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Interview with Ron Sandler

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Ron Sandler

(Interviewed on 19 June 1992 in Chicago, Illinois)

Video Rolls # 1 & 2

Q: How do you like your name?

SANDLER: Ron's fine. Yes.

Q: And the spelling of the last name?

SANDLER: S-A-N-D-L-E-R.

Q: Your title? Attorney?

SANDLER: Attorney|Partner -- I guess.

Q: The law firm is?

SANDLER: Jones, Day, Ravis & Pogue. Yes.

Q: You've been an attorney how long?

SANDLER: Since 1965.

Q: What kinds of firms have you practiced?

SANDLER: I -- well, I -- my start in a corporate position with General Electric Company as a staff ... attorney, for about two years. And then I went into private practice in a small, five-man patent firm That firm grew to about ten lawyers.

From there -- I left that firm in 1967. And went to a very small, general practice firm, which I left after two years and joined about a 33 lawyer firm, which expanded up to about 60 lawyers. And then voted to dissolve itself.

And left there and joined the second largest firm in the world -- in 1989.

Q: The things that we can talk are observations that you made to span the profession. People who make refrigerators are concerned with quality -- the product. Why are lawyers getting involved in the quality?

SANDLER: I don't think when you say now, that it's a new phenomena. I think lawyers have always concerned about the quality of their work product.

I think what you're looking at, though, are an increase in malpractice cases against lawyers generally. You have RTC type litigation going back to potential malpractice. You have all kinds of threats of suit for failures in transactional documents or in litigation.

So there's a constant emphasis on quality. Jones, Day's number one goal is to provide high-quality services to its clients.

Q: In manufacturing, there are things that are fairly easy to measure: failures per million parts or break-downs per hour. Dollars spent on warranty service. What kind of things does Jones, Day measure to know how big the problems are, and how far you're going towards improvement?

SANDLER: That's a very difficult question. I'll tell you why: you can measure quality in terms of the content of what is delivered to the client.

You can measure it in terms of the form of what's delivered. You can measure quality in terms of the result obtained. And you can measure quality in terms of the value to the client for the result obtained. So there's basically four areas you want to look at.

How do you measure it: the result is on an easy one. I mean, you can take a simplified approach and say, you lost the case; that was poor quality. But everyone knows there's a winner and loser in every litigation. So, consequently, result isn't always the answer in a law suit.

The question is, did you provide the best quality service in that law suit at a valuable -- a valuable price -- strike that or take that out. That's a bad answer. A bad point.

In an -- in an economical fashion to the client.

Q: Those things sound anecdotal, though.

SANDLER: They are.

Q: How do you know you're delivering quality law. What things can you measure to say Lawyer A is delivery higher or inferior quality to Lawyer B?

SANDLER: The -- the very subjective way to measure it is do your clients consistently come back to you, or do they leave you after a single transaction. Because the ultimate arbiter of the quality of the service and the value is the client.

If they are unhappy, and they don't perceive that they're getting quality work product, they will leave; they will ask for a different attorney; they will ask for a significant reduction in their bill, if they feel that they have been over-charged for the service that was performed.

Those are the kind of subjective criteria you can look at. Objectively, we look at things such as billings and repeat billings to clients. Are we successful in attracting new clients, based upon performance that we've had for other clients.

That's about the only way I can ascertain outright, where there is a third party who is looking at your work product.

Q: The culture of law firms, unlike the culture of traditional corporations where there is a chief executive officer who says: we're going to have a quality improvement process, we're going to initiate an effort. And everybody has to fall into line. Clearly law firms are not like that; there're all these individual people.

SANDLER: Law firms are managed in a myriad of ways. In Jones, Day, we have a single managing partner approach,

which is quite from most other large law firms which basically run on executive committee styles.

However, we have inculcated -- as part of the firm concept and philosophy -- a strong approach to quality; it's our number-one goal for our clients. And, consequently, everything that is done within the firm is directed toward that effort.

So even though you have one person directing it, you start at the very basis, which is the quality of lawyers that you hire. And you go to the best schools and you try and interview the best candidates; you try and hire those graduating -- law students, at that point -- who you hope will have the attributes of fine lawyers.

