models can improve client satisfaction while also protecting or expanding margins.

“Better pricing” does not mean fixed fees everywhere. It means choosing the right pricing model for the economics of the work.

AI-enabled delivery and technology can materially improve margins under non-hourly models by reducing cost, improving predictability, and enabling greater standardization.

Pricing Is a Capability, Not a Conversation

In many firms, pricing lives in the heads of a few experienced partners. In others, it is treated as a negotiation skill rather than a managed capability.

Private equity-backed businesses typically professionalize pricing. They invest in pricing expertise, data, tools, and governance. They establish clear decision rights and feedback loops so pricing improves over time rather than resetting with every negotiation.

Investing in pricing professionals is therefore not just an administrative upgrade but a strategic one as well. Firms that commit real resources to pricing talent—clear roles, authority, career paths, and integration with practice leadership—tend to make better, faster, and more consistent pricing decisions. Partner judgment remains essential, but it is strengthened when supported by people whose job is to bring data, structure, and repeatability to how prices are set and defended.

WHAT WOULD CLIENTS THINK?

From the client's viewpoint, better pricing reflects competence rather than creativity.

Clients tend to respond positively when firms:

- Set and defend rates with confidence and consistency
- Explain pricing decisions clearly and tie them to value, rather than negotiating them ad hoc
- Offer alternative models selectively, where they genuinely reduce friction or risk
- Use technology and data to improve predictability without overpromising outcomes

Thoughtful pricing builds trust. Inconsistent pricing erodes it.

What Would Private Equity Do *FIRST*?

Private equity would start by analyzing how prices are actually set across clients and matters, where discounts are concentrated, and how pricing decisions correlate with profitability. Before changing pricing models, it would fix the fundamentals.

Chapter 6

Beyond "Artisan" Lawyering: Choosing What Scales

Beyond "Artisan" Lawyering: Choosing What Scales

For much of the legal industry's history, what we might call "artisan" lawyering has been a strength. Bespoke judgment, deep expertise, and highly individualized problem-solving are precisely what clients value in high-stakes, complex matters.

The challenge is that artisan lawyering, on its own, does not scale. And while not every firm needs to scale for scale's sake, nearly every firm is being asked—by clients, economics, or competition—to deliver work more efficiently, more predictably, and in forms that feel designed rather than improvised.

A private equity investor would see this tension clearly. The goal is not to eliminate craft, but to decide deliberately where craft is essential and where repeatability, leverage, and new delivery models create more value.

From Practice Management to Portfolio Thinking

Most law firms think about work on a practice-by-practice basis. Investors think about work as a portfolio.

Portfolio thinking starts by recognizing that different types of work play different economic and strategic roles. Some work should be grown aggressively. Some should be stabilized and optimized. Some should be harvested. Some should be reinvented. And some should be removed.

The Cream / Core / Commodity framework introduced in Chapter 4 is the foundation for these decisions. What matters here is not the labels themselves, but the discipline of making intentional choices rather than allowing history, billings, or partner preference to dictate the firm's direction.

From Artisan Bakery to Scaled Production — A Law Firm Analogy

The Artisan:

Think of a small artisan bakery. The master baker wakes before dawn, mixes dough by feel, adjusts for humidity instinctively, and pulls each loaf from the oven at precisely the right moment. The result is exceptional. Distinctive. Impossible to replicate exactly.

This is **Cream work.**

Like high-stakes legal matters, artisan baking is defined by judgment, craft, and individual expertise. Quality depends on the practitioner's skill. It commands premium pricing. It builds reputation. But it does not scale easily. A baker can only shape one loaf at a time, and there are only so many matters a partner can personally drive.

Mass Production:

Now consider mass-market baking. Hostess Cupcakes. Packaged fruit pies. Production lines, standardized inputs, technology, engineered consistency. The goal is not artistry, but uniformity, cost control, and throughput. And consumers looking for an easy, inexpensive snack know exactly what to expect.

This is **Commodity work.**

Differentiation is minimal. Competition is relentless. Margins are thin. Outcomes are consistent. Efficiency is everything. In legal services, much of this work has already migrated to ALSPs, automation through technology and AI, or client in-house teams.

The Core:

Between these poles sits the most interesting category: bakeries like Crumbl or Nothing Bundt Cakes. They are not improvisational. Recipes are fixed. Processes are measured. Training is structured. Yet the product still feels premium relative to factory output.

WHAT WOULD THE NUMBERS SAY?

Where Scale Actually Creates Value

- Profit contribution by Cream, Core, and Commodity work
- Margin differences between bespoke and standardized delivery
- Cost per matter under lawyer-only versus leveraged models
- Investment returns from new delivery models over time

Scaling the wrong work destroys value. Scaling the right work amplifies it.

> This is **Core work.**
>
> Repeatable but valuable. Standardized yet quality-sensitive. Profitable when engineered correctly. Vulnerable when treated casually.
>
> The lesson here for law firms is straightforward:
>
> Scaling does not mean abandoning craft. It means **deciding where craft truly belongs.**
>
> Cream work remains artisanal by necessity. Commodity work competes on efficiency by definition. But Core work, the steady, recurring, relationship-anchored work, is where disciplined process design, staffing leverage, and technology investment have the greatest economic impact.
>
> In a bakery, this is the difference between “the baker’s talent” and “the bakery’s system.” And a place in between.
>
> In a law firm, it is the difference between professional effort and durable profitability.

Grow, Fix, Harvest, Exit—or Reinvent

Once work is viewed as a portfolio, new questions emerge:

- Which offerings should we invest in because they are profitable, sticky, and aligned with long-term strategy?
- Which are strategically important but operationally inefficient and therefore need to be fixed?
- Which generate cash but have limited future value and should be harvested carefully?
- Which persist mainly because they have always existed, even though they dilute focus and margin?
- Which should be reinvented through new delivery models, technology, leverage, or pricing rather than merely optimized or exited?

In many firms, decisions about practices, offices, and even individual partners are still driven primarily by revenue. Portfolio discipline requires shifting the lens to profitability, scalability, and strategic fit.

Sunsetting low-margin offerings, offices, or capabilities is uncomfortable. But avoiding those decisions is not neutral. It ties up leadership attention, capital, and talent that could be deployed elsewhere.

Scaling Without Devaluing Expertise

Moving beyond artisan lawyering does not mean commoditizing everything.

It means identifying where work can be systematized without diminishing quality. In particular, clients increasingly expect consistency, speed, and predictability from Core work. That expectation is not a critique of lawyers but a reflection of how legal work fits into broader business operations.

Standardized playbooks, templates, matter management approaches, and clearer scoping can allow senior lawyers to focus their judgment where it matters most. In many cases, AI and technology can support this shift by handling first drafts, pattern recognition, or process-heavy tasks, while lawyers retain control over strategy and final decisions.

Beyond Lawyers: Expanding the Delivery Model

One of the most powerful levers for scalability is moving beyond lawyer-only delivery.

Non-lawyer professionals, legal operations specialists, technologists, project managers, and pricing experts can dramatically improve efficiency and consistency when properly integrated. In addition, many firms now leverage nearshore or offshore centers of excellence for document-intensive, process-driven work.

Used well, these models do not lower the quality. They allow lawyers to work at the top of their license while reducing cost and cycle time for clients. AI can further extend these models by coordinating work across roles, supporting quality control, and enabling higher leverage but only where governance and accountability are clear.

Firms that resist these approaches often cite the need to maintain existing firm culture or avoid risk. More often, the real issue is a lack of operating discipline and comfort with change.

New Models for Delivering Legal Work

Portfolio thinking naturally leads to new delivery models.

Firms are experimenting with a range of new delivery models, but these approaches only work when applied deliberately to the right categories of work. Labels vary, but success depends less on terminology than on design discipline.

For these models to work, several design choices must be made explicit. First, firms must be clear about **what work they apply to.**

These approaches are rarely substitutes for Cream work, where bespoke judgment is the product; they are better suited to Core and Commodity work, where clients value predictability, speed, and consistency. Second, firms must articulate **what problem the model solves for clients.** Subscriptions, packages, and managed services succeed when they simplify budgeting, reduce cycle time, or remove friction for in-house teams, not when they simply rewrap hourly work. Third, firms must define **how the model is priced and governed.** Scalable offerings require clear scope, pricing discipline, and explicit rules for exceptions; otherwise, they quickly revert to bespoke delivery. Finally, firms must be honest about **why the model improves profitability.** When designed correctly, these approaches shift work toward leverage, repeatability, and margin expansion rather than relying on ever-increasing utilization.

