



## HERMES LAW REPORT ON IFLP EXPERIENCE

September 4, 2018

### I. Introduction

The legal industry has a problem. Lawyers are unwilling to solve it. Clients are feeling the impact and the industry has two choices: evolve or suffer the consequences. For example, a thought leader on the subject of legal evolution spoke to a classroom full of fresh-faced first-year law students: eager, excited, and who knew nothing of what a law practice really is like. He spoke to them about a variety of topics, but one in particular is the problem of the billable hour. He explained to them the problems that the billable hour poses to the industry they were preparing to enter. The billable hour is an indicium of the problem that the industry faces as a whole.

Outside the legal industry, consumers have access to greater insights into the services they receive – and demand a higher quality product because of it. Why does the legal industry think that it should be any different, or entitled to immunity from evolution? The billable hour acts as a stronghold or gridlock, and the legal industry cannot operate to the level of quality and efficiency in the old model of law.

After identifying the problem to the students, the man posited a new kind of practicing law: a world in which the billable hour was all but obsolete, and a world in which clients could take ownership over the legal services they were receiving with both law firms and clients joined in partnership – both participating, both profiting. The man then asked the students, “who thinks this is possible?” Some students bravely raised their hands in agreement, but the rest, incredulously, said they did not.

### II. What Hermes Law is Doing

Law students, often from the day they step through the doors of the schools that they attend, are met with the old model of law and never hear of any alternatives. I have seen them come through our firm’s doors after graduating and already some of them are resistant to any new change. The problem only worsens as an attorney grows in his or her career – the older they are, the harder it becomes for them to break the mold of what they have been doing and reaping the benefits from for so long, at the cost directly to the client. At Hermes Law, however, we have followed Professor Henderson’s thought leadership to work to change this mindset attorneys have.

#### A. Last Mile Problem

The last mile problem is something Professor Henderson applies to the practice of law. It acknowledges the benefits of eliminating the billable hour and the need to change attorney mindset at the root of the problem of the old model. At Hermes Law, we live by the rule of three: **faster, better, cheaper**. We apply this phrase to everything we do. The insurance defense industry is one of the most resistant to change – our clients are worried about the bottom line, and they try to minimize their legal spend just like they try to

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—moving law forward





minimize their risk exposure. We started improving our internal and external reporting suite, initially built to effectively handle cases internally, then evolved to a way to capture data of the case, and now is evolving to applying what we know about our legal spend metrics to get insights to report back to the client about how we are doing for them, and the money we save them in the process.

Changing the practice of law is not just about providing transparency or predictability to the client – it is also going to take an attorney mindset and willingness to do things that may be contrary to the traditional way of doing them. For example, we have 15, 30, and 45-day litigation planning meetings to immediately identify pain points in the case and points of resolution early to avoid sitting on a case for over a year and accumulating legal fees to the adverse interest of the client. It is the mindset of being eager to resolve a case, under budget, and for a reasonable settlement valuation that we have at Hermes Law, and it was improved this summer by law clerk from the Institute of the Future Law Practice

### III. IFLP Clerk Performance

Billy Kirchgessner joined Hermes Law this summer. He is starting his second year of law school at Indiana in the fall. Billy came to us from the Institute and he joined two other law clerks and interns that we had. Billy had many opportunities for substantive legal work, but he also had two main projects: the workflow project and the value pricing model project.



Billy Kirchgessner, Hermes  
Law IFLP Law Clerk

#### A. Workflow Project

The workflow project is something he worked on with another law clerk to build out what is essentially our pleadings library for the firm and add checklists to aid in early resolution. The pleadings were issue-specific based on practice area. Billy not only got hands-on legal experience by drafting pleadings, but he also got to collaborate with attorneys who helped and mentored him to give substantive feedback. The pleadings and documents were then automated and are being integrated into our firm's document management system to allow for custom systemization to prompt an attorney based on an event to generate a document or task.

