



UNIVERSIDADE CATÓLICA PORTUGUESA

The organizational structure of law firms in Portugal

The case study of TELLES

Maria Francisca Serra

Católica Porto Business School
2021



UNIVERSIDADE CATÓLICA PORTUGUESA

The organizational structure of law firms in Portugal

The case study of TELLES

Final Work in Organizational Context
presented to Universidade Católica Portuguesa
in order to obtain the master's degree in Management

by

Maria Francisca Serra

under the guidance of

Ana Príncipe Lourenço

Católica Porto Business School, Universidade Católica Portuguesa

JUNE, 2021

Acknowledgments

I want to start by thanking TELLES, the law firm where I did my curricular internship for my master's final assignment in organizational context. More concretely, I would like to thank each and every worker I had the chance to meet. A special thanks to Milena Matos and Andreia Couto, who are incredible, ambitious women, who left a mark on me. I would like to thank Dr. Miguel Torres, Dr.^a Joana Telles de Abreu, Dr. João Silva, and Cláudia Correia, for sparing some of their limited time to help with me with my perhaps too long interviews.

I would also like to thank all the guidance provided by Ana Príncipe Lourenço. It was a long journey, full of twists and turns, but her support and patience were always there: from the very beginning until the 10th of June, when my last draft was sent for her final approval, at the very last minute. No words are enough to describe her kindness, comprehension and patience.

Also, I would like to thank my family at home for all their love and devotion to me. This pandemic crisis made me spend a lot of time at home and I know it was not easy for all of you to put up with me all along. A special thanks to my dad, who has sacrificed so much for me. This one is for you. Now it is your turn! To my mum, thank you for your love and forbearance. To my brother, who always believed in me, I will always be there for you. To my grandmothers, my grandfather, my aunt, my uncle, my cousins, and my extended family, I love you all.

Lastly, I would like to thank my closest person, my best friend, who has been on this journey with me from the very first day and gave me all the support I needed so I could be here today writing this. No words are enough to describe your daily impact on my life. To my other closest friends: thank you so much for all your support all along. I hope we stay in each other's paths for a very long time.

Resumo

As grandes sociedades de advogados possuem características e traços únicos, que têm vindo a moldar as suas estruturas organizacionais, o que são e o que fazem. Dito isto, um indivíduo atento pode ter notado alguns aspetos novos na estrutura organizacional destas sociedades, nomeadamente o aumento na dimensão destas. No entanto, eles não ficam por aí.

É esse o ponto fulcral desta investigação: a evolução da estrutura organizacional das sociedades de advogados. Mais precisamente, em Portugal. Consequentemente, a principal questão de investigação aqui estabelecida foi a seguinte: estarão as sociedades de advogados portuguesas a adotar uma nova estrutura organizacional? Com base no método de estudo de caso exploratório de uma sociedade de advogados portuguesa, a TELLES, procurar-se-á dar uma resposta a esta questão. Quanto à técnica de recolha adotada, foram realizadas cinco entrevistas semiestruturadas a cinco trabalhadores da TELLES. Os dados foram analisados qualitativa e manualmente, por meio da técnica de codificação.

Os resultados mostraram uma imagem contrastante. Na verdade, a TELLES tem evoluído para uma estrutura organizacional “business-like”, mas também possui, atualmente, atributos da estrutura organizacional tradicional das sociedades de advogados. Existem ainda várias limitações para os resultados encontrados, sendo a mais importante não ter sido possível alargar o campo de entrevistados, pelo que os resultados apresentados são circunscritos apenas à fonte das entrevistas semiestruturadas. Em qualquer caso, esta investigação constitui um primeiro passo na direção certa para compreender plenamente a atual estrutura organizacional das sociedades de advogados portuguesas.

Palavras-chave: estrutura organizacional; sociedade de advogados; Portugal.

Abstract

Large firms have unique features and characteristics, which have been shaping their organization, what they are and what they do. That said, an attentive outsider might have remarked some new features in the organizational structure of law firms. Perhaps, the most perceivable feature has been the growth in size. Nevertheless, it does not stop there.

In truth, this is the focal point of this investigation: the evolution of the organizational structure of law firms. More precisely, in Portugal, as the main research question is: are Portuguese law firms already adopting business-like structures? Based on the exploratory case study method of a Portuguese law firm, TELLES, there will be an attempt to provide an answer to this question. Regarding the collection technique adopted, five semi-structured interviews were done to five workers at TELLES. Plus, the data was analyzed qualitatively and manually, through the coding technique.

As a consequence, the results showed a contrasting picture. Indeed, TELLES has been adopting some traits of a more business-like organizational structure. Be that as it may, TELLES also has, presently, attributes of the traditional organizational structure of law firms. In any case, there are various limitations to the results here presented and found. The most important one is that the results presented had to be circumscribed to findings from the semi-structural interviews. In any event, this paper does provide a first step in the appropriate direction to understand fully what the current organizational structure of Portuguese law firms is.

Key words: organizational structure; law firm; Portugal.

Table of content

Acknowledgments	3
Resumo	4
Introduction	8
Literature Review: Organizational structure and the evolution of law firms	11
I. Organizational Structure of Law Firms.....	11
1. The Traditional Structure of Law Firms.....	11
a. From the Generalist Lawyer to the Emergence of Law Firms	11
b. How to Define and Understand the Traditional Law Firm Structure	15
B. Alternative Business Structures.....	25
1. The Origin of the Alternative Business Structures in Law Firms.....	25
2. How to Define the Current Organizational Structure of a Law Firm.....	31
3. The Emergence of Transnational Law Firms Through the Adoption of the ABS by Law Firms	42
4. The Current Dilemma of Law Firms: Old vs. New.	44
Method.....	50
Case study: TELLES, the law firm	56
Conclusion.....	81
References.....	85
Appendix.....	86

Introduction

“Large firms are interesting places (...) They are their own universe, and the masters of that universe are all-knowing, even when the information is about one of their own.”

(Marc Grossberg, *The Best People: A Tale of Trials and Errors*).

Truly, large firms are interesting places, and large legal firms are especially intriguing. As they live in their own universe - the legal services industry - they have unique features and characteristics, which have been shaping their organization, what they are and what they do. Any outsider might have noticed that somehow, somehow, what was once a simple agreement between lawyers to work together and provide a better service, is now becoming much more than that. One might wonder why that is. This is the concrete objective of all that will be advanced from now on.

As the professional societies that they are, legal firms provide a service, and a very concrete, specific one. But while they tended to be vested as traditional partnerships, they are evolving towards a different model of legal services provision, within large firms that assume a corporate, business-like structure. Why is there a need to provide legal services in a different way? Even if some other professional firms providing services, including the accounting firms, are already undeniably light years away on this subject, law firms are starting to catch up and to feel the need to become much more than a traditional partnership. Being profit their concrete purpose, the same as any other company, why is change occurring only now? This is only one of the many questions that can cross anyone's mind, when reflecting about the current organizational structure of law firms. In light of this, another issue arises: if law firms are changing, how are they changing and what is then the current organizational structure of law firms?

The academic literature has already been able to establish that the traditional organizational structure of partnerships is far long gone, even if some of its traditional traits are hard to leave behind. What is more, it has already been proved that this new, business-like organizational structure is being adopted by law firms all over the world: the USA, the UK, and Australia, for instance. Nevertheless, the existence of this phenomenon has never been fully explored in smaller countries, such as Portugal, for example. Indeed, this will be the concrete focus of this study. Ergo, bearing this mind, a main research question can be established: are Portuguese law firms already adopting business-like structures? Furthermore, and considering this main research question, two other sub-questions also arise: what structure is being adopted? and how has it evolved over time, and why?

Based on the case study of a Portuguese large law firm, TELLES, this main research question and its sub-questions will be answered in three different parts. First of all, one cannot dive into the subject without fully grasping the concept of organizational structure, which is why it will be the first short focus of the literature review. Right up next, it will be important to understand how the profession of lawyer has evolved until today and when did the concept of law firm first appear and why. Within that issue, it will be vital to also address what was the first organizational structure adopted by law firms, how it evolved, and how it can be characterized. Up next, a closer approach to the current challenges that law firms are facing will be given as a means of contextualization. One cannot totally comprehend how the organizational structure of law firms changed without also understanding why it changed. As a matter of fact, these changes naturally shaped what law firms are today. Further on, and logically, a chronological picture of the current business structure of the law firm will be depicted, in order to understand what changed. Later on, an important consequence of this phenomenon will be briefly tackled: the appearance of

transnational and international law firms, that is, their geographical expansion. Finally, still on the literature review, a vital point will be seen: considering all this, what does the academic literature consider to be the current organizational structure of law firms? Is there a consensus?

As it will be seen, there is a mixed picture of change and persistence in law firms today. Indeed, the organizational structure of law firms has changed, but because of the critical importance of tradition on them, it seems this transition is not going as smoothly as one might think. With this being said, after presenting fully the method adopted in this research and why it was chosen, a detailed and concrete study of the current business structure of the Portuguese law firm TELLES will be given. The case study research method is used as a way to answer our main research question. All in all, as it was once said in a Chinese proverb, “the best time to plant a tree was 20 years ago. The second-best time is now”. Indeed, even if law firms are still taking a grip of this managerial practice, there is no better time than the present to invest on it.

Literature Review: Organizational structure and the evolution of law firms

I. Organizational Structure of Law Firms

1. The Traditional Structure of Law Firms

a. From the Generalist Lawyer to the Emergence of Law Firms

First and foremost, it is paramount to begin by understanding what an organizational structure is. Ahmady et al. (2016) defined it as a way or method by which organizational activities are divided, organized, and coordinated. In the interest of understanding fully what an organizational structure is, other aspects must be considered: what variables they are affected by (i.e., goals, strategy, general and specific environments, technology, organization size, and control power), for instance. In a nutshell, the organizational structure is a requirement deriving from the existence of millions of organizations and institutions, which consists of adopting a form of limited configurations.

At present, to understand what the current organizational structure of law firms is, it is important to start from the concept of individual practice until what today we call the law firms.

Primarily, the typical lawyer at the late nineteenth century and beginning of the twentieth century was the generalist type. Until then, no other type of lawyer was procured because most of the economic activity was small in scale and local in origin. Moreover, even by the mid-twentieth century, the legal profession was mainly composed of solo practitioners, earning a modest living (Henderson, 2011). What is more, still prior to the appearance of large law firms, as the profession of lawyer as a solo practitioner evolved, and as explained by Rebitzer and Taylor (2007), the career of a lawyer was characterized by 'fluid

partnerships'. Attorneys would move easily from one partnership to another — often taking clients with them.

The trajectory of law firms reflected the shift in the profession from domination by the public personality of individual lawyers to domination by practice within large-scale organizations (Nelson, 1981). What is more, the need for more sophisticated business lawyers presented itself as businesses were becoming larger, more complex, and more heavily regulated (Henderson, 2011). The early history of law firms began with the emergence of large law firms in the late nineteenth century. Opposite to its concept today, back in those days, one law firm was already considered large if it had four or more lawyers. Besides, these law firms appeared to serve the needs of businesses which were growing and required more and more specialized services in business law and transactional law (Replogle, 2017). In addition, law firms, like all organizations, were created to accomplish tasks that individuals could not manage on their own. Rebitzer and Taylor (2007) described that these large law firms appeared to provide legal services to the newly emerging, large corporations. Considering the amount of business generated by individual corporate clients, a major worry of the early progenitors of large law firms was establishing a lasting relationship between the corporate client and the law firm.

Furthermore, as explained by Samuelson (1990) the primary output of law firms took, above all, the form of an intangible and inseparable service. It was largely custom made, it could rarely be inventoried, and it required more client interaction, like any service provision, than the manufacture of products. In addition, it was very difficult for supervisors to control or measure the output of the lawyers. Hence, traditionally, the organizational structure of law firms could not be neatly compartmentalized into various functions. It had to be flexible enough to permit great fluidity between the various functions of the law firm, however, rigid enough to prevent chaos.

Nevertheless, many advantages had to be present, otherwise the concept and the creation of law firms was pointless, and lawyers had continued to work alone as solo practitioners and generalist lawyers. Even if growth was not a guaranteed, smooth process for law firms, as some notable firms in an earlier era failed to transform the success of individual members into success as an organization and failed to reproduce themselves (Nelson, 1981), some leverages arose from the creation of law firms. First and foremost, as with any service provisions, lawyers provided a better service, as the number of times the service was provided increased and as they gained more experience. Moreover, since the provision of a legal service was tailor-made to each client's specifications and since it was common for a client to need more than one legal specialist at a time, once a group of lawyers understood deeply a client's needs and specifications, they could produce multiple different legal services at a time, all accommodated to the client, cheaper and more efficiently. Besides, the distribution of the work between a group of lawyers, depending on the experience of each, could be done more efficiently: less experienced lawyers could be left with daily routine tasks still fundamental for the provision of the service, whilst senior lawyers reserved their energy for complex issues of law and strategy. Large firms provided the client base and, thus, the reliable volume of legal work that made possible the great increase in specialization. Grouping together multiple lawyers also presented another advantage in terms of scale: there were certain legal services that required more than one lawyer's expertise to be provided and solved. This meant that these litigations presented a minimum requirement in terms of scale that only a group of lawyers working together could fulfill. Additionally, being part of a firm, allowed each lawyer to diversify their human capital, instead of making an investment in each law area alone, by sharing the market risks with other lawyers in different areas of specialization. The designation for this leverage was diversification. In addition, the time needed to provide the legal service is not always predictable. By the same token, the demand for a legal service varies in

each law area, depending on various factors. If a lawyer was a solo practitioner, multitasking was always a necessity. Nonetheless, it came to a point where the amount of work reached a level of overload and the lawyer was forced to turn down a client, based on the lack of time to provide the legal service. When working with other lawyers, it was easier to distribute the existing work among them all, depending on the availability of each. The excess work of one lawyer could be shared with another lawyer of the firm, with more time and fewer clients. Lastly, whilst a solo practitioner could feel pressured to accept unethical work from a regular client, in law firms, the variety of clients was bigger and the proportion of the revenue coming from each individual client was smaller. Hence, the dependence of the law firm towards some clients was lower and this allowed lawyers to turn down any work considered unethical or inferior, increasing the overall quality of the legal services provided by the law firm (Samuelson, 1990).

Alongside, as elucidated by Henderson (2011), during the early post-war period, law firms with an established business clientele were in an excellent position to prosper and grow. Along with unprecedented business opportunities, clients were facing novel legal problems brought about by the scale and breadth of business operations and the need for new methods of finance. This period is also described by Replogle (2017) as the Golden Era and it marked a shift from lawyers as courtroom advocates, to business advisors. During this time, law firms developed deep and enduring relationships with corporate clients. Often, firms enjoyed direct communication with corporate executives as their trusted advisors. It was not unusual for a single law firm to handle all of the legal matters of its major clients. The primary driver of these close, institutional relationships was information asymmetry between businesses and their lawyers. Few businesses at the time had the internal expertise to navigate these regulations.

Accordingly, businesses invested in close, long-term relationships with full-service firms to help them understand their legal responsibilities.

In the case of Portugal, as indicated by Silva (2020), indeed, law firms were not created in 1979, but it was in that year that the regime of law firms was finally established in the letter of the law, after varied and protracted vicissitudes. In 1979, some law firms were already recognized in the country for being pioneers in the provision of the legal service in that form. The emergence of law firms in the country was seen as a natural sequence of shared expenditure and workplaces by lawyers in each of their individual practice. Moreover, the emergence of these formal firms of lawyers brought a bigger efficiency in the provision of the legal service. Plus, this evolution was accompanied simultaneously by a legal evolution and an evolution of the clients of the legal service market.

Formerly, it seems vital to take a grasp of what was the traditional structure of a law firm when this concept first appeared.

b. How to Define and Understand the Traditional Law Firm Structure

As originally mentioned by Nelson (1981), law firms, and large ones as bureaucratic organizations, did not have a steady march to success and prestige. Instead, they were constructed brick by brick, by cultivating a client base, recruiting a professional stable staff with the competencies needed to keep and develop the clientele and guaranteeing a successful succession in the most important positions in the firm as time went by.

Indeed, there was an evolution from the first appearance of this type of institution and what they came to be as they grew up every time they dealt with various challenges and, in consequence, matured with them. What is aspired here is to find some common ground between various perspectives of evolution to present a complete notion of the traditional structure of law firms.