You're right: when you get 1,150 lawyers, there is how do you assure uniformity of quality. It's a very difficult thing to do. You take the young lawyers, you put them through training sessions, you introduce them to what the firm wants from its young lawyers in terms of the quality that's written, documentation that's transactional documents.

Its ability to deal with litigation by sending them to training programs - .. booth in-house training programs that we devise -- by sending them to seminars, by sending them to things like NITA, which is the National Institute of Trial Lawyers, that runs programs on discovery and trial techniques.

Those are the kinds of efforts we go through to try and put a high-level quality across the board. We've adopted, for example, a litigation practice manual, a standard manual, that all of our litigation lawyers are expected to read.

It deals with things going all the way from: should we accept the case, opening the cam, conflict checks to make sure we don't run into other clients or other transactions that may cause us a problem. Down through who has the supervisory authority on the litigation, how do we staff for it to get -- both accomplish the best result for the client and in an economical basis for the client.

And we run that approach all the way through, and if there's any doubt, one supervising attorney has to sign off on all the substantive matters that go on in that case. Usually, that is a partner who has had sufficient experience. We don't make lawyers partners after two, three or four or five years, which a lot of the smaller firms tend to do.

So that we do keep a very high degree of control over the work product that ultimately either goes to court or to the client.

That's a long-winded answer, but that's basically what we do at Jones, Day. And it differs from what I've seen at other firms.

Q: We're familiar with the traditional industry model. How Motorola organizes for quality. They appoint a quality council who are responsible for quality issues. They form teams to tackle what they perceive as being chronic problems. And they improve, project by project. Is there a parallel quality structure in the law?

SANDLER: There's a quality structure, but you have to keep one thing in mind. And I don't mean to demand Motorola, which is one of the finest companies in the

country. But, in a sense, they produce what we in law school call widgets. They produce the same piece of product time after time after time off their machine in assembly lines.

Lawyers don't do that. Every litigation is different. Most transactions are different. Consequently, you can't gauge quality in the same vein.

So what you try and do is inculcate certain standards that people can look at to make sure that you are accomplishing everything you want to accomplish, and that you have dealt with all of the legal obligations you should deal with to make sure that your clients' interest is best protected -- or best served.

What we have done, internally, is select certain individuals who are responsible for training of young lawyers; the review of their work product. We do get constant feed-back from lawyers.

We do not assign young lawyers to a single partner, once they come out of law school. What we do is assign them to a group -- a new associates' group. We make sure that they receive training, or problems, in a wide variety of substantive areas of the law, as well as in both litigation transactional matters.

A wide variety of lawyers review their work -- work product. They fill out written reviews for each project that's accomplished. There is feed-back to the young lawyer. So that he can determine whether his work product is adequate or not.

It works to enhance the young lawyer's concern for quality because he's reporting to a large number of people who are going to review his work. And, at the same time, it

gives the -- a larger number of lawyers within the firm the opportunity to review and see how that young lawyer is coming along.

Because we have a fairly long track -- approximately eight and a half years to partnership -- there is a relatively long period of time in which a young lawyer will come along and have his work reviewed carefully before he's admitted to partnership and able to sign off as a supervising attorney on any file.

Q: In the industrial model, there are slogans: work smarter, work better, do it right the first time. What companies are finding is that quality really is a senior management issue, that problems in quality are built into processes: not enough time to do things, inadequate equipment, inadequate supervision, inadequate training. But there's a standard form of hierarchy.

*In law firms, senior **partners** are not involved in management, are individual entrepreneurs who's every moment is billed, right or wrong. What's the driver?*

SANDLER: Depends on the firm philosophy. If it's strictly making money, perhaps there is no one supervising quality, and it's simply get out -- get as much business in as you can and turn it out the door. It becomes a firm philosophy.

In our firm, a driver is quality work product. And that is what starts every day. And that's what our firm's stated written mission is and what its goals are. And constant --

consequently, we do have a long evaluation period and a long review period.

