

## *Jettisoning Traditional Structure ...*

### **St. Louis Firm in Second Year of Going All-In on Industry-Group Model**

Here's something you don't see often enough: A law firm's leaders take a long, hard look at their partnership, competition, and client base, and then make an honest assessment of their place in the market, decide they need to perform a major overhaul in their firm's structure, make that transformation, while—and this is the biggest challenge—getting buy-in from their attorneys.

But that's exactly what St. Louis-based, 570-attorney Husch Blackwell has done in dispensing with its traditional vertical practice group structure and organizing themselves horizontally into a configuration of six industry groups: national resources, financial, agri-business, health care, real estate, and manufacturing and technology.

And, some members of the consultancy intelligentsia are thrilled with the bold new makeover. "I'm excited for the Husch firm," says Edmonton-based consultant Patrick McKenna. "Kudos to them. I think this is fabulous."

Robert Denney, a consultant operating out of Wayne, PA, agrees. "I think what they're doing is fantastic; I'm all for it," he says. "It's something I've been preaching for a long time."

McKenna also has been an advocate for the industry-group model for years, and wrote about it way back in the late-1980s. He says this is the best way to get lawyers tuned into the business of their clients, and points out that clients have been clamoring for

lawyers to learn more about their economic sectors for a long time. "There have been [surveys] out there now for over a decade," he says, "that ask sophisticated corporate clients: On what basis do you choose an outside law firm? What are your selection criteria? And the number one determining factor has been this: Demonstrated evidence of knowledge of their industry."

While many partnerships have embraced the industry-centric structure on some level, neither McKenna nor Denney are aware of any major law firm that has abandoned the practice group model completely in favor of industry-focused groups.

Nor has Maurice Watson, Husch's chairman and one of the architects of the firm's organizational renovation. "I'm not aware of other law firms that have made this transformation as comprehensively as we have," he says, adding that others might be heading in that direction. "Increasingly though, there are a number firms that are talking about an industry focus."

#### **First, Firmwide Naval-Gazing**

A few years ago Husch partners began to realize what lawyers at many firms were also coming to understand: The legal market that tightened after the recession hit wasn't bouncing back to a pre-2008 climate in which the collective workload of nearly every firm was full. The Husch lawyers knew they had to study their place in the new legal environment, explore their options, and then, unlike

most firms, take what many would consider to be radical measures. They needed to stand out among the other firms in a very crowded market.

“We were aware that the competition, especially in our segment of the market, was intensifying, that there were too many talented lawyers and talented firms and too little great work to be had,” Watson says. “As a consequence, there’s much greater pressure and focus on the need for law firms to be able to differentiate themselves as well as establish, for clients, that they can offer some kind of additional value that other comparable firms could not provide.”

So in 2013 firm leadership formed a strategic working group, consisting of eight partners who worked with outside consultants to examine the challenges facing their firm, other competing firms, and the profession as a whole. “We conducted a very in-depth assessment of where we thought we had some strengths, and looked at which industry areas we thought we had strengths,” Watson says. “We came to the conclusion that by restructuring our focus we could deliver greater value to clients and that we’d be seen as something differentiating in the market. It would give us an advantage.”

In January 2014, the firm officially said good bye to the practice-group model and reorganized into the six industry teams.

## **More than Window Dressing**

On the surface, it may seem to some that this is merely a marketing ploy, but, on closer examination, it’s very apparent that it’s more than just a slick rebranding effort. The change penetrates the core of how the firm operates, resulting in a model that requires Husch attorneys to learn more about the particular industry and its sub-industries that they serve. The move facilitates teamwork among litigators, transactional attorneys, regulatory practitioners, and essentially attorneys across the practice-area spectrum.

“We decided that with this structure we would learn more about the clients and the opportunities and challenges they face in their industry,” Watson says. “It also ensures that each team of lawyers, working across the various subject matters, would discover new insights about industry, and as a result would be able to talk the talk and understand our clients’ business challenges, connecting those challenges with legal issues. We thought the structure allows us to be better-informed strategic and business partners with our clients.”

The hardest part, of course, was getting nearly 600 lawyers to buy into this dramatic modification. Watson and other firm leaders worked diligently throughout the transitional process, he says, to communicate to the partners and associates about what they were doing, why they were doing it, and why they thought the reorganization was essential. Most but certainly not all of the lawyers embraced the change; that is, there was some pushback.