These models include:

- **Subscription-based access to counsel (Legal-as-a-Service).** Ongoing access to defined legal support for a recurring fee, often paired with service levels and response commitments. These models work best for repeatable Core work where clients value predictability and continuity over matter-by-matter pricing.
- **Client-accessible databases and knowledge platforms.** Curated repositories of templates, guidance, playbooks, or regulatory intelligence that clients can access directly. These models shift value from one-off advice to reusable assets and can deepen client relationships while reducing friction.
- **Self-service models.** Technology-enabled tools that allow clients to complete defined legal tasks themselves, with lawyer oversight where appropriate. Self-service works best for high-volume, low-risk activities where speed and cost matter more than customization.
- **Partnerships with ALSPs.** Collaborative delivery models where firms combine legal judgment with ALSP scale, process discipline, or technology. These partnerships can expand capacity and margins without forcing firms to build everything in-house.

- **Tech-driven services.** Offerings where technology is central to delivery, not just supportive. Document review is the most familiar example, but similar models can apply to investigations, compliance monitoring, and other data-intensive work.

These are not experiments in innovation for their own sake. They are tools for making the right categories of work more scalable, predictable, and profitable.

These models require different skills than traditional matter management. Product thinking—defining scope, pricing, delivery, and success metrics up front—becomes more important than heroic execution.

Product Ownership Matters

New models do not manage themselves.

Private equity-backed organizations assign product owners or product managers with clear responsibility and authority for performance, profitability, and improvement. Law firms experimenting with new models often skip this step, or fail to empower these roles, leaving offerings under-resourced, inconsistently delivered, and difficult to evaluate.

Product ownership does not replace partners but instead complements them by ensuring that scalable offerings are treated as businesses, not side projects.

The Risk of the Status Quo

The risk of doing nothing is subtle but real. Firms that insist every matter be treated as entirely bespoke often find themselves underpricing Core work, overusing senior time, and struggling to defend margins. Meanwhile, others—including ALSPs—are actively reinventing how this work is delivered, and clients themselves are increasingly looking to bring Core work in-house. Doing nothing does not preserve the status quo; it increases the risk that this work migrates elsewhere, possibly even to the firm's own clients.

WHAT WOULD CLIENTS THINK?

Clients rarely object to expertise. They object to inefficiency.

From the client's perspective, firms that move beyond purely artisan models tend to offer:

- More predictable cost and timelines for repeatable work
- Clearer options around scope, speed, and price
- New service models that feel designed for how businesses actually operate

The firms that win are not those that abandon craft, but those that deploy it where it matters most.

What Would Private Equity Do *FIRST*?

Private equity would start by mapping the firm's portfolio of work and asking which offerings truly deserve investment. Before launching new models, it would decide what should scale, what should be reinvented, and what should quietly wind down.

Chapter 7

Technology as an Operating Lever

Technology as an Operating Lever

Technology is often viewed in law firms as a cost center, a risk, or, at best, a necessary effort to modernize. Too often, it is not recognized as what private equity would immediately see: a vital operating lever.

An operating lever is not about novelty. It is about using systems, data, and tools to change how work gets done, how resources are deployed, and how value is captured. In law firms, technology's biggest impact is rarely about replacing lawyers. Instead, it is about reducing friction, increasing leverage, improving decision-making, and enabling new models of delivery.

The firms that struggle with technology adoption usually do not lack access to tools. They lack clarity and discipline about what technology is meant to accomplish and how it fits into the firm's operating model.

Reducing Unbillable Effort

Private equity would begin with the unglamorous work first: reducing unbillable effort within the firm.

Administrative overhead, internal coordination, matter setup, knowledge retrieval, billing compliance, and reporting consume enormous amounts of time in most firms. Improving these areas rarely shows up directly on a client invoice, but it has an outsized impact on capacity, morale, and profitability.

In practical terms, this is where tools like document management, intake systems, billing compliance platforms, and internal knowledge systems earn their keep. AI can accelerate these gains by improving search, classification, summarization, and routing, but only when paired with clean data and clear ownership.

Firms that skip this step and jump straight to client-facing innovation often find that new tools on top of broken processes simply add complexity.

Technology and AI In Billable Work

Technology's role in billable work is more complicated.

Tools that assist with drafting, document review, research, and analysis can meaningfully change how matters are staffed and delivered. AI can increase leverage and speed in these contexts, but it also challenges traditional pricing models. If technology reduces hours without changing pricing, firms risk eroding revenue even as efficiency improves.

This is why technology within billable work cannot be separated from pricing strategy. Firms must explicitly decide how they intend to use the gains created by technology within billable work. Those gains can be used to deliver faster outcomes at the same price, to offer lower prices while preserving or expanding margins, to redeploy freed capacity toward higher-value work, and to support entirely new delivery models. When these choices are left implicit, technology adoption inside billable work often creates tension rather than value.

Technology That Drives Revenue, Not Just Savings

Not all value from technology comes from efficiency.

Certain systems directly affect revenue capture. Timekeeping tools that reduce leakage, billing platforms that improve realization, and pricing systems that support disciplined rate setting can materially increase revenue without changing the underlying work.

These gains are often overlooked because they are incremental rather than transformational. Yet from an operating perspective, they are among the highest-confidence returns technology can deliver. Increasing revenue from work that the firm is already doing is typically one of the most profitable and least risky ways to improve performance.

Adoption, Change Management, and ROI Discipline

Technology adoption is one of the largest and most underappreciated risks in law firms. Firms often invest heavily in tools, only to discover that usage is uneven, optional, or quietly resisted. This is not a training problem. It is an operating and leadership problem.

Adoption requires more than training sessions and polite encouragement. It requires clear expectations about how work will be done going forward, accountability for usage, and leadership willingness to enforce change—even when that change is uncomfortable or unpopular with powerful partners. In non-hierarchical environments, optional adoption quickly becomes de facto non-adoption.

Incentives and internal “marketing” matter just as much. Lawyers need to clearly see why a tool helps them better serve clients, manage risk, or succeed economically, not just that the firm bought it and now someone has to use it.

Effective firms treat adoption like a program, not a memo: aligning compensation credit, evaluations, and recognition with desired behavior; identifying champions and evangelists; highlighting early wins; and communicating clearly about what is changing and why. Without this combination of incentives and sustained internal advocacy, even well-chosen technology struggles to gain traction.

Change management also requires subtraction. New tools layered on top of old processes rarely succeed. Firms must be willing to retire legacy workflows, eliminate redundant systems, and stop rewarding behavior that undermines the intended change.

Private equity would insist on basic ROI (Return on Investment) discipline:

- What problem is this tool solving?
- How will success be measured?
- Who owns adoption?
- What is being done to drive adoption?
- What will be changed or removed if it does not work?

Without clear answers and the authority to act on them, technology investments become shelfware rather than operating leverage.

WHAT WOULD CLIENTS THINK?

Clients do not care which tools firms use. They care about outcomes.

From the client's perspective, firms that use technology well tend to deliver:

- Faster turnaround without loss of quality
- Fewer billing surprises
- More predictable staffing and pricing
- New service options that feel modern and efficient
- Better use of their own data to deliver faster answers, more consistent outcomes, and greater predictability

Poorly implemented technology, by contrast, is invisible to clients until it becomes a problem.

Data as an Asset, Not a Byproduct

Every matter generates data: pricing history, staffing patterns, cycle times, outcomes, and client behavior. In most firms, this data is treated as exhaust.

Investor-minded operators see it as an asset.

Internal analytics can materially improve pricing, staffing, forecasting, and capacity planning. AI can enhance these insights by identifying patterns and anomalies at scale, but only where data is reliable and governance is clear.

The value of client and matter data looks different across Cream, Core, and Commodity work:

- **Cream work.** Data can help top lawyers do better legal work, not replace judgment. Historical outcomes, strategy patterns, and cycle-time analysis can inform litigation strategy, negotiation posture, and resource deployment, which increases win rates and reduces unnecessary delay. Used properly, analytics make elite lawyers more effective rather than more standardized.
- **Core work.** Data is especially powerful in reducing cycle times, enabling knowledge reuse, and informing decisions about what work to pursue or avoid. Examples include patent renewal decisions, recurring regulatory filings, or employment claims where historical outcomes can guide early resolution, staffing, or even whether to proceed at all. The result can be a significant reduction in legal costs for clients.
- **Commodity work.** In high-volume areas such as document review and eDiscovery, data supports cost estimation, workflow optimization, and predictability. Analytics help firms scope matters accurately, manage client expectations, and protect margins in areas where price pressure is highest.