For many firms -- and the problem becomes exceedingly more complicated, for what I will call the small to mid-size firm. Those firms that are 25 to 75 to 80 lawyers in size. They are not able to attract, overall, the same quality of lawyer that some of the larger-tier firms attract. They aren't able to provide the same degree of training.

They may not have the same commitment to the use of technology that enables you to use all the resources available to you today. And, consequently, you have other factors that play on quality.

Q: It sounds like you if keep the clients, you get the money, and you win the cases, you are doing quality work.

SANDLER: No. Because there are firms who are -- what I'm saying is, you can have an uneven amount of quality in a smaller firm. And I've seen that, from personal experience. You will have some lawyers who will turn out excellent work product, will win cases, will have client come back to them.

You will have other lawyers within that firm -- usually what the quality of their work becomes reflected in their individuals billings. And I guess that's another way of ascertaining, within a firm, who is producing quality work or not.

Those lawyers who generally do good quality work, who have clients come back to them, soon know who they can rely on for a good work product. And, consequently, those who aren't performing up to the standard of a good quality

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lawyer, aren't going to get a lot of work assigned to them. Pretty soon their billing -- their billable hours tend to be lower than others.

Now -- you can't always look at billable hours as the criteria, because business ebbs and flows. I mean, you get into a recession -- like we're in today -- and it's affected lawyers as well as anybody else. Major firms, very fine firms, have laid off lawyers in unheard of quantities, including partners, in the last two years.

Q: The drivers for industrial companies are share of market diminishes, profits are down, margins are down, costs are up, employee turn-over is high, morale is low. Those are flags that say -- to manufacturing or service-oriented companies -- it's time to do something. We've got to improve things or the Japanese will come in. What are the flags that go up in a law firm that say: if we're not involved in a quality effort, we sure ought to be?

. SANDLER: Again, to me, the most significant criteria --

(OFF CAMERA REMARKS)

Q: What flags go up ... ?

SANDLER: My experience has been that it's client driven. And that when you get complaints from your client --
~ most clients will tell you, either they're unhappy with the

quality of a document that they've seen, they're unhappy with the result of a negotiation. Obviously, if they lose a law suit, they're unhappy, no matter what, even though you may have provided the best quality service.

So that, in and of itself, is not a good criteria. But if you lose a series of cases for a single client, pretty soon they'll wonder if they're getting quality service in the conduct of their litigation.

So I -- in my view, the quality is measured by the customer's satisfaction, the same as it is for a manufacturing concern. ~~ufact@~~I::s-to®ng~6U(a..perot-;~get;'----
~st@l.~bu.yi~t.-"NQw, you can measure it on the assembly line with a certain amount of quality control, because those are easily object -- objective measurements can be applied, you can take an instrument and see if it's level, uniform, etc.

It's very difficult to do that with a document, unless you're going to review all documents that are put out. So, therefore, you really are looking at clients' acceptance of quality work product.

Q: Quality has moved heavily into health care. But one of the drivers there has been that the people paying the bills of health care are becoming fewer in number, far more powerful, and able to effectively dictate to the physicians and hospitals what they're willing to pay. So the prices have come accordingly. And hospitals and doctors have to reconfigure their practices to be able to deliver health care at the prices that people are willing to pay. Law's not like that.

SANDLER: It's not like that, but you will find -- at this point, I'll talk about larger law firms, for a moment, because larger law firms tend to represent larger business entities. And larger business entities represent, usually, continuing-fee relationships.

Today, you will find that most large business entities are trying to compress their legal costs. So we are faced with the same compression that every other business is. When times are tough .: and I'm not sure whether or not it's going to change when times -- as we come out of this recession.

That, ultimately, is going to have a long-range impact on the quality of the legal services provided. And I'll give you one reason why I say that: generally speaking, you train young lawyers by introducing them to clients -- or to a transaction -- at an early point in time, and you work them through either the law suit or the transaction so that they get exposure to a client's problems, can work on that problem.

What you often find today is a client saying: I want the partner; I'm not interested in the associates; I'll pay the higher hourly rate of the partner rather than the lower hourly rate of two associates. And the result is, you don't have as many associates getting the training at an earlier age that they might have.