In the first place, one important model commonly mentioned in the academic literature that appeared, as the concept of law firm did, was the Cravath Model. As explained by Replogle (2017), the Cravath Model was established during the first decade of the twentieth century and it was the standard in the offices of large law firms for much of it. On top of that, various authorities in the field of law and management called it the general rule (Sherer and Lee, 2002). It was named after Paul Cravath, a partner at Cravath, Swaine & Moore and a prototypical law firm entrepreneur (Nelson, 1981). It was defined as a pyramid-shaped organizational structure in which each partner was served by several associates to ensure profit maximization (Replogle, 2017). The major innovation of Paul Cravath was to make this training model scalable to fit the needs of the clients. Additionally, one important part of this model was an incentive structure that rewarded lawyers for working together as a team for the benefit of clients. A third important element was an advancement system that required lawyers to master the 'art of delegation'. The final feature was the emphasis on a structured program of training, which ensured that lawyers had someone coming up through the ranks to whom work could be delegated (Henderson, 2011). Furthermore, there were only two primary classes of professionals in this organizational structure: partners and partnership-track associates (Replogle, 2017). These seconds were smart, ambitious young lawyers, inexperienced law school graduates, who had just recently entered the firm. The law firm paid these associates salaries instead of allowing them to cultivate their own clients (Rebitzer and Taylor, 2007). They went under a probationary period, during which the partners of the firm would decide whether the lawyer aspiring to become partner would make it as a partner or not (Replogle, 2017). The structure of the firm was consciously organized within the firm to provide opportunity and incentives for associates to steadily increase their responsibilities. If not chosen, the lawyer was asked to leave the firm. Thus, an "up-or-out" rule was instituted: associates should leave the firm as soon as it became clear they could not make partner (Nelson, 1981). Still, these

lawyers were helped by the law firm to find positions at other firms (Rebitzer and Taylor, 2007) and, in some exceptional cases, the law firm would hire from another firm and this practice was labeled as “lateral hiring” (Replogle, 2017). However, it was a rare practice in the emergence of law firms.

Moreover, Cravath provided a technical rationale for the up-or-out system. Cravath argued that “up” motivated associates to handle cases with greater responsibility and to aspire to promotion to partner. “Out” provided a guard against a lack of motivation. Likewise, the technical rationale for the up-or-out system was based on there being a steady source of lawyers fresh from elite law schools. Therefore, institutionalization of a standard like the up-or-out system led to it being infused with value beyond its technical rationale. That made it difficult for offices to change (Sherer and Lee, 2002). Thereupon, and for a long time, law firms were typically structured, and a fine number of them still are, as partnerships. Firms were largely committed to principles of merit performance, and permanent associates, a familiar aspect of firms early in the century, had largely disappeared (Nelson, 1981). Another important aspect to mention in this matter is that when associates were invited to become partners, they were not just climbing up the hierarchy, they were becoming firm owners, as the partners of the firms were equity partners. Evidently, the practice of giving firm ownership to senior employees was uncommon compared to other typical firms. But, even with its apparent inefficiencies, the system survived for most of the past century.

For Rebitzer and Taylor (2017), the “up-or-out” system, a major component of the “Cravath Model”, as a partnership system, was a solution to certain problems created by the absence of property rights over key assets. Being attorneys “knowledge workers”, the knowledge they carried around with them and controlled showed their greatest value when these lawyers were dealing with specific clients. It was this specific knowledge from lawyers that gave them

leverage over their employers. This knowledge plus the relationship created between the lawyer and the client could give each lawyer the possibility of an ultimatum: either they became partners, or they grabbed and left with some of the firm's valuable clients. The mentioned system evolved over time as a workable resolution to this problem. Law firms organizing themselves around partnerships appeared to preserve the value of assets, where senior lawyers essentially handed off key assets to succeeding generations of associates and client contact with associates was reduced. Even if more associates were hired than could be promoted into a stable partnership, those who did not become partners, would be dismissed before they acquired sufficient client knowledge to themselves become a threat of grabbing and leaving.

In a similar fashion, Gilson and Mnookin (1989) stressed that the dominant input in law firms was the human capital. For that reason, the selection, training, evaluation, and retention of new employees was critical. Accordingly, these elements were a central aspect of the law firm's capital budgeting process. At the same time, as early remarked, during the bulk of the period in which law firms have existed, firms have followed a sharing model of dividing their profits. Notwithstanding, the success of this model required that partners had, amid other subjective characteristics, a personal commitment to the notion of professionalism. These writers described it as an internally driven work ethic, to overcome the absence of incentives in an income division method that emphasized risk-sharing. Even so, there was an uncertainty concerning how a new member would develop during the training period. A way to ensure the continuity of this system, based on its requirements, was to create a period between the initial hiring and the decision to offer the partnership to the associate in which the new member had the opportunity to demonstrate legal skills and personal characteristics to meet the expectations of the senior partners who made the decision. This period also presented an advantage for the apprentice: the

associate could invest in firm-specific human capital necessary for the firm's success. Finally, another advantage from this mechanism was that it constrained opportunistic behavior concerning the distribution of returns from that investment. Thus, this apprenticeship period served to sort out the best and the brightest.

From a different outlook, Samuelson (1990) observed that partnerships were the basis or even more, the ideology of the traditional law firm organizational structure. The author defined it as the ultimate cooperative organization, a marriage of equals, an economic and legal form that embodied principles of collegiality and equality. In addition, another essential condition of this structure was that in the absence of an agreement to the contrary, all the partners in the law firms were legally entitled to manage and to share in the profits of the firm. On the other hand, the partners were also personally liable for all the debts of the firm. Decision-wise, whilst routine decisions could be made by a simple majority of the partners, important decisions required a unanimous vote of the partners. In terms of levels of authority, there was no hierarchy among partners, only between partners and associates.

Furthermore, Samuelson (1990) claimed also that customs and rituals were very present in law firms, and both evolved over time. In terms of division of tasks between the lawyers in the firm, the legal work was done by small teams of partners and associates. Most of these teams consisted of between two and six lawyers, and in exceptional cases of major litigations, the number of members in the team could go up to thirty. These team assignments were based on free-form negotiation. On top of that, leadership in law firms was exercised by one or several managing partners, who were chosen not based on their managerial skills, but rather based on their skills as lawyers. As a result, leadership in law firms tended to be weak because of the need to reach a consensus between partners in times of important decisions and a majority when faced with trivial

ones. Not least of all, the operating core of a law firm included all the lawyers producing the inputs, transforming the inputs into outputs, and selling the outputs to the clients. Additionally, the strategic apex (i.e., where the firm's long-term planning occurs) included all the partners, and it was where policy decisions were made by all the partners. The middle line (i.e., where decisions are implemented and where the coordination of the interdependent units happens) was also constituted by these partners, who also implemented the firm's decisions. By the same token, all these different parts of the law firms were strikingly interdependent: they all interacted in both the production and the sale of the legal product. Overall, the traditional law firm was a decentralized, organic, flat structure, in which coordination was achieved by mutual adjustment.

Put differently, it was an organization where the power was shared by many individuals, the work was one based on little standardization and a lot of mutual adjustment (i.e., informal communication) and with few levels of authority (Duncan, 1979: 59-60).

Cooper et al. (1996) linked the notion of archetype (i.e., configurations which are handy for the analysis of actual organizations) to the one that was traditionally adapted by law firms. Hence, they argued that law firms have been dominated by a given organizational archetype: the professional partnership (the P² Form). The label "P² form" originated from the two concepts of partnership and professionalism as they were essential components of the archetype of the law firm. More so, the configuration was considered appropriate for the law firms due to the dispersed professionals working within the legal framework of partnership. This form stressed that it was a special kind of business, one in which private accumulation was dependent on being seen to attend to the public interest and to apply expertise. On the one side, the partnership side of the law firms could be found through the concepts of ownership and governance that on

their side were connected to partnership, autonomy, and democracy. On the other side, the professional side of the law firm was found on the alleged traits of professional people and 'civilized behaviors'. Ergo, these two sets of values were interconnected and mutually constitutive. Additionally, the notion of representative democracy was represented through ownership and governance. Thereby, there was a minimal investment in formal systems of management since the ideology of this archetype stressed the ability of each partner to manage themselves and those in their team. The task of coordinating partners revolved among either a managing partner and/or the owners, typically based on seniority (age). The P² archetype also highlighted the values of professional knowledge and peer control. Additionally, P² form organizations used precise financial targets, explicit short-term goals and implicit long-term goals materialized in the decisions made concerning the choices of partners. Even though there was little involvement of the center in the P² archetype, there was a centralized control of work standards and quality. Globally, the operating systems in these professional partnerships were decentralized and relied on idiosyncratic practices of individual partners in client relations and control of work. Because of the distinctiveness surrounding the professional partnerships, rather than fitting into preset roles, they built their own roles. This, consequently, produced internal differentiation based on work preferences. Based on a relatively low level of specialization, the criteria for differentiation were a mixture of professional divisions of labor and the personal interests of partners. With that, because each activity required the professional expertise of a specific lawyer, the majority was left to that specific lawyer and coordination of work was done through a routinized scheduling of people and a relatively mechanical budgeting process, controlled by partners. Lastly, as a characteristic of the P² archetype, there was a generally low level of formal integrative rules, apart from professional standards and norms (ex. rules of conduct) and the compensation of

partners was characterized by disclosure, and, frequently, the overall distribution was voted by partners.

Additionally, Nelson (1981) contended that there was an interaction between the firm and its environment (which could be broadly defined to include clients of the firm, recruits, competing firms, professional associations, law schools, etc.). Moreover, its structure was the product of factors that he called practice and privilege, where practice was presented as the joint of certain functions that law firms had to accomplish to offer services to clients and it was in this domain of the practice that similarities between law firms could be found. Consequently, if there was significant variation in the nature of large-firm practice, significant variation in law firm structure could be found. Where privilege was concerned, it could be delineated as the effects of professional status on the structure of the law firm. This characteristic of privilege was associated with law firms since they were organizations of professionals. Professionalism, in consequence, entailed certain norms and traditions that shaped the law firm. These affected the external relationships of the law firm (ex. with the clients) and internal government (ex. departmentalization to specialize). Hence, each law firm displayed its own distinctive traditions. As time went by, the intraprofessional status of law firms was created with a major contribution from corporate clients. Consequently, the law firms could subsist on soft management and cost control strategies. Moreover, this feature of privilege of law firms could also be found internally: since each lawyer depended on personal success and achievement to reach this internal privilege, it was nowhere near guaranteed. Additionally, the writer focused on two distinctive patterns of growth: one based on the concept of general service to a group of regular clients, and one based on the concept of specialty service to clients who came to the firm for one type of specialized work, where domination of one form of growth over the other in a firm had implications for the career of its members, for the distribution of rewards in the

firm, for the nature of firm governance, etc. This theory of growth explained not only quantitative differences between law firms but also qualitative differences. Furthermore, few firms represented pure types of one form of growth or another. What is more, there were three roles of lawyers in law firms: the finders, the minders, and grinders. Their usefulness could be found inside the topic of the hierarchy of lawyers within the law firms.

Focusing first on the finders, Nelson (1981) delineated it as the entrepreneurial one. It set the basic organizational framework or structure within which the activities of other managers and employees took place as it had become increasingly necessary for firm leaders to deal with long-term strategic issues. They had to focus on how the firm could reproduce itself in a continually expanding manner. The entrepreneurs of the large firm sat, for the most part, on the relatively small governing committee of the firm. They were the most 'successful' partners with the most responsibility for clients. Still, this governing authority was not formal. Instead, directives were arrived at by a form of gentlemen's agreement. Hence, this ideology of partnership could obscure the dynamics of leadership in the firm, which made this role include responsibility for the future.

With respect to the minders, these represented the managerial role. Put differently, this role arose from the necessity in the large firms of decentralizing control over a large professional staff working on highly specialized matters. Its utility first appeared in the branch of communication between lawyers, as this was one of the most complicated areas when managing a law firm. Furthermore, these had a supervisory role too.

Last of all, the role of grinders was occupied by the young partners and associates. The work of associates was an important source of surplus for the partnership and, given expanding demand for the services of the firm, a factor that would encourage firms to expand. On a final note, it should be noted that

most relationships were left unwritten. Apart from that, the work of the law firm was organized on a craft basis. Simply put, departmentalization and specialization primarily affected the scope of an individual's practice, rather than the productive process itself. Altogether, law firms were "value-rational" organizations that put professionalism above profitability.

Lastly, as stated by Armour and Sako (2020) law firms have traditionally adopted a business model called legal advisory. In this business model, lawyers met customer needs by providing bespoke (customized) advice in relation to clients' specific legal problems. Lawyers as 'trusted advisors' were responsive and flexible to diverse client demands. In addition, value creation to raise revenue was via the billable hour, an input-based approach to pricing. This was appropriate for providing services the quality of which clients could not fully assess until after delivery. Crucial to the success of this model was trust between lawyers and clients, engendered by the reputation of the firm attached to teams of professionals, as opposed to individual lawyers. Moreover, employee ownership, an essential feature of the partnership form, put constraints on fundraising for innovative projects. Capital had to either be sourced from partners' accumulated profits or it took the form of borrowing. Partners only received profits for the period of their tenure; as a result, they would only be willing to reinvest these (as opposed to paying them out) where returns would be generated prior to their retirement. This short investment time-horizon, when coupled with the delays associated with consensus-based decision making, made reacting to new opportunities difficult for partnerships.

Apart from that, as analyzed by Henderson (2011) another transition occurred: from the generalist lawyer to the specialist. Law firms started being called upon for their specialized skills and technical expertise. On top of that, the perspective adopted from corporate clients was that they were shopping for individual lawyers rather than law firms. This became a huge advantage for lawyers with a

strong client base. These were now blessed with the chance to capitalize on this change by demanding a larger share of their billing, as they moved laterally among law firms. Despite that, not all that glittered was gold. There were also consequences for recent law school graduates and junior career lawyers. The training received by these young attorneys in terms of specialized technical skills started gradually losing its “resale value” as the number of associates who fell off the partner track was increasing relative to supply. Thereby, the total volume of specialist lawyers was at an all-time high. The outcome was a reduction in the incentive of clients to subsidize the training of these junior lawyers. Really, the end of the specialist era was the flipside of the same dynamic that gave rise to it in the first place: the relative supply of sophisticated business lawyers increased relative to demand.

B. Alternative Business Structures

1. The Origin of the Alternative Business Structures in Law Firms

As stated by Samuelson (1990), law firms at the end of the 20th century were in a state of turmoil. A century of near mythic stability ended in a tumult change. Unprecedented stresses and strains in the legal industry forced lawyers to re-examine many long-held notions about the practice of law. Besides that, both the internal and external environments of law firms were affected: firms had grown larger, and their markets had become intensely more competitive. Riordan and Osterman (2016) argued in this sense that there was a change in the competitive environment concerning the information about the value of law firm services, through the abundant publication of rankings and other metrics. On top of that, Samuelson (1990) referred that efficiency and productivity were becoming important concerns for them, as they were realizing that the fragile and delicate structure of a traditional partnership was too weak to bear the stress and weight of vast change. The problem came to the surface when lawyers realized that management theory and the impact of structure on organization problems were

foreign topics to most of them. Be that as it may, law firms already began the precarious slide from their accustomed organization structure into the great unknown of a more complex hierarchy. This path back then seemed unavoidable since firms that did not rationalize their structure would be unable to compete successfully and would, in the end, leave the field to their more forward-looking competitors. Overall, the practice of law was altering in virtually every aspect. The single most visible change was the increase in the number of lawyers. Because the concrete focal point of this work are Portuguese law firms, as an alternative to the data provided by Samuelson (1990), what will be presented is concrete data of the evolution of the size of the legal profession in Portugal also in the time frame addressed. The data that will be now submitted was gathered from PORDATA and DGPJ/MJ (2020). What can be pointed out from that data is that there had also been an increase in the number of lawyers in Portugal. On the flip side, that escalation did not start happening in the same period as it did in the United States. In Portugal it only more than doubled between 1980 and 1990 - from 5.134 to 11.319.

Inter alia, as clarified by Samuelson (1990), this event led to greater competition for clients and particularly for the most valuable kind, the mainstay of the large law firm, price insensitive clients. Hence, as the legal fees continued to rise, businesses brought more legal work in-house and to spur price competition, they started to spread their outside work among more firms. In a similar fashion, up until 2006, Baker and Parkin (2006) argued that the most significant change in the legal services industry in the last twenty-five years was the rise of corporate in-house counsels (i.e., significant growth of corporate legal departments) and the accompanying change in the relationship between law firms and their clients. Armed with more talent and the goal of cutting costs, corporate law departments started performing an increasing share of legal work in house. Cost pressures also led corporate counsel to reduce the number of outside law firms they used.

