

2014 Update

Center Celebrates Fifth Anniversary with Keynote Address on Access to Justice by Chief Judge Jonathan Lippman of the New York Court of Appeals

Over the past five years, the Center has sought to further discussion and debate, research and writing, and policy and innovation on many issues facing the legal profession. Of these, the issue of access to justice, is perhaps the most pressing. Bar studies have consistently found that over four fifths of the legal needs of the poor remain unmet. Indeed, in California, the issue of access to justice has reached crisis proportions as budget cuts to the state court system have reached \$1 billion. These cuts, as California Supreme Court Chief Justice Tani Cantil-Sakauye told the state Legislature in March, have deprived 2 million Californians of accessible justice and have caused interminable delays in civil actions throughout the state. She observed, "California faces a [new] type of civil rights crisis. It is not about

the law. It is about access to it."

Out of crisis comes, often, change and innovation. To mark the Center's Fifth Anniversary, we welcomed Chief Judge Jonathan Lippman of the New York Court of Appeals. Chief Judge Lippman embodies the leadership the profession urgently needs in the face of the new civil rights crisis. He is leading the New York state court system and the New York bar through a series of reforms designed to both increase access to justice and foster the profession's duty of public service. Those reforms include a mandatory reporting requirement for pro bono hours for all admitted attorneys, a requirement that all applicants to the bar to complete fifty hours of pro bono before admission, permission for law students to take the bar exam in February of their third year if they commit to doing



Chief Judge Lippman in conversation with Dean Liz Magill

pro bono work during their final term of law school, and a pilot program for nonlawyer legal Navigators in New York housing and consumer credit courts. He has also increased the budget for civil legal services by approximately \$70 million. During his visit, the Center hosted a roundtable discussion with the Chief Judge and leaders of the profession in California, including leaders of the bar, members of the judiciary and academia, and leaders in access to justice. The Chief Judge then gave the keynote address at the luncheon celebrating the Center's anniversary.

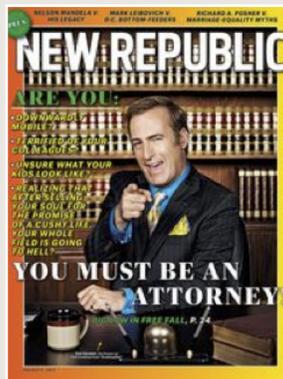
The themes underlying Chief Judge Lippman's work are clear and inspiring. He believes in ensuring **(Continued on Page 6)**

Center Events Focus on Trends in the Corporate Legal Profession: Big Law on the Brink and In-House on the Rise

Over the past five years, the themes of change and disruption have dominated the legal profession generally and the corporate legal profession in particular. The Center hosted several events addressing different dimensions of this dynamic.

The Future of Big Law

In October, the Center sponsored a panel discussion entitled "Pre-Mortem: Is the Death



Cover of The New Republic magazine featuring article "The Last Days of Big Law"

of Big Law Being Greatly Exaggerated (Again)?" The discussion sought to explore the issues highlighted in an August 2013 article in The New Republic magazine by Senior Editor Noam Scheiber. In this widely circulated article, titled "The Last Days of Big Law," Scheiber explored the effect of the increasing instability of **(Continued on Page 2)**

In this Issue

CLP Fifth Anniversary Celebration	1
Trends in Corporate Legal Profession	1
From the Director	2
Top Ten Things Learned from	
Women GCs	3
Featured 2013-14 CLP Events	4
Innovation in the UK	5
Center Faculty, Staff, and Fellows	7
Steering Committee	7
Advisory Forum	7
2012-13 Selected Outreach Events	8
Contact the Center	8

From the Director



No major institutional anniversary should go uncelebrated, and the Center was extraordinarily fortunate to have as a keynote speaker at its Fifth Anniversary Chief Judge Jonathan Lippman of the New York Court of Appeals. Chief Judge Lippman is nationally recognized as a visionary leader on issues surrounding access to justice, one of the Center's core concerns. The event, described on page 1, was a sobering reminder of the distance that the United States has to travel to translate its rhetorical commitments on access into daily realities.

Another milestone for the Center this year was the Sixth Conference on International Legal Ethics, held in London in July 2014. The conference was sponsored by the International Association of Legal Ethics, an organization founded in 2010 after a meeting at Stanford Law School. I became the founding president of the Association and helped it gain non-profit status, a website, an infrastructure, and an organizational identity. It was highly satisfying to step down

as president this summer at a conference that had attracted 280 participants from around the globe.

As this newsletter indicates, this has been an extraordinarily productive year for the Center in terms both of research and programming. I am deeply indebted to the Center's policy board, advisory forum, and executive director, Lucy Ricca, for making it all possible.

Deborah L. Rhode
Director, Stanford Center on the Legal Profession
E.W. McFarland Professor of Law

Trends (Continued from Page 1)

the corporate law firm market on one firm, Chicago's Mayer Brown. The article caused an uproar in the legal blogosphere and social media, particularly because of one paragraph: "There are currently between 150 and 250 firms in the United States that can claim membership in the club known as Big Law.... The overwhelming majority of these still operate according to a business model that assumes, at least implicitly, that clients will insist upon the best legal talent instead of the best bargain for legal talent.... Within the next decade or so, according to one common hypothesis, there will be at most 20 to 25 firms that can operate this way.... The other 200 firms will have to reinvent themselves or disappear." The Pre-Mortem panel explored this assertion by bringing together Scheiber, Steven Harper, author of *The Lawyer Bubble* and former partner at Kirkland & Ellis, and Bob Dell, Chair of Latham & Watkins. The discussion was the brainchild of moderator Bill Abrams, current managing partner of Steptoe & Johnson's Palo Alto office.