Now, it may be great today. The partners will provide it. They'll provide it efficiently -- as efficiently as they can. But four or five or six years down the pike, where are all these partners with the same level of training going to come from.

Others may say: associates are paid too much money; pay them less money and we can afford to do this. Many law firms are looking at their transactions to see how they can

accomplish this, when you have these conflicting situations. Trying to bring associates in at an early age to train them, versus the fees that are charged to their clients.

Q: My assumption is that Jones, Day is doing things differently and better after the quality effort was initiated than it did five or ten years ago before they started. What do you think this guy would talk about as being the firm's proudest accomplishment in quality?

SANDLER: I don't know. I -- well -- let me say this, though. I do know that we are very proud of the fact that, to our knowledge, we're one of the few firms, or the only firm that has a litigation standard manual for all of its litigation lawyers.

Now, our firm is approximately 1,150 lawyers, and maybe 40% of them are involved in litigation. We are in the process of trying to establish similar manuals or practice guides for our other substantive lawyer ... groups.

So I have to assume that that's one thing we are proud of in the quality area.

Q: Some people say that quality initiatives and methodology can be applied to the administrative of the support functions in the law firm, but in no way can it be applied to practice of law. True? False? Where do you stand on that?

SANDLER: I think that's incorrect. I think what you apply in the practice of law is review of work product.

And very often, even at the partner level, in certain areas like giving of opinions and things of that character, we will have more than one partner review that opinion, particularly if there is too close a relationship between a partner and a client, just to make sure that the service that's being performed is of value and of high quality for that client.

Q: This is unfair: if more than one partner reviews a document, is the time of both of those partners billed?

SANDLER: It may be. It may be. It -- it will vary. If you've ever seen a bill from an accounting firm that relates, for example, to a tax audit or anything of that character, you may find four different partners who have indicated review time on that particular bill before -- on a particular tax return or other audit-type document.

For the same reason: they want some control to make sure that something is going on.

Now, the second partner who may review the opinion isn't going to spend anywhere near the same amount of time as the person who drafted it. So if, for example, you spend five hours drafting a -- you know, a fairly lengthy opinion, and the reviewing partner spends an hour reviewing and consulting, it probably will be billed -- and it should be billed -- because the client is getting a service for it.

If you're just giving it to somebody to read, and say, here, I want to show it to you, I sent this out to the client yesterday. He shouldn't be billed.

Q: It seems that parallels the inspection step of the manufacturing process, if somebody looks at something in order to stop it before it can reach the end-use customer. Mercedes spends 25% on inspection so that an improperly manufactured part doesn't move onto the next step and ultimately to the customer. Lexus spends no money on inspection; they spend all of their money generating processes that don't turn out problems that have to be caught later. It sounds like a lot of it is to catch the problems that are being generated because if they never caught anything, they say, this is a waste of time, we're not turning out anything that's wrong.

SANDLER: Again, quality is very difficult to -- to gauge, though, in a service profession like ours, because, first of all, you are gen -- often what you generate are opinions. And Clint Eastwood once had a line in a movie -- I won't repeat all of it. But what he said is: opinions are like part of an anatomy; everybody has one.

And how do you determine if one -- one lawyer says, this is my opinion, I think it's correct. And another -- and there is an analysis of it. And another lawyer says, I think it's incorrect, and he's got a different analysis. Is that a fault of quality? Or is that simply a difference of opinion.

And I don't know how you measure that. All right. Except, ultimately, if one person's opinion is wrong repeatedly, then obviously there's a flaw there.

Q: Are there critical issues that if law firms were begin working on quality that would certainly get the attention of

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senior -- non-managing -- partners, and say, what are some chronic things that seem to go on that you learn to live with.

SANDLER: The one thing I -- I don't tolerate is -- let's first talk about the content or the form of a product that's delivered to a client. I won't tolerate spelling errors, typos, things of that character. That's superficial quality. That just has to do with the delivery of the work product. If it's not first-class work product, it's just unacceptable.

