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Q&A: Jeremy Szwider – “Rather than billing time, we sell intellectual capital”

In this Q&A, Bespoke founder and managing principal Jeremy Szwider discusses the motivation to set up a NewLaw firm in Australia in 2009, how the firm’s Outsourced In-house Counsel model works, and why value-based pricing makes sense.

You set up Bespoke almost a decade ago. That must have taken some courage.

“Courage is a good way to put it, especially given that at the time I had just returned from living and working in the United Kingdom, which is where I had done the research for a couple of years prior to launching Bespoke. When I returned to Melbourne I didn’t have a practice to start with, so it wasn’t as if I’d come from another firm and brought anchor clients. I had to set it up from scratch and there was a lot of hard work and doorknocking.”

What motivated you to launch a different style of firm?

“While previously being in private practice, in the UK, I was part of an in-house environment – being in a general counsel role for a listed company which was a fast-paced, innovative and entrepreneurial environment. So I saw first-hand, in managing the legal department, the benefits of working as an in-house lawyer. The key was getting to truly understand the business and its processes, wanting the business to do well and getting the deals done. Based on that in-house methodology I formed this notion of challenging the conventional wisdom of archaic law firm models and reinventing the model. I was always passionate about creating a law firm that prioritised this concept of engagement with the business. Increasingly, there is demand from clients for a different approach. That was the case in 2009 when I set up Bespoke and that’s been increasingly the case with the whole explosion and support for NewLaw firms such as Bespoke.”

Did you think the idea could transfer seamlessly to the Australian market?

“Yes, but Australia was still in the early stages of the transition to new legal services markets compared with the UK and Europe. So, coming back here, I implemented our vision and ever since have been determined to revolutionise the legal profession. Bespoke has been the vehicle to do that and all our team members are passionate about that goal.”

One of the keys to Bespoke's success has been its 'Outsourced In-house Counsel' model, which provides clients with the benefits of an in-house lawyer on demand rather than simply engaging external lawyers. What advantages does it deliver for clients?

"It's really about understanding a client's business and having that at the forefront of our minds. They're not empty words – It's an approach and a philosophy that really permeates our practice at Bespoke. A lot of firms throw clichés around – 'We get to know your business', or 'We go the extra mile'. But they don't necessarily change the way they do things from one client to the next. With our in-house philosophy, it means we act like a stakeholder in our clients' businesses, we try to partner with them, we live and breathe their business. At the same time, we're still an external law firm. So I guess we're a hybrid model."

There is a lot of discussion in the legal sector about making a successful transition to value-based pricing. Can you tell us about your firm's approach?

"It's vitally important for us. Our value-based pricing concept is a product offering that is proprietary to us, taking into account the methodology that goes behind it. It's a product called 'D.cubed' and it's not about delivering a cheaper product; it's about value. First, it's all about price transparency – making sure that the client is kept apprised and knows what the price is upfront. Second, flexibility is important. Each client has different needs and we price accordingly. Third, is accessibility – the whole notion of being approachable as lawyers. Price, unfortunately, has often created a barrier to such accessibility. There has been a reluctance among clients to pick up the phone because of traditional hourly rate billing. We want to be accessible so we can deliver the best results for our clients."

Can you explain more about D.cubed?

"We have a variety of concepts with pricing, but in simple terms we often provide a fixed price upfront. We consider the matter, brainstorm and then propose to the client the fixed price and we don't proceed until we have the green light. We also work with clients on retainer arrangements. This typically involves a monthly fee for day-to-day legal activities, which is aligned with our Outsourced In-house Counsel concept. It's almost akin to providing clients with an in-house lawyer and we're there to do their day-to-day legal work. It's much better value for clients because they don't have the headcount and the raw cost that goes with employing a fulltime in-house lawyer. While our lawyers may be in clients' offices as needed, we're still external and we have dedicated legal specialists behind the scenes who we can bring in as well. This concept breaks the shackles of the lawyer-client relationship and removes us from the pricing conversation so we can value-add, get to know the business and hear about client issues beforehand rather than 'when the fire hits'. We want to sit in the board meeting and share our clients' vision for the end solution. Rather than billing time, we sell intellectual capital, and our clients pay for the value they receive."