Scheiber explained that he wanted to show how the increasing instability and economic precariousness of the Big Law model was affecting practitioners on the ground. He chose Mayer Brown because the firm seemed to epitomize many of the challenges happening at large law firms (rapid growth, extended partnership tracks, de-equitization of partners, etc.) and because he was particularly interested in how these challenges were affecting a firm structured under the "Chicago model" which was traditionally less competitive, more hospitable, and less profitable than the New York firms.

Harper agreed that "the environment and culture of most large law firms has changed dramatically." This cultural transformation is the result of dramatic changes to law firms' business model over the past 20 years: significant growth in personnel, significant

growth in profits per partner, two-tier partnership structure with most equity partners coming in as laterals, dramatic spreads (20:1) in internal equity partner compensation, and high leverage ratios. All of this has resulted in a "preoccupation with near-term metrics... [and] performance to the exclusion of long-term values that, it turns out, matter at least as much to the stability of the institution." The effect on the people working within law firms has been a degradation of career development, loyalty, and institutional focus resulting in the sense of instability observed in Scheiber's article.

In response to these analyses, Dell observed that the best law firms today are those which are thinking in the long-term and to whom the stewardship of the firm and its people is of utmost importance. Dell noted that "preserving and enhancing the firm's culture" should be a top priority for all firms, above increasing profitability and the other metrics dominating the focus of many leaders. He commented that a good culture is one that minimizes internal fighting and competition and enhances collegiality in pursuit of increased market share. Dell said, "The firms that get that right are going to be the firms that succeed even more in the future than in the past. [...]. Clients want to firms to "show us your team, show us how quickly you can assemble the talent for a major project, show us...that the lawyers can work together." Scheiber commented that the ability to prioritize culture or fix cultural issues may be dependent on the economic success of the firm. Mayer Brown made several efforts to increase cooperation across partners and, as Scheiber said, "their impulses were completely sincere but the larger structural economic context in which they were operating, which was just not enough large institutional business to go around, really ended up skewing the incentives."

The Rise of the General Counsel

In April, the Center hosted a discussion

around a different aspect of corporate law: the growth of the in-house legal department. The panel, titled "The Power Has Shifted: The Growth of the In-House Legal Department and the Implications for Legal Education," featured the general counsel of Cisco, Facebook, HP, and Twitter in a discussion moderated by Professor George Triantis. Triantis opened the panel by explaining that in his role as Associate Dean for Strategic Planning for Stanford Law School, he sees two dramatic transformations at play: the transformation of the legal profession and the transformation of higher education. In this context, the connection between theory and practice, between the academic thought and research and the daily experience of practitioners, is of utmost importance in shaping the future of both.

Triantis first asked the panelists to discuss the transformation of the in-house legal department over the past decade. The main theme to emerge was the increasing move by legal departments to bring more functions in-house and turn to law firms only for the largest, most complicated, or highest risk work. Mark Chandler (SLS '81), General Counsel of Cisco, observed that source of both the transformation of the profession and that of higher education is the same: "Every knowledge-based industry in the world is being transformed by new technological tools that allow people to find information more easily and repurpose it more easily. The need to rely on outside counsel as the single source of truth...for things that you're looking for and to solve internal problems has grown less as you have more and more access to information yourself.... At the same time, those technological transformations have forced budgetary disciplines on general counsel that just didn't exist." He explained that when he started at a GC at a Fortune 500 company in 1988, the legal function "was essentially a black box." But as enterprise control tools became more powerful, legal became subject to a more direct budgetary control, "I would need to justify what I was

doing, show how I was spending money, and show how I would scale services and how I would reduce costs over time as a percent of the company's revenue." He then forced his outside counsel to be much more competitive to get work, to come to him and bid on work. "It was at that point that the power shifted."

Although Twitter and Facebook are younger and smaller companies than Cisco, both Vijaya Gadde, General Counsel of Twitter, and Colin Stretch, General Counsel of Facebook, described legal departments where much of the work is performed internally. As Stretch explained, "[I]d rather do it in house if I can. Simply because...the quality of the advice and the responsiveness is better when you have people who are really directly tied to the business, know the business, and understand the business." Gadde noted that from the beginning, Twitter sought to hire very bright and motivated people for their team and has continued to build out internal functions. She uses law firms less for expertise in subject matter than for manpower in certain situations. Stretch called such situations "seismic threats," occurring both on the litigation and corporate sides of the business. For example, three days after Facebook's 2012 IPO, the company was sued fifty-two times in a single day. Stretch observed, "I feel like we hired fifty-two law firms in the ensuing weeks."

As General Counsel of HP, which has a legal department of over 1000 people, John Schultz has taken this approach even further. He opened his remarks by pitching the students on HP's summer program, which started this year with six 2Ls: "[W]e really believe that our future is to become much more self-sufficient and have the entry point be the best and the brightest from law schools." Schultz highlighted another trend over the past ten years: C-suite executives and boards of directors have become much more comfortable with the law and the idea of having permanent law departments deliver legal services. The expectation is, however, that the law department will function like the rest of the business. The challenge in-house is always to do more with less. At the same time, the law firms are increasing their rates, seeking higher margins, and failing to innovate. Schultz observed, "[T]he profit incentives in [the law firms'] business model do not allow them to disrupt themselves." Schultz sees what he is doing as potentially disrupting the traditional law firm / client relationship and the law firm model, "[W]e're a law firm. They get what we choose to give to them and the less I choose to give to them and keep for myself, because we can do it better, the smaller their market, and the larger my market." He observed that general counsel around the country and the globe are increasingly subscribing to this view.

