

January 2009

Legal Latitudes

Why the business models of a traditional law firm and a company legal function will rarely be aligned!

Current Models:

Many traditional law firms have no latitude and they are bound by various constraints, limitations, and restrictions based upon their operating business models which are driven by profits per equity partner and billable hours; and not by providing the best possible legal solution alternatives available to companies. In these firms, compensation is driven by how many hours you can bill and by how much money you bring to the firm. These firms have an “eat what you can kill” mentality that rewards achieving or surpassing internally generated targets as a measure of success. Many of these firms profess to be “client focused” and “doing whatever it takes for the client”; when in reality they are driven by short term benchmarks that do not include client satisfaction as an indicator of success. Because of this business model and ingrained mindset, these law firms have become unchanging--like the equator--with zero latitude.

The legal functions of most companies are based upon a completely different business model. Most legal functions are driven by the company's overall strategic business objectives and the need for each and every functional business area to be flexible and ever changing. Compensation within legal functions is driven by protecting the company from legal liability and by providing continuous operational improvements. One of the common goals needed to achieve operational improvement is to maintain a consistent level of high quality legal protection for the company and to do so in ways that are more cost effective each year. Because of this business model, managers of legal functions are driven by long term continuous improvements that include utilizing counsel that not only provide high quality legal services, but that are also looking for ways to help the manager of the legal function achieve cost objectives. In other words, legal functions must be ever changing and operate within varying degrees of latitude.

As a result of these very different business models, a law firm and a company legal function can rarely be aligned. Business legal functions are always moving and ever changing; while law firms are holding on to a static unchanging business model.

A New Emerging Model :

A new breed of lawyers and law firms are emerging that recognize that the traditional law firm business model no longer intersects or aligns with the modern day needs of company legal function managers. While many traditional law firms claim to pay no attention to these

mavericks and consider them not competitive in the markets they serve, they are wrong! Not only are these new breed of legal service providers getting the attention of company legal department managers, they are operating within business models that are aligned with the business models of company legal functions. They understand that being customer focused and doing what is in the best interests of the customer, includes finding new and creative ways to provide high quality legal service that is also more cost effective each year.

The ability of a legal service provider to be ever changing provides the customer with “**Legal Latitude**”.

“**Latitude** provides you with the freedom you need to implement the legal services changes you need in order to keep up with the changes occurring in your business.”

Copyright 2009 Latitude Advisors LLC. All rights reserved.
Latitude Advisors LLC 6632 Telegraph Road Suite 127, Bloomfield Hills, Michigan 48301
(248) 456-8181 www.latitude-advisors.com