Over time, some firms may explore external monetization of data-driven insights such as benchmarks, tools, or services offered back to clients. This must be approached selectively, carefully, and ethically, with clear boundaries around confidentiality and conflicts. Regardless, data is an asset and should be treated as such.

Build Versus Buy Versus Partner

Every technology decision raises a familiar question: to build or to buy? There is also a less-familiar option: whether to partner?

Private equity tends to favor buying proven solutions unless a proprietary advantage is clear. Law firms, by contrast, often underestimate the cost of building and maintaining custom tools, overestimate their ability to do so, and lack the specialized expertise required to develop and sustain technology at scale.

Build decisions make sense when technology is core to a differentiated offering or business model. Buy decisions make sense when the goal is efficiency, standardization, or speed to value.

A third option is partnership. Partnering with technology providers, ALSPs, or other service organizations can allow firms to access capabilities, scale, and expertise without bearing the full cost or risk of ownership. Partnerships are especially effective where technology is important to delivery but not a source of competitive differentiation.

The mistake is treating build, buy, or partner as a philosophical preference rather than a strategic choice. Each option carries different implications for control, speed, cost, and risk and should be evaluated based on the firm's objectives and operating maturity.

WHAT WOULD THE NUMBERS SAY?

Where Technology Actually Moves the Needle

- Utilization and capacity freed by unbillable efficiency gains
- Revenue leakage before and after billing and timekeeping improvements
- Margin impact of tech-enabled leverage inside matters
- Adoption rates versus licensed users
- Improvement in decision quality driven by data use (e.g., forecasting accuracy, cycle-time reduction, and variance between expected and actual outcomes)

Technology creates value only when behavior changes.

What Would Private Equity Do *FIRST*?

Private equity would start by clarifying where technology and data can most directly improve operating performance. Before pursuing advanced AI or client-facing tools, it would address unbillable friction, improve revenue capture, and establish accountability for adoption.

Chapter 8

Business Development as a System

Business Development as a System

For most law firms, business development (BD) still relies on individual effort. Rainmakers are responsible for generating new work, while others provide support when needed. The marketing team creates content, responds to requests for proposals (RFPs), and ensures the website remains up to date. In firms with a sales function, it is often limited to coaching partners on selling their own services.

That model has worked well enough for a long time. It is also increasingly misaligned with how sophisticated professional services organizations grow.

Private equity would view this not as a cultural issue, but as an operating gap. Growth that depends primarily on individual heroics is difficult to scale, hard to measure, and risky to sustain. Firms that want more predictable, durable growth need to treat business development as a system, not a personality trait.

From Rainmaking to Repeatability

In many firms, the dominant mental model for growth is still rainmaking. Origination credit, compensation, and prestige reinforce the idea that business development is something individual partners do, often in idiosyncratic ways.

A system-based view starts from a different premise: Client acquisition and expansion are processes that can be designed, measured, and improved over time. This does not eliminate the role of partners, but it does change how their efforts are supported, amplified, and scaled.

- Process-driven business development focuses on:
- Identifying priority clients and markets
- Defining clear value propositions
- Creating repeatable approaches to outreach and follow up, staffed and led by professionals with the right experience, who are often not partners
- Measuring progress through the pipeline, not just at the point of origination

- Putting the right people in place to lead and run the system, which are roles that often require professional BD leadership rather than partner-led oversight

Absent this structure, firms tend to confuse activity with effectiveness.

WHAT WOULD THE NUMBERS SAY?

Is Business Development Actually a System in the Firm?

- Pipeline value, velocity, and aging by stage and practice
- Conversion rates from first contact to engagement and from matter to expansion
- Revenue concentration among top partners and top clients
- Revenue growth from existing clients versus new logos
- Participation rates in firm-led BD initiatives and use of BD resources
- Performance of new delivery models (subscriptions, self-service, captive ALSP work) relative to expectations

When business development is working as a system, growth becomes more predictable and less dependent on individual heroics.

Eminence Marketing Is Not the Same as Pipeline Management

Most law firm marketing teams spend the bulk of their time on eminence: brand, thought leadership, and responsiveness. It's about building reputations. Highlighting education, experience, and accolades. Refreshing websites. Publishing alerts. Managing rankings. Answering RFPs.

Marketing support is often inconsistent, highly dependent on which partners are willing to engage, and constrained by slow approval cycles. Many marketers find themselves executing partners' requests rather than driving a coherent growth strategy. The result is frustration on all sides and limited impact on revenue.

This often means that very little time is spent on refined pipeline management.

Most sophisticated professional services organizations—including accounting firms, consulting firms, and other non-law-firm enterprises—tend to flip this model. Marketing is tied directly to growth priorities and pipeline movement, not just visibility. Content, events, and campaigns are evaluated based on whether they advance specific client relationships or opportunities.

Clients as Firm Assets, Not Partner-Owned

One of the hardest shifts for many firms is moving away from the idea that clients are owned by individual partners.

From a systems perspective, clients are firm assets. Relationships may begin with individuals, but long-term value is created when knowledge, data, and access are shared across the organization.

This shift enables:

- More consistent client service
- Better cross-selling and expansion
- Improved succession planning
- Reduced key-person risk

Making this shift requires changing how partners think about ownership, risk, and upside. Many partners reasonably worry that institutionalizing clients will dilute their relationships or reduce their influence. In practice, the opposite is often true. When clients are supported by coordinated teams, shared knowledge, and firm-level systems, partners are less exposed to coverage gaps, succession risk, and burnout. Their relationships become more durable, not less.

Convincing partners usually starts with pragmatism, not ideology. Firms that succeed show how institutionalization protects origination credit over time, creates more opportunities for expansion, and makes it easier for partners to win and retain larger, more complex clients. The message is not that partners matter less, but that the firm is investing to strengthen its relationships and its books of business.

Firms that fail to make this shift often struggle to grow beyond the capacity of their most productive partners.

Sales Is a Capability, Not a Dirty Word

Few law firms employ dedicated sales professionals, and even fewer have sales teams that resemble those found in consulting or other professional services firms.

Where sales roles exist, they are often positioned as support rather than ownership. Sales training may be offered to partners, but participation is uneven and follow-through is inconsistent.

Treating sales as a real capability means accepting that:

- Identifying opportunities
- Qualifying prospects
- Managing follow-up
- Coordinating cross-practice teams

are all skills that can be learned, staffed, and managed.

Hiring professional sellers does not replace partner relationships. But it does change how those relationships are supported and scaled.

In effective systems, business development professionals work alongside partners as equals in their respective domains: Partners bring subject-matter credibility, judgment, and client trust; while BD leaders bring structure, process, persistence, and an external view of the market.

This relationship works best when roles are explicit and complementary, not when BD is expected to “support” partners without authority or when partners are expected to become sales professionals.

Business Development as a Function

In firms that treat business development as a system, it is a staffed, measured, and accountable function with implications for who is hired into these roles.

Successful BD leaders in professional services are typically senior, commercially minded, and fluent in the substance of the work. They understand legal issues well enough to engage credibly with partners and clients, manage complex pursuits, and coordinate across practices.

They are not junior coordinators or generalist marketers. Treating BD as a serious operating function requires hiring people with the stature, experience, and professionalism to operate as true counterparts to partners.

That includes:

- Career business development professionals with authority
- Clear role definitions between marketing, sales, and partners
- Sales management focused on pipeline health and conversion
- Metrics that track progress from first contact through expansion

Without this structure, BD professionals are left coordinating without authority, and growth remains dependent on individual discretion.

Data, Technology, and BD Discipline

Systematic business development depends on data.

CRM systems, financial data, and marketing automation tools can provide visibility into client behavior, opportunity pipelines, and relationship health. When used well, AI can help identify patterns, prioritize outreach, and surface cross-selling opportunities, but only where data is accurate and governance is clear.

As with technology elsewhere in the firm, the constraint is rarely the tool itself. Tools are only devices to support the operating model. What determines impact is adoption, accountability, incentives, and the firm's willingness to change behavior.

WHAT WOULD CLIENTS THINK?

Clients experience system-based business development as a source of maturity and confidence.

From their perspective, firms with strong BD systems tend to provide:

- Proactive outreach that reflects an understanding of their business, not just legal, needs
- Coordinated teams that feel firm-led rather than partner-dependent
- Continuity across matters, models, and time, even as individual lawyers change
- Thoughtful introduction of new service models (self-service tools, subscriptions, tech-enabled offerings) that improve efficiency without sacrificing quality

Ad hoc business development, by contrast, often feels reactive, personality driven, and misaligned with how clients expect professional services firms to operate today.