Back then, clients became more likely to hire outside firms only for large, complex, or specialized matters. As a consequence, firms were often hired for a specific transaction and corporate clients sought to hire the most capable lawyer for each case through a transactional system where clients hired individual lawyers, not law firms. Law firms, consequently, started being forced to compete regularly for new matters (Replogle, 2017). Relationships subsequently became more tenuous, in particular as law firms continued to rely on the billable hour, an unappealing billing arrangement for clients, whose costs for the completion of ever increasingly routine tasks climbed (Riordan and Osterman, 2016). Besides, shifting power dynamics led law firms to tailor their production of legal work to meet clients' needs. Additionally, the significance of "rainmaking", the process of attracting clients, had increased, leading to an increase in merit-based partnership pay. As mentioned by Replogle (2017), this change was caused by several factors, including globalization (through mergers and outsourcing), technological advances and the rise of alternative legal service providers (Armour and Sako, 2020). Increased competition started forcing firms to compete largely on the basis of reputation because quality was too difficult to measure and quantify. Additionally, given the uncertainty around the legal services market and the specific uncertainty around the drivers of merger activity, law firms were becoming more likely to engage in defensive mergers based solely on the actions of other firms. This being said, creating and maintaining a unified vision and mission was always challenging and these strategic implications ought to be a concern for law firms as several law firm mergers failed to live up to expectations because of a lack of strategic vision and no law firm failed to lose some loyal clients into the great maw of mergers and acquisitions (Samuelson, 1990). At any rate, it was evident that these combinations were drastically changing the landscape of the legal profession. This phenomenon occurred in Portugal too. For example, in 2007, in Portugal, the law firms belonging to João Correia and Fernando Seara merged to create the new law firm in Lisbon named

CSA (Correia, Seara e Associados). Beyond that, legal services, like other white-collar industries, had always had a notable subset of tasks that could be subject to automation. Law firms, faced with increased pressure from businesses to do more with less, started increasingly turning to technology to either automate or semi-automate tasks previously performed by lawyers. Even more sophisticated technology is now poised to cause further disruption. From a broad social perspective, incorporating technology into legal services can be seen as beneficial because it lowers the cost for clients. From a law firm's perspective, however, technology typically lowers revenue and eliminates jobs. Come what may, it is clear that technology has already disrupted the traditional law firm model and newer technology is set to disrupt that model even further. From a macro perspective, the impact of Artificial Intelligence (AI) technology can be understood as one of a number of forces that together are putting pressure on professional autonomy and traditional forms of law firm organization. AI involves the use of computer systems to perform tasks normally requiring human intelligence. Changes in work design resulting from AI adoption are likely to alter the nature of lawyers' job, not least by shifting the boundaries of 'jurisdictional domains' to which lawyers make exclusive claims (Armour and Sako, 2020).

Lastly, the Financial Crisis, beginning in late 2007, drastically changed this market: thousands of associates were laid off, partners were de-equitized, companies slashed legal budgets, and hiring practices were halted or sharply reduced. Even so, the recession itself is not generally thought to be the primary driver of change. Instead, the recession accelerated other significant, long-term drivers of change. At the end of the day, the financial crisis did provide an opportunity to critically examine long-standing assumptions about law firms and the clients they served (Replogle, 2017). As pointed out by Riordan and Osterman (2016), these events created a period of uncertainty. Likewise, the

economic recession justified the firm reorganization and renewed emphasis on marketing (Cooper et al., 1996).

Above and beyond, as explored by Riordan and Osterman (2016), one of those consequences was the organizational restructuring in corporate law firms. Even the largest firms with the most apparently stable clients started considering an expansion of new business essential. Ergo, structural and economic trends started conceivably transforming the pyramid-shaped structure of firms (Riordan and Osterman, 2016). The structure of law firms also led to increased competitive pressure. Each time an associate was promoted to partnership, two or three new associates had to be hired, creating an enormous growth imperative (Samuelson, 1990).

In addition, as firms started to grow, the structures and routines that worked well were no longer fit. For a law firm to grow, it did not only have to hire new associates, but it also had to keep them busy as well. If the net income per partner was to remain stable, the firm's business had to grow geometrically. Considering this, there was an inexorable need to expand. Other than that, there was an increased competition in the purchase of labor. The usual source of supply for law firms was not increasing, while the number of job openings was. Correspondingly, there was an increase in the price to pay for each associate. On top of that, the rise in the overall number of lawyers had intensified pressure to sell legal services, so long as the stability in the number of elite graduates increased competition in the markets out of which firms purchased their supplies. This compression on profits led to competitive practices until then unknown in the legal service market: marketing, bidding wars for lawyers with portable practices; and a diminution in institutional loyalty to law firms. To that effect, the demise of numerous old-line law-firms was a warning about the dangers of uncompetitive behavior. Ultimately, the level of hostility had indeed begun to challenge traditional organizational arrangements. The traditional law

firm organization-unstructured partnerships-was no longer appropriate in the intensely competitive environment of the modern firm, and law firms became pressed to compete for clients on the basis of product innovation and speedy response (Samuelson, 1990). All in all, many of today's large firms have reinvented aspects of the Cravath model of growth and organization (Nelson, 1981).

In what concerns Portugal, Silva (2020) explained that between 1979 and until 2004, the growth of law firms registered in the Portuguese Bar Association had increased exponentially. In 2004, there were already more than one thousand law firms registered. Today the number of partners and associates in each society has undergone a significant increase too. Further still, today more than 20 law firms throughout the country have more than 50 lawyers and some even have more than 200 lawyers (Silva, 2020). What is more, this evolution and preparation allowed Portuguese law firms to face the massive challenges that the periods succeeding the economic turndown brought to the country, starting in 2010 with the sovereign crisis and lasting until today, along with the pandemic crisis.

The factors so far mentioned, however, can also be understood from a different perspective: all of these factors were merely products of a maturing legal services market, bringing about significant changes in law firms across the globe: greater level of consumer sophistication (the rise of in-house corporate legal departments), large numbers of supplier (law firm) consolidations and contractions (wave of mergers and subsequent failures of law firms), supplier (law firm) differentiation and specialization, geographical expansion (the recent wave of mergers) to find new or underserved markets, fierce competition based on price (on going beauty contests that law firms undergo to bid on companies' legal work), decreased legal and financial barriers to entry into the profession (entry of alternative legal service providers in the market and their increased

growth in underserved markets) and the financial performance of the legal services market (Replegle, 2017).

Everything considered, like water running downhill, best practices eventually got adopted by companies that want to stay in business, pressured by all the causes so far mentioned (Henderson, 2011).

2. How to Define the Current Organizational Structure of a Law Firm

For a start on this subject, Gilson and Mnookin (1989) explained that the traditional law firm, long an oasis of organizational stability, in recent years has been the subject of dramatic change. Undeniably, the traditional midsized, general practice firm is lost in this dynamic – the demise of which has been predicted for years (Baker and Parkin, 2006) and the traditional archetype of the professional partnership is said to have changed into a more ‘business-like’ entity (behavior and values) (Pinnington and Morris, 2003).

Gilson and Mnookin (1989) first mention change-wise that the manner in which firms have been dividing profits has been changing in a critical way. Consequently, there was a shift from a reliance on seniority that emphasized risk-sharing, profit division to a reliance on a system based on the productivity of individual partners that now emphasizes incentives. Additionally, the ‘up-or-out system’ also appears to be changing. From a structure in which there were only two categories of lawyer – partner and associate – firms are creating new categories of employee lawyers – permanent associate, staff lawyer, special counsel, non-equity partner, and junior partner (Gilson and Mnookin, 1989). Precisely, there is the creation of a track for associates who do not make partner and not go up again for partner. Their status is of continuing, or ‘permanent’, salaried employees who do not receive draws on the firm’s profits like those of partners. This innovation was initially aimed at keeping those associates who had experience, often in highly specialized areas of practice. They are hired on renewable yearly employment contracts. They do routine price-sensitive work

with low to moderate billing rates (Sherer and Lee, 2002). There is as well the creation of the new role of salaried partner. These individuals do not share profits, are not co-owners of the firm, but are handed the title of partner because of its symbolic value (Faulconbridge and Muzio, 2009). Among other things, moving away somewhat from this 'up-or-out' system creates a diamond-shaped structure. On this topic, value capture, measured by profit per equity partner, can be improved by increasing the ratio of associates to partners, known as 'leverage'. Increasing leverage is achieved by pushing work down to the most junior person capable of doing it (Armour and Sako, 2020). Besides, to the extent that the standards for partnership become more observable, direct associate monitoring becomes the new meaning of assuring that the firm makes the partnership decision fairly. Also, major firms may have begun to hire from a different and perhaps less capable pool of associates than in the past. This expanded recruitment has effects that may strain the firm's capacity to evaluate during the apprenticeship period all of the associates it hires and the firm's ability to provide outplacement for unsuccessful associates (Gilson and Mnookin, 1989). Partners' sharing of surplus of human capital – derived from growing professional reputation and experience, among other factors – appeared with lawyers beneath them creating the needs for rising ranks of associates as work multiplied and associates themselves moved up the hierarchy of the firm over time (Riordan and Osterman, 2016). These changes also represent the reorganization of law firm career paths, which are gradually moving away from an internally based, relatively closed promotion process to one which is more fluid, characterized by a greater number of entrance and exit points, and is less dependent upon internal mobility and advancement. Moreover, specialized positions that allow lawyers to develop expertise in niche areas of practice are also emerging. Likewise, depending on the nature of unbundled work and tasks, it also results in complex, specialized jobs requiring high levels of skills. In this capacity, firms will be drawn upon to handle high-level aspects of client work – such as that dealing

with legal strategy – that less expensive and more flexible sources of labor are ill-equipped to handle (Riordan and Osterman, 2016).

Doubtless, in response to these changes, firms face two possible strategies to compete. They can either expand in terms of size and service offerings, or they can specialize. A growth strategy is one means of both solidifying existing client relationships and developing new ones. First, by increasing in size, law firms can meet the capacity needs of clients. Second, by increasing scope, or adding complementary practice specialties, law firms can represent clients in transactional matters requiring legal expertise in several areas. Firms adding scale in every area of practice can offer their clients ‘one-stop shopping’, which may build ties to the firm lasting longer than a single legal matter through active cross-selling. Purchasing all legal services from a single firm for a multidisciplinary matter may also be less costly than purchasing these services *à la carte* from different law firms. However, firms need not necessarily get bigger in order to survive. With the demise of relationship lawyering, clients are inclined to hire the best firm for a specific and likely specialized matter. Boutique firms succeed because they offer highly specialized and narrowly focused expertise without the high overhead costs associated with many large firms. Plus, whereas midsize general practice firms would have satisfied the routine legal needs of clients in the relationship model, they are hard pressed to compete against firms that offer more depth in each area of practice in the transactional model (Baker and Parkin, 2006). Most firms rotate between these two modes of growth to a certain extent, with efforts to expand in a particular specialized field followed by efforts to consolidate the remainder of the client’s legal business. The uncertainties of the large-firm marketplace contributed to the ‘push-me-pull-me’ character of growth with no guaranteed flow of steady clients which in the past provided a steady flow of work to a firm. At that, firms relying more on client referrals to their specialty fields than on providing general service to a stable

clientele have the mixed blessing of 'certain uncertainty'. They may staff in a way that is more sensitive to fluctuations in the demand for their specialized services, a demand which may be more predictable in the aggregate than in the demand of any one client. But they lack the steady flow of business to make up for fluctuations in the market for their special services and constantly face competition from the expansion of general service firms into their specialty fields. Also, as specialty firms grow larger, they may find it more difficult to sustain growth. Many smaller firms do specialty work that is referred to them from larger firms, and the difference in size alone is enough to ensure that the smaller firm poses no threat. They do it to a lawyer in another firm they trust, so that the referral is based on personal trust among lawyers. These strategies are in part shaped by circumstance and in part by conscious design. Still, the boundaries between general service and special representation fields are certainly not fixed. Almost by definition, general service firms will provide services in some representation fields and there is a certain randomness to the mix of specialties firm develop. Nevertheless, this mix is not totally random. It develops out of the relationships between the firm and its clients, the relationships between the firm and other firms, and the prominence a firm achieves in different fields of practice. One aspect of this is the one of conflicts of interest, which prohibits firms from representing clients with conflicting positions in transactions or litigation. But the leadership of firms may also discourage work it sees as potentially offensive to existing clients. As a result, some special representation fields can develop more freely in a firm that is not dominated by general service fields. A set of constraints on what fields a firm will accommodate that is even more clearly self-imposed is the attitudes of firm leaders about what fields constitute 'dishonorable work' (Nelson, 1981).

In like manner, new hybrid forms of business entities have evolved to fill the needs that corporate and partnership law firms alone do not adequately address.

Law firms have, undoubtedly, begun taking advantage of limited liability. They have changed with time, adapting to the most efficient business form. This way, firms are increasingly functioning as businesses and no longer fall under the 'one size fits all' category that existed. This meaning that law firms are adopting characteristics more akin to those of corporate structures than those of traditional law firm partnerships (Adams, 2013). These changes have been interpreted as constituting a new archetype called "the managerial professional business" (MPB), which expresses a different set of values or interpretive scheme (Pinnington and Morris, 2003). In particular, the structures and systems redefine the processes of strategic control and the interpretive scheme allows discussion of firm-wide strategy. This archetype emphasizes both the business orientation of the configuration and the importance of the interpretive scheme about what it means to be a partner and a professional. It shifts the view of the client to someone who wants demonstrable value for money, and takes legal expertise for granted, being seen as insufficient to provide a value-added service to the client, hence the need for responsiveness towards the client. Moreover, management takes on a more assertive and powerful role. The shift to titles such as executive committees signifies a control function, as well as the coordinating function performed by people with titles such as Chairman and managing partner in the P² archetype. Plus, professionalism now means being oriented to the client and making a financial contribution. The twin components of partnership and professionalism remain as elements of the interpretive scheme for the new archetype, but their meaning has changed, with partnership being seen as representing a 'team player' and professionalism connoting businesslike behavior. The systemic consequences of this different interpretive scheme are found in strategic, market-financial, and operational control. Strategic control, id est, positioning an organization in the medium and long term, becomes much more important, and the firm talks about new markets, both for new services and in different geographic areas. Strategy has a more aggressive connotation, for

example referring to the growth and profit strategies of a department, an office, or the firm as a whole. Strategic planning systems are designed to increase rationality. There are attempts to look beyond one year of operation, and data is assembled to help guide decision making. Regarding interaction, decision making becomes somewhat more directive. The Managerial Professional Business archetype introduces, rationalizes, and bureaucratizes the process of strategic planning. It is the introduction of management systems to help guide professional activity at a higher level of aggregation. Market-financial control, that is the clarity of financial targets, becomes more central to the operations of the firm. Not only do specific targets remain for financial purposes, but market targets are introduced. Each professional is seen as a 'profit center'. The focus on client service means that mechanisms for monitoring client relationships are introduced, including client satisfaction surveys. The degree of tolerance for meeting these targets reduces quite significantly. There are significant attempts to adopt a more long-term horizon, for example, through the creation of investment and development funds, although the emphasis on the short term remains. The three dimensions of operation control, that is the extent to which the center of an organization is involved in functions like marketing and production, also change in this archetype. The range of corporate involvement increases the more planning functions are seen to be vital to the operations of the firm. However, these are introduced in a way that ensures that they will remain under professional control. Almost without exception, there will be a lawyer to serve as a channel of communication to other partners. Standards become increasingly bureaucratized across all areas. Formalized systems for the compensation of partners are developed. More elaborate criteria for assessing contribution are developed so that business development, marketing, management, or pro-bono work can be formally recognized. Furthermore, the firm is responsible for the management of working capital, deciding when bills should be sent to clients. Hierarchy becomes more important with the

development of 'partners-in-charge' of what are, in effect, departments. They have responsibility for the business plans of their units and for the evaluation of other partners and all staff. More teams develop to deal with 'cross-selling' between specialist areas. More rules and procedures are introduced. Quality-of-life issues are emphasized in many law firms in order to attract women and people concerned with a balanced lifestyle (Cooper et al., 1996). Accurate forecasting of personnel needs is also crucial to a firm's success (Samuelson, 1990).

After all, this movement represents a shift from one set of values and practices to another. The introduction of marketing into a professional service firm does not mean 'just' adding a function. Similarly, the introduction of a partner in charge of other partners is only a crucial break with the value of equity in governance when it is linked to a change in the interpretive scheme such that the role is one of control and strategy, rather than being seen as a coordinator between equals. To move 'contingently' from P² to a MPB archetype requires changes in interpretation and meaning; deinstitutionalization has to occur as new languages and explanations arise and a manager needs to understand the differing interpretive schemes in order to intervene effectively in the organization. The MPB archetype, therefore, represents a real break with past practice. Hence, lawyers are not immune from such shifts (Cooper et al., 1996). Indisputably, there is evidence of greater managerialism in professional firms. In this transition to the MPB archetype, it is said that collegiality declines; the partner retains formal ownership rights, but tenure is conditional on performance, and strategic decision-making is accelerated by reduced consultation with partners. In effect, the reformed professional service firm is a more centralized and consciously coordinated organization. Strategic decision is increased by concerted attempts to define overall policy to which partners must adhere and a stronger analytic mode of strategic decision-making prevails. These management systems and

techniques are maintained by employment of non-lawyer experts from management disciplines such as marketing (deployment of resources centrally to present a clearer market image, using marketing experts who bring techniques from other fields) and human resource management. Business pressure to provide a range of services and present a seamless front to clients is said to prompt more formal methods of lateral integration via client teams and task forces and strategic integration through explicit management of the values of partners and their respective work groups. There are adjustments to human resource flow and rewards too. This new archetype permits more frequent inflow of lawyers through hiring from the external labor market, i.e., senior professionals with new or scarce skills. On top of that, management of internal activities and client relationships becomes more centralized and coordinated. There is, consequently, an adaptation through the mixing of high responsiveness in the strategic arena, with increased planning, control and coordination of its production process and technical base (its employees) (Pinnington and Morris, 2003). Additionally, with the proliferation of rapidly growing branch offices and the expansion of existing large firms, rainmakers have an ever-increasing number of lucrative career alternatives. As a result, associates now must do more than simply show that they are 'good lawyers'; they must show they are good business generators if they are to be promoted to partners (Baker and Parkin, 2006).

