

THE CHANGEMAKERS REPORT

How Midsize Law Firms
Are Achieving
Growth Through
Adaptation

EXECUTIVE SUMMARY



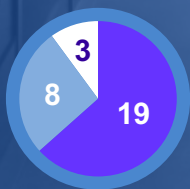
Introduction

Over the past 18 months, law firms have seen a dramatic shift in how they operate and what they need to do to future-proof those operations. It is no longer simply about buying or building technology. Law firms are entering a period of reevaluating their entire philosophy about where and how their teams work, navigating a multigenerational workforce, optimizing automation in an uncertain era of generative AI, transforming training to develop a more dynamic workforce, and creating a new blueprint for growth.

Affinity Consulting, CARET, and iManage engaged Ari Kaplan Advisors to spotlight midsize law firm leaders executing collaborative change, generating meaningful value, and creating a competitive advantage in a shifting market.

Research Background

Between February 28, 2024, and March 29, 2024, legal industry analyst Ari Kaplan interviewed:



- Chief Operating Officers
- Chief Information Officers
- Executive Directors

Law Firm Sizes

13 - 230 Lawyers
22 - 390 Professionals

Median Firm Size

67 Lawyers
129 Professionals

Key Themes

- ✓ Change Empowerment
- ✓ Modern Leadership
- ✓ Personalized Client Service
- ✓ Automated Support
- ✓ Future-Proofing Legal

Reexamining Change Management as an Exercise in Empowerment

Change management is no longer about switching tools or updating policies. It is a fundamental constant of law firm operations and requires a unique combination of talent, experience, and resilience to promote shifts seamlessly.

The respondents approach this process differently and often combine proven techniques to enhance their efforts. Some focus on **communication** and **executive buy-in**, while others seek out **influencers** and employ well-paced **processes**.

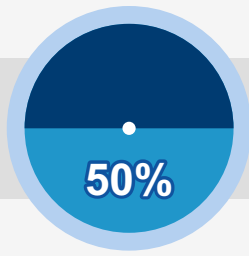
Firm size and management structure also affect how leaders champion change.

“ With change, there is a transactional aspect and a relationship aspect. The transactional aspect is the easier element because if you have a good product or service that you are presenting to those experiencing change, you can introduce it properly, but the relationship part is more challenging because people make change hard and complicated.
- Chief Operating Officer, 30-Lawyer Firm ”

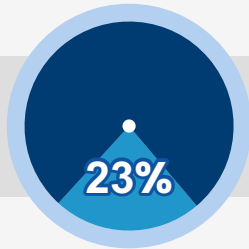
Law firms are seeking out change makers, and they represent the next generation of executives.

“ We are 100% full steam ahead on change, and I am a change agent, which is why the firm hired me.
- Chief Operating Officer, 70-Lawyer Firm ”

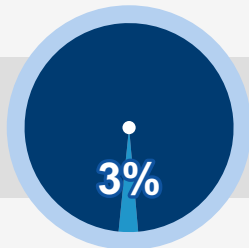
Significant Challenges Facing Law Firm Leaders



Talent Acquisition and Retention



Technology



AI

“ Talent retention is the most significant challenge; it is also difficult to align work habits between generations and manage expectations among workers.

- Chief Operating Officer, 55-Lawyer Firm ”

Understanding your style and its application to your organization is crucial.

“ There are younger generations of attorneys who are struggling to balance their expectations of work with the realities of it.

- Executive Director, 70-Lawyer Firm ”

Overcome Resistance to Innovation Through Trust, Preparation, and Persistence

On a scale of 1-5, with five being the highest, the participants have a strong track record for achieving buy-in for their recommendations.

4.3



“ The key is to start small and expand slowly while adapting the process for each group of users or use cases; prove that it works and continue to build on that proof.

- Chief Information Officer, 160-Lawyer Firm ”

Law firms should implement change in manageable pieces.

“ Introduce changes iteratively in small, digestible bites while continuously discussing them honestly; only when you discuss change transparently can you break down the walls and overcome the limitations.

- Chief Operating Officer, 20-Lawyer Firm ”

Top Technology Objectives



Enhance Efficiency


In addition to a commitment to **increasing productivity, enhancing security, and empowering client service**, allowing legal professionals to **work more proficiently** is a powerful driving force for using technology among many midsize law firm leaders.

“ It is about staying ahead of technology, implementing efficiency tools and protocols, and fostering a culture where people want to come to work and enjoy their work.

- Chief Operating Officer, 70-Lawyer Firm ”

“ The attorneys do not have the time to consider the technology because they are focused on their practice, but leaders can think of how they work and highlight ways they can use it to serve their clients better.

- Chief Information Officer, 120-Lawyer Firm ”

“  No technology alone can advocate on behalf of a client.

- Chief Operating Officer, 20-Lawyer Firm ”

Profitability is Paramount

Modern leaders must manage risk in ways that empower lawyers and enhance the firm's profitability.

Reverse Engineer ROI

“ You need to ensure the ROI justifies the cost of new technology and fosters change among those who are fairly comfortable.

