

## Do outside lawyers further lose their position as a “trusted advisor”?

### Background

Some 20 years ago, the term “trusted advisor” started to spread. It describes a professional service provider who does not provide subject-matter expertise only, but also deliver value-added services based on additional knowledge of the customer. Consequently, a trusted advisor is able to deliver an answer to a specific legal question and in addition to provide a customized solution to a customer’s problem. In order to meet these high expectations a legal advisor needs in particular to understand the client’s specific organization, business model, strategy, markets, services and products, industry related dynamics and challenges. Further, outside counsel need also to understand the particular set-up and strategy of a customer’s general counsel and legal department, if any.

### Hypothesis

Outside counsel and law firms will further lose their position as a trusted partner and develop backwards to become a provider of specific subject-matter expertise only.

### Observations leading to the before-mentioned prediction

I build my prediction on the following four observations:

1. **Legal departments are now the first contact:** Over the last decades, companies have started to establish and build their own internal legal resources. These legal departments are gatekeeper and as such keep law firms away from the internal business customer. Further, such internal resources know the customer better since they need to deal with one customer only all day long. Consequently, the role of a trusted point of contact passed over from law firms to the general counsel and the team of in-house counsel. They decide now from case to case what they want to keep and do themselves and when to involve outside counsel, usually limited to some specific subject-matter legal advice.
2. **Trend to specialization:** There are increasingly more new laws and regulations coming into effect. A single lawyer is always less capable to know all of them or even to keep a reasonable overview. Accordingly, lawyers started to focus on a specific part of the law only and they know now always more about less. Consequently, they are not anymore capable to work as a generalist and to provide clients the required helicopter view.
3. **Increasing competition:** Alternative legal services providers prove that specific services do not need a lawyer. Faster, better and cheaper services can be provided by other providers, which have learnt to manage processes and technology. Besides that more and more attorneys enter the market and try to win a share of the customer market.

4. **Products:** Lawyers understand their work mainly as a delivery of customized services to be produced every time from scratch. However, more and more also prefabricated and ready-to-use products find their way into the legal market. Such products often are easily accessible and publicly available as a download in the internet; some are even free. Law firms use such a distribution as a teaser to attract attention and to win potential new customer. They hope in particular to be contacted again once a user has a need for modification and customization of such products.

## Recommendations

Technology, digitalization and legal tech threaten lawyers to lose their job to machines and algorithms. This fear is correct, at least in so far, as it relates to specific tasks only (not entire jobs) and if performance is compared based on analyzing big data. However, as long as human beings continue to interact with each other, data and results alone do not the trick. Soft skills will become more relevant and important, such as communication skills, trusted relationships, emotional competence and ability to think in terms of context.

Especially in times characterized by anonymity, fast change and globalization, lawyers are well advised to focus on customer-oriented services and to invest into a strong relationship carried by personal bands, which requires a lot of interaction work.

Just to avoid any misunderstandings – lawyers should certainly continue to be legal experts and provide correct legal ~~advise~~advice, maybe also with a specialization in a specific field of law. However, they should complement this expertise with additional knowledge providing a special value to the customer and complete it with an excellent customer relationship management.

## Research method

To assess how relevant a trusted relationship with lawyers is to customers, it might be useful to perform a written survey using a short questionnaire and to send it out to selected addressees, in particular customers. I suggest a focus on specific countries, which may be extended later.

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