On account of all of this, law firms face a fundamental dilemma in meeting the need for individual autonomy and decentralized decision-making while also responding to the economic demands of the environment for more centralized control and planning. Law firms face a diverse and dynamic environment, and the various parts of the organization are interdependent. Thus, under these circumstances, constraints and contingencies typically exceed an organization's capacity to adapt and coordinate as a unified entity (Samuelson, 1990).

In the specific case of Portugal, a firm can have two or more corporate objects, one main and the other(s) secondary(s) (Correia et al, 2019). Several other non-legal collaborators are joining, increasing support services, and growing in occupied spaces (Silva, 2020). As a consequence, firstly, there is an improvement in the provision of services to consumers, providing them with products of the highest quality, multifaceted and with a broader spectrum, given the new multidisciplinary perspective integrated. Now, this also allows to achieve a decrease in costs to the client, given the concentration of means, which stimulates competitiveness and innovation. In effect, the complementarity of specialized skills leads to the provision of services of superior quality, the adoption of more effective methods and the enhancement of transparency and client information, which, of course, attracts more foreign investment. All things considered, multidisciplinary firms are satisfying a practical necessity (Correia et al, 2019).

Still on the topic of multidisciplinary firms, as stated by Riordan and Osterman (2016), as the internal ladder of firms is expanding with bureaucratization, firms historically have been disaggregating legal services internally, keeping work intact at the project level while expanding the structures and positions within the firm that perform the tasks necessary to the service delivered. Still, law firms must keep building new organizational structures in order to facilitate increased information and knowledge flows outside their boundaries. This raises the possibility of new skills requirements needed in-house in order to manage such relationships. In large law firms, for instance, many associates employed within the core of the firm are assuming supervisory and managerial responsibilities of those below in the firms' hierarchy, at least at the project level (Riordan and Osterman, 2016). As a bonus, although they do not especially frequent business schools, more of the younger corporate and commercial lawyers possess joint degree credentials in law, business and accounting related subjects (Pinnington and Gray, 2007). Non-lawyer personnel, such as paralegals and legal secretaries,

have also been on the rise to prominence in firms, particularly as these positions begin to handle some aspects of legal work previously assigned to lower-level attorneys (Riordan and Osterman, 2016). Thereupon, today the practice of law is more integrated with non-legal professions than ever before. Legal advice overlaps with a variety of other professional services including tax consulting, real estate, environmental law and the expertise of scientists, employment law and human resource departments, and accounting and economic advice for business transactions like mergers and acquisitions (Adams, 2013).

Bringing now back the subject of technology, Armour and Sako (2020) unravel how, in contrast to the traditional legal advisory business model, the AI-business models seek to deliver services that can be scaled, using output – rather than input-based pricing and drawing on a very different mix of assets, encompassing non-human as well as a multidisciplinary mix of human capital. The assembly and management of these new combinations of assets in turn have implications for organizational structure. Beyond that, AI-enables business models, by contrast, imply greater reliance on multidisciplinary teams of human capital and outside capital, for which the corporate form, with more hierarchical management and access to outside capital by issuing shares to investors, appears a better complement, while consensus-based decision-making becomes here more costly. In addition, the assets used are quite different from the traditional model: a mix of computer systems, data, and multidisciplinary human capital. Profit, on the other side, is captured by enhancing efficiency with key assets in project and process management capabilities.

On the other side, Faulconbridge and Muzio (2009) refer to the process of financialization (diverse array of changes associated with the growing role of financial markets in a range of types of business activity) as a means of re-engineering law firms to make them appear to be ever more profitable and successful (enhance performance as measured by the Profits per Equity Partner

(PEP) metric), which, then, explains the spikes in profitability of law firms. PEP has, doubtlessly, become *the* metric of law firms' success. The publication in annual reports of PEP have become a key reference for those wanting to assess the success of different firms. In consequence, it seems that the way the media analyzes, ranks, and publicizes the performance of law firms legitimates certain types of action and, in particular, attempts by management to improve PEP. Truly, privately held organizations, not listed on stock markets, have become enchanted by management logics similar to those promoted by shareholder value discourses. Indeed, there is a connection between the changing management practices and financialization and these trends are relevant more broadly to large law firms worldwide. "The corporate hemisphere of the law", as it is referred to, shows that law firms have undergone a significant reorganization and, as a result, increasingly mirror in their structure and operations the market-listed, financially, motivated clients which they advise.

In other respects, the lawyers now doing the work are given an engineered work environment that is optimized for comfort, efficiency, and mental accuracy. The heavy reliance on process is not just about speed and accuracy – customized knowledge management and intelligence gathering tools enable lawyers to better identify fact patterns that can drive the outcome of a case. Every aspect of cost and quality, including team communication and collaboration, is captured by a system of statistically driven metrics. Lawyers are being exposed to a constant feedback loop on their own performance, which enables them to continuously improve (Henderson, 2011).

Lastly, the traditional roles in law firms previously observed have evolved. Even more, finders, minders, and grinders become entrepreneurs, managers, and workers. Thus, a new set of entrepreneurial elites is coming to power in large firms running them as businesses (Nelson, 1981).

3. The Emergence of Transnational Law Firms Through the Adoption of the ABS by Law Firms

On another front, these changes in law firms are also noticeable as their geographical expansion starts happening.

Adams (2013) characterized globalization, an important notion correlated to this topic, by the removal of barriers between countries and the increasing flow of goods, people, and ideas around the world. It means the standardization, uniformity and simplification of legal systems and transactions. Internationalization, on the other hand, means continued spaces of growth by merger and consequent concentration of high value work in a handful of firms (Pinnington and Gray, 2007). Economics, governance, and culture are all forces of globalization that affect the practice of law (Adams, 2013). There are four options of globalization: (1) Merge with accountants, (2) Merge with large law firms, (3) Expand through office network, and (4) Opportunism and network membership (Pinnington and Gray, 2007). As a matter of fact, the practice of law is becoming increasingly global, growing exponentially. This trend is exemplified by increases both in the trade of legal services and in the number of law firms that have established offices worldwide. As corporations have gone transnational, the need for transactional services covering multiple national jurisdictions has increased. And as transactions become increasingly complex, spanning multiple countries in law and location, law firms that want to compete must develop an international presence (Adams, 2013). Moreover, the language used by the leaders of these firms focuses on specific global competitive and consumerist rhetoric of service delivery. They present themselves as more outward-oriented (Pinnington and Gray, 2007).

Certainly, as pointed out by Barker and Parkin (2006) there is strong evidence of a rise in the largest firms and multi-office firms. Clearly stated, a multi-office firm is defined as one that has more than one populated office location. Furthermore,

the reasons behind this increase in geographical scope are, first, it represents an additional means of creating value for clients. Secondly, this is another way for firms to compete with larger in-house legal departments by increasing their geographical presence. It is unlikely that in-house corporate legal departments can build sufficient expertise in multiple jurisdictions. Even so, as business is increasingly more global (and certainly more national), having offices located across the country enables law firms to maintain client relationships as corporate counsel push not only to hire the best firm for a transaction, but also to reduce excessive legal costs associated with hiring a different team of lawyers in every geographical locale. Truly, firms are growing by starting, and especially acquiring new offices and this addition of offices is accompanied by an increase in geographical diversification.

In the case of Portugal, as indicated by Silva (2020), this is illustrated by the appearance in Portugal of the first foreign law firms – Linklaters, Simmons-Simmons, Cuatrecasas, Guarrigues, Uria, to which some others joined in recent years. The first leap towards internationalization in the case of Portuguese law firms took place, mainly in Portuguese-speaking countries, through the communion of language and law, and their related services beginning to be provided outside of Portugal.

In what concerns the operational side of this expansion, Cooper et al. (1996) explains in this matter that the national offices become involved in the management of local offices to ensure that local offices have typical overheads. On this issue, Samuelson (1990) observes that a limitation to this trend is presented as large law firms in a number of countries tend to operate on a much more limited and selective basis.

4. The Current Dilemma of Law Firms: Old vs. New.

After all is said and done, one is left wondering: how much have law firms truly changed? As the old saying goes “old habits die hard”. If this is the case, have law firms really undergone through a complete transformation or not?

Armour and Sako (2020) believe that the application of AI and related technologies is poised to transform the way value is created and captured in professional services, such as law firms. Yet, lawyers are retaining much professional autonomy and discretion, and the role of partners as owners and decision-makers in law firms has proved remarkably robust. They are complements to the productive deployment of AI. Consequently, some tasks are substituted for, and other are augmented by AI. Today’s AI systems are increasingly capable of substituting for ‘non-routine’ legal tasks but are augmented by multi-disciplinary expert inputs (in data science, project management, etc.). In addition, a key point is that it is tasks that are automated, not jobs. Where jobs contain a mix of some tasks that can be automated and some that cannot, human roles become more focused on those that cannot be automated. While automation substitutes for human in some tasks, the ability to undertake other tasks that augment AI technologies becomes more valuable. On top of that, recent advances in computer power and data availability have enabled massive progress to be made using a ‘bottom up’ inductive approach to AI known as ‘machine learning’ (ML). As a side note, this concept will find its relevance again throughout the case study, which is why it is being referred to at the moment. Back on the topic, still, tasks requiring social intelligence, that is an appreciation of the way in which potentially ambiguous communication will be understood by humans, continue to elude ML systems. ML works well for tasks that scale, but in the absence of prior examples from which to learn, it is ineffective. Consequently, tasks requiring ‘creative intelligence’ to solve problems for which there are no obvious prior examples of answers, also remain

beyond current ML systems. Indeed, some aspects of legal services work will remain beyond the scope of automation for the foreseeable future. Interaction with client – specifying requirements and explaining advice – commonly involves high levels of social intelligence, which professionals refer to as ‘client skills’. Either way, the diffusion of multidisciplinary teams is likely to lead to the emergence of ‘hybrid professionals’ (who develop a relational capability vis-à-vis expertise in other areas) or ‘organizing professionals’ (who embed organizing capabilities with professional action). In any case, professional regulation still constrains the choices open to law firms in many jurisdictions and the design and routine application of AI systems to legal services raise many distinct ethical challenges. How these ethical concerns are resolved within or outside the domain of the legal professional will also determine the extent to which lawyers will become ‘hybrid professionals’.

Faulconbridge and Muzio (2009) assert that a form of negotiated compromise emerged, coexisting with other pre-existing values and norms; a compromise which at times can break down into conflicts as the norms and value of lawyers clash with the financially driven changes. Many firms are already reassessing the appropriateness of PEP-driven strategies and their related surgeries. As a consequence, some firms are pursuing ‘smaller and more profitable’ configurations. Other are currently undergoing ‘partnership reshaping’ experiences, another term for downsizing the equity partner pool. Still, traditional law firms remain one of the most profitable despite operating in a largely traditional fashion and following a now atypical model. Such ‘traditional’ structures are more stable and sustainable in the long-term because of their maintenance of an emphasis on broad-based high quality.

On a more negative side, Henderson (2011) defends that in the long run, an organization – or, worse yet an industry – cannot credibly compete on the basis of quality when it underinvests in its most important asset – legal talent. A better

outcome for clients and the legal profession will be a movement towards continuous improvement (meaning, lower costs, faster cycle time, better leveraging of technology, and higher quality). Those who are the first to move down this road, or continuously innovate, enjoy enormous profit-making opportunities, thus forcing their competitors to compete to survive. Creating the required risk-sharing relationships, however, takes time, ingenuity and effort. The prosperity of the last several decades makes it extremely difficult for law firms to make this transition. And without the buy-in of partners, law firm leaders are powerless to create a different future. Additionally, it is not difficult to imagine that the opportunities for growth are likely to flow disproportionately to a new generation of legal service organizations. At least some will figure out how to do more with less. In the process, old hierarchies will fall, and new hierarchies will be created.

In other aspects, fundamental conflict exists between the ideology of partnership and the need for strong leadership, a customized product and the need to maximize efficiency, the difficulty in managing large groups of professionals and the need to grow, the complexity of measuring output and the need to increase productivity. Despite these difficulties, lawyers continue to organize in firms (Samuelson, 1990). In addition, in spite of dramatic changes in size and specialization, large law firms have remained remarkably unchanged in other respects (Nelson, 1981). Indeed, law firms want to maintain a place in high end advice, but without corporatizing and sacrificing their autonomy. Many do not want to merge and be dictated to by a large firm. Hence, the majority of firms within the profession are still domestically focused. Their collective intent is to assert their control and autonomy in local spheres and regions where they hold or believe they can assert some influence especially with clients from small and medium size businesses (Pinnington and Gray, 2007). As a matter of fact, change, consistent with the notion of a more commercially oriented and consciously

managed organization, is concentrated in the market-facing area of the firm but coexists with areas of continuity in the governance of the firm and its strategic management. Thus, there is a more managerial form of organization in which the core elements of the traditional form of professional organization have not been transformed. Truly, there are important areas of continuity particularly with regard to the role of the partners in determining strategic decisions and controlling client relations. The critical point is that the capability of the partners to run the firms and to retain substantial control over the source of their power, client relationships, is largely undistributed. Where change has occurred, it has proved compatible with the traditional model. This adds up to a more managerial professional firm which balances its traditional methods of responsiveness to the client market with a more consciously managed and internally differentiated organization (Pinnington and Morris, 2003). Yes, the large law firm is a modern, nonbureaucratic organization. Methods of control that may be effective in a corporation, including government by rules and the centralized administration of capital, are not effective in large law firms. The law firm has a fragile authority system in which a number of lawyers may have significant client relationships and, consequently, an economic base that gives them a voice in the firm. Besides, the exercise of professional craft in the large law firm will continue to be underwritten by a corporate clientele that demands custom work and pays for it. Truthfully, the large law firm of today is similar to its ancestors in some important respects. It is traditional in its organization of relationships among lawyers, which reflects personal authority and personal privilege based on professional 'success'. Because it is not predominantly organized around principles of economic rationality, it may not reach maximum economic efficiency for the partnership or for clients. But the informality of law firm structure may be a necessity for adapting to the uncertainties and rapid changes of the market for large-firm services (Nelson, 1981).

Nelson (1981) claims also on the contrary, that the organizational structures of large law firms will continue to change since the large law firm is a creature of law and social change. The increase in firm size shows no indication of slowing. Hence, the pressures for internal bureaucratization in firms will continue. Adams (2013), too, claims that the notion of the law firm as an entity distinct from a business is dying. Other countries are recognizing that fact and are implementing changes. The time has come to change course and treat law firms as the global enterprises they have become.

Pinnington and Morris (2003) provide a mixed picture of continuity and change. They suggest some change has occurred. The highest extent of change has been in 'quality control policies' and 'more focused on meeting client needs'. Clearly, there is strong evidence that MPB policies and practices are eroding the traditional governance arrangements for partnership firms and are calling into question the role and extent of distributed authority amongst the partnership (Cooper et al., 1996). Still, there is evidence of continuity in the P² archetype (preference for consensus management and governance through peer control, persists) (Pinnington and Morris, 2003). Thus, a picture emerges of selective systems changes and developments alongside distinctive characteristics of the old form. On top of that, there is a link between perceptions of higher performance and higher amount of change (Pinnington and Morris, 2003). On this matter, Pinnington and Gray (2007) point out that power struggles have and will continue to restructure the profession of law and the international centers of authority and influence will change over time. Conclusively, change coexists with important dimensions of stability. Law firms are experiencing immense tension between their need to grow and their need to manage between the ideology of partnership and the efficiency of a bureaucratic structure (Samuelson, 1990). To sum up, in the legal services industry, firms will continue to be 'driven relentlessly by their clients to reduce their costs'. What is

recommended is that firms embrace this changing market and continuously seek ways to provide their clients with better services at a lower cost (Replogle, 2017).

Method

Come what may, one question remains to be answered: what is then the current status of the organizational structure of law firms in Portugal? Considering that there is not a consensus in the academic literature regarding the evolution of law firms' organizational structure, now the time has come to dive into the case study.