Triantis asked the panelists to discuss how they determine which legal services are to be kept in-house and which are to be sent out. Chandler explained that he conceives of two categories of legal work, core work and context work: "The things that are core to my company are big transactions. Eighty percent of my in-house staff is doing that work...because they know the company. Context are things that are big litigation or securities law compliance or things that will affect our reputation." He noted that it doesn't make sense to invest in staff doing the context work because it is discrete and focused on external requirements, not on matters that are core to Cisco delivering value in the marketplace. Within both of those buckets, Chandler is always thinking of how to use technology to drive the cost down and

make the work more efficient.

Schultz agreed, explaining that in a recent meeting with HP's CEO the discussion was focused on the legal department's "innovation agenda" and specifically how the legal department was going to use technology and business process reengineering. This is based on the understanding that technology can make legal work more efficient in a way that law firms either cannot or will not. Gadde added that another factor that affects her "build versus buy" decision is whether the work itself is fulfilling and interesting. She explained that one of the most significant challenges of the general counsel position is that of managing the people in the department. Gadde noted that she always needs to be thinking about how to keep those working in her legal department happy and challenged. When hiring, her core requirement is passion in both work and life. Stretch agreed that he looks specifically for a passion in Facebook. "If you're not down with drinking the KoolAid, you're just not going to like it every day." He also noted that given Facebook's size, he does not hire for specific disciplines but rather looks for versatility and the ability to be "comfortable being uncomfortable."



Mark Chandler, General Counsel of Cisco, and Vijaya Gadde, General Counsel of Twitter, discuss the changing dynamic of in-house practice.

Stretch added that he feels that there is still a great deal of value in learning how to practice in a top tier law firm. However, he agreed with Schultz that the law firm model is not sustainable beyond the very top tier. Chandler noted that he feels that the interests between law firms and their clients are simply not aligned, particularly on the billable hour. He has worked to accommodate both interests so that the law firms can maintain profitability while he gets the value that he needs.

Schultz explained that he feels that the ability to gain experience at large law firms has changed so much that it is difficult to learn the skills you need to succeed in the business world. The number one thing that lawyers need to succeed in a company is good communication skills, followed closely by good interpersonal skills. Schultz believes that law schools need to focus more on counseling students on the soft skills of communication and interpersonal relationships. "[I need to know] not only that you know the answer but...that you are going to be able to deliver it in a way that is going to get through to someone who isn't a lawyer." Stretch agreed and added that he is also focusing on developing the ability to manage people, "You cannot be really successful in-house unless you know how to manage people. It is a huge priority for us as an organization to figure out how to keep our people motivated, to keep them excited, engaged...and there is an absolute void in the [legal] academy and in the main training ground for this skill."

Top Ten Things We Learned from the Women In-House Lunches

This list is based on a summary prepared by CLP Executive Director Lucy Ricca and sent to the members of the Women of Stanford Law after the completion of the lunch series with leading women general counsel.

1. Be prepared and willing to go beyond your comfort zone – try to embrace some risk.

Almost every one of the GCs we met attributed their achievements partly to being willing to stretch – to go beyond their comfort zone and take on a new job, promotion, responsibility, etc. This could be called leaning in, but it was broader than that. It was not being afraid that you don't know how to do something, not worrying that you can't succeed in something that you are asked to do, but rather just taking the leap and trying. Most of the general counsel noted that men rarely worry about this and that might explain some of the continued disparity in reaching upper levels of management.

2. Learn how to assess risk (not just list potential risks).

Every one of the GCs said that lawyers, men or women, do not learn how to assess the relative risk profile of any particular course of action. They explained that when you are in-house and the company is deciding on a course of action, its leaders don't want a laundry list of all the possible things that could go wrong but rather a focused assessment of the most significant risks and the probability that they will come about.

3. Learn to live with B- or C-level work. It is very hard for well-educated and well-trained lawyers to let go of their work product – either by delegating or by recognizing that in a particular situation, more value is added by speed than by quality.

4. Work on your influencing skills. Several of the women described the GC position as one of an influencer, as opposed to a naysayer. It's not altogether clear how one acquires this skill. It would seem to be something that you build up over time by trial and error and observation of those more skilled than you are.

5. Do not just be a worker bee. Several of the women observed that you can be the hardest worker – the associate who comes in early, sits in the office all day and churns out work without looking up – and while the law firm might love your billables, you are killing your chances of making the jump out of the firm and in-house. In-house connections are made by networking, by getting up from your desk and making friends with your fellow associates and partners. Those are the people who are going to help you find a different job when you are ready – if you never take the time to form those relationships, it will be a lot harder to make a move. Several of the GCs noted that they see this issue more with women than with men, particularly once people start having families.