Then you can get into: is this an efficient and valuable result for the client. How do you measure it again. You have to look -- it's a hard gauge. I mean, the client is really going to tell you whether or not he's -- it's an acceptable work product.

I'm not sure that's answering your question.

Q: But that's allow the customer, who buys the product, to be the judge if this is a good product. Can I judge a doctor by saying I don't like your work product?

SANDLER: Well, I think you can, in some respects. If, for example, you look -- let's take a surgeon, and if statistically, more of his patients die than other surgeons, then I don't think -- I think that's a -- maybe a sign of quality. Now, it may also mean that he is taking on more difficult assignments than others will take on, simply in the hope of curing a patient.

You may have the same result for a lawyer who may take on more risky assignments.

Q: Frequently, people litigate to settle arguments in which there's no clear right or wrong. So the lawyer hopes to find the best of maybe a bad situation. So it's not a real win or lose, based on merits. In non-litigation stuff, you're doing contracts. It's going to take forever for problems to be unearthed. It's slow feed-back.

SANDLER: That's right. It sometimes is very slow feed-back. Sometimes there's no feed-back. And litigation is driven by so many different criteria. One -- most litigation, ultimately, is over money. All right. But often, it's ego-driven. It's driven for other business purposes than strictly a particular instance.

On a contract, you're right. There may be no feed-back for years. There may never be a problem under the contract. Or you may never see the problem or the ambiguity until somebody says, wait a minute, we don't have to abide by this clause, and someone looks at it and says, gee, what did this mean -- ten years later or two months later. Sometimes you forget the purpose for which it was written.

What we strive to do is put out something that's clear, legible, understandable, and hopefully will avoid those kinds of problems in the future.

(END OF TAPE 1, START TAPE 2)

(OFF CAMERA REMARKS)

Q: Motorola has a simple thing to measure that says: are they improving quality. One is they look at cycle time,

how long does it take to do something; and how many errors crop up within that cycle. They say if they can get the cycle time down, the errors down, they're improving quality. The classic case is filing a patent. The patent process was way too long; they were losing out primary patents. The applied quality process and reduced their patent time cycle by 74%. How does Jones, Day's stuff relate to that?

SANDLER: Well, we operate on a -- let's first talk about a problem, a quality problem that's attributable to time compression. All right. Because it's something I didn't mention before.

Today, with the advent of increased communications and the ability to use FAXes -- which I consider to be probably one of the worst things that happened to the law profession, except when you're using it yourself -- you don't have the time to really study things the way you used to.

You come in the office and suddenly a client calls up and says: I'm FAXing you a 1S-page contract that he may have had discussions with the other side on for months, unbeknownst to you. And this -- and he says: . I want you to review it and call me back in two hours.

And set everything else aside, you now pick up this FAX, and you've got to give an opinion or a comment or a discussion within a two-hour period. You're no longer studying, you're reacting.

For those who are good, quick lawyers, you can get away with it. I'm not sure, ultimately, if that's not going to lead to mistakes across the board, in a lot of law firms in the future.

Let's talk about patent problems, 'cause that is something I am familiar with. You can somewhat accelerate the filing of patent applications by making sure you have good quality lawyers who can write good quality applications in a short time period. And, in addition, that their time is not distracted by other types of events.

The writing of a patent application usually requires a -- a fair amount of quiet time so that the lawyer can concentrate on what's being done. They are not uniformly the same, although when you're in a similar technology, there's a lot of similarities and you build on, or each case builds on the one that preceded it.

And, consequently, you don't have a lot of research time going back to see what was in the prior ... and things of that character.

That you can achieve. You know, we can file our cases in a shorter time frame. We file cases quickly depending upon the needs of the client at a given point in time. We try and file patent applications promptly and expeditiously.

What happens if a client gives you a patent application and then comes in a week later and says: I have a law suit; forget the application, this is more important right now, we'll worry about the application several months from now.

Those are other problems that crop up -- as client control over time. And, at times, you have to make clear to them what the down-side is if they don't attend to filing promptly.

