



Chapter X

Law Firm Knowledge

Introduction

A law firm can be understood as a social community specializing in the speed and efficiency of the creation and transfer of legal knowledge (Nahapiet & Ghoshal, 1998). Many law firms represent large corporate enterprises, organizations or entrepreneurs with a need for continuous and specialized legal services that can only be supplied by a team of lawyers. The client is a customer of the firm, rather than a particular lawyer. According to Galanter and Palay (1991, p. 5), relationships with clients tend to be enduring:

Firms represent large corporate enterprises, organizations, or entrepreneurs with a need for continuous (or recurrent) and specialized legal services that could be supplied only by a team of lawyers. The client 'belongs to' the firm, not to a particular lawyer. Relations with clients tend to be enduring. Such repeat clients are able to reap benefits from the continuity and economies of scale and scope enjoyed by the firm.

Lawyers as Knowledge Workers

Lawyers can be defined as knowledge workers. They are professionals who have gained knowledge through formal education (explicit) and through learning on the job (tacit). Often, there is some variation in the quality of their education and learn-

ing. The value of professionals' education tends to hold throughout their careers. For example, lawyers in Norway are asked whether they got the good grade of "laud," even thirty years after graduation. Professionals' prestige (which is based partly on the institutions from which they obtained their education) is a valuable organizational resource because of the elite social networks that provide access to valuable external resources for the firm (Hitt, et al., 2001).

After completing their advanced educational requirements, most professionals enter their careers as associates in law. In this role, they continue to learn and, thus, they gain significant tacit knowledge through "learning by doing." Therefore, they largely bring explicit knowledge derived from formal education into their firms and build tacit knowledge through experience.

Most professional service firms use a partnership form of organization. In such a framework, those who are highly effective in using and applying knowledge are eventually rewarded with partner status, and thus own stakes in a firm. On their road to partnership, these professionals acquire considerable knowledge, much of which is tacit. Thus, by the time professionals achieve partnership, they have built human capital in the form of individual skills (Hitt, et al., 2001).

Because law is precedent-driven, its practitioners are heavily invested in knowing how things have been done before. Jones (2000) found that many attorneys, therefore, are already oriented toward the basic premises of knowledge management, though they have been practicing it on a more individualized basis and without the help of technology and virtual collaboration. As such, a knowledge management initiative could find the areas where lawyers are already sharing information and then introduce modern technology to support this information sharing to make it more effective.

Lawyers work in law firms, and law firms belong to the legal industry. According to Becker et al. (2001), the legal industry will change rapidly because of three important trends. First, global companies increasingly seek out law firms that can provide consistent support at all business locations and integrated cross-border assistance for significant mergers and acquisitions as well as capital-market transactions. Second, client loyalty is decreasing as companies increasingly base purchases of legal services on a more objective assessment of their value, defined as benefits net of price. Finally, new competitors have entered the market, such as accounting and Internet-based legal services firms.

In this book, the notion "lawyer" is used most of the time. Other notions, such as "attorney" and "solicitor" are sometimes used as synonyms. In reality, these words can have different meanings, together with notions such as "barrister," "counselor" and "advocate." In Norwegian, a distinction is made between a lawyer ("jurist") and a solicitor ("advokat"). There is no need to make such distinctions in this book.

Lawyers are knowledge workers. To understand the organizational form of lawyers as knowledge workers employed in companies such as law firms, there is a need

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