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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Law Firm Leaders: Fennemore Craig's James Goodnow

By **Aebra Coe**

Law360 (December 19, 2018, 11:55 AM EST) -- This year James Goodnow apparently became the youngest managing partner of a major law firm in the U.S., Fennemore Craig PC, at 36. The law firm leader has led initiatives related to artificial intelligence technology, alternative fee structures, and data analytics.



James Goodnow

Fennemore Craig
managing partner

Law360 spoke to Goodnow in a recent interview in which he detailed his thoughts on the changing legal industry and the threats law firms face in today's economy.

What's the biggest mistake attorneys make early on in their careers?

Failing to invest in themselves. In my mind, in order to have a successful legal career you have to put in a significant amount of time that will not result in billable hours that translate into dollars, but it will lead to a more fulfilling and more successful career.

I think lawyers across firms and across the industry tend to be looking for something

immediately that will come from what they invest. They're looking for some sort of quick client or quick win in the realm of business development, and the truth is it takes a lot of time. Lawyers need to be carving out a significant part of their total time devoted to practice to making those investments in relationships and making those investments in connections that will ultimately turn into business down the road.

What keeps you up at night?

The state of the legal industry. We are in a rapidly changing legal environment where legal services are being provided in different ways and consumed in different ways by our clients. Very quickly, market share is being fragmented and law firms need to change the way they're delivering legal services.

Bucket one of what keeps me up at night is the state of the legal industry, bucket two is the economy overall. We have been, until recently, in the midst of the longest bull market in history. And we've seen significant volatility the last few weeks where all of the gains the market had made have been erased. Well, what does that mean for lawyers, and what does that mean for law firms?

We may not have ridden the wave up in the market as much as we would have liked because demand has been relatively flat outside the largest law firms in the world, but we sure as heck will ride the wave down. And so seeing whether there's a potential market correction coming is something that keeps me up, and how do we prepare as a law firm and a legal industry is also something that prevents me from sleeping at night.

How is the business of law changing, and how is your law firm adapting?

The business of law is changing in so many ways it's difficult to even distill it down in a short period.

Fundamentally what's happening is we're facing fierce competition in ways we never have before. In many ways our largest competitor has become our own clients. In-house legal departments continue to expand as businesses have realized they can provide the legal services they need and deal with their legal issues on their own in a much more efficient way. You have the rise of boutique firms dealing in commoditized areas like labor and employment that have become very efficient at delivering those legal services. You have the rise of artificial intelligence technology that is handling the work that was traditionally the bread and butter of associates. You have new types of law firms that exist that are entirely cloud-based, that have no brick-and-mortar presence, which dramatically reduces their overhead. You have Big Four accounting firms that are provisioning services that have traditionally been provided by law firms. You have competition the likes of which the legal industry has not seen before.

That means it's a completely different environment for law firms, and it gives consumers of legal services, large institutional Fortune 500 clients or startup companies, lots of options in terms of where they will spend their legal dollars. At every level this industry is in the midst of a seismic shift in where it has been and where it is going.

Should we kill the billable hour?

No. We shouldn't kill the billable hour. Should we be more aggressively offering alternative fees to our clients? Yes.

I believe there was thinking that our clients were going to demand more alternative fees, and by and large that has proven not to be true, at least domestically in the United States. But I do think law firms are missing out on huge opportunities to gain market share by providing options for clients in terms of how they pay for legal services. And if a firm is

able to provide a client with certainty, say on a flat rate, about what it will cost to handle a particular matter — that is going to be very appealing to a client. But we are a risk-averse profession and have also not had the tools to understand what it would cost to provide those services, so we haven't done that.

If you do look across the pond, in the U.K. about 50 percent of the legal work for businesses is done on flat rates. There's a lot more competition there, and Big Four accounting firms are able to directly compete there. They're handling many more cases on flat rates and alternative fees. I think law firms would be wise to give more options beyond the billable hour.

What three words would you use to describe the culture of your law firm?

I would say entrepreneurial, welcoming, and empathetic.

I think we are entrepreneurial in that, although we are a 135-year-old law firm, we tend to experiment and take risks much more than you see from traditional law firms. We're one of the few firms in our market that has a venture accelerator program where we partner with our clients, take a small equity position, defer legal fees in compliance with the ethics rules. We have, on a very basic level, the way we dress is different. In terms of welcoming, we wear jeans to work. As far as I know we're the only large law firm where every day is a jeans day. I think that is reflective of a culture that is more relaxed but is still professional. It's definitely not stuffy.

And then empathetic in that, although we're a large firm made up of a lot of people, what has always cut through our culture is a willingness to understand different perspectives of our colleagues and also of our clients.

What well-known lawyer, alive or dead, would you most like to have lunch with and why?

Barack Obama. I sure as heck would like to have lunch with him. First of all he was the president of the United States, and that would be quite an interesting lunch to hear some of those stories. And I've got to imagine the perspective of a former president on the legal system would be vastly different from a traditional law firm lawyer.

--Editing by Brian Baresch.

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