Incentives, Compensation, and Accountability

Systems do not function without alignment.

If compensation, credit, and recognition continue to reward individual origination over collaboration and expansion, system-based BD efforts will stall. This is arguably the single most important constraint on institutional growth in law firms.

Aligning incentives is also one of the most daunting changes firms face. Compensation systems are deeply personal, historically rooted, and politically sensitive. Many firms delay action here not because they disagree with the goal, but because the path forward feels complex and fraught.

Firms that make progress typically start pragmatically rather than perfectly. Common starting points include:

- Clarifying and protecting origination credit while introducing meaningful credit for expansion, teaming, and client stewardship, including clear credit structures
- Building effective incentive structures for new delivery models such as self-service offerings, subscription services, and captive or partnered ALSP work
- Tying portions of compensation or evaluation to participation in firm-led BD initiatives
- Rewarding behaviors that support the system (cross-practice collaboration, use of BD resources) even before outcomes fully materialize
- Piloting changes in specific practices or client segments rather than forcing firmwide reform all at once

Firms that succeed align incentives with desired behavior over time: sharing clients, supporting firm-led initiatives, and investing consistently in collective growth.

Accountability matters here as well. BD programs that are optional quickly become ineffective. Leadership must be willing to set expectations and follow through.

What Would Private Equity Do *FIRST*?

Private equity would start by mapping how work actually enters the firm today in order to identify where opportunities are lost, where follow-up breaks down, and where growth depends too heavily on a small number of individuals.

Chapter 9

Talent and Incentives: Overcoming Portable Talent

Talent and Incentives: Overcoming Portable Talent

The economics of law firms are largely shaped by one key factor: The lawyers who generate revenue, serve clients, and maintain relationships can leave. Increasingly, the same is true of the professionals who support them—technologists, pricing specialists, project managers, and data experts whose work enables firms to deliver value and scale operations.

Since partners generally cannot sign non-competes, they may bring clients, teams, and institutional knowledge with them when they depart. In many firms, a substantial share of revenue sits with a relatively small group of individuals. For private equity investors evaluating the legal industry, that concentration is often the first risk they identify.

None of this means law firms are fragile businesses. Many have endured for decades, even centuries. But talent systems must carry more weight than they do in most industries. When people can walk out the door, the organization needs to give them strong reasons to stay. That dynamic creates risk whether a firm is owned by private equity or not.

Talent, incentives, and development, therefore, sit at the center of strategy. They are not merely human-resources concerns; they are integral to shaping enterprise value.

The Structural Risk of Portable Talent

Most industries anchor enterprise value in contractual protections, intellectual property, systems, and capital investment. Leaders may leave, but the underlying organization remains intact.

Law firms operate differently. Client relationships often revolve around individuals. Institutional knowledge may live in lawyers' heads rather than shared systems. Teams can move together. Even senior leadership can depart without long-term contractual restrictions.

Private equity investors evaluating a firm, therefore, begin with a few direct questions:

- How concentrated is revenue and the ability to generate revenue, among individual partners?
- How portable are the firm's client relationships?
- How institutionalized are client teams and knowledge?
- What incentives encourage partners to remain and invest in the firm?

These questions reflect the reality that the firm's primary assets are human. The more the organization depends on individuals rather than systems, the more fragile its economics become. Private equity investors see those vulnerabilities immediately. Law firm leaders should as well and manage them accordingly.

Why Retention Matters More in Law Firms

The risk of firms relying on individuals exists even in highly profitable firms, because it is structural to the partnership model rather than a sign of poor performance.

For that reason, retention carries unusual weight in the economics of a law firm. Investors evaluating the industry quickly recognize that the durability of revenue depends not only on clients but on the professionals who serve them.

Retention matters in every business, but the stakes are higher in law firms.

When key professionals leave, the effects can be immediate. Clients may follow, since many hired the lawyer rather than the firm. Teams may fragment. Institutional knowledge may disappear overnight, draining accumulated expertise and context. Recruiting replacements can take months or years, and integrating lateral hires carries its own risks.

Retention should therefore be viewed less as a morale issue than a strategic priority. Firms that retain strong performers preserve continuity for clients, stability for teams, and predictability for leadership.

Retention does not mean retaining everyone. High-performing organizations retain the right people: those who contribute meaningfully to client service, institutional growth, and long-term strategy.

WHAT WOULD THE NUMBERS SAY?

Indicators of Talent Risk Exposure

Key metrics to watch across both lawyers and professional staff:

- Revenue and client concentration tied to individual partners
- Attrition rates among high performers and key operational staff
- Lateral hire success rates and time-to-productivity for new partners
- Investment levels in professional development
- Ratio of lawyers to operational professionals (technology, pricing, project management, data)

Heavy dependence on a few individuals—or thin institutional support—signals greater strategic risk than financials alone reveal.

What Actually Keeps Partners From Leaving

Compensation matters, but money alone rarely determines whether senior lawyers stay.

Partners tend to remain where they believe they can succeed. Success often depends on factors that extend well beyond personal compensation.

The most common drivers of retention include:

- A strong platform for serving clients
- High-quality colleagues and collaborative teams
- Technology and infrastructure that improve efficiency

- Institutional support for business development
- Credible leadership and clear strategy
- Opportunities for professional growth and influence

Firms that provide these advantages make it harder for competitors to lure away talent. Leaving would mean giving up the systems and support that enable those lawyers to succeed.

Retention is closely tied to the themes discussed throughout this book. Institutionalized business development, strong technology platforms, disciplined pricing, and effective operating systems strengthen the firm's value to its own professionals.

When those systems are strong, the firm becomes harder to leave. It's also more valuable to investors evaluating its long-term stability.

Compensation as the Firm's Loudest Signal

Compensation systems communicate more clearly than any strategy document what a firm truly values.

Many firms speak enthusiastically about collaboration, innovation, efficiency, and institutional growth. Yet their compensation systems may still reward primarily individual originations and hours billed.

When incentives conflict with stated priorities, behavior almost always follows the incentives.

Private equity investors pay close attention to this issue because incentive alignment is one of the most powerful tools for shaping organizational behavior. Even modest adjustments to compensation structures can shift how professionals allocate their time and attention.

When collaboration is rewarded, collaboration increases. When client expansion is valued, partners invest more energy in cross-practice relationships. When efficiency and innovation are recognized, lawyers begin to explore new delivery models rather than resist them.

Incentives, in other words, convert strategy into behavior.

Aligning Incentives With Firm Strategy

Aligning incentives does not require abandoning existing compensation models overnight. Incremental adjustments can reinforce strategic priorities.

For example, firms may reward:

- Expansion of existing client relationships
- Cross-practice collaboration
- Leadership of teams and practices
- Development of new service models
- Contributions to institutional initiatives

These signals do not replace traditional measures such as originations or billings. They broaden the definition of what it means to contribute to the success of the firm.

Over time, those signals encourage behaviors that strengthen the organization as a whole rather than reinforcing purely individual performance.

Rewarding Builders, Not Just Producers

Many professional organizations distinguish between two types of contributors: producers and builders.

Producers generate revenue directly. They originate clients, lead matters, and bill substantial hours. These individuals are essential to any firm's success.

Builders contribute in a different way and often receive less visible credit. They create the structures that allow the firm to scale and endure: developing teams, institutionalizing client relationships, creating repeatable systems, and mentoring future leaders.

Private equity-backed organizations place significant value on builders because they create durable enterprise value. Law firms sometimes overlook these contributions, particularly when compensation systems focus narrowly on individual production.

Consider internal service capabilities such as captive eDiscovery or document-review teams. Firms may invest heavily in these resources to deliver work more efficiently. Yet litigation partners may hesitate to direct matters to internal teams because they receive little or no origination credit for doing so. Asking a client to shift work internally can require political capital, and if problems arise the partner may also lose the ability to blame an outside vendor. When incentives do not reward the behavior the firm says it wants, even strategically sound initiatives can struggle to gain traction.

Recognizing and rewarding builders strengthens the firm's long-term resilience.

WHAT WOULD CLIENTS THINK?

What Clients Experience When Firms Retain Talent

Clients don't see a firm's talent strategy, but they feel its effects.

