

21st Century Practice Task Force Meeting; April 27, 2015

Fred Headon Luncheon Remarks

Fred Headon is the Immediate Past President of the Canadian Bar Association and currently serves as Assistant General Counsel at Air Canada. Mr. Headon chaired the CBA's Legal Futures Initiative, which in 2014 issued a report—*FUTURES: Transforming the Delivery of Legal Services in Canada*—that explored the future role of lawyers in a legal landscape that is rapidly changing due to the globalization of commerce, the rapid increase in the use of technology, changing client expectations, and an increasing lack of access to legal services.

Mr. Headon discussed the findings and recommendations of *FUTURES*, as well as the initiative's two guiding principles. First, the recognition that while many of the forces driving change both in Canada and in Michigan are global in nature, any action plan must take into account the expectations of the State Bar and the public it serves. Second, the public's legitimate expectation of a vibrant, accessible legal services industry that is responsive to the needs of the average citizenry.

Like the 21st Century Practice Task Force, the CBA initiative was organized around three themes—innovation, regulation, and education. *FUTURES* made specific recommendations in each of these areas, with an emphasis on research-based, data-driven policies. Much of this research focused on clients' needs. Broadly speaking, *FUTURES* found that modern clients want predictable pricing of legal services (not just lower costs), clearer information about the legal process, the use of technologies that allow for client involvement, and a better understanding of the value added by legal professionals.

One of the major findings of *FUTURES* is the need for lawyers to move beyond the traditional models of business structures (sole proprietorships, partnerships, LLPs and PCs) in order to effectively meet the needs of a modern clientele. Like Michigan, regulatory constraints in Canada do not allow for lawyers to share fees with non-lawyers, nor may non-lawyers invest or hold an ownership interest in a law firm. This results in under-investment, restrictions in the range of services provided and clients served, and, critically, the lack of non-lawyer business expertise.

In light of these hurdles, *FUTURES* recommended that lawyers in Canada be allowed to practice in alternative business structures (“ABSs”) that allow for fee-sharing, multidisciplinary practice, and ownership, management and investment by persons other than lawyers. By liberalizing regulations and allowing for lawyers to provide legal services outside of the traditional model, some legal services could be delivered—profitably—at a substantially lower cost, thereby expanding access. *FUTURES* also recommended the adoption of entity-based regulation as a means to supplement the existing regulation of individual lawyers.

Finally, Mr. Headon spoke briefly about the need for new models of legal education. These models cannot sacrifice the quality of legal training, currently excellent. However, law students and future attorneys must learn how to take their knowledge of abstract legal concepts and apply it in the real-world, with attention paid to risk management, financial limitations, and business development.