6. Find and keep your mentors. You will hear this advice often – wherever your legal career takes you – and it is completely accurate. Nancy Heinen, former GC of Apple, also added

(Continued on Page 6)

Featured 2013-2014 CLP Programs

Legal Ethics

Suing Your Lawyer: When Does a Lawyer's Advocacy Cross the Line? Lunchtime presentation by Jeremy Rosen, partner at Horvitz & Levy, discussed how extortion, malpractice, and malicious prosecution can put lawyers on the wrong side of a lawsuit and what you can do to avoid it. Commentary by John Steele. (October 2, 2013)

Consequences of Attorney Misconduct: Prosecution, Disbarment, Loss of Elected Office, and a Felony Conviction. Lunchtime presentation by former federal prosecutor Hank Shea and Steve Brown, former Missouri lawyer and state representative who pled guilty to obstruction of justice of a Federal Election Commission investigation. Co-sponsored with the Levin Center. (November 19, 2013)

Bay Area Legal Ethics Forum. The Center is a co-sponsor, along with Hastings and Berkeley and Golden Gate law schools, of this new series, which convenes scholars in legal ethics twice a year. (November 19, 2013)

Roundtable discussion of commercial third-party litigation funding and legal ethics. The Center co-sponsored a private roundtable discussion on the recent rapid growth of commercial third-party litigation funding and the related ethical implications with funder Bentham IMF. The session brought together academics from SLS and other institutions, a former federal judge, plaintiff and defense lawyers, and funders to discuss the nature of the business, its benefits, pitfalls, and the scope of potential regulation. (January 23, 2014)



Professor Deborah Hensler welcomes participants in the roundtable discussion of commercial third-party litigation funding.

Innovating within the Professional Monopoly: The Law of Unauthorized Practice Meets the Technology Boom. Center Director Professor Deborah Rhode spoke trends in enforcement of unauthorized practice law and the conflict with legal entrepreneurs and startups, such as LegalZoom, at a lunchtime event co-sponsored with CodeX. (April 17, 2014)

Good People Should Not Be Prosecutors: A Debate. The Center co-sponsored this Oxford-style debate with the Stanford Journal of Criminal Law and Policy, the Stanford chapter of ACS, and the Stanford Criminal Justice Center, as part of the journal's inaugural symposium. The debate featured Professor Paul Butler, Georgetown Law, and David Patton, Executive Director and Attorney in Chief of the New York Federal Defenders, arguing for the motion against Laura Duffy, United States Attorney for

the Southern District of California, and Professor Larry Marshall, Stanford Law. The debate sought to illuminate the challenges of being an ethical prosecutor within a criminal justice system marked by mass incarceration and racial disparity. The debate was moderated by Professor Laurie Levenson, Loyola/UCLA Law. (May 16, 2014)



"I've come to understand the profound difference it makes when one is dealing with a prosecutor who has sensibilities, humanity, goodness, versus one who seems to lack those attributes. Lives change when good people become prosecutors." - Professor Larry Marshall

The Current State and Future of the Legal Profession

Pre-Mortem: Has the Death of Big Law Been Greatly Exaggerated (Again)? The Center hosted panel made up of Noam Scheiber, Steven Harper, and Bob Dell; moderated by Bill Abrams. (October 4, 2013) (see article on page 1)

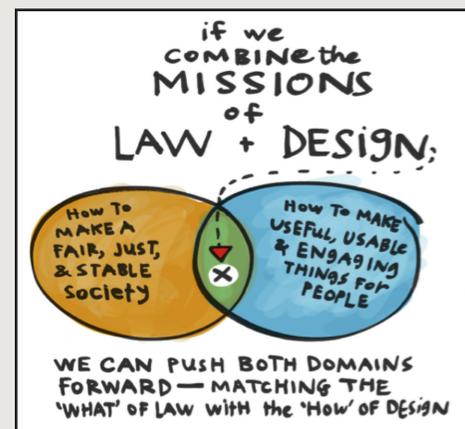
Big Law in Venezuela: From the "Oil Opening" to the Bolivarian Revolution (1994-2013) The Center, in co-sponsorship with the Program on Law and Society, hosted a lunchtime presentation by Professors Rogelio Pérez-Perdomo, visiting at SLS, and Manuel A. Gómez, Florida International University College of Law. Professors Pérez-Perdomo and Gomez are both working with the Stanford Project on the Future of the Legal Profession, funded by Sidley, to trace the development of Big Law in Latin America. One preliminary finding was that during the 2000s, not only did most Venezuelan law firms shrink in size and grow in competitiveness, but also entire areas of practice almost disappeared, while others grew significantly to the point of becoming the most profitable departments. (October 24, 2013)

The Other Side of the Pond: Legal Innovation in the UK. The Center welcomed then Allen & Overy CIO Gareth Ash for a lunchtime presentation on the UK legal market. (November 7, 2013) (see article on page 5)

Roundtable Discussion on Contract Modularity and Document Automation. Led by Professor George Triantis, the Center hosted a private roundtable discussion focused on the impact of the technological developments in document automation on the practice of corporate and transactional law, as well as on teaching in contracts, commercial law, and corporate law.

The roundtable was attended by leading technologists in the field of document automation, practitioners, and the entire business law faculty of SLS. CLP Advisory Forum members Mark Chandler, general counsel of Cisco, Karen Cottle, former general counsel of Adobe, and Bruce Sewell, general counsel of Apple provided the in-house perspective on this rapidly changing area. (December 13, 2013)

Adventures in Legal Technology and Design. CLP Research Fellow Ron Dolin and d*school Fellow Margaret Hagan (SLS '13) discussed their work using design thinking and design process to challenge the legal profession to innovate and reach a solution to the justice gap. (January 30, 2014)



d*school Fellow Margaret Hagan's drawing of her vision for the future of law and design.