In order to fully grasp the notion of case study, one cannot go by without referring Robert Yin's work "Case Study Research: Design and Methods". Concerning this concept, Yin (2017: 45-46) first brings up that the essence of a case study is that it tries to illuminate a decision or a set of decisions: why they were taken, how they were implemented, and with what result. This definition thus cites cases of "decisions" as the major focus of case studies. Other common cases can include "individuals", "organizations" and/or "processes". On top of that, case study research is appreciated as having its own design, a strategy to be preferred when circumstances and research problems are appropriate rather than an ideological commitment to be followed whatever the circumstances. Altogether, the source presents a twofold definition. The first part begins with the scope of a case study, when doing case study research: 1. A case study is an empirical method that: (a) investigates a contemporary phenomenon (the "case") in depth and within its real-world context, especially when (b) the boundaries between phenomenon and context may not be clearly evident. In other words, one would want to do a case study because one wants to understand a real-world case and assume that such an understanding is likely to involve important contextual conditions pertinent to one's case. The first part of the definition therefore helps to distinguish case studies from other modes of inquiry. The second part of the definition of case studies arises because phenomenon and context are not always sharply distinguishable in real-world situations. Hence,

other methodological characteristics become relevant as the features of a case study, when doing case study research. A case study (a) copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result (b) benefits from the prior development of theoretical propositions to guide design, data collection, and analysis, and as another result (c) relies on multiple sources of evidence, with data needing to converge in a triangulating fashion. In essence, the twofold definition – covering the scope and features of a case study – shows how case study research comprises an all-encompassing mode of inquiry, with its own logic of design, data collection techniques, and specific approaches to data analysis. In this sense, case studies are not limited to being a data collection tactic alone or even a design feature alone.

Moreover, Eisenhardt (1989) delineates the case study as a research strategy which focuses on understanding the dynamics present within single settings. In addition, case studies can involve either single or multiple cases, and numerous levels of analysis. A case study research is a qualitative approach in which the investigator explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed in-depth data collection techniques involving multiple sources of information (e.g., observations, interviews, audiovisual material, and documents and reports, and reports a case description and case themes). The unit of analysis in the case study might be multiple cases (a multisite study) or a single case (a within-site case). (Creswell, 2013: 97). Additionally, as already observed in Yin's work, case studies can employ an embedded design, that is, multiple levels of analysis within a single study. Finally, case studies can be used to accomplish various aims: to provide description, test theory, or generate theory.

Moving forward, more than just comprehending this issue, it is even more essential to vindicate why this is the adequate method for the work here

developed. On this matter, Yin (2017: 39-132) indicates that the three conditions to determine when to use each different method (i.e., experiment, survey, archival analysis, history or case study) consist of (a) the form of research question posed (i.e., who, what, where, how many, how much, how, why?), (b) the control a researcher has over actual behavioral events (i.e., yes or no), and (c) the degree of focus on contemporary as opposed to entirely historical events (i.e., yes or no). On the specific contours of the case study, the form of research question is either “how?” or “why?”, it does not require control over behavioral events, and it does focus on contemporary events. Indeed, if the research questions focus mainly on “what” questions, two possibilities arises, either an exploratory case study or a descriptive one. Focusing on the first one, as a means to justify its adoption in this paper, some types of “what” questions are exploratory. This type of question is a justifiable rationale for conducting an exploratory study, the goal being to develop pertinent hypotheses and propositions for further inquiry. However, as an exploratory study, any of the five research methods can be used, including the exploratory case study. As a matter of fact, this is the precise scheme of the work here created, as the main research question is related to understanding what is the current organizational structure that is being adopted by law firms in Portugal.

What is more, the next step to take is preparing and implementing case study evidence gathering. For that, the source puts forward the importance of being a good ‘listener’, asking good questions, staying adaptive, having a firm grasp of the issues being studied, and conducting the research ethically. Plus, one must also prepare and train for the specific case study, in other words, this means protecting the human subjects directly involved in the case study and training to do the case study. What is more, the case study protocol should also be followed, including in what concerns the overview of the case study, the data collection procedures, and the protocol questions. Finally, the screening of the candidate

cases for the case should be done too. Over and above, after following all of these steps, the focus can shift to the actual collection of case study evidence.

In the case study here developed, evidence was collected via interviews to five selected interviewees. Regarding concretely the chosen source of evidence, it is defined as one of the most important sources of case study, as they are commonly found in case studies. They can help especially by suggesting explanations of key events: in the case study further developed, what structure is the law firm TELLES now adopting and why, and what insights reflect participants' relativist perspectives, which in this actual case study, is accomplished by understanding what the interviewees perceive to be the current organizational structure of the law firm TELLES. Additionally, case study interviews resemble guided conversations rather than structured queries. Although what will be pursued is a consistent line of inquiry, the actual stream of questions in a case study interview is likely to be fluid rather than rigid. This type of interview has alternatively been called an "intensive interview," "in-depth interview," or "unstructured interview". Furthermore, in the situation of this case study, it will follow a more relativist path. Thus, the interviewee's meanings and verbal reports are the main evidence. The main interest, is, as a consequence, the interviewees' personal views (e.g., opinions, attitudes, and meanings), including their perspective in explaining a behavioral event, i.e., the change in the organizational structure of TELLES. As a result, corroborating these views against other sources will not be relevant. Plus, characterizing even further the source of evidence, it can be delineated as standardized open-ended interviews. In other words, this means that the exact wording and sequence of questions are determined in advance. Concretely, what is meant in this specific case study is that prior to the realization of the interviews, an exploratory questionnaire was created. What is more, all interviewees were asked the same basic questions in the same order. So, questions were worded in a completely open-ended format.

In terms of advantages, since the respondents answer the same questions, this increases the comparability of responses. Also, data is completed for each person on the topics addressed in the interviews. Furthermore, this facilitates the organization and analysis of the data. On the downside, there was little flexibility in relating the interview to particular individuals and circumstances, and the standardized wording of questions constrained and limited naturalness and relevance of questions and answers (Patton, 1990: 289). Thus, in this case study, five semi-structured interviews were done, each one lasting approximately one hour. The next table presents a summary of data regarding each interviewee.

Interviewee	Position at TELLES	Number of years at TELLES
Joana Telles de Abreu	Founding Partner and Manager	24
Cláudia Correia	Human Resources Director	2.5
Milena Matos	Communications Director	1.5
Miguel Torres	Managing Partner and Founding Partner	32
João Silva	General Director	4

Finally, after the completion of the interviews, one last step is left: analyzing the case study evidence. This data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study (Yin, 2017: 212). Regarding the data analysis techniques, in this case study, it was the qualitative data analysis that was resorted, which was done manually, that is, without resort to a proper software for the data analysis. Indeed, the technique used was coding. Its goal is to learn from the data,

to keep revisiting it until the researcher understands the patterns and explanations. Coding allows returning to the data that is wanted to be inspected, interrogated and interpreted (Richards, 2006: 85). Hence, what was done was the selection of the material of interest and deciding what it was about. Afterwards, an appropriate category was created and found. In other words, themes were created, always aligned with the questions from the questionnaire. Lastly, the proper coding was done manually and the data from the interviews was organized in the proper case study considering the research questions and the literature review that was put together, always keeping in mind the main theme: the changing organizational structure of law firms.

Case study: TELLES, the law firm

Contemplating all that was advanced thus far, now is the time to dive into the case study of the law firm TELLES, which will provide an answer to the main research question established in the introduction: are Portuguese law firms already adopting business-like structures? If so, what structure is being adopted? And how has it evolved over time, and why? On top of that, the main topics observed through the literature review - concerning the traditional organization of law firms, the origins of the changes in the organizational structure of law firms, the consequent more business-like organizational structure of law firms, their geographical expansion and the current dilemma in the academic literature surrounding this topic, how much law firms actually changed - will be tackled, so as to thoroughly address the research questions.

Now, some basic information surrounding TELLES must be presented, so as to present a full picture of what is the object of the case study.

TELLES originated in an office that was created in 1936 by Dr. Artur Santos Silva. It first appeared as a corporate structure on the 29th of May 1992. Its main founding partners were Luís Telles de Abreu, Carlos Lucena and Rui Delgado. Hence, there was no TELLES, in the sense of law firm, before 1992. Moreover, as a lawyers' office, its foundation goes back to Luís Telles de Abreu. He was the president of TELLES in the beginning, their leader, and their oldest partner. Carlos Lucena is considered to be the father of the TELLES project, as a law firm, as he did always play an active role in managing it too. Carlos Lucena, as one of the founding partners of the law firm, had the vision of what was necessary to build the law firm. More recently, the law firm went through a rebranding process, changing from *Telles de Abreu e Associados* to TELLES.

Shifting now the focus to the first topic addressed in the literature review, both Joana Telles de Abreu and Miguel Torres, each one considering to be a founding

partner of the law firm, gave various insights regarding the organizational structure of TELLES when it first existed still as a lawyers' office and also when it emerged as a law firm. Concerning the first, at the time where Joana Telles de Abreu joined, 24 years ago, there were 10 or 12 lawyers in the firm, there was one or another partner and the structure was a sharing of space, a group of friends and it was a family. This goes back to the one main characteristics of the law firm when it first appeared: very few lawyers who started working together to accomplish tasks that individuals could not manage on their own. Indeed, before the law firm was even created, as narrated by Miguel Torres: *"since it was not one, all the lawyers were just lawyers. We only became partners, in the true sense of the term, when the law firm was formed"* (own translation).

Furthermore, one of their main features of the partnership model was the deep and enduring relationships that law firms had with its clients. On this matter, Miguel Torres stated the following: *"when I started working as a lawyer, I was lucky that I still started at the end of the law heyday, where the lawyer was a lord first, where clients looked at the lawyer as eternal"* (own translation). Indeed, typically, clients did not change lawyers.

Consequently, law firms had a steady, predictable growth. Illustrating this topic, Joana Telles de Abreu admitted the later: *"it did not even occur to me that the current growth and evolution TELLES has gone through was going to happen to a law firm used to such a stable growth"* (own translation).

Plus, with respect to the values and rituals of the law firm which were a vital part of it, Miguel Torres brought up that *"we all had, almost all of us, us, the older lawyers, had a good professor at a deontological level, who was Luís Telles de Abreu, who was, what I called, a "prince of law", in which deontology was above all, the relationship with colleagues"* (own translation).

In addition, a lot of characteristics of the partnership model were present at TELLES: João Silva, the current General Director at TELLES, said in this matter, for instance, that *“what we have is people working, we are a firm of people, we are not a firm of machines”* (own translation), which enhances the importance of the human-capital, a constitutional part of the traditional organizational structure of law firms. Undeniably, the options for a long-time investment were towards the legal team because the firm needed it and it was the most important investment for clients. Besides, much like in the Cravath System, as pertained by Joana Telles de Abreu, *“The firm was growing with the interns themselves”* (own translation). Positively, at TELLES too did the category of associate exist since its inception as a law firm. *“Associates are exactly those who are not partners”* (own translation), in the own words of Miguel Torres. The law firm did adopt as well a period which allowed the partners to have a greater knowledge of the intern’s evolution during their internship, which, then allowed them to make a better decision, much like in the aforementioned system. As a result, in the past, almost all of TELLES’ associates had been interns there. They entered as interns, they became associates and then directly partners. There was no concrete assessment system established. As Joana Telles de Abreu narrated, *“I joined, did my internship and was soon a partner (...) There was no evaluation, I was not evaluated”* (own translation). In any case, she did not detail why that was. She just mentioned how lucky she was to have been so fortunate and she drew a connection between the fact that her farther worked at the law firm and the fact that later she joined him, which might indicate a connection between both. Withal, the distribution of clients at TELLES was compatible with the one linked to the partnership model, since as indicated by Miguel Torres, there was the habit of each lawyer taking care of his/her own clients, invoicing, and costs. So, they had several cost centers. Hence, the responsibilities and the path of partners at TELLES was similar to the one of the traditional structure so far mentioned.

As a matter of fact, at the time, as stated by Miguel Torres, *“it was completely different to be a partner of a law firm, from what it is today”* (own translation). Case in point, he stated: *“I would have never become partner at the age that I did back then (...) today”* (own translation). In other respects, he told in a joking tone, that *“TELLES’ management was done in the corridors. We had all the information and data about the firm in our heads. We knew everything that went on there and my main focus was around the other people at the law firm”* (own translation). Consequently, what can be abstracted from here is that, just like in the partnership model, there were no formal management mechanisms established. On the downside, he did admit too that as a consequence, *“a lot of information did not get through”* (own translation), and *“a lot of the management part was done by intuition”* (own translation). Not only that, but *“up to a certain number of lawyers, I personally took care of the human resources management part since it was easy to talk to everyone”* (own translation). Still on this topic, in fact, TELLES *“organization was much supported by very few people. The only support department we had was the Administrative and Financial one”* (own translation). Thereby, *“30 years ago, we had nothing else. There was no need either to have a focus on the marketing part. There was no specific need for it and when it had to be done, it was done by the partners themselves. Even the accounting part was outsourced”* (own translation). Undoubtedly, *“the organization part was done by the partners. Before, there were lawyers and the secretariat. Thus, there was not a very large delegation, nor anyone to control it, because we always knew what had to be billed to the client”* (own translation).

Besides all of these subjects advanced by Miguel Torres, he alluded too to another advantage already noted in the literature review about the organization of lawyers through law firms: *“being able to and knowing when to say no to certain requests made to them, some even bordering illegality”* (own translation). Joana Telles de Abreu referred another advantage as well: the distribution of work among them. *“I could ask a person on the team who understood more on a certain a matter and*

who would spend less time to handle it" (own translation). Without a doubt, it was too for TELLES an era of prosperity and growth: *"most of their clients were businesses"* (own translation). Plus, in the point of view of Miguel Torres, up until 2008, they were *"a small firm. The concern was not even to have international clients. There was no need. There were lots of national clients: there was an abundance of them. Most came and stayed, some left, most paid well, some paid worse, but not even that represented a problem back then"* (own translation). In relation to the pattern of growth first adopted by TELLES, as suggested by João Silva, *"the firm only wanted to grow to have more critical mass"* (own translation). Sure enough, in his perspective, *"one thing is to grow, and we already grew"* (own translation), which shows that their main focus in growth size has changed. *"We were 12 lawyers"* (own translation) at TELLES, in 1992. Indeed, through their evolution in terms of size, *"we are now 130 lawyers"* in 2021 (own translation), as recounted by Joana Telles de Abreu. Other than that, in the transition from generalist to specialist, she reported: *"I did everything, worked with all law areas, when I first joined. I accompanied the clients and did a little bit of everything"* (own translation), much like the typical generalist lawyer previously described. Miguel Torres confirmed it too: *"we were all very generalists"* (own translation). Nevertheless, there was always a fine line between both types of lawyers since, as conveyed by Joana Telles de Abreu, *"there had always been some lawyers with more aptitude towards a specific law area"* (own translation). Moving along, she did pin in time, what was, in her opinion, the precise moment in which the transition from generalist to specialist lawyer began to happen at TELLES: *"15 years ago"* (own translation). Miguel Torres developed more on the issue, recounting that:

"When we started to specialize, we were doing it because we realized that we were growing, and we needed to specialize in one or several areas. So, we started dividing the areas between the existent main lawyers and partners and that was when areas of practice were first noticed and established" (own translation).

Still, he did not provide any more concrete information to justify the initial choices for the areas of practice, i.e., if those were correlated to clients' demands

or because of TELLES's competitors. All he mentioned was what those here (i.e., Corporate, Competition, Labor, and Tax) and who was in charge of each of those in the beginning. In this aspect, Joana Telles de Abreu added that: "*I did litigation (...), loan recovery*" (own translation). Ultimately, no doubts remained, at some point in time, TELLES had a traditional organizational structure.

Unquestionably, all of this was only true for a certain period of time, in view of the fact that "*TELLES currently lives in a world that forces it to be professional in very specific aspects*" (own translation), as ascertained by João Silva. Henceforth, "*constant financial and economic pressures*" (own translation) reflected first on the growth of TELLES, as told by Joana Telles de Abreu. As it will be observed further on, some of the reasons in the origin of these changes were related to TELLES' competitive environment and to a lack of capacity of the lawyers to deal with the management issues on their own. In fact, external forces were creeping towards law firms and what was once a certainty was not guaranteed anymore. Miguel Torres described the legal industry in this sense as "*a bit of a jungle today because there are more lawyers than needed*" (own translation). The number of graduates kept expanding, while the number of job offer at law firms did not. What is more, as enlightened by the current Communications Director at TELLES, Milena Matos, "*law firms' performance started being assessed and based on these results, we end up being ranked nationally, internationally, and obviously, the higher the position on the ranking, the greater the value the lawyer can bring to the law firm*" (own translation). Put differently, it was also this external pressure (need to be present in the rankings, which can lead to an increase in the number of clients) that was one of the roots of TELLES' changes. Incontestably, a more competitive environment enclosed law firms. On this issue, she also portrayed how the current Marketing Strategy of TELLES "*has a lot to do with observing, being able to understand what the competition does, and understanding how the law firm positions itself in the market in that sense*" (own translation). As a matter of fact, this

benchmarking is done internally at TELLES by her. Therefore, as clarified by Milena Matos, *“there is a great need for lawyers to be recognized, as by obtaining this recognition, they end up having a greater value in the market”* (own translation). As a consequence, there is also a shift from what once was the reputation of law firms. Before, that reputation was directly linked to the law firm as a whole. Today, that is changing as law firms are mainly being recognized and establishing their reputation based on the lawyers working there. Still on this matter, the current Human Resources Director at TELLES, Cláudia Correia, recapitulated too how currently *“lawyers are assessed on competencies that the law firm considers that will allow it to distinguish itself from its competitors”* (own translation).

