

Rethinking Law Firm Client Service in the AI Era

By Jason Milch

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Law firm leaders have already accepted that AI is here to stay. What is less settled is why familiar decision-making approaches suddenly feel inadequate.

More and more, we are seeing choices that once lived comfortably inside walled-off committees now spill into pricing, staffing, risk, and client relationships. AI has a way of collapsing those questions into a single conversation because, whether firms intend it to or not, its impact across all business functions is pervasive. The result is a growing sense that the old playbook no longer fits the environment firms are now operating in.

AI is reshaping the legal industry. Just not in the way many conversations would have you believe. At the surface, AI can make lawyers more efficient, but its deeper, more fundamental effect is that it brings long-standing assumptions into sharper relief. How value is created. How work is staffed and priced. How risk accumulates over time. How decisions move through a partnership. Again, we are seeing practices that once functioned independently now influence one another in ways that are impossible to ignore.



The core value law firms provide remains judgment, advocacy, and trusted counsel. Those fundamentals are not going away. The environment surrounding them, however, has shifted dramatically. Client expectations continue to rise. Law firm solutions providers are innovating aggressively. Significant capital is flowing into both legal services and the technology that supports them. These forces are converging, and the fact that firms increasingly experience them at the same time rather than in isolation adds a different sort of pressure than they might be used to—one that comes from having to address a challenge for which there is little precedent.

For all the upheaval in the profession, clients are, of course, still relying heavily on outside counsel, but many are also using AI internally to reduce the volume of work they send out. That internal adoption reshapes demand rather than replacing firms outright. Clients gain a clearer sense of value, turnaround time, efficiency, and leverage, and they increasingly apply those expectations to outside counsel. As we heard one Fortune 500 GC state in a private address to law firm leaders this past fall: “I don’t necessarily care what tool you use to get me the answer. Just get it right and do it quickly.” Firms that understand how clients are redefining value tend to stay aligned. Firms that do not risk a gradual loss of relevance that will lead to an eventual loss of work.

The legal technology market has also become more difficult for law firms to navigate. AI has fueled an explosion of new point solutions providers, while a smaller group of platforms continues to consolidate influence across research, drafting, workflow, and analytics. Experimentation is easier than ever, but sustaining coherence is not. Some technology choices remain relatively modular, but we increasingly see many attempt to introduce lock-in through data structures, training investments, and client integration. Many firms struggle to tell the difference until after decisions are made.

That distinction matters because technology decisions no longer sit neatly within the IT function. Selecting an AI platform shapes how work moves through the firm, including how lawyers collaborate, how data is governed, and how clients experience service. In the past, firms could reverse course with limited disruption. Now, decisions made today may

shape a firm’s operating environment for years. Again, that’s an unfamiliar position for law firm leaders.

Economic implications follow quickly. As AI accelerates routine work, assumptions about staffing, leverage, and the billable hour come under pressure. What once felt theoretical now shows up in scoping discussions and pricing conversations. Clients are increasingly pushing for value-based or outcome-driven pricing, even if adoption remains uneven. If those models gain traction—as they are beginning to in the consulting world—the effects will extend beyond pricing into associate development, compensation structures, leverage ratios, and margin expectations. Firms that treat pricing as a downstream issue risk anchoring themselves to models that no longer reflect how work is performed.

And then there’s one more important factor to consider: that all these transformational decisions are based on a technology that’s far from perfect. The world’s most successful law firms were built on their ability to manage risk, but the relative newness and unknown pitfalls of AI compound their challenges. Some are obvious, like hallucinated citations or flawed summaries. Others surface slowly and carry greater consequence. In transactional matters, for example, an AI-generated drafting error or misinterpreted clause may not emerge until months or years after a deal closes, when the financial and reputational impact is far harder to unwind. Model updates that subtly change outputs, confidentiality lapses caused by imprecise prompts, and inconsistent review practices add to that exposure. At scale, AI risk requires governance, not just better tools.

Taken together, these pressures expose a structural tension many firms underestimate. AI forces enterprise-level decisions inside organizations that are still structured to make practice-by-practice judgments. Technology strategy, pricing, workflow design, talent development, and risk management increasingly overlap. When those decisions remain siloed, we often see the costs appear down the road—not in hard dollars, but in the form of rework, inconsistency, and stalled momentum.

This is where outside advisors often add value. Not as decision-makers and not as a replacement for leadership, but as a source of perspective that many firms don't have internally. Advisors bring pattern recognition from seeing how different firms approach similar challenges. They can answer a question that surfaces in nearly every leadership discussion: *What are other firms doing, and where are they misjudging the tradeoffs?* They help leadership distinguish between decisions that are reversible and those that are not, and they help sequence work in ways that reduce friction.

That perspective, of course, has limits, which makes it critical for firms to work with advisors they can view as business partners rather than as "hired guns." Cultural change, partner alignment, and day-to-day supervision should remain firmly inside the firm. Advisors are most effective when they sharpen judgment rather than replace it. Used well, outside input reduces false starts and accelerates alignment. Used poorly, it adds noise and complexity without clarity.

Taken together, these dynamics suggest that the AI challenge for law firm leadership is less about choosing the right tools and more about making the right decisions, in the right order, with a clear view of the tradeoffs involved.

A few implications stand out:

1. Firms should approach AI as an ecosystem rather than as a collection of tools. The more consequential decisions sit higher up, in how work flows through the firm, how efficiency is priced, and how risk is governed.
2. Firms benefit from focusing on the specific areas where AI materially alters economics or risk, rather than trying to modernize everything at once.
3. Leadership teams need to be honest about where the firm has the internal capacity to lead and where broader perspective would meaningfully reduce risk or speed decision-making.

AI functions less as a transformation on its own and more as a forcing function. The real change lies in whether firms use this moment to modernize how they operate or simply layer new technology on top of assumptions that no longer hold. Firms that make intentional choices now are better positioned to shape the next era of client service rather than reacting to it.

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