Innovating the Law Firm Model. The Center welcomed the leaders of two alternative law firms, Rimon Law and VLP Law Group, to discuss the history of innovation in the traditional corporate law market, the growing presence of alternative models, their respective business models, and outlook for the future. Michael Moradzadeh and Yaacov Silberman are the co-founders of Rimon. David Goldenberg (SLS '96) is a co-founder of VLP and Cathryn Chin (SLS '84) is the CEO of VLP. (February 13, 2014)

Keep Calm and Carry On?: Disruption in the UK Legal Market and What It Could Mean for the US. Center hosted panel with Karl Chapman and Andy Daws, founders of Riverview Law, and Ralph Baxter, Chair Emeritus of Orrick. Ron Dolin, CLP Research Fellow, and Stephanie Kimbro, practitioner and academic, moderated. (May 5, 2014) (see article page 5)

Public Service and Social Justice

Guo Jianmei: The Challenge of Public Interest Lawyering in China and Other Transitional Societies. Co-sponsored with the Levin Center and the Human Rights Center, Guo Jianmei, a Chinese lawyer, human rights activist and director of a women's legal aid NGO, gave a lunchtime presentation on her work in China and the role of public interest lawyers in advancing civil society. (November 6, 2013)

Screening of "Gideon's Army" and Discussion with Director/Producer Dawn Porter. The Center, the Criminal Justice Center, and the Levin Center, the Criminal Defense Clinic, and several student

organizations, co-sponsored a screening of the documentary "Gideon's Army," which follows the personal stories of three young public defenders who are part of a small group of idealistic lawyers in the Deep South challenging the assumptions that drive a criminal justice system strained to the breaking point. The screening was followed by a discussion with the film's director and producer Dawn Porter. (February 10, 2014)

Human Rights Challenges and Opportunities in Ethiopia: Keynote Address and Reception. The Center co-sponsored the welcome reception for leading Ethiopian human rights practitioner Seife Ayalew Asfaw. Asfaw is the inaugural recipient of the Rubin Family International Human Rights Award at SLS. At the reception, Asfaw delivered a keynote address detailing the momentous challenges to human rights and access to justice in Ethiopia, as well as his plans for his two week stay at SLS sponsored by the Rubin Family. (April 10, 2014)



Seife Ayalew Asfaw

The Stanford Center on the Legal Profession Fifth Anniversary Celebration. The Center celebrated its Fifth Anniversary by welcoming one of the leaders of the profession and champion of access to justice, Chief Judge Jonathan Lippman of the New York Court of Appeals. Prior to his keynote, the Chief Judge met with leaders in the access to justice movement in California for a private roundtable discussion on his reforms and the possibility of application in California. (May 14, 2014) (see article on page 1)

Leadership

Lunch Series with Leading Bay Area Women General Counsel. The Center, co-sponsoring with the Women of Stanford Law (WSL), held a series of small luncheons for members of WSL and various female general counsel in the Bay Area. The luncheons provide an opportunity for students to meet leading general counsel to learn more about the position, the career path, the benefits and disadvantages of in-house work, and the qualities required to succeed in-house. General counsel who participated included Michelle Banks (Gap), Lauren Seeger (McKesson), Nancy Heinen (formerly of Apple), Sarah O'Dowd (SLS '77) (LamResearch), Debra Zumwalt (SLS '79) (Stanford), Catherine Valentine (Logitech), Susan Marsch (Flextronics). Karen Cottle, CLP Advisory Forum member, former GC of Adobe and currently counsel at Sidley, was instrumental to the success of this series. The series will continue over the next year. (see Top Ten List on page 3)

Please check our website for streaming video and audio of past and recorded events, as well as more information about these programs and upcoming events. <http://law.stanford.edu/program/centers/clp>.

Center welcomes UK legal innovators to discuss the Legal Services Act, alternative business structures, technology and disruption

The themes of technological advancement, innovation, and disruption dominated the various events and discussions hosted by the Center during 2013-2014. Much is changing in the American legal market despite a regulatory regime which has proved to be remarkably resistant to change. The story is different in the United Kingdom, which passed the Legal Services Act in 2007. The Act sought to liberalize the legal profession with the professed goal of increasing competition and access to justice. Of most interest to American observers, the Act permits UK law firms to have nonlawyer ownership, management, and investment, and to combine with other professional services firms. As most of the legislation only took effect in 2011 or 2012, the impact on the UK, and global, legal market is only beginning to emerge. That impact seems to be taking two major routes. First, traditional law firms, now able to access greater amounts of capital and less insular perspectives, are rethinking their structural model. Second, new entities are entering the market for legal services as Alternative Business Structures ("ABSs"). Two events hosted by the Center highlighted these two major changes and sought to address the potential impact for the American legal market.

The CIO of the Magic Circle Firm

In November, the Center hosted a lunchtime presentation by Gareth Ash, then the Chief Information Officer of Allen & Overy. Allen & Overy, as a member of the "Magic Circle" London-based international law firms, sits squarely within the realm of what we think of as traditional legal practice. The firm, however, has also proven to be force for innovation. In 2012, the Financial Times named the firm the most innovative law firm in Europe for the second year in a row.

Ash observed that the global economic downturn and the corresponding shift in power to corporate clients had driven dramatic changes in the legal market. This transformation is driven by three long-term trends: globalization, the rise of emerging markets, and technology. It is also shaped by three business drivers: changing client demand (more for less), dis-aggregation of the legal process, and a legal landscape marked by new models, new entrants, and new methods. In big law firms, these trends are reflected in the push toward cross-border mergers creating mega-firms and in the rise of foreign offices.

With this context, Ash described the impact of the Legal Services Act. He noted that the Act was quickly nicknamed "Tesco law," after the major grocery chain in the UK, because the Act meant to make purchasing legal services as easy as buying your groceries. ABSs, permitted by the Act, do this by allowing non-lawyer ownership of law firms which attracts outside capital into law firms and increases competition.