As a matter of fact, on top of the competitive environment, there is also the perceived competition by reputation. This is why, as expounded by Joana Telles de Abreu, *“we invest the most on the quality of the people who work and, on the work, done at TELLES”* (own translation). As she put it, *“TELLES has to be more and more demanding with itself, with the people who work there, and keep investing on its closeness with clients and speed of response”* (own translation), both essential features of it. Miguel Torres corroborates it too as *“TELLES depends (...)”* (own translation), in his opinion, *“on having a good, strong, united, and supportive college of partners. This distinguishes us a lot from other law firms, as it is a characteristic of our DNA”* (own translation). Still on this matter, that is also why TELLES currently has a budget for social responsibility.

Even more, technological advances were also putting a pressure on law firms. This is confirmed by Milena Matos, as *“TELLES biggest challenges, currently, communication wise, have been really the technological part”* (own translation). João Silva supported this issue as well, as he considers that:

“The information technology area has to be present in a law firm. Information is very sensitive in law firms, and TELLES has to have the greatest security in its information, as its regulatory framework is getting worse and tighter. Fines and lawsuits related to the lack of confidentiality of information, not complying with privacy rules or with the RGPD, those are all unthinkable scenarios for TELLES” (own translation).

Finally, Joana Telles de Abreu validated it too as for her *“the factors that contributed the most to the work changes are related to the technological evolution”* (own translation).

Nevertheless, two major historical events, as earlier examined, had a major impact on the course law firms were taking: the financial crisis of 2007, and most recently, the pandemic crisis. The second one was of course an unavoidable topic as the interviewees reflected on the main challenges TELLES has had to face so far. Cláudia Correia, on her side, considers that:

“This pandemic crisis, a scenario of uncertainty, and of much greater insecurity, was probably the biggest challenge we went through, as reinventing ourselves at this stage, maintaining unity, the entire structure, and the people were my main concerns” (own translation).

Miguel Torres concurred, describing this event *“as a surprise, with a lot of constraints”* (own translation), and still mentioned on the topic how *“the control of the financial area is essential, since it implied inflows, expenses, that were not provided for in the budget”* (own translation). Focusing on the positive impact of it, Milena Matos pointed out how it ended up causing *“everyone to take a leap faster in the digital part, as everyone had to somehow adapt to new technologies and tools”* (own translation).

Undoubtedly, these external pressures ended up causing internal ones too. As noted by João Silva, *“the growth challenge is not only related to the number of lawyers that TELLES is getting, but it also has to do with the mindset of the partners, because the number of partners also grew in a very significant way”* (own translation). For him, that is *“the big challenge of TELLES, which is to bring partners and associates of different cultures from other firms, with other ways of thinking”* (own translation). Truly, this implies for TELLES the need to adapt its DNA to the presence of these new lawyers by thinking on new ways to maintain its DNA and to pass it to these lawyers. Hence, as stated by Joana Telles de Abreu:

“TELLES was growing in employees when there was a need to have more and more human capital support, as there were needs from the clients and TELLES met those needs by creating and constituting new teams and increasing the existing ones” (own translation).

Actually, this is one of the biggest changes at TELLES, for her: *“our growth, as it was a huge change at TELLES, and as we even changed premises three times in the meantime. With this growth, came the need for expansion, and therefore, the need for more space for everyone working here” (own translation).* For Miguel Torres, *“this growth originated the changes in my tasks and forced me to evolve in my position” (own translation).* On top of that, in his point of view, *“that growth meant that today we have hundreds and hundreds of clients, thousands of operations every year (...) This growth had consequences too in the management of the people” (own translation),* as narrated by him, *“as I did not have this ability to work, manage, speak, to everyone and, consequently, there had to be more human resources to help with that management (...) It was not possible to move forward the way things were” (own translation).* Ultimately, this growth also led to a national expansion. Miguel Torres, in this sense, described: *“we realized we were having a relatively large dimension in Porto and that made us decide to open an office in Lisbon too” (own translation).* Subsequently, as the academic literature had already delineated, the need to expand had many internal consequences for law firms. In what concerns the topic of expansion, mergers and acquisitions were seen already as one of the causes for the change in organizational structure for law firms. In the concrete case of TELLES, it did not happen. In any case, the interviewees, more specifically Joana Telles de Abreu and Miguel Torres, both acknowledge the existence of this phenomenon and its consequences. With respect to Joana Telles de Abreu, she recognized that *“if the growth of law firms is not sustained, when they expand, they end up diminishing and closing offices elsewhere in the meantime” (own translation).* Miguel Torres, on his side, mentioned how *“law firms such as PRA/CNS or DL Piper ABBC are harvesting and drinking from the organization of these entities” (own translation).*

At long last, the time has come to observe what points TELLES in the direction of the adoption of a more business-like structure. Foremost, on this matter, Joana Telles de Abreu emphasized how currently *“there is an evaluation committee (...)”* (own translation), composed of internal workers of TELLES, *“(...) that analyzes the partner’s work, which shows how the criteria for choosing the partners at TELLES is becoming more and more objective. There is attention to the earnings, working hours and to the work performed by the partner”* (own translation). Thus, *“(...) Certain requirements allow the lawyer to become partner”* (own translation). On top of that, *“(...) there are characteristics of the lawyer taken into consideration, too, and set in the partnership regulation”* (own translation). Miguel Torres cited it too, saying that *“from the moment we started functioning as a true law firm, the criteria for partnership changed: our criteria still contains a certain subjectivity, but the objectivity of it is growing, no doubts remaining on the subject”* (own translation). As a side note, since the Managing Partner did not provide any more concrete details, it is not possible to refer what these criteria are or how they are measured. In any case, what can be advanced here is that, consequently, this decision takes less and less into consideration a lawyer’s personality and traits, and more and more, his/her performance as a lawyer. In relation to the partners, there was a change in the division of profits too. In this aspect, Miguel Torres acknowledged that *“after giving a part of the profits to the partners, as we do not have remuneration, unlike the other workers, that part is reinvested. In the past, the investment was essentially concerning the human capital. Now, it is reinvested in facilities and in software too”* (own translation). More than that, this evolution led to the appearance at TELLES of new categories of lawyers (i.e., Managing Associate, Managing Partner, Chairman, and Of Counsel) much like in the business-like organizational structure of law firms characterized in the literature review. How these new categories are positioned in the organizational chart of TELLES can be found in the appendix. On this feature, Joana Telles de Abreu developed that *“it could happen at TELLES for lawyers to become associates and then they do not follow the*

previously established path of becoming partners (...). It can be because these lawyers do not want that path" (own translation). Either way, they stay in the associate category or the managing associate category. Indeed, *"(...) as being a partner nowadays presents both disadvantages and advantages"* (own translation), she believes that *"one has to truly think about it before making that decision"* (own translation). She did not disclose directly what those advantages and disadvantages are. Nevertheless, she did mention, for instance, that she spends less time with her family and more time in TELLES' office, which can be seen as a disadvantage related to work and personal life balance. Similarly, the category Of Counsel emerged, has some lawyers who are now partners at TELLES, came from other firms, and *"when they first joined TELLES, they joined it in this category"* (own translation). Because of the various possibilities career wise, undoubtedly, and as clarified by the Human Resources Director at TELLES, *"there was the establishment of a set of basic skills assessed in each lawyer, for each category, and as the lawyer progresses, the skills required, and the level of demand increase too"* (own translation). All of this is explicit in a *"(...) specific regulation created for that purpose"* (own translation), as indicated by Miguel Torres. However, there was no access to that regulation, and since the Managing Partner did not develop more on the topic, no further information on it can be provided. In addition, this diversity extended itself to the areas of practice at TELLES too: Digital, Cybersecurity and Privacy, Finance, Projects, and Capital Markets, Real Estate and Urban Planning, Energy, Environment and Natural Resources, Criminal and Misdemeanor. Hence, they expanded the areas of practice, they expanded the specialization, and they built the law firm in these terms. Indeed, the main areas of practice at TELLES were Tax, Corporate, Competition, Labor, Litigation, Loan Recovery, and Tax, before the aforementioned ones and more were added. A complete list of these can be found in the appendix.

Over and above, João Silva believes here that *“TELLES’ structure has to be increasingly eclectic, and broader, but, mainly, it has to be specialized regarding the areas of practice”* (own translation). In his judgment, *“TELLES still has to adapt again by refining its goals, because now much more specific work is needed to achieve certain types of results”* (own translation). Miguel Torres, on this theme, considers that *“strategically, we do not want to grow much more than this. We should stagnate more or less around the current number of lawyers we have”* (own translation), i.e., around 130. Concerning this information, he did not develop any further on the evolution of the number of lawyers at TELLES as time went by. Anyway, even if growth is inevitable, it will only happen now as *“unique opportunities appear”* (own translation). Furthermore, all the directors from the support areas at TELLES (The General Director, The Communications Director and the Human Resources Director) confirmed that they all observed the presence of a more managerial structure in the organizational structure of the firm, as TELLES evolved, and adapted itself to the environment where it is integrated. In the words of João Silva, *“we started to be at a level of internal professionalization exactly equivalent to any other company”* (own translation). In this sense, he argued to fundament the professionalization of TELLES that *“there must be professionals dealing with matters for which they are suited, and not having a lawyer, or a Managing Partner, or a set of partners dealing with matters for which, in the first place, they are not suited for. They are at TELLES as lawyers”* (own translation) and this is what he claims that *“the professionalization of law firms is all about”* (own translation), that is, *“having professionals in all professionally competent areas”* (own translation). On this item and concerning concretely the position of João Silva as a General Director, Joana Telles de Abreu noted that *“he was hired as TELLES needed a specialized person to manage it and to give all the management support necessary”* (own translation). As a side note, no details were provided regarding how he was hired, i.e., the hiring process, only why he was hired. In addition, Miguel Torres circumscribed this path as an unavoidable one: *“TELLES needed to professionalize and institutionalize*

itself. Therefore, today, TELLES is an organization at a management level completely different from what it was 5 or 6 years ago” (own translation). Into the bargain, examining in detail what is the current organizational structure of TELLES, Miguel Torres gave concrete details on the matter. On top of that, based on this information, and since TELLES’ did not want to disclose its current organizational chart, one was created based on the information presented below and it can be found in the appendix. Back on the topic, as he explained:

“TELLES has the legal part and the support areas, which are its two main areas. We have a board of directors too, composed of 5 partners and the General Director of TELLES. At the top of the support area, there is the General Board, and then underneath it, there are several directions: Human Resources, Communications, and the Administrative and Financial Direction, which always existed because TELLES had to have invoices and financial control” (own translation).

Surely, *“the support areas are all those non-legal areas, also including the secretariat, the reception and the administrative support”* (own translation). On this subject, Cláudia Correia explained that:

“The secretariat has a very important role at TELLES. It has a huge contribution, and guarantees that everything goes well, so that all lawyers can do their job better. The secretariat is essential in the integration part too because it contributes with its knowledge of the law firm, and the processes, as it is very familiar with internal processes, which are fundamental for the day-to-day work. It is this secretariat that trains the new employee in these processes, and in technological terms, in the technological tools used at the law firm” (own translation).

Besides, she added: *“in what concerns the Human Resources area specifically, the team is composed of a director, but the General Director is also part of the team”* (own translation). Regarding his role, the current General Director, João Silva, referred: *“I am more interested and focused on the organization and strategic perspective”* (own translation), and also, *“I worked previously with TELLES as a client, which allowed me to get to know it from an outsider’s perspective too”* (own translation). This represents a valuable contribution to TELLES on a daily basis. Regarding Cláudia Correia, as a matter of fact, she considers the following:

“I was well integrated at TELLES. I had an exceptional follow-up, both from the partners and also from my direct chief, the General Director, and also from the other departments, namely the Communications Departments. This is also

because I had the advantage of having entered a law firm in which a Human Resources department already existed. My position has a history. I did not have to conquer a need. It was a relatively easy integration process for me. I always had the freedom to get to know the firm, which has allowed me to take control of specific matters as time went by" (own translation).

Plus, from her perspective, *"the Human Resources Area at TELLES is currently contributing for its vision, accompanying and contributing to the necessary changes to be made in it in the future, namely, recruiting new teams, training, and keeping the teams dynamic"* (own translation).

On this topic, João Silva added that *"the Administrative and Financial area and the Human Resource Department report directly to the Managing Partner and the Board of Directors"* (own translation) and Miguel Torres included that *"in an outsourcing regime, TELLES has all the technological support and the knowledge management part"* (own translation). More recently, *"we created committees"* (own translation), with the purpose of avoiding the overload of partners in what concerns the management tasks and also to centralize the strategic internal decisions made. Back on the committees, João Silva referred that one of them is:

"(...) the executive committee, which was set up, and in which each partner was assigned the responsibility for the areas of practice. This executive committee includes partners and the General Director, who is ultimately responsible for making decisions of a more executive nature. If there are situations requiring a bigger decision, we go to the Board of Directors" (own translation).

On the executive part, there is also the Managing Partner, who is currently Miguel Torres, and who is, in reality, *"an executive director"* (own translation).

Comparing TELLES to a commercial firm, Miguel Torres stated:

"My role corresponds to the one of the president of the executing committee. Managing Partner is the executive administrator of the law firm (...) this role was created for the first time 10 years ago and the first Managing Partner was TELLES' current chairman, Carlos Lucena. There was also a period of time when both me and the old managing partner, we were both co-managing partners. It was a preparation for the exit of the old managing partner and my entrance. (...) I have been at this role for 5/6 years" (own translation).

What is more, as a Managing Partner:

“I am always concerned that the legal part of TELLES works, that the areas of practice work. My concerns are also that internal and external communication are well done, as well as the billings’ control. Until the end of last year, I was the Managing Partner with all portfolios. What happened at the end of last year was that, because of the fact that TELLES was growing, as a consequence, it was becoming hard for a me, as a single person, to take all of this in one pound” (own translation).

Indeed, up until the pandemic crisis, TELLES was growing in size, which was in the origin of this change in the Managing Partner’s portfolios. On the other hand, also:

“Due to the pandemic crisis, there was a demand at the management level to monitor much more everything that was going on at TELLES. So, because it was very demanding in terms of management, I understood that there should be a distribution of areas of responsibility” (own translation).

Still on the executive part, he added that TELLES also has *“a chairman, who is the president of TELLES and, consequently, of the board of directors” (own translation).*

Moreover, as he explained, TELLES also *“created an internal committee for the compliance management and to manage conflicts of interest” (own translation).*

Indeed, as João Silva mentioned, *“this professionalization was done through the increase of the number of people in the support areas” (own translation),* and since as

Miguel Torres told, *“the lawyers’ intuition in managing the law firm and its people was not enough anymore” (own translation).* In a few words, he characterized this

change in the organizational structure of TELLES *“as a radical one. The focus is more and more on how to get profit more efficiently and effectively through the provision of*

legal services in the current status of the industry and its environment” (own translation). However, one of the focuses is still here, even if in a different way:

the focus on the human-capital, the know-how of lawyers, and now the knowledge data bases. Surely, new client requirements are driving TELLES to

consider new options on how to answer them, as the Human Resources Director asserts that *“these are completely different from the demands of 30 or even 10 years ago”*

(own translation). By the same token, it also explains the marketing investment at the law firm, which is to know how to position the law firm before the client.

So, through this investment there was at TELLES the creation of an area of

Communications, where, for now, a single person is responsible for the tasks of the area. Hence, there is no outsourcing of those tasks. There are all done by the Communications Director. Plus, Joana Telles de Abreu clarified *“how the requests and demands from clients are very different from what they were a few years ago”* (own translation).

Much like previously observed also, these requirements also create pressures in what concerns the prices. In this sense, Miguel Torres elucidated that:

“One of the things that TELLES has been feeling and that it felt a lot in the 2011 crisis, and now in this one too, is the decrease, the pressure on prices, as it makes the competition start to fight each other, and, in the end, to lower prices, sometimes to numbers that do not even correspond to the costs. Naturally, there is a problem associated with this, which is the poor provision of services, that is, the quality of the service, because in law firms what happens a lot is that in order to lower prices, the work is done by juniors. While at the time of crisis the price drops, after that, the recovery of these rates is very slow and, therefore, takes a long time. And, meanwhile, we are investing in people, facilities, information technology, new technologies, in training people, and, consequently, this all starts to have a cost that cannot be reflected in the billing or hourly rates to keep the same profitability and, so, what suffers at the end of the day is the profitability of the law firm” (own translation).