When retention is strong, clients experience:

- Familiar teams, deeper relationships, and accumulated context
- Direct access to project managers, technologists, and pricing specialists
- Consistent, efficient service across matters

When turnover is high, clients notice:

- Matters changing hands and context rebuilt from scratch
- Slower innovation and weaker project management
- Inconsistency that makes it easy to follow a lawyer out the door

Talent instability rarely stays internal for long, and clients who feel the disruption may simply move their work elsewhere.

The Role of Non-Lawyer Professionals

Discussions of talent in law firms often focus on partners and associates. Yet non-lawyer professionals are becoming increasingly central to how modern firms operate and compete.

Business development leaders, technologists, data specialists, pricing professionals, project managers, knowledge managers, legal operations experts, and other specialists now play critical roles in delivering sophisticated legal services. Many of the systems, processes, and technologies discussed throughout this book depend on these professionals to design, implement, and operate them.

Demand is particularly strong for professionals with deep expertise in artificial intelligence. These specialists—often data scientists, AI engineers, or technically trained legal professionals—may hold the key to unlocking the value many firms and clients now expect from AI. Implementing AI effectively requires far more than purchasing software. It requires professionals who understand workflows, data structures, risk management, and how to integrate new technologies into legal practice. Firms that attract and retain this talent may be far better positioned to translate AI's promise into real operational and client value.

Unlike partners, these professionals rarely control client relationships and generally cannot take clients with them if they leave. At first glance, their mobility may appear less threatening. In practice, however, they are often highly portable and in strong demand across the industry.

Law firms increasingly compete for this talent not only with other firms but also with technology companies, legal technology vendors, alternative legal service providers, consulting firms, and startups. Many of these organizations offer flexible work arrangements, fully remote roles, stock-based compensation, or projects that feel more innovative than traditional law-firm environments.

At the same time, professional staff can feel like imperfect fits within traditional partnership structures. Compensation models, career paths, and performance metrics often differ from those of lawyers. In some firms, decision-making authority remains concentrated within the partnership even when operational success depends heavily on professional staff. Cultural divides can also persist; even the label “non-lawyer” is sometimes viewed as pejorative.

Retaining high-performing professionals can therefore become a meaningful strategic challenge. When these individuals leave, firms may lose not only institutional knowledge but also the internal champions responsible for driving technology adoption, process improvement, pricing discipline, and data-driven decision-making.

For firms seeking to institutionalize their operations, retaining this talent is both difficult and critical. Strong systems, modern technology platforms, and disciplined operating models rarely succeed without capable professionals to design and maintain them.

Private equity investors evaluating a firm would recognize this dynamic quickly. In many cases, the ability of the organization to scale and modernize depends on whether these professionals are empowered, integrated into leadership discussions, and given clear career paths within the firm.

Training and Development as Strategic Investments

Historically, most training in law firms has relied heavily on apprenticeship. A junior lawyer might learn to manage a matter budget, coordinate with clients, or structure a pricing proposal simply by observing how a senior partner approaches those tasks and gradually taking on more responsibility.

That model has produced many exceptional practitioners. But as legal work evolves, relying solely on informal development becomes increasingly difficult. Client expectations are rising, technology is changing how work is performed, and tools such as automation and artificial intelligence are reshaping how lawyers deliver value. As a result, non-legal capabilities are becoming far more important to professional success than they once were.

In many cases, these capabilities determine whether a lawyer merely practices law or becomes a successful partner and whether that lawyer remains with the firm. Skills such as client relationship management, communication, project management, pricing literacy, and effective use of technology increasingly shape how lawyers serve clients and lead teams.

These skills are not especially well-suited to an apprenticeship model. Senior lawyers may excel at their craft but have limited time or training in teaching broader professional capabilities. Observation and informal mentorship alone can leave important gaps in development.

Many firms are therefore expanding their approach to professional development. Training may include a mix of formats such as:

- Online training platforms and interactive e-learning
- On-demand webinars or live sessions with Q&A
- Structured internal training programs
- External courses and executive education
- Certifications in areas such as project management, technology, or legal operations
- Workshops focused on client leadership, communication, and business development

These programs can accelerate the development of skills that historically took years to acquire through experience alone.

Investing in training also requires recognizing the time commitment involved. Associates and partners cannot realistically develop these capabilities if billable-hour expectations leave no room for learning. Firms that treat training as a strategic investment often adjust hour targets or evaluation criteria so that time spent developing professional skills is recognized rather than penalized.

Modern law firms benefit from more intentional investment in professional capabilities. Many skills once considered peripheral to legal practice are now central to delivering value.

These areas may include:

- Client leadership and relationship management
- Business development
- Pricing and matter economics
- Technology and data literacy
- Project and process management
- Effective use of AI tools

These capabilities allow lawyers to operate more effectively in increasingly complex service environments. Firms that invest deliberately in these skills are often better positioned to adapt as the industry evolves.

What Would Private Equity Do *FIRST*?

A private equity investor evaluating a law firm would begin by understanding how dependent the firm is on individual professionals.

The first steps would likely include:

- Mapping revenue and client relationships by partner
- Identifying areas of concentration risk
- Evaluating the firm's ability to institutionalize client relationships
- Reviewing compensation structures for alignment with strategy
- Assessing whether training and development support long-term growth
- Evaluating the firm's ability to attract and retain key professional staff such as technologists, data specialists, pricing professionals, and AI experts

The goal would not be to eliminate individual talent risk entirely. That is neither realistic nor desirable in a professional services business. Instead, the objective is to ensure that the firm's success depends on strong people operating within strong systems rather than on individuals operating alone. Achieving that outcome depends not only on incentives and talent strategy but also on the culture of the firm and how consistently those systems are actually adopted and reinforced.

Chapter 10

Culture: The Firm's Operating System

Culture: The Firm's Operating System

Culture is one of the most frequently discussed and least clearly defined concepts in professional services. Law firms often speak about culture in aspirational terms, using words like collaboration, collegiality, excellence, and client service. In practice, culture reflects what the organization consistently rewards, tolerates, and reinforces.

For private equity investors evaluating professional services firms, culture is not a soft concept but a leading performance indicator. A firm's culture determines how decisions are made, how people behave when incentives are ambiguous, and whether the organization can execute on strategy.

In an industry defined by portable talent, culture plays an especially important role. When lawyers are free to leave—and clients are free to follow them—the environment in which lawyers work becomes a critical factor in whether they choose to stay and invest in the firm's future.

WHAT WOULD THE NUMBERS SAY?

Although culture is often described qualitatively, several indicators can provide insight into how culture functions in practice:

- Cross-practice revenue generated from shared clients
- Percentage of matters staffed with cross-practice teams
- Participation in firmwide initiatives or programs
- Adoption rates of technology and new operating systems
- Partner participation in training and leadership programs
- Retention rates among high-performing lawyers

These indicators help reveal whether collaboration, institutional thinking, and adaptability are genuinely embedded in the organization or primarily aspirational.

Why Private Equity Focuses on Culture Early

Private equity investors often evaluate culture early in the investment process because cultural dynamics determine whether operational improvements will succeed.

A firm may have excellent technology, sophisticated pricing tools, and well-designed operating systems. But if the culture discourages adoption, those tools may sit unused.

Similarly, a firm may invest heavily in institutional business development, knowledge management, or new service models. Yet if lawyers believe that only individual production will ultimately be rewarded, those initiatives may struggle to gain traction.

For this reason, experienced investors often prefer organizations with healthy cultures and imperfect systems over organizations with strong systems but deeply misaligned cultures. Systems can be improved. Culture is much harder to repair.

Culture as Behavior, Not Slogans

Most firms describe their culture in positive terms. Few organizations openly embrace internal competition, poor communication, or siloed behavior. Yet the daily experience inside firms often tells a more nuanced story.

Culture is not what a firm says it values. It emerges from what the firm consistently reinforces through incentives, promotions, and leadership behavior.

If collaboration is praised but compensation rewards only individual contributions, lawyers quickly learn what actually matters. If innovation is encouraged but partners who experiment are penalized for short-term revenue dips, experimentation will fade. If leadership emphasizes institutional priorities but tolerates persistent exceptions for powerful partners, those exceptions will gradually define the firm's real culture.

In other words, culture emerges from systems. Over time, culture reflects the cumulative effect of incentives, governance, leadership decisions, and everyday behavior. **In many cases, culture is simply the behavioral expression of the firm's incentive structure.**

Culture and the Economics of Collaboration

Collaboration is frequently cited as a defining characteristic of successful law firms. Clients increasingly expect integrated teams that can address complex problems across multiple areas of expertise.