Ash noted that as ABS licenses have been granted (over 200 at the time of his presentation), it has become clear that opening up ownership of law firms has brought in many new players. British Telecom, for example, launched BT Law to sell motor claim related legal services. There is at least one ABS backed by private equity. KPMG and Ernst & Young are also apparently considering ABS licenses. A more intangible result from the act, Ash explained, is a sense of freedom to experiment which has pervaded the legal services market in the UK and he cited Riverview Law as the best example of this experimental spirit. Traditional law firms have responded to these changes by focusing on four main areas. They are reassessing their business structure, providing new services, resourcing work from alternative sources (such as contract attorneys), and looking at new ways to use legal support and outsourcing.

As for technological innovation in the market, Ash admitted that he feels that this is lagging behind some of the structural and business innovation in the market. Ash focused on technology which is disrupting the business of law (online client services, document automation, conceptual and semantic search, AI, etc.), noting that these technologies have the possibility to cause fundamental change in how legal services are provided. He stressed that the growth of business disrupting technology in the legal space has accelerated dramatically in the past year to eighteen months, explaining that when he was looking for new technology to use two years ago, he had very little to choose from and that has dramatically changed today.

Ash closed with a word of caution. Although there is a great deal of excitement about the possibilities of technology in the legal world, in many cases clients are demanding the opposite of what technology can provide. He said that while technology is becoming simpler, easy to use, cheap and innovative, clients want more stability, regulation, and the ability to lockdown information. This requires a delicate balance, constant negotiation, and vigilance from the providers of legal services in the future.

The Disrupters

In May 2014, the Center welcomed Riverview Law, the new alternative law firm which Ash described as representing the spirit of freedom unleashed by the Legal Services Act.



Discussing disruption in the UK legal market with Riverview Law and Ralph Baxter.

Karl Chapman, CEO, and Andy Daws, VP for US, sat down to discuss their business and their perception of the UK and US legal markets with Ralph Baxter, former Chairman of Orrick and member of the Center's Advisory Forum, Ron Dolin, (Continued on Page 6) research fellow with the

Center Celebrates Five Years (Continued from Page 1) the court system can help people facing threats to the basic necessities of life, such as “a roof over their heads, their physical safety, the well-being of their families...” that working toward this end is a fundamental duty of the legal profession, and that the judiciary should be at the forefront of reform. Each reform he has pushed through in New York builds on these three beliefs. For example, he felt that the requirement that every applicant to the bar complete 50 hours of pro bono before admission was necessary to help reduce the justice gap and ensure that the new generation has public service in “their DNA.” In requiring pro bono reporting, he seeks a better understanding of “how we [the bar] are doing” on meeting the civil justice needs through pro bono work. This change brought considerable push back from the state bar. He wryly observed that he “did not have a vote” with the state bar as to whether or not they wanted this requirement. “The judiciary, as the regulator of the legal profession, has a responsibility, and that responsibility is not to serve the economic best interests of the bar. It’s to promote public trust and confidence in the profession and to promote the public interest.”

This same point resurfaced in the Chief

Judge’s support for a pilot program for nonlawyer advocates in the housing and consumer credit courts in New York. The pilot program allows for these specialists,



Chief Judge Lippman

called “Navigators,” to appear in court alongside an unrepresented litigant, provide moral support and information and answer any questions from the judge. CLP Director Deborah Rhode has applauded the change: “The evidence to date suggests that trained nonlawyer specialists can be as effective as lawyers in certain routine tasks and I am hopeful this idea will spread.”

The Chief Judge’s speech highlighted many overwhelming problems facing the legal profession and the civil justice system in this country. In the face of these problems, we often find ourselves paralyzed by the

vastness of the issues, the many difficult political hurdles, the seemingly impossible solutions. The Chief Judge’s leadership in New York has shown that one person, in the right place and with the will to act, can bring about significant change.

He stated: “I believe there is absolutely an access to justice revolution taking place. From my own perspective, the judiciary should have a very very significant leadership role on this issue. We should be using our pulpit. We should be using the power to regulate the profession and help shape the values of our noble profession to aspire to the highest level of what we should be doing as lawyers. As the doorkeepers to bar admission, we should be helping to rethink [legal] education. We should be holding hearings, we should be making rules, we should be focusing on this issue which, above everything else, defines our profession.”

Stanford Law School

Stanford Center on the Legal Profession

UK Innovators (Continued from Page 5) Center, a n d Stephanie Kimbro, practitioner and academic who will be a fellow with the Center in 2014-2015.

The discussion focused on the extent to which the business model of a law firm matters to its ability to adapt and innovate in a rapidly changing marketplace and on the lessons we can draw from the UK’s new regulatory scheme. Riverview Law got its start while Daws and Chapman were running a human resources outsourcing firm. Many of their clients inquired about the firm handling legal services as well as HR, rather than handing issues off to in-house or outside counsel. Daws explained that clients felt that when the matters were handed off, they lost the benefits of “management of information, the driving of the right behaviors, the culture...things that are, at this point, typically unheard of in the legal space.” Chapman added that Riverview “had the luxury of starting with a blank piece of paper...and could start building the business model from the customer up, not the law firm partner down.”

Riverview focuses on work for midsize and large corporations that is constant and repetitive and that can be packaged into long-term contracts. Chapman estimates that this is sixty to seventy percent of the work that large corporations do. “We have a business model which is predicated on long-term contracts with blue-chip customers with high renewal rates.” According to Chapman, Riverview Law is the best business opportunity he has seen so far.