What is more, the adoption of this more business-like structure by TELLES also directed it towards more concerns in what used to be irrelevant matters, such as the importance of strategic control. Currently, as depicted by Milena Matos, *“there is an alignment in one direction. We are all in the same boat”* (own translation). Strategy wise, João Silva depicted the importance of *“TELLES anticipating what the clients will ask of TELLES and for that, we need to use and develop management controls tools. Some we already have, but all needs to be automated and optimized”* (own translation).

Additionally, this renewed emphasis emerged in what concerned the market targets. On this issue, the Communications Directors detailed that:

“A response of uniformization of TELLES’ brand is happening currently. This is an important point because this is what is going to be communicated to the client, and TELLES’ brand, at this moment, has really evolved, and its communications materials are now available, and within everyone’s reach. TELLES is starting to have some visibility in the media as well, which is something that was not happening either. It appears currently in newspapers such as

Jornal de Negócios, Jornal Económico, and the specialized magazine Advocatus of Eco. TELLES is opening communications channels that really reach its target audiences. It is segmenting a lot for a high, medium-high, audience, with higher education, and large companies. It has started working on knowing which clients it wants to effectively reach and develop specific communication for these clients. This enables us to define a valid, credible strategy” (own translation).

Indeed, all of this is accomplished through her. From the clients’ perspective, the Communications Directors observed that *“there is great desire and a great need for people to really know more about what goes on internally at TELLES”* (own translation). Hence, the *“need for a more efficient and transparent communication from TELLES”* (own translation). Overall, *“it was the growth of TELLES that showed the need for its growth in support areas as well”* (own translation), as commented by her and Joana Telles de Abreu. Truly, *“it was this recognition of the necessity of having someone specialist in the field of Communication and Marketing that has had an important contribution for the evolution of the area at TELLES”* (own translation). Miguel Torres accentuated this importance too, as in his judgement, *“external communication is very important because if TELLES does not communicate well externally, it becomes more difficult to get new clients, including foreign ones”* (own translation). Simultaneously, the transition to a more managerial structure also brought with it new responsibilities for the partners, as TELLES kept expanding in all of its domains. On this matter, Joana Telles de Abreu stated that: *“I work a lot on the social responsibility part, taking care of its organization and the analysis of donation requests done to TELLES”* (own translation). Equally, there are now at TELLES partners in charge of each area of practice. In the particular case of the current Managing Partner, as he referred, *“I am presently the partner responsible for the Tax law area of practice”* (own translation). Not only that, but *“there is a partner in charge of each area of practice”* (own translation), that is, Corporate Law, Public Law, Labor Law, Competition Law, Litigation Law, etc., as reported by the Managing Partner. Even more, this accent on control, a common feature in the Managerial Professional Business archetype and in the more business-like organizational structure of law firms, also arises, as already discovered, in what

concerns the management of internal activities, which become more centralized and coordinated. As far as TELLES is concerned, this is featured everywhere on it. In the Human Resources area, in the words of the Human Resources Director at TELLES:

“The recruitment and selection processes are centralized in the department, both in terms of recruiting interns and in terms of recruiting other positions. Even in the relationship with headhunters, we have centralized processes, there was an evolution” (own translation).

On this issue, a new phenomenon arose too: the one of lateral hiring. In the words of Joana Telles de Abreu, *“there are situations when a lawyer enters the law firm directly as a partner. They already arrived at TELLES as lawyers with some seniority, and they already entered here as partners. Their paths before were not done at TELLES”* (own translation).

Furthermore, as echoed by João Silva, this is also illustrated by the *“appearance of more systems, including, a system currently adopted, Flow, a process management system”* (own translation). In the matter of control, in this law firm, this is also typified as the control of quality increases through the creation of standards. Logically, this concerns mainly the quality of the human capital, the main input of a law firm. In this context, right now, as refined by Cláudia Correia:

“TELLES’ people management is based on an integrated skills management system. For that, a series of skills that are fundamental for the law firm were first listed. As a consequence, there is a dictionary of competences, which serves as the basis for this integrated system, in which competences are listed, defined, and levels of demand are defined, and reference indicators for each of these levels of demand are indicated for each of the competences” (own translation).

The General Director added on this issue that *“TELLES is currently more sensitive to the qualification of its resources in terms of human resources”* (own translation). Additionally, control also becomes interconnected with the notions of planning and coordination, as these too increase consequently with the embracement of a new organizational structure. In the factual case of the law firm here at study, as an illustration of this feature, in the Human Resources area, there is now, as detailed by Cláudia Correia:

“A one-month integration program for new employees, in which the new employee is accompanied, and in that month, that lawyer has a tutor, who is responsible for ensuring this integration. There is also an integration team made up of the partner, the tutor, and the Human Resources department, the Communication department, the Financial department, and the secretariat. Each one plays a distinct role here, always accompanied by the Human Resources Department. The Human Resources department monitors the entire process to ensure that everything runs smoothly, and that the person is truly integrated, and knows the values, and knows the mission, its function, the instruments, basically, everything at TELLES” (own translation).

This coordination and planning appears too in the shape of cooperation in the elaboration of the job descriptions at TELLES. In fact, as corroborated by Cláudia Correia, *“the Human Resources area can count on a team contribution. There is a whole team, with whom I coordinate. We are not islands, that is, there is a whole web of contributions, aid, and support (own translation).* Even so, this internal pressure is also felt more accurately by TELLES’ human capital too, as lawyers are now required to have other skills, that they had no use for previously. Where there is concerned, as stated by the Human Resources Director:

“The Human Resources area is working on TELLES’ training plan in a more detailed way, but there is already a training program for the lawyers, focused on improving the language competencies of each lawyer. There are also technical, external trainings that we contribute, encourage, and motivate our employees to do. There is also an internal training, whenever there is an integration of a new employee, done in a personalized way, by the tutor or by the secretariat team” (own translation).

Without doubt, these skills find their relevance too, as there is the appearance of the aforementioned new category in law firms and at TELLES too of managing associate.

Be all of this as it may, one important item must not be forgotten: technology. As explicated by the Human Resources Directors, firstly, *“TELLES seeks to innovate, it seeks to be developed, to be increasingly at the forefront of innovations, and it seeks to keep up to date always” (own translation).* Regarding her area concretely, *“there is also internal training whenever the need for technological training arises” (own translation).* On this point at issue, the General Director at TELLES explained how *“within the artificial intelligence, there are several levels, as one of them is called*

'machine learning', which already has at TELLES some applicability in certain software, that is, iManage and Intapp" (own translation). That investment also appeared in the shape of new hirings too, as João Silva mentioned, since the law firm *"hired a new tech support company that brought essentially changes in terms of infrastructure and cybersecurity"* (own translation). Miguel Torres highlights this too when he said that:

"Last year, despite the difficulties and uncertainties of the year, TELLES invested a lot in information technology, therefore in new technologies, with the aim to improve processes and procedures. Hence, to make them more efficient, and the same regarding our lawyers, and also the support areas to waste less time with inefficiency issues. TELLES introduced the new computer system that is "Intacto", which is a time management system, which is very friendly, so it helps lawyers to remember the time they spend on a certain matter. It created too the preceding referred Flow system that allows it to be faster throughout the system from the moment the client enters. With this flow, everything goes faster. TELLES is already starting to withdraw results from these investments. It will continue investing in machine learning, perhaps in artificial intelligence, in order to make it all more efficient, not only internally, but also for clients. Everything has to be computerized in order for us to have the historical information also" (own translation).

This is accomplished too through the appearance of statistically driven metrics. At TELLES, this exists through, as João Silva clarified, *."the integrated skills management system, which allows our employees to know what skills they should have, even to climb to other positions, and what levels of requirements they should have, and which indicators to help them reach that level"* (own translation). It also exists, as further mentioned by Miguel Torres, in the *"records of hours worked, which basically measures the number of hours each person works and also measures what we can charge the client"* (own translation). Regarding this share of information, this aspect finds its relevance too, as before observed, as law firms compete based on reputation, and that is realized through the publication in annual reports. Milena Matos explains this issue:

"There are directories, that is, every year, reaching a certain point, TELLES must deliver reports of what has been done, that is, what has been developed by the teams. It must appoint lawyers, and explain why it stands out with clients, and it must provide information" (own translation).

This is confirmed by Miguel Torres too, as for him, *“the external communication, namely the national rankings, is very important, and that is why today we have one partner responsible for this”* (own translation). In his perspective, as already observed, *“internal communication is very important too for all of TELLES’ employees, as it allows them to know all that TELLES does”* (own translation). On the other side, as he elucidated, this is also achieved by *“evaluation meetings with the lawyers, which are conversations that the Managing Partner has with them to analyze and understand where the problems are”* (own translation).

Despite that, in order for this success to be achieved at TELLES, there must be, indeed, an investment and a focus on the people. On this aspect, Cláudia Correia elucidated to the role of her area: *“it is helping to keep the team united, close, and motivated, and to maintain the good environment that is already very natural at TELLES”* (own translation). Indeed, there is an evolution, there is a concern with the well-being, with a balance between work and personal life. Plus, as stated by João Silva, *“this must also go to levels of development that make young lawyers feel the appeal to work in a law firm, and, in particular, at TELLES”* (own translation). Nonetheless, in his opinion, nowadays, *“it does not go through remuneration”* (own translation). It is essentially related to *“what we can envisage in terms of the career evolution of lawyers and that includes a very strong training, namely at an international level, and also international experiences”* (own translation). This was fulfilled, as detailed by Miguel Torres:

“When we changed facilities, we did it to give better quality to the people who work with us because the people who use our facilities are our employees. We changed because we did not have the ideal conditions for our employees; but we also changed because we already had few square meters for the number of people we had, and the people who worked with us no longer had the quality of work they deserved. It is all about the quality of work” (own translation).

Over and above, adopting this new managerial structure also allowed TELLES to shift its focus to a more national and international expansion. In this point, as explained by the General Director:

“When I first joined TELLES, it was a law firm with still relative low exposure to the Lisbon market. Nowadays, it is clearly a national law firm, already with a strong exposure to the international market, as it starts to be a reference beyond the areas of practice” (own translation).

As a side note, no data was provided by the interviewees regarding the concrete number of people working in each office or which one of them has a bigger invoice.

Over and above, Miguel Torres said *“it is too a reference in some projects and paths it has made. It is a law firm capable, right now, to capture certain types of professionals more easily than it could 5 or 6 years ago” (own translation)* This is also achieved, as detailed by Joana Telles de Abreu, since *“TELLES has partnerships with some international offices” (own translation)*. Still, eventually, she believes *“it will be necessary to deepen these partnerships” (own translation)*. That is why, as mentioned by Miguel Torres:

“We have the desks, the French desk, the Spanish desk, the Brazilian desk, which, basically are transversal groups to all areas of practice. This internationalization aims to broaden our range of clients. The wider this range of clients, the less risk we have, and even if we lose a client, perhaps, even if it is an important one, it weighs very little on our billing. We know that international operations, normally, international clients, when they come here, come to invest a lot more money, therefore, these are operations that are not only more complex, but larger in terms of value, which means that TELLES may have higher fees too, in terms of volume. The hourly standards of foreign clients are higher than the hourly standards of Portuguese clients because foreigners are used to paying more. Portugal today is very attractive, so relatively recently, we started to make a big bet on private clients, which was rare before. Portugal has become a very attractive country because it has qualified people, people know languages, it has a fantastic climate, because it has much higher security than other countries, it has good food, and it is cheap” (own translation).

All things considered, one essential aspect is left to understand: is TELLES' growth, organizational structure, at a final stage, or are there still steps left on the process? As already seen, one of the limitations of law firms is still technology. In the concrete case of TELLES, the General Director agrees, as he believes that:

“TELLES must evolve a lot in this IT area, in what concerns security, cybersecurity, essentially, and equipment, the so-called micro-informatics of infrastructure. The firm is still a long way from what is the application of artificial intelligence to many practical concepts of life, namely, also in the areas of law firms” (own translation).

On this matter, the Managing Partner has no doubts either:

“Artificial intelligence will greatly change the provision of legal services. There will be legal services that will be provided by computers. Therefore, we are going to stop providing certain legal services, but the personal relationships, the permanence, the presence, is important. Not only internally at TELLES, but also in the relationship with the client” (own translation).

Additionally, at TELLES, the focus is still on the broad-based quality. The General Director makes it clear: *“now that TELLES has the critical mass, it has to refine what its growth is, based on aggregation of partners and lawyers that bring quality, not only legal, but also in what we raise”* (own translation). On the matter at hand, the Managing Partner agrees as for him, *“one of my biggest challenges as a Managing Partner has been to continue to grow TELLES by choosing the best people, since choosing people is very difficult”* (own translation). Difficult too has been, as a matter of fact, this transition to a new organizational structure at TELLES. Milena Matos clearly showed it, as for her:

“My path at TELLES has been a difficult one, in the sense that TELLES is not totally opened yet to all the communications part, which I consider normal. It is a permanent challenge because the law firm really needs to work on two points (...) essentially (...) the change of mindset, and at the same time, the structure itself within the limitations that the legal industry has within itself. The Marketing part is something very recent for law firms, especially in Portugal. The implementation of some ideas is not always easy because it is not legally possible for the law firm to advertise, like other brands do. We have to find strategies that differentiate us, but at the same time we have to manage to be in the market without advertising. This is the big challenge” (own translation).

Moreover, sometimes, TELLES, is not so fast in its evolution as it could be, since as referred to by Miguel Torres, *“there is still the need to reach unanimity, like in a traditional partnership, in order to take the next steps”* (own translation). Undoubtedly, in his perspective, *“managing 19 partners is a challenge, that is, unifying them in a single objective and managing their interests. They do not have the same ideas, and I have to standardize, conform, different opinions. This is not easy”* (own translation). Likewise, in the words of Joana Telles de Abreu, *“we still want to maintain TELLES’ DNA and identity, which in itself is a big challenge”* (own translation). Moreover, reaching total autonomy in the support areas is still a task

to be accomplished: there are still partners responsible for those areas at TELLES. Additionally, even the Portuguese market does not make it easier, as explained by Miguel Torres, who believes it *“does not have the capacity to have law firms with an enormous size”* (own translation).

Plus, as explained by Milena Matos, in terms of threats:

“There will always be the issue of competition, which is a few steps ahead of TELLES. As a matter of fact, TELLES has tried to catch up with its more evolved competitors, but it never caught them for a simple reason: it is because it has evolved, but they are also evolving. It has narrowed the gap, but it still has to go after them” (own translation).

Surely, another big challenge for the Managing Partner is:

“Naturally to raise funds. We not only have to attract new subjects, but we also have to attract new clients. And just new issues and existing clients are not enough for the growth we have been experiencing. We have been raising funds, but raising funds is difficult, especially these days, when we have a lot of competition in legal services. Not only nationally, but also internationally” (own translation).

All in all, there is a constant battle between what has been working well through the partnership model and can still be improved through the more business-like one. Regarding the first, the emphasis at TELLES is still also on the clients' loyalty and how to maintain it, and the same goes for the lawyers working at the law firm. What is more, in Miguel Torres's words: *“intuition is still very present in the decisions made regarding who becomes a partner at TELLES. Indeed, we still attach great importance to knowing the character, the personality of the person”* (own translation). Moreover, in what concerns TELLES's DNA, he added, *“we still want every lawyer to be acculturated to TELLES' DNA, to be trained with quality and values. We have this education and try to pass it down, and professional ethics is a priority”* (own translation).

Additionally, he also explained that *“in national terms, our business fabric is still composed very much of micro and small companies, as the bulk of Portuguese companies are micro or small companies”* (own translation). Without a doubt, TELLES has been growing, but this growth, as characterized by Joana Telles de Abreu, *“was a*

consolidated, sustained one, where safe, well thought out steps were taken” (own translation). Altogether, in the words of the General Director, *“TELLES is still halfway across its path of evolution, but, in any case, it either evolves (...)”* (own translation), or ‘the cake will not be worth the candle’.

Conclusion

In a nutshell, without a shadow of a doubt, it is possible to infer from all that was formulated up until this moment that the structure of law firms has changed, and also in regard to the organizational structure of the Portuguese law firm TELLES. That being said, at the same time, one can also reason from what was exposed thus far, that the speed and rate of this transition is not the same in every single law firm. In truth, various factors were in the origin of those changes in the traditional partnership model of law firms, i.e., new technological advances, an increasing competitive environment, new commercial and financial pressures and the phenomenon of globalization. Thereby, it was the intermingle of all of these factors that pushed law firms towards more business-like structures.