“We’ve had some lawyers leave the firm because they didn’t like this approach, this strategy,” Watson says. “After all, this really does call on every one of our lawyers to raise his or her game. They’ve got to learn some new stuff, some new tricks. They’ve got to invest time that’s not billable in learning about the business of their clients and the industry their clients operate in.”

It helps that the plan was executed carefully and contained built-in flexibility. The leadership of the firm talked to the lawyers and assessed where people spent most of their time, examining the industries in which the attorneys had multiple clients. Then, the leaders made initial assignments, giving their colleagues an opportunity to confer and negotiate. “In most cases people decided on the industry group in which they had done the most work, but in other cases some lawyers sought greater opportunity in a different industry,” Watson explains. “And, people can make changes and move, sometimes, from one group to another.”

So how’s it working out? Well, it may be too early to tell but most—not all—clients

are excited about the new structure and have given the partners positive feedback. The strategy also has generated new clients. “We’re getting opportunities for new work that I don’t think we would’ve gotten without the acknowledgment that we have some real industry expertise,” Watson says.

## Hybrid Arrangements

Of course, many other firms have moved at least some of their lawyers into industry-centered configurations. At Philadelphia’s Blank Rome, the firm adopted a strategic plan at the end of 2013 that called for the formation of five industry groups: energy, maritime, financial services, real estate, and life sciences.

But the partnership is not dumping the practice-group model. “We’re doing industry groups as well but not exclusively,” says Alan Hoffman, Blank Rome’s chairman and managing partner. “Within each industry group are a number of different practice areas that align us with what we think are our clients’ goals. This allows us to develop complete knowledge of the industry. It also fosters greater collaboration.”

Hoffman says the firm intends to maintain practice groups for some areas of law, but it seems more change may be coming. “We’re going to continue to focus on the industry-team approach and look to add industries as we go forward, but also I think the practice groups are important,” he says. “We decided to start with these five industries and then evaluate it all.”

Blank Rome clients appear to be reinforcing the idea, or at least doing so indirectly. “We had a partner retreat in January when we invited four of our clients to participate in a general counsel [discussion] panel,” Hoffman says. “One of the topics that became clear is that they want their lawyers to be completely immersed in their respective industries. They want them to stay ahead of the curve on issues, come to them with ideas, trends, upcoming regulations, and what’s affecting

their business today. Those firms that have that industry knowledge are real differentiators when these companies decide who to hire as outside counsel.”

Memphis-based Baker, Donelson, Bearman, Caldwell & Berkowitz also has dabbled in the industry-concentrated approach. “Right now we’re kind of a hybrid with one [of four] departments that’s centered on one industry—financial institutions,” says CEO Ben Adams, Jr. “Then we’ve also got advocacy and litigation, which has a mixed bag. It’s got some areas that are industry-focused, like health, construction, and transportation. When we have enough critical mass serving an industry where we think it makes sense, we [organize an industry team]. If we don’t, we won’t.”

Adams says he and his partners clearly see the benefit of industry-oriented groups. “You can really help your clients by being on the cutting edge of changes in their industry when you have a lot of shared knowledge in a common industry,” he says.

At 300-attorney Butler Snow, headquartered in Ridgeland, MS, chairman Donald Clark, Jr. says the firm hasn’t changed its structure “administratively,” but it is positioned to move in that direction. “We’re still in the practice group format,” he says. “But we do have a combination of other groups that are industry-focused and we have some task forces that are focused on particular industry sectors. It’s not that formal, but I think generally we are headed that way.”

## More Change Coming?

On one hand, this seems like a trend that’s beginning to gain speed, and maybe Husch’s all-in approach will accelerate it. Clearly, other law firm leaders will be watching to see if the firm’s transformation succeeds, fails, or falls somewhere in between. But on the other hand, it’s no secret that change usually moves through the legal profession at the proverbial snail’s pace.

First, advocates of such organizational reconstruction must get lawyers to alter their mindset. “It’s difficult to get over that first hurdle—when you’ve got so many lawyers who grew up thinking, ‘I’m a litigator’ or ‘I’m a corporate lawyer’—and broaden their horizon and change their focus from practice group to industry group,” Denney says.

At Husch Blackwell, Watson acknowledges the resistance to change but does think the

market will dictate a new way of serving clients and that the industry-group model will catch on. “People are most comfortable doing what they’ve always done and in the way they’ve always done it,” he says. “But I don’t think the pressures on our profession will tolerate that kind of complacency any longer.” ■

—Steven T. Taylor

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