

The Law Firms as a Business Organization (B573) **(Fall 2022)**

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by appointment

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Required Materials

- RANDALL KISER, AMERICAN LAW FIRMS IN TRANSITION: TRENDS, THREATS, AND STRATEGIES (2019).
- JACK NEWTON, THE CLIENT-CENTERED LAW FIRM (2020)
- Supplemental materials posted on Canvas

Course Description

Law firm partners occasionally get frustrated that their associates are academically brilliant but do not understand how the firm makes money. Likewise, clients perennially complain that very few lawyers understand their business, thus limiting the value of legal advice and legal services. In part, these outcomes occur because the business of law is seldom a topic that is discussed during law school. This course fills this knowledge vacuum by taking students on a guided tour of how the modern legal industry operates.

The analytical framework for this course is the Heinz-Laumann “two-hemisphere” theory of the legal profession.¹ The core principle that underlies this theory is that a lawyer’s social, professional, and economic interests are primarily defined by the type of clients a lawyer serves. In a comprehensive study of 800 Chicago lawyers, Heinz and Laumann found that most practitioners fell into one of two distinct “hemispheres”: (1) lawyers who serve organizational clients, such as corporations, nonprofits, and government entities; or (2) lawyers that provide personal services to individuals and small businesses. Heinz and Laumann documented that lawyers serving organizational clients typically practiced in large law firms and generally earned higher incomes. In contrast, lawyers providing personal services typically operated as solo practitioners or as members of small law firms.

For over 50 years, however, the hemisphere structure has been in a state of flux. When the Heinz-Laumann study was replicated in 1995 (Chicago Lawyers II), one of the most striking results was that approximately two-thirds of lawyers in private practice now worked for organizational clients, such as businesses.² Since then, U.S. Census data documents that the personal services legal market (PeopleLaw) is under significant economic stress, which in turn is reducing the legal services options of ordinary citizens. The organizational “sphere” (it’s no longer half), in contrast, continues to grow in both relative size and income, in part because of the ongoing relentless demand for legal services among larger corporate clientele.

¹ JOHN P. HEINZ & EDWARD O. LAUMANN, CHICAGO LAWYERS: THE SOCIAL STRUCTURE OF THE BAR xvii (rev. ed. 1994).

² See JOHN P. HEINZ ET AL., URBAN LAWYERS: THE NEW SOCIAL STRUCTURE OF THE BAR 5-6, 46-47 (2005).

Learning Objectives

1. **Historical context.** Provide you with historical context for the modern legal profession
2. **Current market context.** Bring you up to date on (a) the evolution and significant segmentation in the large law firm segment, (b) the special challenges and innovations in the “PeopleLaw” market, (c) law firm strategy, including the principles of a client-centered approach, (d) the structure and economics of the plaintiffs' bar, (e) new entrants back by venture capital and private equity the combine law with data, process, technology, design, and business operations know-how, (f) how and why in-house legal departments have become leaders in practice management innovation, (g) the gig economy for lawyers and intermediary organizations that attempt to make this market more efficient.
3. **Learn how to think and adapt to the emerging legal services market.** Use of the case study method to enable students to appreciate the need for theory, continuous learning, feedback loops, reflection, and flexibility of both means and ends in the governance of your career and legal service businesses.
4. **Developing your professional network.** Meet and engage with innovative legal professionals as peers; become comfortable asking thoughtful, probing questions.
5. **Planning your career.** Developing a strong theory of professional development informed by high-quality data.

Class Format, Structure, Grading Policies

This class was last taught at Maurer Law in 2006 when the legal market was very different. I am keeping, and expanding, what worked well in the original course, which is guest speakers, including many alumni. But I am also incorporating some new features, including a flipped-classroom format, that I hope will improve overall course coverage and deepen the quality of class discussion. To get the most out of this class, you need to complete all the assignments and do some significant critical thinking *before* you come to class. This means fully completing each assignment *and* identifying connections to earlier class case studies.

Weekly assignments will be posted on Canvas. However, video lectures and instructor memoranda, such as discussion questions, may not be posted until the Friday afternoon that precedes each class (I need this time to process what we are learning and make my own connections).

The grade for this class is based on a 100-point scale and has four components.

Class Component	Points
Class attendance and participation	20
Class summary document	10
Progress Report (Week 7 and 13).	10
Final Paper (3,000 to 4,500 words)	60
Total	100

1. Class attendance and participation (20 points). Students are expected to come to class having fully completed the accompanying assignment, which will be posted on Canvas. I will occasionally conduct exercises that involve cold call. For the most part, however, the class is driven by guest presenters and class discussion. Therefore, to increase the likelihood that all students will be fully prepared for each class, a substantial portion of the 20 points will be based on the quality of your participation.³ Legitimate absences for sickness, COVID quarantine, or other personal exigencies will not be counted against you.

2. Summary document (10 points). During the semester, every student will be responsible for creating a summary document for one class (two students per week starting Week 2). When it is your turn, you are free to collaborate with the other student and turn in a single document, but you are not required to do so. It will be due Friday at noon. The summary document will be graded and shared with the class (NB: your grade will be private).

Why are we doing this? For several reasons. First, the class has a no laptop policy (though you get an exemption if you are writing the summary document that week). Second, the emphasis in this class is on listening, discussion, and critical thinking. This is different than a typical doctrinal law school where we are tempted to exhaustively record information that might be relevant to the final exam. Third, the division of labor works to your benefit. Specifically, learning in this class is best served by staying engaged and present with guest speakers and fellow students. However, you will each be writing a final paper for this class, which will draw heavily upon course materials and what we learn from guest speakers. Since you are unlikely to know what is important to your individual paper until the end of the course, it may be extremely handy to have a high-quality summary of each class, thus enabling you to make more and better connections.