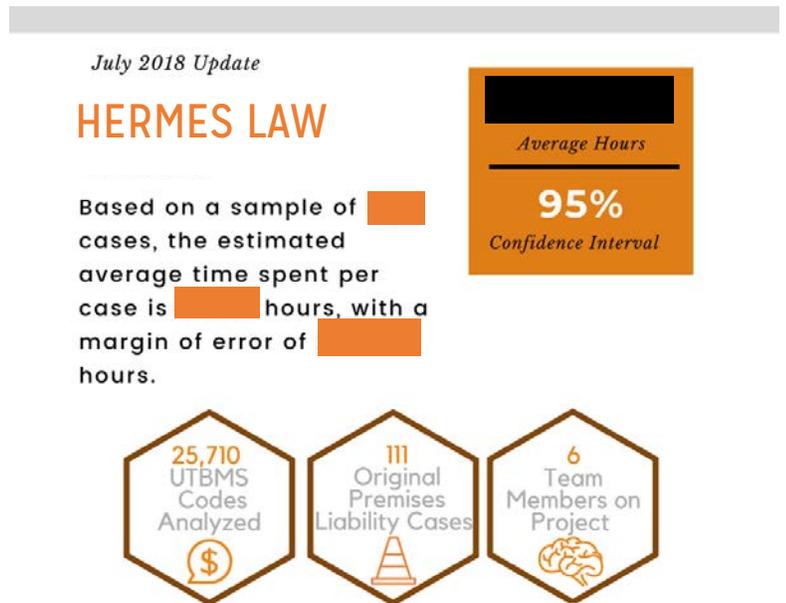
The bootcamp enabled Billy to work on the project and understand the purpose of what we were trying to do with it from day one. He came with enough legal expertise, despite never working in a law firm, afforded to him from the Institute, to understand how a law firm works and what the current problems the legal industry faces. Billy even gave us ideas he was taught in the bootcamp – to use artificial intelligence concepts that can interact with attorneys to enhance their decision-making capabilities.





## B. Value Pricing Model

The next thing Billy was able to do was help us in developing alternative pricing models. Billy partnered with our business intelligence director, our project manager, other law clerks and interns directed by an attorney to identify the factors that influence the legal spend on premises liability cases which is our most active practice area. They then took those factors and identified them in each of the cases across our firm's entire set of cases. Billy performed statistical regressions to find insights into why these cases were resolved for the amount that they were and helped develop the model known as the value pricing model. Billy learned what this model should look like from the institute. He was familiar with the purpose of what an alternative fee arrangement was, and the importance of why we needed it. The institute taught him the power of not being afraid to branch out and be bold to apply what he knew before he walked through our doors and it was a great asset to have him join us for the summer.



\*redacted for confidentiality

## IV. How Law Firms Can Benefit from IFLP Students

### C. Faster, Better, Cheaper

By having Billy join us for the summer, we were able to improve our firm's application of faster, better, cheaper. Not only was his work meaningful but it was an asset to our culture to bring in a student who is learning about what we are practicing. He was able to teach us what he has learned as it pertains to the new law model, and we were able to show him the practical application of his formal education.

About us, Billy says: **"Hermes Law has taken faster, better, and cheaper to a whole new meaning of practicing law. It is not just a slogan anymore, it is a realization."** We are also fortunate to have Silvia Diaz-Roa, who came to us as an intern and a year and a half later is a project manager in charge of developing our technology. At one time, Silvia was going to study public health and enroll in Yale Law School. After working at Hermes Law, Silvia decided to work remotely and instead attend Yale to receive a master's in statistics, with the idea that she will come back and utilize her degree at the firm. There is an undercurrent of disruption in the legal industry that brings people like Billy and Silvia to Hermes Law and allows them to do more than just draft pleadings.





In Silvia's words, " **efficiency is dominating, and data and tech are disrupting the unhurried mentality of the legal industry by automating processes and starting a revolution of data-driving case management.** Instead of the sluggish motto 'More Billable Hours,' the new chant is '**Faster, Better, Cheaper.**'"

## V. Conclusion

We have a mission at Hermes law – to **move law forward**. Through the partnership with the Institute, we have the collaborative opportunity to do that with students who really "get it" and are interested in taking on challenging opportunities to improve what we do. The thought leader who stood in front of the class of first-year law students, when he asked if this was possible, was met with a sea of faces who did not believe it could be true. I spoke with a former dean of a law school a few weeks ago who thought that, "the only way this will work is if educators care." The institute is actively disrupting the old model of law, and in turn the old model of legal education. Law schools around the country are starting to take note, and care about teaching the new model of law. We are so fortunate for our partnership with the Institute to help us move law forward, and other law firms should take note of our experience and want to join us in inviting students to do the same for them.

About the Author:



**Dwayne Hermes** is the owner and founder of Hermes Law, P.C., delivering risk reduction services throughout Texas.

*Contributions to report made by Gracen Daniel, another member of Hermes Law's summer clerk class of 2018 and starting as an attorney Fall 2019.*