In the tangible situation of TELLES, the events that predominantly have impacted it were: first the competitive environment presently surrounding Portuguese law firms; secondly, its constant, sustained growth, which generated in it a need to keep expanding, size wise and regarding the service provided too; third, new demands from clients; and finally, the pandemic crisis. Ultimately, the persistent of technological advances, i.e., artificial intelligence and also machine learning, is also forcing the law firm to invest ever more in new technologies so as to provide more efficiently and effectively too its legal services.

As a corollary, to respond to these demands, there was an investment in the support areas, that is, Human Resources and Marketing, and also in the secretariat body, and even more generally, in the management part. What these lawyers had once handled on their own, was then far out of their reach. Thus, TELLES started professionalizing and hiring specialists in each of these support areas to empower them deeper than ever. Into the bargain, there was an investment in the overall quality of the input of the law firm, that is, the human capital. First, this was done through an increase in the number of lawyers in each

area of practice, as the sources for hiring new lawyers were expanding too (i.e., lateral hiring). There was also an increase in the responsibilities of partners concerning the implementation of TELLES' strategy (i.e., executive decisions), as they assumed new roles consequently (i.e., Managing Partner, Chairman). There was, as well, the creation of new areas of practice and new categories of lawyers. There was equally a bigger focus on the training of each and every one of them. Other than that, a deeper assessment was established regarding the performance of all the human capital, especially regarding the associates and the partners. Accordingly, the criteria considered when deciding the expansion of the number of partners changed. It is now becoming more and more objective. The same being applicable in what concerns the distribution of profits between the partners at TELLES, since criteria as the earnings per partner are now taken into consideration. Because of this, now more than ever, statistically driven metrics gained a new importance and the feedback to lawyers regarding their work started being provided as regularly as possible to enable constant improvement. In other respects, the lawyers themselves at TELLES had to start investing more of their time in other aspects besides the profession itself. Therefore, some invested more of their schedule, for instance, in the social responsibility area of the law firms, whilst others started investing in increasing their languages competencies. Plus, partners had to start dividing their time differently, as what were once only the portfolios of the Managing Partner, were now being shared between them. In like manner, there was a greater investment done technology wise (i.e., implementation of new software), and also in the legal directories, so as to allow the law firm to compete reputation wise, and in the working environment of the lawyers (ex., investment in new facilities).

Proportionately, deriving from these new investments, a geographical expansion occurred. Nonetheless, thus far, it has been adapted to TELLES' growth. Otherwise stated, the first geographical investment was done nationally (i.e.,

opening an office in Lisbon). At an international level, up to now the focus has been on the creation of desks, transversal teams from the areas of practice, handling matters regarding other countries (ex., French desk). Thereby, for now, TELLES has put the brakes on opening offices outside of Portugal.

All things considered, with reference to the characterization of the current organizational structure of TELLES, a contrasting picture emerges. In some respects, the focal point is on the continuous improvement of the legal services provided in all dimensions, which is why it has been adopting some traits of a more business-like organizational structure. Be that as it may, since the emphasis is still on the overall quality of the law firm, TELLES also wants to preserve what has yielded positive results, such as long term relationships established with clients heretofore, which is why it still retains, presently, attributes of the traditional organizational structure of law firms. Accordingly, TELLES' evolution, organization structure wise, has been happening at its own pace, considering all of its features already put forward.

Nonetheless, there are various limitations to the analysis here presented and found. Firstly, since there was only one study subject in the case study investigation, it is hard to generalize the phenomenon of TELLES to other Portuguese law firms in the same level. On top of that, TELLES', much like still many law firms today, had some perfectly understood reservations in what concerned sharing documentation about its organization structure (i.e., its organizational chart) and its internal processes too, for instance, which made it difficult to support the arguments established with any document collection, restricting the legitimacy of those to the information collected through the semi-structured interviewed.

In any event, it would be crucial in the future, in order to fully comprehend this phenomenon, both inside and outside of Portuguese borders, to do some deeper research on what is the organizational structure that is being currently adopted

by other Portuguese law firms. It would be interesting to understand, considering the environment in which Portugal is, namely its membership to the European Union, whether the presence of a more business-like organizational structure can be extended to law firms in other EU countries. Lastly, considering the impact that the pandemic crisis has had so far at TELLES, it would be relevant, in a more distant future, to understand the full impact of this event on the organizational structure of law firms all over the world, that is, whether they will still be more inclined towards a more business-like organizational structure or whether this occurrence will put a brake on that increasing inclination.

References

Ackroyd S, Muzio D. The Reconstructed Professional Firm: Explaining Change in English Legal Practices. *Organ Stud.* 2007;28(5):729-747. doi:10.1177/0170840607086633

Adams E. Rethinking the Law Firm Organizational Form and Capitalization Structure. *Miss Law Rev.* 2013;78(3):4.

Ahmady GA, Mehrpour M, Nikooravesh A. Organizational Structure. *Procedia - Soc Behav Sci.* 2016; 230:455-462. doi:10.1016/j.sbspro.2016.09.057

Armour J, Sako M. AI-enabled business models in legal services: From traditional law firms to next-generation law companies? *J Prof Organ.* 2020;7(1):27-46. doi:10.1093/jpo/joaa001

Baker GP, Parkin R. The Changing Structure of The Legal Services Industry and the Careers of Lawyers. *North Carol Law Rev.* 2006;84(5):1636-1682. doi:10.1525/sp.2007.54.1.23.

Cooper DJ, Hinings CR, Brown JL, Greenwood BHR. Sedimentation and Transformation in Organizational Change: The Case of Canadian Law Firms. *Organ Stud.* 1996;17(4):623-647.

Creswell, J. W. (2013) *Qualitative inquiry & research design: choosing among five approaches* (3rd ed.). Los Angeles: Sage.

Eisenhardt KM. *Building Theories from Case Study Research.* Vol 14.; 1989.

Faulconbridge JR, Muzio D. The financialization of large law firms: Situated discourses and practices of reorganization. *J Econ Geogr.* 2009;9(5):641-661. doi:10.1093/jeg/lbp038

Faulconbridge JR, Muzio D. The financialization of large law firms: Situated discourses and practices of reorganization. *J Econ Geogr.* 2009;9(5):641-661. doi:10.1093/jeg/lbp038

Gilson RJ, Mnookin RH. Coming of Age in a Corporate Law Firm: The Economics of Associate Career Patterns. *Stanford Law Rev.* 1989;41(3):567-595.

Henderson WD. Three Generations of U.S. Lawyers: Generalists, Specialists, Project Managers. *Maryl Law Rev.* 2011;70(1):1-18. <http://ssrn.com/abstract=1809866>

Hill LL. Alternative Business Structures for Lawyers and Law Firms: A View from the Global Legal Services Market. *Oregon Rev Int Law.* 2017;18(Widener University Delaware Law School Legal Studies Research Paper Series No. 17-14):51. <https://ssrn.com/abstract=3042934>

Miguel Alves Ribeiro Correia P, Oliveira Andrade de Jesus I, Patrícia Marques Pereira S. A problemática das sociedades multidisciplinares na área do direito: o caso da advocacia portuguesa. *Innov Manag Adm PUBLIC POLICY.* 2019;22(2):93-104.

Nelson RL. Practice and Privilege: Social Change and the Structure of Large Law Firms. *Law Soc Inq.* 1981;6(1):97-140.

Patton, M. Q. (2015) *Qualitative Research & Evaluation Methods: Integrating Theory and Practice* (4th ed.). Los Angeles: Sage.

Pinnington A, Morris T. Archetype Change in Professional Organizations: Survey Evidence from Large Law Firms. *Br J Manag.* 2003;14(1).

Pinnington AH, Gray JT. The global restructuring of legal services work? A study of the internationalisation of Australian law firms. *Int J Leg Prof.* 2007;14(2):147-172. doi:10.1080/09695950701616515

Rebitzer JB, Taylor LJ. When knowledge is an asset: Explaining the organizational structure of large law firms. *J Labor Econ.* 2007;25(2):201-229. doi:10.1086/510761

Replegle T. The Business of Law: Evolution of the Legal Services Market. *Michigan Bus Entrep Law Rev.* 2017;6(2):287. <https://repository.law.umich.edu/mbelr/vol6/iss2/5>

Richards KAR, Hemphill MA. A practical guide to collaborative qualitative data analysis. *J Teach Phys Educ.* 2018;37(2):225-231. doi:10.1123/jtpe.2017-0084

Riordan C, Osterman P. Externalization of Work by Corporate Law Firms: Implications for Careers and the Profession. *Struct Work Organ (Research Social Organ.* 2016;47(3 August 2016):333-361. doi:10.1108/s0733-558x20160000047006

Robert Duncan. What is the right organization structure? Decision tree analysis provides the answer. *Organ Dyn.* 1979;7(3):59-80. Accessed November 29, 2020. <https://www.sciencedirect.com/science/article/abs/pii/0090261679900275>

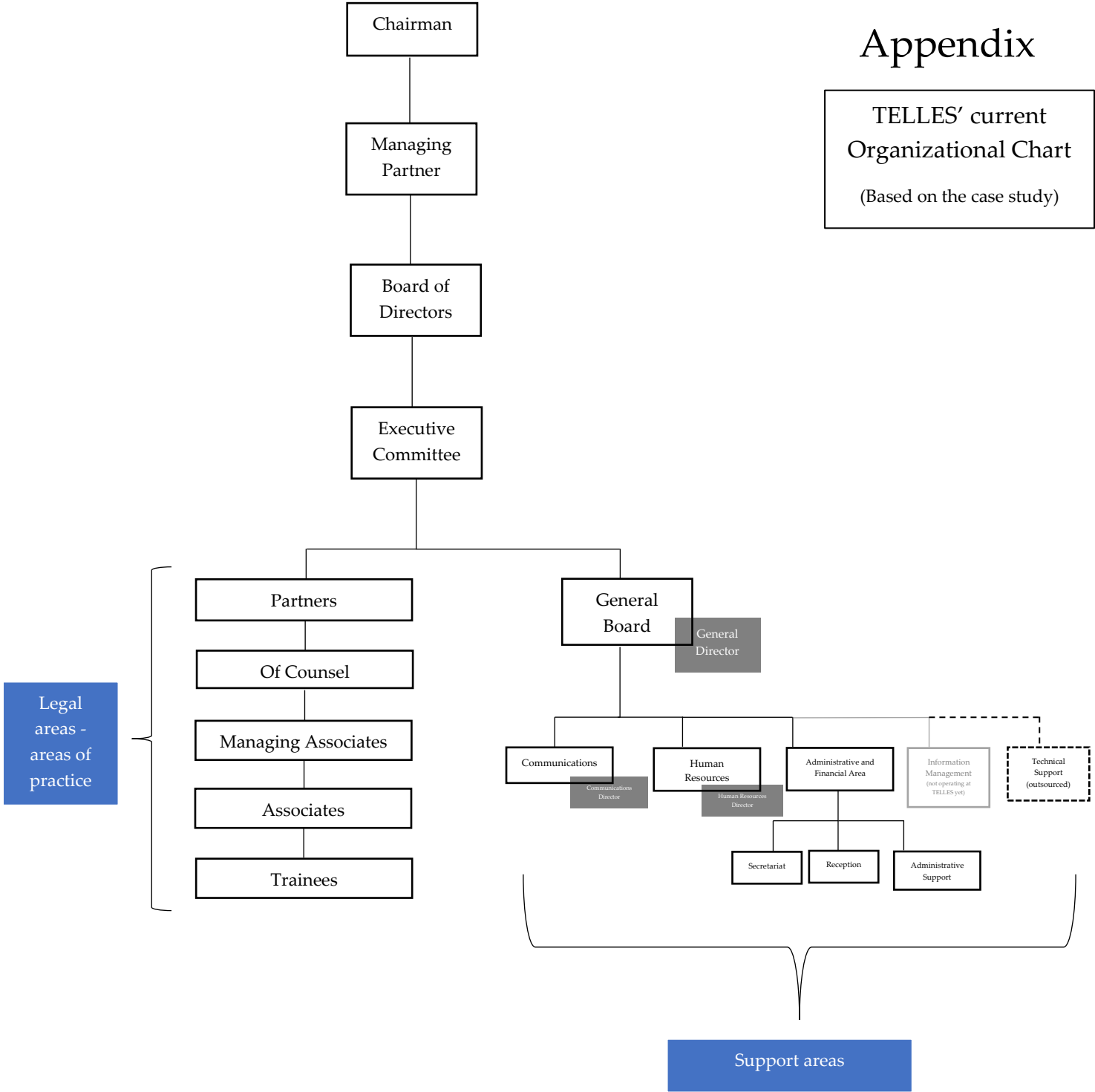
Samuelson SS. *The Organizational Structure of Law Firms: Lessons From Management Theory.*; 1990.

Sherer PD, Lee K. Institutional change in large law firms: A resource dependency and institutional perspective. *Acad Manag J.* 2002;45(1):102-119.

Yin RK. *Case Study Research and Applications. Sixth Edition.*; 2017.

Appendix

TELLES' current Organizational Chart
(Based on the case study)



- Areas of Practice of TELLES**
- Business Recovery and Insolvency
 - Commercial, Corporate, M&A (I and II)
 - Criminal and Misdemeanor
 - Digital, Privacy and Cybersecurity
 - Energy, Environment and Natural Resources
 - European Law and Competition
 - Finance, Projects and Capital Markets
 - Intellectual Property
 - Labor and Social Security
 - Litigation and Arbitration
 - Loan Recovery
 - Maritime Law and Economy of The Sea
 - Public Administration and Public Procurement
 - Real Estate and Urban Planning
 - Tax

Exploratory questionnaire

Firm's information

- 1- Current position of the respondent.
- 2- Hierarchical structure adopted in the law firm (if possible, share some information about it).
- 3- How the profits were divided first when the firm was created and how they are divided now.

Career path of the respondent in the law firm

- 4- For how long have you been working at TELLES?
- 5- Did you work at any law firm before TELLES? If yes, where and for how long?
- 6- Could you explicit your career path at TELLES so far?
- 7- *If the respondent did not mention, ask:* (a) what was your initial position when you first entered the law firm? (b) What other positions have you been at until now? (c) Have you always been working in the same practice area? If not, in what practice areas in the law firm have you worked until now?
- 8- What do you consider to be your main tasks in your current function at TELLES?
- 9- What would you define as the main factors that contributed for your evolution as TELLES until today?
- 10- What new tasks have been present in your day-to-day work with this firm's evolution?

Historical evolution of the law firm

- 11- If you could explain to an outsider the evolution of TELLES so far, what would you say?

- 12- What would you say were the biggest changes you have observed in TELLES until today?
- 13- Challenge-wise, what have been the biggest challenges that TELLES has face so far?
- 14- In what time-period would you say TELLES changed the most? What factors do you consider having been in the origin of those changes?
- 15- How would describe TELLES as a law firm when it was first created? What about now?
- 16- Has your career path at TELLES been affected by the changes that the law firm has undergone until now? That is, were the changes that the law firm has gone through since you first entered it one of the causes for your evolution in the firm (changes in position, in practice areas, etc.).

Organizational structure of the law firm

- 17- Internally, what would you consider having changed in TELLES since its creation? And externally?
- 18- What do you consider to be the biggest changes to the organization of the firm since you first joined it? What were the most recent ones you can remember? (e.g., working conditions, practices adopted, etc.)
- 19- How would you describe TELLES' environment when it was first created? What about now?
- 20- Could you explain how the firm was first organized, structure-wise, when it was created? What about now?
- 21- What were, in your opinion, the biggest factors that caused this change in the organizational structure of TELLES?
- 22- Do you consider that TELLES has fully evolved in terms of structure? Or are there still some changes to be made?
- 23- If so, what do you consider to be the next steps in this evolution?

- 24- Have there been any obstacles in this evolution? If so, what were those and did the firm overcome them?
- 25- How would you define the current strategy adopted by TELLES? What are TELLES' current main priorities for this year?
- 26- If you were to compare TELLES' priorities in it was first created and its priorities today, what you say changed the most and why?
- 27- Would you say that those changes in priorities affected the organizational structure of the firm? Why?
- 28- Do you observe the presence of a more managerial structure and more managerial styles in TELLES (in its management – i.e., definition of priorities, strategy planning, etc.)
- 29- When comparing TELLES with its main competitors (e.g., PLMJ), would you say, in your opinion, that there has been a common trajectory in the evolution of the structure of both?
- 30- Personally, how do you perceive this evolution? That is, do you see it as something inevitable, positive and/or, for example, challenging?
- 31- Also, do you consider that this evolution was been well accepted by the firm's other partners? If not, why?
- 32- Do you consider that commercial (financial and client-driven) pressures have an impact on the day-to-day work of TELLES?
- 33- Do you consider that this structural evolution has had a positive impact on the firm's performance? Why?
- 34- How do you believe these mentioned changes to be perceived by TELLES' main clients?
- 35- Finally, if you could TELLES' initial organizational structure in three words and TELLES' current organizational structure, what words would you choose?