Ralph Baxter observed that the experiment that plays out in the UK will be very informative to the United States bar. He noted that the reformers behind the Legal Services Act felt that the traditional law firm model did not lend itself “to creating businesses that deliver quality...legal service” to the average person. Here in the US, we face two significant challenges: the access to justice and legal

service by individuals throughout the country and the delivery of legal services to the business community at prices that make sense. Baxter predicted that the discipline that comes with outside investment could accelerate the solution to those inefficiencies. We will see how this plays out in the UK, where we will see both new entrants competing head-to-head with traditional law firms and new companies doing parts of what has traditionally been law firm work.

Dolin asked the panelists whether they felt that the barriers to innovation in the legal market were more cultural or structural. Baxter acknowledged that there is some cultural component which is perpetuated by the self-selection of those who go to law school, “The average lawyer does not have an innovative bent.” Baxter went on to say that he feels that structural barriers are more significant. The general partnership model simply does not have the discipline of a for profit business. The other barrier to change is that the traditional law firm model is very lucrative for the successful partners. Despite this profitability for lawyers, the firms operate very inefficiently for their clients.

Chapman explained that at Riverview, they have dedicated teams on accounts which are set by long-term fixed contracts. Salaries are not measured by billable hours. This creates a very different culture from a law firm. Chapman went on to stress that they corporate structure allows several distinct advantages as well. The ability to raise a great amount of capital to put a business plan into action gives them flexibility and agility. A law firm can only raise money from the partnership or a bank which is much more difficult to do. In Chapman’s view, the ABS was a lightning rod for change in the legal marketplace: “It has allowed [more] people to say, ‘How can we get a part of this?’”

Top Ten (Continued from Page 3)

that you need to find the people you can ask for advice, basic skills advice or more broad life advice, and then ask them when you need help. She shared a story of how when she came back from maternity leave, she was offered a significant promotion which she was, at that point, not inclined to take. She spoke to her mentor about it and he reminded her of her vision for her career (see point 10) and advised her to take the job if she wanted to be GC of a Fortune 250 company someday.

7. You can be a litigator and still go in-house.

This did not used to be as true but is much more the case now. Certain types of litigation are better for a smoother transition – IP, for example.

8. Do not be afraid to market yourself.

Several of the GCs observed that the women in their offices are not as good at self-marketing as the men, and research bears them. This is related to the fact that most lawyers don’t really know much about marketing generally and don’t have any exposure to it in law school. Many think that being the worker bee will be enough. See point 5 as to why this won’t be true.

9. Don’t be afraid to lead as a woman.

The women that we met were exceptionally energetic and charismatic. They were funny and confident and approachable and projected an image future lawyers could relate to.

10. Try to establish the vision of where you want to go or who you want to be in your career and keep it in the front of your mind.

It is clear there are a lot of different ways to get into a GC position, or any leadership position. The hard thing finding your own course and following it through all the hurdles is keeping a vision in mind by which you can make your choices. It reminds you of who you want to be.

Center Faculty and Staff



Deborah L. Rhode
Director,
E.W. McFarland Professor
of Law

Deborah L. Rhode is a graduate of Yale College and Yale Law School, and served as a law clerk to Justice Thurgood Marshall. She is a former president of the Association of American Law Schools, a former chair of the American Bar Association's Commission on Women in the Profession, the former founding director of Stanford's Center on Ethics, and a former director of Stanford's Institute for Research on Women and Gender. She also served as senior counsel to the Minority members of the Judiciary Committee, the United States House of Representatives, on presidential impeachment issues during the Clinton administration. She is the most frequently cited scholar on legal ethics and a fellow of the American Academy of Arts and Sciences. She has received the American Bar Association's Michael Franck award for contributions to the field of professional responsibility, the American Bar Foundation's W.M. Keck Foundation Award for distinguished scholarship on legal ethics, the American Bar Association's Pro Bono Publico Award for her work on expanding public service opportunities in law schools, and has been recognized by the White House as a Champion of Change for a lifetime's work on increasing access to justice.



Lucy Buford Ricca
Executive Director

As Executive Director, Ricca coordinates all aspects of the Center's activities, including developing the direction and goals for the Center and overseeing operations, publications, programs, research, and other inter-disciplinary projects. Ricca joined Stanford Law School in June 2013, after clerking for Judge James P. Jones of the United States District Court for the Western District of Virginia. Before clerking, Ricca practiced white collar criminal defense, securities, antitrust, and complex commercial litigation as an associate at Orrick, Herrington & Sutcliffe. Ricca received her B.A. in History from Dartmouth College and her J.D. from the University of Virginia School of Law.

2014 CLP Research Fellows



Ron Dolin

Ron received his B.A. in math and physics from U.C. Berkeley before heading to Geneva to work at CERN, the high-energy physics lab. After a few years there, he left for graduate work in computer science,

obtaining a Ph.D. from U.C. Santa Barbara. He ended up as one of the first 100 at Google, and left after several years to get a law degree from U.C. Hastings. Ron is an angel investor, focusing on legal technology startups, and teaches legal technology and informatics at Stanford Law School. Ron is working on a program on legal innovation at Stanford's School of Design with SLS alum Margaret Hagan. Ron recently gave a keynote talk about the injection of innovation in big law at the G100 meeting of the CIO's of the 100 largest law firms at the ILTA 2013 conference in Las Vegas.

Supported by a generous grant from the Sidley Austin Foundation, CLP is hosting four research fellows who are participating in a multi-year study on the state of the legal profession, which seeks to understand trends and emerging developments in the profession, develop policy recommendations to help law firms adapt their business models to better meet the needs of their clients and of a rapidly changing legal market, and consider the implications of these changes for legal education.