Some firms that offer fixed or value-based pricing still break jobs down into hourly increments so they can be reasonably sure that the firm will not under-charge. How about Bespoke?

“That’s not for us. We look at other factors. We don’t ignore the concept of time, rather we recognise the barriers it presents.”

What else do you do differently at Bespoke?

“We project manage an engagement and delivery of service just like project managers will do on a construction site or with a large consultancy project. From the outset we define client needs, goals, priorities and likely outcomes. At each stage of the process we present options and the corresponding fixed price for that stage. We train our lawyers to have project management skills from the get-go, and pricing is obviously one key part of the project management cycle.”

For Bespoke, what have been the key challenges.

“It’s been a journey for us, but clients are becoming more and more educated and attuned to the fact that there are legal services providers out there who can do things differently to what’s been done for the past 100 years. You can’t just click your fingers. It happens over time and we’ve had to work through those challenges. For us it’s been a strategic and patient process. We’ve been very careful about not jumping in too quickly trying to grab success where there are gaps in the market. For us it’s about sustained growth and success over the journey.”

Your firm has won multiple awards for innovation. What does innovation mean to you?

“It’s a matter of embracing change. We were seen as a NewLaw trailblazer when I set up Bespoke in 2009, but what is important to me is that, while we stay true to our core outsourced in-house model, I’m always acutely aware of the need to continually innovate and evolve. If we were ahead of the curve yesterday, it doesn’t mean we are there today. We don’t just do something differently for the sake of being different. We are constantly re-evaluating our practices to come up with ways to be more efficient and effective, whether that’s through technology and our cloud-based solutions, paperless practices or our pricing products such as fixed-price M&A and litigation work. As an example, with our recruitment process, we conduct some of it purely through LinkedIn on social media.”

How does that work?

“We assess people’s capabilities and ability to think outside the box through their commentary on various topics. The firm is active on LinkedIn with our commentary, obviously for our own profile but also to ensure our profession is evolving. In the NewLaw space, social media is an important vehicle.”

What about office culture – what have you been trying to achieve?

“We’ve stripped away the traditional law firm environment. There is a big emphasis on working flexibly. The firm is built in the cloud, so anyone can work and access others’ work and files anywhere, any time. Whether it’s lawyers working from home, in an airport lounge, a remote office in Hong Kong or in our clients’ offices, for us it’s about making sure we can meet the needs of our clients. We also have a huge focus on work-life balance. Mental health is a big issue in society and within the legal profession. We are big supporters and pro bono suppliers of legal services for Love Me, Love You, a non-profit foundation that aims to improve the mental health and wellbeing of young Australians. At Bespoke, we have a relatively flat structure where everyone has high levels of autonomy and independence. We want to create an environment where everyone can and should challenge the status quo. We like to have fun as well, and we might chat over a game of foosball or playing darts.”

As managing principal of Bespoke, is there a management philosophy you bring to the firm?

“A lot of people are great visionaries and good business people, but they can’t articulate why they do what they do – their purpose, their cause, their beliefs. It’s important for us to know why our law firm exists, why we get out of bed in the morning, why we practise law. Clients don’t buy what we do; they buy *why* we do it.”

NewLaw firms have received a lot of publicity in recent years. What does the future hold for them?

“The legal sector has been craving a competitive environment for a long time. NewLaw is more than a passing trend. A lot of people say it’s just an iteration or an evolution of the legal marketplace, but I say it’s a revolution and we are working through the revolution now. There’s a lot of hype around NewLaw, but we have to be strategic and ensure we do it in a careful way. I believe that in Australia we are about to hit the peak of the growth phase.”

What about Bespoke?

“For us, it’s about achieving sustained growth in an exciting phase of a revolution in legal services. We want to have this recognition of our Outsourced In-house Counsel model and keep testing the boundaries. I’m truly excited about this whole change in the legal profession for everyone involved.”