Yet collaboration does not occur simply because firms encourage it. Lawyers must believe that collaborating will not disadvantage them economically or politically.

Collaboration in modern law firms increasingly extends beyond lawyers themselves. Delivering sophisticated legal services often requires close partnership with business development professionals, technologists, knowledge managers, project managers, pricing specialists, and other non-lawyer experts. Firms that successfully institutionalize their operations tend to treat these professionals as integral members of client teams rather than as support functions operating at the margins. When lawyers actively collaborate with these colleagues—sharing information, involving them early in client engagements, and respecting their expertise—the firm is far more likely to realize the benefits of investments in technology, marketing infrastructure, and operational systems. When they do not, those investments frequently underperform, regardless of how capable the professionals involved may be.

In firms where compensation systems strongly emphasize individual originations, partners may hesitate to introduce colleagues to important clients. Even well-intentioned professionals can become protective of relationships when their personal economics depend heavily on maintaining exclusive control.

Firms that consistently reward shared success tend to develop more collaborative cultures. Over time, this collaboration becomes self-reinforcing. Lawyers gain confidence that bringing colleagues into client relationships strengthens rather than threatens their own position.

WHAT WOULD CLIENTS THINK?

What Clients Experience When Culture Shows Up in Service

Clients experience culture indirectly through the way firms deliver service.

In collaborative firms, clients experience:

- Well-coordinated teams that share information and bring the right expertise
- Seamless integration of non-lawyer professionals — technologists, project managers, pricing specialists
- A unified firm rather than a collection of individual lawyers

In firms with weaker collaboration, clients may encounter:

- Fragmented service and lawyers working in parallel rather than as a team
- Having to coordinate their own communication across practices

Culture becomes visible through consistency, coordination, and reliability.

Culture and Institutional Thinking

One of the most important cultural shifts for many law firms involves moving from individual thinking to institutional thinking.

In traditional partnership models, lawyers often think primarily about their own practices: their clients, their teams, and their books of business. This mindset is understandable, particularly in environments where individual production drives compensation and influence.

However, as firms grow and compete for increasingly complex client work, success often depends on the strength of the institution rather than on any single lawyer's performance.

Institutional thinking encourages lawyers to view client relationships as shared assets, invest in developing colleagues, and contribute to systems that strengthen the firm as a whole. This shift is particularly important in an industry defined by portable talent. When client relationships are institutionalized and supported by teams, shared knowledge, and firmwide systems, the firm becomes less vulnerable to the departure of any single lawyer. When this mindset becomes embedded in the culture, the organization becomes more resilient to the departure of any individual professional.

The Cultural Cost of Tolerating Misalignment

Culture is shaped as much by what leaders tolerate as by what they promote.

Most firms have a small number of individuals whose behavior is misaligned with stated values. These may be partners who refuse to collaborate, ignore firm processes, or prioritize short-term personal gain over institutional goals.

When these behaviors are tolerated, particularly when the individuals involved are high producers, they gradually reshape the culture of the organization. Colleagues observe that exceptions are made, which undermines the firm's stated values.

Over time, this dynamic can erode even the most carefully designed strategies. When influential partners are allowed to ignore firm systems—whether for knowledge management, pricing discipline, technology adoption, or institutional business development—others quickly conclude that **those systems are merely suggestions** rather than operating requirements.

As a result, investments in technology, process improvement, and institutional infrastructure fail to reach their potential because participation becomes inconsistent. In this way, cultural tolerance for exceptions not only creates behavioral inconsistency but also directly limits a firm's ability to establish operational discipline and the systems that support it.

Culture and Leadership Credibility

Leadership credibility is one of the most powerful cultural forces in any organization.

In many law firms, leadership roles are held by practicing lawyers, which is often a managing partner who continues to maintain a client practice while also guiding the firm. In other firms, particularly larger or more operationally complex ones, leadership may be more CEO-like, with a full-time executive responsible for running the organization.

Each model carries cultural implications. Private equity investors often favor structures with clearer executive authority because they can accelerate operational change and make it easier to implement new systems, processes, and institutional initiatives across the firm.

Practicing lawyer-leaders often have strong credibility with partners because they share the same economic incentives and professional pressures. They understand firsthand what it means to serve clients, generate revenue, and manage a practice. However, the dual demands of practice and leadership can make it difficult to devote sustained attention to operational change.

By contrast, a more traditional CEO-style leader may be better positioned to focus on strategy, systems, and long-term institutional development. But such leaders must often work harder to build credibility with practicing lawyers who may view them as removed from the day-to-day realities of client service.

Regardless of structure, the cultural signal ultimately comes from the consistency of leadership behavior. Lawyers closely observe whether leaders act consistently with the principles they promote. If leadership emphasizes institutional priorities but routinely grants exceptions to influential partners, those contradictions become highly visible.

Conversely, when leaders make consistent decisions—even when those decisions are difficult—they reinforce the integrity of the firm's culture. Over time, these signals accumulate and shape expectations about how the organization operates.

For this reason, culture often reflects the collective behavior of leadership more than any formal policy or statement of values.

Culture and Adaptability

The legal industry is experiencing rapid change driven by technology, artificial intelligence, new service delivery models, and evolving client expectations, reshaping how legal work is performed.

In this environment, adaptability becomes a cultural characteristic as much as a strategic one.

Firms that encourage experimentation, learning, and constructive debate are often better positioned to adapt as conditions evolve. By contrast, cultures that discourage change or treat new approaches as threats may struggle to respond effectively to shifting client demands.

A culture that supports thoughtful experimentation does not abandon discipline or quality. Instead, it recognizes that improvement often requires trying new approaches, evaluating results, and refining processes over time.

What Would Private Equity Do *FIRST*?

A private equity investor evaluating a law firm would begin by assessing whether the firm's culture supports or undermines its strategy.

Early steps would likely include:

- Evaluating whether compensation reinforces collaboration and institutional growth
- Identifying cultural barriers to adopting new systems and technologies
- Assessing whether leadership consistently enforces institutional priorities
- Understanding how exceptions are handled when high-producing partners resist change
- Mapping informal power structures inside the partnership that may accelerate or block cultural change

The goal would not be to impose a new culture overnight. Culture evolves gradually through consistent signals.

Instead, the objective would be to align incentives, leadership behavior, and governance in ways that reinforce the behaviors the firm wants to see. Over time, these signals reshape expectations and ultimately reshape culture itself.

Chapter 11

Accountability: Turning Strategy Into Execution

Accountability: Turning Strategy Into Execution

The preceding chapters examined three forces that shape how a law firm operates: talent, incentives, and culture. Yet even the best-designed systems depend on something more fundamental—accountability.

Accountability determines whether strategy becomes reality. Firms may articulate ambitious goals, invest in new technologies, and design compensation systems intended to encourage collaboration or innovation. Yet without consistent accountability, those initiatives often remain aspirational.

In many law firms, accountability is the missing link between strategy and execution.

Partnership structures are designed to grant lawyers a high degree of autonomy. That autonomy can be a strength, attracting entrepreneurial professionals and enabling lawyers to serve clients with independence and judgment. But it can also make consistent enforcement of institutional priorities difficult.

Private equity investors examining law firms often focus quickly on this issue. They recognize that strong systems, clear incentives, and thoughtful strategies yield results only when the organization consistently reinforces them.

Accountability is the mechanism that turns those intentions into action.

The Accountability Gap in Partnerships

In traditional partnership models, partners are both owners and operators of the firm. They generate revenue, manage client relationships, and participate in governance. This structure creates a strong sense of professional independence but can also blur lines of authority.

Unlike corporate organizations with clear managerial hierarchies, many law firms rely heavily on consensus decision-making. While this approach can promote collegiality, it can also make it difficult to enforce standards consistently.

When underperformance occurs or partners resist firm initiatives, leadership may hesitate to intervene. Colleagues may be reluctant to confront peers. High-producing partners may receive greater tolerance for behavior that would be unacceptable elsewhere in the organization.

Over time, these dynamics can create what might be described as an accountability gap. While expectations exist, enforcement is uneven. Policies may be adopted, but aren't consistently adhered to. Systems are introduced, but no one really has to participate.

From a private equity perspective, this gap represents a meaningful operational risk. Firms cannot fully realize the value of their strategies if key participants can opt out without consequence.

Why High Performers Sometimes Avoid Accountability

Accountability challenges are often most visible when they involve high-performing partners.

Law firms depend heavily on "rain-makers" who generate substantial revenue. These lawyers may wield significant influence within the partnership, particularly when their client relationships account for a meaningful share of the firm's revenue.