Q: If everybody in a law firm has their time billed, what's the motivation to reduce the amount of time?

SANDLER: Clients' complaints about bills. This is -- it's not -- you just can't send out a bill willy-nilly and expect the client to just accept it, if they don't think they're getting value for their money. It's -- it's like any other product today: if you don't provide value for the money, the client will object to it.

The -- the other side of that coin is, if it's a successful firm, there's usually enough work that, even if you spend less time on a -- there's no incentive to just load time into a file, because there's enough other things on your desk that you can pick up and move on to without loading time into a file. I guess from a -- from our perspective, that's what we see.

What I object to is when I go into a case, and on the other side I see four lawyers going to court for a single hearing where it's -- you know, we may have one or two, and only two people are going to argue, or address the court, and there's -- this happened to me often in a case I just concluded in New York.

They often had four or five lawyers just sitting there doing absolutely nothing for two hours at a time. If I were the client, I would have gone berserk. Now, in that instance, their client often flew down and attended with them. So I don't understand, you know, the purpose behind it.

Q: As a quality inspector, if you walked into a law firm where you'd never been, and you were to sniff out, is this a law firm involved in quality practices or not. What would you look for to see if they add quality to their practice?

SANDLER: I'd want to know if they have longevity of clientele. I'd want to know if they are continuing to serve the same clients for a long time period, and they constantly get repeat business.

I'd want to know if they are getting -- attracting new clients, and if their existing clients are recommending them to new clients, because that, to me, is a good indicator that they're providing quality at an acceptable fee rate -- quality service at an acceptable fee level.

Those are the two principal things in the quality area I would look at. There's other things I might look at besides -- besides just the quality of performance and the clientele.

Q: One thing you read is the difficulty that even high-quality firms are having with receivables based on what they're billing.

SANDLER: That's -- that's, in part, a function of the economy. But you will find clients use their service providers as banks in times of hard economic times. Not only lawyers, anybody who doesn't actually contribute to the production of their product. Who they can delay paying a bill to, they will do so.

I don't -- I don't perceive that so much as saying we are not going to pay you, or we're delaying payment because your quality was not there. They're just using us like a bank. And that's not atypical when times are down. I've seen this before.

Q: Is there an organized way to improve quality within the legal profession as in industrial?

SANDLER: Well, one of the things that has happened in the past several years -- and it's state by state -- are the continuing legal education programs that are mandated by the State Bar Associations. Excuse me.

In which lawyers, no matter how many years they've been out practicing, are required to go back and attend courses, so many hours per year, in order to make sure that they are up even on their specialty areas, so that they are not away from new developments in their field. That's a quality indicator.

Now, unfortunately, many states haven't mandated -- mandated that. In fact, the State of Illinois has yet to adopt a mandatory CLE -- what we call CLE program.

Therefore, we have our own internal continuing education type programs, particularly for the younger lawyers, and -- in order to make sure that there is a certain amount of training every year.

Q: Probably the largest drive in industrial is the cost of poor quality: what companies lose financially by virtue of poor quality; either because they do stuff more than once. You print 120 to have 100 good ones. Fixing things in the field. Bills in dispute. Not looking at things like lost customers. In industry, that's somewhere between 25% and 40% of sales. They understand if they can reduce that, it goes to profit. Can you measure cost of poor quality in the legal field?

SANDLER: Well, one way that we measure internally is how much of an associate's time. For example, that we have to write down before a bill ever goes out to the client.

And if you repeatedly see the same associate taking a lot of time write-down, before that bill goes to the client, then you take a look and say: is this associate mat giving us adequate quality work. And someone has to take a look and review; then take a more rigorous look at the work product.

Usually, the billing lawyer is familiar with the work product and that's why he's written the time down. Ultimately, that'll be reflected in someone suggesting to that associate that they're not partnership material, even though they may generate as many bill -- put on the books as many billable hours as somebody else, that time is not being billed out.

Q: Is that a fault of the individual, or could that be said as here's a machine that's not properly tweaked?

SANDLER: That -- that -- there are a whole bunch of things that come into any particular situation. And the reason is that we're not putting out the same widget each time.