- Chief Operating Officer, 175-Lawyer Firm ”

Skeptical by nature, lawyers often want to see the benefits before committing to change.

“ Attorneys need to understand and see the effect and value of a change to get their buy-in, so it is very hard for IT to persuade lawyers to use new applications in isolation as it needs to be relevant to their practice.

- Chief Information Officer, 180-Lawyer Firm ”

Challenges to Technology Usage



Training

33%



Awareness

20%

Tactical Training Helps Firms Adapt to a New Era of Practicing Law

Professionals use tools they are comfortable with, so practical, recurring training offers a meaningful return.

“ We need to shift the traditional comprehensive new user training model to something more dynamic and timelier, but a cultural shift needs to happen for this to change.

- Chief Information Officer, 180-Lawyer Firm ”

Midsize firms are increasing and broadening their training opportunities.

“ Helping professionals understand how they can use specific tools more effectively is essential, but we must also help the users overcome their fear by treating the process as more of a discovery mindset.
- Chief Operating Officer, 13-Lawyer Firm ”

Learning can also occur informally and must incorporate peer support to maximize collaboration.

“ We need to offer more training options than ever to meet shifting expectations and accommodate the reality of the hybrid work environment.
- Chief Operating Officer, 125-Lawyer Firm ”

Advancements in Automation Are Streamlining Technology Usage

While most law firms are trying to encourage and facilitate the use of technology through training, culture change, and meaningful investments, they are simultaneously trying to eliminate the need for proactive utilization through automation.

Automation Initiatives



57%
**Document
Creation**



50%
**Email
Filing**



40%
**Data
Extraction**

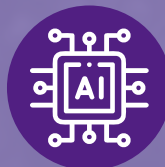
“ Law firms grow in baby steps, so there is no single activity that will change the way they work.
- Chief Operating Officer, 60-Lawyer Firm ”

Although half or more of the participants claim to be automating their documents and emails to some extent, they are generally in the early stages and doing so through built-in advancements in the document management system or email platform.

“ We use machine learning for email filing through iManage.
- Chief Information Officer, 200-Lawyer Firm ”

“ We create email rules in Outlook.
- Chief Operating Officer, 60-Lawyer Firm ”

Generative AI is Generating Interest, But Not Usage



30% Using
Generative AI



Conducting pilots.



Experimenting with ChatGPT.



Deploying the features built into existing platforms.

“ We are looking at tools that will help us in our practice, but we are not there yet, and we also do not want to be on the front lines, so we are in a due diligence phase.
- Chief Operating Officer, 19-Lawyer Firm ”

Artificial Intelligence is Creating Cautious Optimism

“ We are investigating AI because we think it can help, but I don't think it is at a level where we can apply it to our workflow.
- Chief Operating Officer, 80-Lawyer Firm ”

The promise of AI is motivating leaders to consider innovative use cases and reimagine their existing processes but with restraint.

“ It is too early to know whether generative AI will have the ability to affect knowledge management, and there is some fear of large language models touching the firm's internal systems and leaking into the public sphere.
- Chief Information Officer, 100-Lawyer Firm ”

Smaller and Midsize Law Firms See an Opportunity to Compete with Larger Peers

“ Midsize law firms must overcome the impression that they are mom-and-pop firms and raise rates in ways that are consistent with their peers; there is an opportunity for multi-practice midsize law firms to compete for work that larger firms have historically performed.
- Chief Operating Officer, 225-Lawyer Firm ”

Several participants highlighted a shift in the perception of smaller and midsize law firms and their ability to compete directly with larger legal teams, particularly with generative AI.

“ The midmarket is in a good position and can grow organically by demonstrating the value we provide to larger clients with high-value work for which they hire bigger firms.
- Chief Operating Officer, 80-Lawyer Firm ”

Looking Ahead

“ The emergence of generative AI has not affected our approach yet, but I love the idea that it could and will.
- Chief Operating Officer, 170-Lawyer Firm ”

When considering the state of innovation in midsize law firms, the levers of growth available to drive transformation, the power of technology to support that effort with generative AI and automation, and the leadership necessary to enhance value and drive change, there is a tremendous opportunity to foster a sea change in how law firms plan for the future.

“ You are either the steamroller or the pavement, so you need to be progressive in your thinking.
- Chief Operating Officer, 55-Lawyer Firm ”

The Promise of Legal Technology



93%
**Improves
Service**



90%
**Increases
Revenue**



73%
**Drives
Growth**

About Us



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CARET

CARET brings the latest technology and automation to thousands of law firms, empowering highly skilled professionals to refocus their expertise on what truly matters. CARET Legal, the leading cloud-based practice management platform for midsize law firms, automates the most critical processes to drive efficiency, optimize revenue, and delight clients. Our platform combines the power of automated legal workflows, robust matter management, insightful dashboards, seamless client communication tools, full legal accounting, integrated payment processing, and more to enhance the business of law. With the latest in data security, privacy, and business continuity backed by 24/7 support, firms can confidently enter their next growth phase in a rapidly changing landscape. Visit www.caretlegal.com to learn more.



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