As a result, leadership may hesitate to challenge behaviors that conflict with institutional priorities. A partner who resists adopting new systems, refuses to collaborate across practices, or declines to participate in firm initiatives may still be tolerated because of their financial contributions. Poor-performing partners may also be protected due to unclear performance metrics or a perceived strategic value to certain clients.

While this tolerance may appear pragmatic in the short term, it can gradually weaken the firm's institutional foundations.

Other lawyers observe the inconsistency, and non-lawyers, especially the professional staff responsible for implementing the firm's systems, do so as well. They see that certain individuals are exempt from expectations that apply to everyone else. Over time, this erodes confidence in leadership and undermines the credibility of the firm's stated priorities.

What begins as a pragmatic exception can become a structural problem.

WHAT WOULD CLIENTS THINK?

What Clients Experience When Firms Prioritize Accountability

Clients may not observe internal governance structures directly, but they often experience the consequences of accountability. Or the lack of it.

In firms with strong accountability, clients tend to see:

- Consistent service delivery across matters and teams
- Effective communication and shared institutional knowledge
- Systems that support efficiency and transparency

When accountability is weaker, clients may encounter:

- Fragmented service with inconsistent processes
- Institutional knowledge that doesn't transfer smoothly between matters or teams

Clients value predictability, coordination, and reliability. Strong internal accountability is what makes those qualities possible to deliver consistently.

Systems Only Work When Participation Is Mandatory

The incentives and cultural signals described in the prior chapters only matter if participation is universal.

Much of this book focuses on the importance of systems: pricing discipline, knowledge management, institutional business development, data-driven decision-making, and modern technology platforms.

However, these systems only create value when they are consistently used.

If partners maintain their own separate processes, store information outside firm platforms, or ignore standardized workflows, the organization cannot fully capture the benefits of those systems.

This dynamic is particularly important as firms adopt new technologies, including artificial intelligence tools designed to improve efficiency, knowledge sharing, and decision-making.

These technologies require consistent data structures, shared processes, and coordinated workflows. When participation varies widely across partners or practice groups, the effectiveness of these tools can be significantly reduced.

In other words, systems do not merely require investment. They require discipline.

Accountability ensures that the firm's operating model functions as intended rather than fragmenting into a collection of individual approaches.

Leadership and Enforcement

Effective accountability ultimately depends on leadership. But in professional organizations like law firms, enforcement and persuasion must work together.

In many law firms, leadership roles are filled by practicing partners who must balance client responsibilities with management duties. These leaders often have strong credibility with their colleagues because they understand the pressures of client service and revenue generation. And credibility is essential, because institutional change in professional partnerships rarely occurs through top-down directives alone.

Successful leaders, therefore, rely heavily on persuasion. They explain why new systems matter, demonstrate how institutional priorities support client service, and encourage partners to adopt new behaviors voluntarily. Much of leadership in professional firms involves building consensus and aligning colleagues around shared goals.

However, persuasion alone is rarely sufficient. Over time, every organization encounters situations where some individuals resist participating in firm initiatives or decline to follow agreed-upon processes. When that occurs, leadership must be willing to reinforce expectations through consistent enforcement.

The most effective organizations recognize that these approaches are complementary rather than contradictory. Persuasion builds alignment and commitment. Enforcement ensures that the organization continues moving forward even when consensus is incomplete.

When lawyers understand both the rationale behind firm initiatives and the expectation that participation is required, institutional systems are far more likely to succeed. Leadership credibility grows not only from explaining decisions clearly but also from applying expectations fairly and consistently across the organization.

Succession and Institutional Continuity

Accountability also plays a central role in succession planning.

Law firms often rely heavily on senior partners whose relationships and expertise develop over many years. Without deliberate planning, the retirement or departure of these professionals can create significant disruption.

Accountability ensures that succession receives sustained attention. When firms hold partners responsible for developing successors and transferring client relationships, succession planning becomes part of the firm's operating discipline rather than a discretionary activity.

Effective succession planning involves more than simply identifying replacements. It requires transferring knowledge, developing teams, and gradually institutionalizing client relationships.

These transitions rarely occur automatically. They depend on senior lawyers mentoring successors, sharing client relationships, and supporting the development of younger professionals.

Firms that treat succession as a shared institutional responsibility reinforce it through clear expectations. Many incorporate mentorship and team development into partner evaluations, tie portions of compensation to the advancement of junior lawyers, require documented succession plans for major client relationships, and recognize partners who consistently build strong teams.

WHAT WOULD THE NUMBERS SAY?

Several indicators can reveal whether accountability is functioning effectively within a firm:

- Participation rates in firmwide systems and technology platforms
- Adoption of standardized processes across practice groups
- Distribution of work among partners and teams
- Revenue continuity following partner departures or retirements
- Succession progress on major client relationships
- Leadership participation in firm initiatives and governance

When these indicators show consistent participation and gradual institutionalization of client relationships, the firm's operating model is likely functioning as intended.

When the development of junior talent becomes visible and measurable, mentoring shifts from a voluntary activity to a core professional responsibility that strengthens the firm's long-term continuity.

What Would Private Equity Do *FIRST*?

A private equity investor evaluating a law firm would likely begin by assessing how consistently the firm enforces its own operating model.

Early questions might include:

- Do partners consistently use firm systems and processes?
- Are institutional priorities enforced across practice groups?
- How are underperformance and non-participation addressed?
- Are leadership decisions implemented consistently across the firm?
- Does succession planning occur systematically or informally?

Private equity investors rarely expect perfect uniformity in professional organizations. However, they do expect clear expectations and credible enforcement.

Ultimately, accountability determines whether those systems function as intended. Strong people, operating within strong systems, require one additional ingredient: a firm that consistently reinforces the behaviors that make those systems work.

Chapter 12

M&A and Inorganic Growth

M&A and Inorganic Growth

Most of this book has focused on improving performance inside the firm you already own. That emphasis is intentional. Operational discipline, pricing, technology, business development, and talent systems are the foundation of sustainable value creation.

But both law firms and private equity–backed companies have long used inorganic growth as an accelerant. For law firms, that growth most often shows up as lateral hires, team lifts, or mergers. For PE-backed businesses, it shows up as acquisitions. The mechanics differ, but the risks and opportunities are strikingly similar.

The question is not whether inorganic growth can work. It is whether it is pursued deliberately, integrated effectively, and aligned with the firm's operating model.

Lateral Hiring Versus Team Lifts

Lateral hiring is the most common form of inorganic growth in law firms. It is also one of the least disciplined.

Individual laterals are often recruited based on portable books of business, reputation, or short-term revenue impact. While this can work, it frequently introduces risk: cultural mismatch, inflated expectations, integration challenges, and revenue that proves less durable than anticipated.

In practice, many so-called portable books are less portable than they appear. Client relationships are often tied to teams, pricing structures, service models, or firm platforms rather than to a single individual. When laterals move, clients may follow only partially (or not at all) once conflicts, billing practices, staffing changes, or cultural differences surface. This is a major reason many lateral hires underperform expectations despite strong historical numbers.

Team lifts change the calculus. When groups of lawyers move together—with shared clients, workflows, and leadership—the odds of successful integration improve. Teams are easier to onboard and staff, and more likely to reinforce rather than disrupt existing practices.

Sophisticated investors tend to evaluate both approaches through a similar lens: What is actually being acquired, how dependent it is on individuals, and how well it fits (or can be made to fit) the firm's systems.

WHAT WOULD THE NUMBERS SAY?

Whether Inorganic Growth Is Actually Working

- Revenue retention of laterals, teams, or merged practices over time
- Percentage of expected portable business that actually materializes
- Client concentration risk before and after growth events
- Margin performance and realization trends post-integration
- Technology, process, and platform consolidation progress
- Retention of key partners, teams, and client relationships following deals

Inorganic growth creates value only when performance improves after integration, not when the deal closes.

Mergers as a Scale Strategy

Law firm mergers are often justified by scale: broader geographic reach, deeper benches, access to new clients, or increased investment capacity.

At their best, mergers can accelerate capabilities that would take years to build organically. Shared technology platforms, larger data sets, and combined operating leverage can materially improve performance.

At their worst, mergers simply combine complexity. Without alignment on governance, compensation, technology, and culture, scale magnifies inefficiency rather than eliminating it.