I am not going to specify what a good summary document looks like except that it should reflect your best effort. If it's your week, use your best judgment to decide on what to include and how to organize it. Over the course of the semester, we are likely to see iterative improvements in format, as we learn from each other. There will no benefit or penalty, however, for going first or last.

3. Mid-Semester and End-of-Semester Progress Reports (10 points total). After Week 1, there are only two classes that will not have featured guest speakers (Week 7, 10/7 and Week 13, 11/15). We are going to use this time to discuss what we are learning. To prepare for that, each student will be asked to write out answers to a series of questions. (Note, you'll be very happy to have access to the summary documents for this.). The Progress Reports should only take 60-90 minutes to complete, as they are not essays. Instead, I am using these exercises to frontload some valuable critical thinking to improve our Week 7 and 13 class discussion.

4. Final Paper (60 points). Your final paper will be 3,000 to 4,500 words. You will have an option of answering one or more standardized prompts, which will be the topic of Week 7, or alternatively a topic of your choice approved in advance by me. Foremost, I want you to use this assignment to do critical thinking that will enable you to make better career decisions. Each paper will be graded using the following criteria:

³ Note I wrote "quality," not frequency, though the two can be correlated. Speak when you have something to say, particularly when it builds off of your classmates' remarks and observations.

1. *Originality* (20%) – synthesizes and derives new insights from course materials.
2. *Organization* (20%) – has a clear thesis and a logical flow.
3. *Depth of analysis* (40%) – marshals facts and theories based on course themes, readings, class discussion, and other parts of class; if applicable, considers opposing views.
4. *Candor* (10%) – honestly communicates your personal values and perceptions. Please don't attempt to write for the professor; it is counterproductive.
5. *Conclusion* (10%) – what does your thesis and supporting materials mean for you personally and, if applicable, for your generation of legal professionals? What are you going to do, or not do, as a result? Answer these questions as clearly and directly as possible.

Per IU Law faculty policy, this class (an “Advanced Writing” class) has a mandatory curve between 3.3 and 3.6. If the class performs well, I will go with a 3.6 curve. Therefore, to get on the higher side of the curve (A or A-), you will need to write a comprehensive, thoughtful paper that contains original insights on the course materials. The last time this class was taught, one of my students published his paper in a law review (that student, of course, got an A). My advice? If you want to maximize your grade in this class, maximize the quality of preparation for each class – the readings provide powerful intellectual scaffolding.

Tentative Class Schedule

Week	Dates	Speakers / Facilitators / Timing	Topics
1	Aug. 16	Henderson (2 hours)	Two-Hemisphere Theory, Voice-Exit-Loyalty framework
2	Aug. 23	Tony Paganelli (Maurer Law '95), Founder, Paganelli Law Group (2 hours)	Founder story, which hemisphere?
3	Aug. 30	Masah Samforay (Maurer Law '05), Founder, The Foray Law Firm (2 hours)	Founder story, PeopleLaw
	Sept. 6	No class, Law School follows Monday schedule	
4	Sept. 13	Gavin McGrane , CEO/Co-Founder of Pacer Pro & Gene D'Aversa Senior Knowledge Management and Technology Innovation at Husch Blackwell (via Zoom, 90 minutes) + 30 minutes of in-class discussion	“Case Ops,” which is sophisticated litigation + technology + highly skilled “allied professionals”
5	Sept. 20	Jae Um , Founder & Exec Dir of Six Parces & Stephen Poor , Chairman Emeritus at Seyfarth Shaw (Indiana University, BA '77) (2 hours)	BigLaw market segmentation, law firm strategy, law firm leadership, managing lawyers, managing change
6	Sept. 27	Tim Mohan , Partner and former Chief Executive Partner, Chapman and Cutler (2 hours)	Law firm strategy case study

Week	Dates	Speakers / Facilitators / Timing	Topics
	Oct. 4	Fall Break, no class	
7	Oct. 11	Henderson (2 hours)	Class discussion, review of materials
8	Oct. 18	Betsy Greene (Maurer Law '82), Partner, Schultz & Greene (2 hours)	Plaintiffs' work, structure of personal injury bar
9	Oct. 25	Steve Harmon , Chief Operating Officer & General Counsel, Elevate Services (via Zoom, 90 minutes) + 30 minutes of in-class discussion	"Law Companies" and the rising tide of New Law and legal operations movement, nonlawyer ownership
10	Nov. 1	Angela Sebastian , former CEO of Levenfeld Perlstien (Chicago) (2 hours)	The Client Experience, case study in law firm transformation, critical role of allied professionals
11	Nov. 8	Tim Haley (Maurer Law, '06), Partner, Latitude (company that supplies highly skilled gig lawyers to legal depts and law firms) (2 hours)	Gig economy, case study in New Law
12	Nov. 15	John Grant , Founder of Agile Professionals LLC and Board Member, The Commons Law Center (Portland, OR) (via Zoom, 90 minutes) + 30 minutes of in-class discussion	Sliding Scale Nonprofit Law Firm, crucial role of legal ops to PeopleLaw, cross-industry comparison to healthcare
13	Nov. 22	Henderson (2 hours)	Class discussion, review of materials, focus on final paper topics

Office Hours and Scheduled Meetings

My office hours are Mondays from 4 pm to 5 pm. Feel free to drop in. If you want to schedule a meeting outside of this hour, please email me. A presumptive time slot for an appointment is 15 minutes. If you come to my office with a clear agenda for discussion, we can get a lot accomplished in this short period of time.