Manuel Gomez

Manuel Gomez is an associate professor at Florida International University College of Law. His academic interest covers a broad range of issues pertaining to Latin American jurisdictions, most notably: cross border and complex litigation, international arbitration, legal and institutional reform, private ordering, social networks, innovations in legal education and the globalization of the legal profession. Together with Lawrence M. Friedman and Rogelio Pérez-Perdomo, Gomez is undertaking a multi-country study geared to explore the trends affecting the development of the legal profession and its impact on the training of future lawyers in Latin America and Latin Europe. Gomez and colleagues are interested in exploring the penetration of "big law" in the different Latin American and Latin European markets, what strategies they have relied on, what type of clients they serve, and how they have coped with the rising competition from increasingly strong local firms, including their alliances and partnerships. They are also exploring the growth of non-US law firms, and will compare how foreign firms evolved vis-à-vis their US counterparts, and the impact of non-US law firms on the growth and transformation of the global market for legal services.



Patrick M. Hanlon

Patrick M. Hanlon received a doctorate in political science from Harvard University in 1974 and a JD from Harvard Law School in 1976. After a year clerking for Chief Judge Irving R. Kaufman of the U.S. Court of Appeals for the Second Circuit, he joined Shea & Gardner in Washington DC. For the next 30 years he practiced as a litigator at

Shea & Gardner and (after a merger in 2004) Goodwin Procter, concentrating in complex litigation, class actions, and mass toxic and environmental torts. From 2008 through 2011 he was on the faculty of Boalt Hall, where he taught torts and professional responsibility. In 2012 he joined Stanford as a Research Fellow at the Center on the Legal Profession, where he is studying the impact of globalization and technology on the world of "Big Law." Hanlon has a special interest in examining the forces that have led to an unprecedented number of law firm failures in recent years.



Sergio Puig

Sergio Puig is a Lecturer in Law, Teaching Fellow in the Stanford Program in International Legal Studies (SPILS), as well as a Research Fellow at the Center on the Legal Profession. Prior to joining Stanford, Sergio taught International Investment Law and International Trade Law at Duke Law School. Sergio also worked for over three years in the young professionals program for lawyers and scholars at the World Bank Group and ICSID, and has practiced international law and arbitration in Mexico and the United States. Sergio graduated cum laude from the ITAM in Mexico with an L.L.B., and earned a JSM in International Legal Studies and a JSD in International Economic Law from Stanford University. His main academic interests include topics related to the legal profession and arbitration, international economic law, law and society, and interdisciplinary legal scholarship in general.



Molly Selvin

Molly Selvin serves as Assistant Dean for Interdisciplinary Programs and an Adjunct Professor at Southwestern Law School, where she oversees the JD/MBA program with the Drucker School at Claremont Graduate University and the Certificate Program with the Pardee RAND Graduate School. She is associate editor of the Journal of Legal Education; and teaches courses in media and the history of public policy. Just prior to joining Southwestern, Selvin served as Interim Dean of the Frederick S. Pardee RAND Graduate School (PRGS) where for 25 years she has taught courses on the U.S. Constitution, the uses of history in policy analysis, and the role of the media in public policy. From 1990 to 2008, she was on the staff of the Los Angeles Times, as an editorial writer and news reporter, focusing on civil and criminal justice, the legal profession, local government, land use, and reproductive rights. Selvin has also been a Senior Fellow in UCLA's School of Public Affairs for several years. In 2012, she became a research fellow at the Stanford Center on the Legal Profession, where her research focuses on changes in the market for corporate legal services.

Selected Publications 2013-14

The All New Litigation Ethics Quiz Show 2013: Representing Corporations – ABA Annual Meeting, San Francisco, CA, August 2013

Rhode, *Lawyers as Leaders*, Oxford University Press, September 2013

Rhode, *Reforming American Legal Education and Legal Practice: Rethinking Licensing Structures and the Role of Nonlawyers in Delivering and Financing Legal Services*, 16 *Legal Ethics* 243 (2013)

Rhode, "Judges Have a First Amendment right, Too," *New York Times Room For Debate*, November 3, 2013

Rhode and Ricca, "Revisiting MCLE: Is Compulsory Passive Learning Building Better Lawyers?," 22(2) *Professional Lawyer* (2014)

Rhode and Ricca, *Protecting the Profession or the Public? Rethinking the Unauthorized Practice Enforcement*, 82 *Fordham Law Review* 2587 (2014)

Selected Outreach Events 2013-14

The Legal Profession's Monopoly on the Practice of Law, Colloquium, Fordham Law School, New York, NY, October 18, 2013

Stanford Law School Alumni Weekend, Panel Discussion on the Future of Corporate Law Firms, Stanford, CA, October 2013

Diversity and Leadership, Stanford University Leadership Academy, Stanford, California, February 2013

Until Civil Gideon: Expanding Access to Justice, Fordham Law School, New York, NY, November 2013

"Crisis in the Profession," 2013 Phillip B. Blank Memorial Lecture on Attorney Ethics, Pace Law School, Westchester, NY, December 2013

State Bar of California Civil Justice Strategies Task Force, Regional Meeting, San Francisco, CA, April 2014

West Coast General Counsel Forum, Santa Clara, CA May 2014

What is this Project 5/165, Executive Leadership Workshop, San Francisco, CA, June 2014

Sixth Conference on International Legal Ethics, London, UK, July 2014

Center Advisory Forum

William F. Abrams, *Steptoe and Johnson*

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