In practice, private equity has often pursued scale aggressively, including through roll-up strategies. What distinguishes successful efforts from value-destructive ones is not size alone, but whether scale is accompanied by real integration, operating leverage, and improved performance. The question is not just whether the combined firm is bigger, but whether it is meaningfully stronger.

Acquiring Capabilities, Not Just Revenue

One area where inorganic growth can be especially powerful is capability acquisition.

Some firms have acquired or built ALSPs, tech-enabled service teams, or specialized operations to expand how they deliver work. Others partner rather than acquire. The strategic logic is the same: gaining access to process discipline, technology, or talent that the firm does not already have.

Acquiring or partnering for tech-enabled capabilities can accelerate the adoption of analytics, automation, and new delivery models.

The risk is distraction. Capabilities that sit at the edge of the firm, unintegrated and under-resourced, rarely deliver their promised value.

Integration Is Where Value Is Won or Lost

Inorganic growth does not create value on its own. Integration does. And in law firms, integration must explicitly address the retention of both clients and new partners in an environment without non-competes.

Successful integration requires early decisions about:

- Governance and decision rights
- Compensation and credit alignment
- Technology platforms and data
- Client ownership and cross-selling
- Cultural expectations

Absent those decisions, firms often defer hard conversations in the name of harmony. The result is parallel organizations operating under one brand.

Private equity is typically relentless about integration timelines and accountability. Law firms that treat integration as optional or indefinite rarely realize the full upside of growth.

WHAT WOULD CLIENTS THINK?

Clients experience inorganic growth primarily through continuity, or the lack of it.

From their perspective, successful growth tends to deliver:

- Uninterrupted service despite lawyer or firm changes
- Teams that feel stable rather than transient
- Broader capabilities that are genuinely integrated, not bolted on
- Confidence that the firm's growth will not disrupt pricing, staffing, or responsiveness

When inorganic growth is poorly integrated, clients feel the impact quickly through confusion, handoffs, and inconsistency—often before firms fully recognize the problem.

Avoiding Value-Destructive Growth

Growth is not inherently good.

Inorganic expansion that adds revenue without improving profitability, resilience, or capability can destroy value. Common warning signs include:

- Growth driven primarily by headline revenue
- Overreliance on individual rainmakers
- Technology and process fragmentation
- Cultural incompatibility tolerated for short-term gain

Firms that have not built strong internal systems are especially vulnerable. In those cases, inorganic growth often exposes weaknesses rather than masking them.

What Would Private Equity Do *FIRST*?

Experienced acquirers start by testing whether the target is the right lever, rather than defaulting to growth for its own sake. Before closing any deal, they would pressure-test integration, governance, and downside risk.

Chapter 13

Exit Readiness Without Exiting

Exit Readiness Without Exiting

This book has borrowed its central question from private equity, but it has never argued that law firms should sell, merge, or take outside investment. Independence remains a perfectly rational—and often preferable—choice for many firms.

The real lesson is simpler: Firms that could attract investment, capital, or strategic interest tend to be better run than those that could not. Exit-readiness is not about exiting. It is about building an organization that performs well under scrutiny, change, and pressure.

Independence Through Strength

For law firms, independence is often treated as an identity. But independence without discipline can become fragile.

Firms that run themselves with clear economics, strong governance, and institutionalized systems are harder to destabilize. They are less dependent on any one client, partner, or practice. They can say no more often—and mean it.

In that sense, private equity thinking is about optionality. The more optionality a firm has, the more freedom it enjoys.

Profitability as a Management Discipline

Throughout this book, profitability has been treated not as a vanity metric or a valuation exercise, but as a management discipline.

Firms that understand where profits are created and where they are quietly destroyed make better decisions about pricing, staffing, investment, and growth. They can invest deliberately rather than reactively. They are less likely to chase revenue that looks impressive but weakens the enterprise.

Revenue without profitability creates motion, but profitability creates leverage.

Reducing Key-Person Risk

The Pareto Principle is alive and well in law firms.

Revenue, client relationships, leadership authority, and institutional knowledge often sit with a small number of individuals. This creates risks: operational, financial, and cultural.

Reducing key-person risk does not mean diminishing top performers. Instead, it institutionalizes what they do well, so the firm is stronger because of them, not fragile without them.

That shift underpins succession planning, client continuity, and long-term resilience.

Institutionalization Without Bureaucracy

One fear that surfaces repeatedly in law firms is that institutionalization leads to bureaucracy.

In practice, the opposite is often true. Clear roles, decision rights, processes, and incentives reduce friction. They replace informal workarounds, repeated debates, and personality-driven decisions with clarity.

Institutionalization, done well, frees partners to focus on clients and judgment rather than internal organization and negotiation.

Private Equity Thinking as a Leadership Mindset

Private equity thinking is not a financing strategy. It is a leadership mindset.

It asks consistent questions:

- Where is value really created?
- What is fragile?
- What scales and what does not?
- Where are we relying on individuals rather than systems?

Firms that ask these questions regularly do not need outside pressure to improve. They build discipline internally.

What Changes Tomorrow

Running a firm as an investor does not require radical change overnight.

However, it changes the questions leaders ask tomorrow morning:

- Do we understand the true economics of our work?
- Are our incentives aligned with our stated priorities?
- Where would we invest if capital were scarce?
- What risks are we tolerating simply because they are familiar?

Over time, those questions compound into different outcomes.

The Cost of the Status Quo

The status quo rarely collapses all at once.

More often, it erodes quietly: Pricing pressure increases, talent becomes harder to retain, technology investments underperform, and clients notice inconsistency.

Firms that delay discipline often discover that change becomes harder precisely when it becomes most necessary.

Final Thought

Private equity does not have a monopoly on good management.

But its playbook makes something clear: Value is rarely accidental. Firms that take ownership of how value is created, protected, and scaled give themselves more choices, not fewer.

Exit-readiness, in the end, is about building a firm that works well enough that it never has to exit at all.

ACKNOWLEDGMENTS

This book grew out of hundreds of conversations over many years with leaders across the legal industry—law firm partners, chief operating officers, general counsel, legal operations professionals, consultants, technologists, and investors. Those conversations sharpened many of the ideas explored in these pages. I am grateful to the many people who shared their experiences, their skepticism, and their insights. Clients, research participants, and industry colleagues have all contributed—often unknowingly—to the thinking behind this book.

I would also like to thank Jae Um, whose Cream–Core–Commodity framework helped shape several ideas in this book. Over the years, we have had many conversations about why law firms operate the way they do and why change in the industry can be so difficult.

I am especially grateful to the outstanding team at Blickstein Group. Much of what appears in these pages reflects the collective thinking that develops through our research projects, client work, and the countless conversations we have across the legal industry. It is a pleasure to work alongside people who are deeply knowledgeable about the business of law and genuinely committed to improving it, while always being kind and fun. They are, quite simply, my people.

In particular, I want to thank Jim Gill, who served as editor for this book. Jim was not only instrumental in making the writing clearer, tighter, and more readable but also acted as an invaluable thought partner throughout the process. His ability to challenge ideas, sharpen arguments, and improve the structure of the narrative made this a far better book than it would otherwise have been.

Finally, I would like to thank my wife, Cari, and my kids, Max and Zach, for their love and support through the years I have spent studying this industry and building a career around understanding how the business of law works—and how it can work better.

About the Author

Brad Blickstein is a legal industry futurist—he has developed a national reputation for his insight into the changing ways that legal services are being consumed and delivered in the modern marketplace.

As CEO of Blickstein Group, he focuses on helping legal service providers better understand and serve their clients while providing information about law departments and legal operations. A highly respected legal industry strategist and futurist, Brad has been responsible for multiple initiatives that have created a deeper understanding of—and driven change in—the market for legal services.

Before most corporations even had legal operations departments, he launched his Annual Law Department Operations Survey, which remains the most comprehensive survey on the topic. He also conceived the long-running Annual Legal Spend Survey, the Legal AI Efficacy Report, and, since 2025, the Annual Law Firm Chief Operating Officer Survey. Like much of Brad's work, these surveys bring clarifying, evidence-based knowledge to subjects that more frequently inspire conjecture and fear.

Brad is a frequent speaker and writer who has contributed regularly to Above the Law and Legaltech News. Before consulting clients in the legal industry, he was among a small team that launched Corporate Legal Times (now Corporate Counsel), the first publication directed to in-house counsel. He subsequently led a management buyout of the media company behind the publication and served as its chief executive.

Brad is a fellow in the College of Law Practice Management, an invitation-only organization of judges, lawyers, academics, and others dedicated to excellence in law practice management. He received his B.A. from the University of Chicago.