And, consequently, when you take an associate and put him on a new substantive issue that he hasn't dealt with, there's going to be a so-called start-up period; he's got to bring them to speed on the substantive law area, and then you hope his analysis is correct. Then he's got to write some documentation that he hasn't addressed. And you've got to hope he can do that efficiently.

You may get a good, efficient, quality product. No two individuals are the same. We see it in associates. We see some associates who come from the finest schools are not as efficient as other associates. They don't pick it up as quickly.

And you, consequently, you go through this screening process. Not everybody makes partner. And that's how you deal with quality.

Q: When you look at the issue of quality and the legal profession, if somebody remembers nothing else about where it's all going in the next five years ... ?

SANDLER: Let me think about that one for a minute. I guess the answer, again, is client driven. Does it -- do you feel you have turned out -- years ago -- I'm going to stop mid-sentence.

Years ago, I had a senior partner at a firm who used to say to me -- before I gave him a document, his question to me was: if -- am I proud of it. If I wasn't proud of it, I shouldn't bring it to him to review. In other words, I damned well better make sure it was a good work product before he even saw it, and then he would sit there and tear it apart.

And -- but he would tear it apart with me sitting at his side, and taking the time to go over it and explain to me why he was making the changes. Some of them were self evident, others weren't. He challenged me.

But one thing I'd like to see in the future is more of that. Unfortunately, the costs of providing legal service and time

compression today just don't allow for that kind of one-on-one mentoring.

Q: We have seen changes in health care industry, driven by external forces. What is going to be the change of the law profession, if the health care profession is any role model?

SANDLER: Well, we are seeing today larger corporations who have in-house staff taking on more of what we would call routine responsibilities, in-house. Those kinds of things that tend to be more repetitive in nature.

Consequently, what tends to go out to the law firms are more difficult problems, more expensive problems. You're going to see more attention by partners on cases and a probably a compression of associates' time. On internal -- blended hourly rates so that the firms can still train young associates to come along, and yet provide that service at a fair value to the client.

It's a compression on fees. And the practice of law's gotten very competitive today -- much more so than it was ten years ago. And it's dictated by our economy.

Q: What's going to happen to the law firms that simply refuse to look at quality issues?

SANDLER: They'll bust apart and what you're seeing, over the last couple of years, and I expect it to accelerate, are the small to mid-size firms -- there are a couple of large ones that have done that, but mainly the small and mid-size firms -- will dissolve.

And the reason they'll dissolve is there'll be seven or eight or ten or 15 lawyers that are providing high-quality work, that are bringing in the work, that don't feel comfortable giving it out.

That's not necessarily an economic decision, that they're saying I'm not getting my fair share, it's they're not satisfied with the work product across the board in their firm and they'll dissolve. And they'll take their work that's portable and they'll go to another firm.

And years ago, ten years ago, you did not have as much lateral movement of partners as you have today. There is much less -- for the right word -- allegiance to one's firm today than there was five, seven years ago. And the reason is it's -- it's, in part, feature -- the economy is going to have that impact.

I don't know that it's strictly a quality driven problem.

Q: What have I not asked you?

SANDLER: I think that people ought to know, that clients ought to know, when they inter -- that -- when they interview a firm for the first time is what attention is going to be given, and by who, to their problems, and what reviews are going to be intact, to make sure that they get a quality product.

That's for a new client that's coming in and conducting interviews and what you see today are a lot more of what we call beauty contests, where firms will say, come on in with one or two people, give us a proposal as to how you think you would service a particular problem.

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That's changed. And, again, there's no longer client allegiance as there was partner allegiance. Clients that you used to count on to give repeated work and across the board work, now shop either for particular individuals to handle the transaction, or they will shop firms and ask three or four firms to come in, give them a proposal.

The proposal isn't necessarily fee-generated so much as it is, how are you going to handle our problem, who are you going to put on it, what experience do they have. Yes, they will discuss fees, but that doesn't necessarily mean that the person with the lowest fee is going to get that particular assignment.

Q: *Thank you.*

(END OF TAPE 2)

