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“The Business of Law: Strategies for Success”

Consulting Editor: The International Bar Association
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Review by: Pippa Blakemore, The PEP Partnership LLP
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If you asked any student lawyer, “Why do you want to be a lawyer” the answer is unlikely to be, “Because I want to own a business, manage a business or sell my services to clients.” But those are the key components of being a lawyer in private practice nowadays, beyond having an excellent knowledge of the law and the ability to practise it.

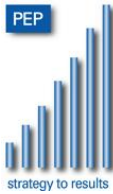
The transition from pure intellectual lawyer to business-man is a well recognised necessity for those currently involved in practising law, but still a bit of a shock for those joining law firms as their most junior members. "The Business of Law: Strategies for Success", consulting editor: The International Bar Association, will help those in the transition from law student to junior lawyer in a firm; it will help those who are a few years qualified taking their first tentative steps into management; it will inform and inspire those striding from management to leadership; finally it will enable those already in leadership positions to confirm what they are doing is correct and to keep them persevering on the path that they have chosen.

“The Business of Law: Strategies Of Success” is a compilation of the views of legal practitioners, technical experts, consultants and a professor of law on how to grow and consolidate a law firm at a local, national, regional or global level. It may therefore also be used as a reference book for different sizes of practice in any jurisdiction, world-wide. By analysing all the factors which encourage or inhibit growth of a law firm, the book considers how to overcome the strategic challenges; how to evaluate the jurisdictional options; overcome the obstacles to implementation, underpinned by practical advice and experience.

Leadership requires vision, creativity, innovation, inspiration and motivation. Management requires common sense, instinct and emotional intelligence. Clients are essential for any law firm to survive and grow. Many lawyers evolve into management, with no formal training, feeling their way by trial and error, in total contrast to their education and training to practise law.

Strategic framework and historical context

The conceptual, theoretical and practical alternative frameworks and business models are the basis of the opening chapters - Stephen Denyer’s, “Business models and strategies: the current state of the art” and Alan Hodgart’s “Strategic challenges for law firms in the 21st Century”. Academic research and the historical context highlight the drivers and challenges to successful international growth in Robert Millard’s and Carole Silver’s later chapter on “Going global: aligning local and global properties”.



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Stephen Denyer's chapter includes options on the type of firm you might want to be. From his perspective, as Global Markets Partner of Allen & Overy LLP, Stephen Denyer has an overview of law firms worldwide and examines the choice of the type of firm that you want to be, using the correct model, the appropriate structure, the nature of decision-making, measuring the success of your strategy and testing its resilience against the challenges the firm faces, such as coping with multi-jurisdictional matters; staying lean and mean; remaining competitive; attracting and retaining key clients and key people and managing growth.

Alan Hodgart's chapter highlights the key changes of the past 25 years and suggests learning from these to overcome the new challenges of the 21st-century, through effective strategic leadership with regard to market position; agreeing in which segmented markets to compete, and ensuring that everybody in the firm understands and consistently and actively works towards achieving the goals, in good times or bad.

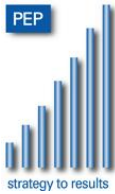
Such chapters would provide useful reading before a firm's strategic retreats or away-days.

Management building blocks

Other valuable aspects of this book are the practical chapters on how to implement the ideas using key building blocks to achieve the vision and the mission of the firm.

"Effective PR strategies for the successful law firm" by Sean Twomey, Norton Rose LLP, tackles head on the "fear and lack of confidence" that lawyers have in dealing with the media. By clarifying exactly what the media is looking for in a story, "risk, doubt, conflict and/or uncertainty" this helps to reduce the fear of the unknown, and so provide the basis of a structured approach to dealing with the media to give a "mutually beneficial match". Sean Twomey's chapter gives a comprehensive check-list of the required roles of a Public Relations function, the five levels of PR, which will provide a handy reference for lawyers who want to have a clear and comprehensive understanding of what they should expect from PR and how it can be delivered. Although some firms may still regard Public Relations as a "gatekeeper, protecting management from enquiries and ... issuing press releases", this chapter clarifies how law firms can "use PR to help build and promote their brand ... winning awards, improving legal directory rankings, achieving higher-profile positive coverage..."

James Tsolakis, The Royal Bank of Scotland, writes a chapter on finance: "Profitability drivers and financing techniques for law firms", which will help those that know financials are important but who do not necessarily like numbers, maths or finance. It will help lawyers to develop confidence to manage finances competently. James Tsolakis summarises both the challenge and the solution: "Put simply, firms must maximise revenues and minimise costs." He also says that "One cannot underestimate the importance of good technology in managing WIP, debtors and collections. Many firms have underinvested in this area, and this has proven to be detrimental to generating cash flow and improving the cash flow cycle." He gives a summary of seven options for funding; seven options for capital finance; and an analysis of "Profitability dynamics", some of which are in the firm's control and "... others are a function of the economic, legal and regulatory environment ..." James Tsolakis recommends that strong financial management comes from the top and that corporate best



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practices will be useful in the legal environment. He gives a useful checklist and summary for effective Business and financial disciplines.

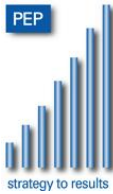
Client focus

The recurring theme of the book is “collaboration and partnership with clients”. Client needs, expectations and standards arise throughout, ensuring that lawyers who lead and manage their firms keep their vision firmly focussed on clients. Indeed, Bryan Hughes, of Eversheds LLP, in his chapter “The impact of the financial crisis” states: “Eversheds aims to be the most client-centred international law firm.”

The range of suggestions throughout the book of client needs and expectations highlight the essential requirement of talking to your own clients and observing what they like, and then clarifying with them their unique needs and meeting them to fulfil their perception of added value. It is also essential to understand that within one client organisation there may be many different clients (people and individuals), each of whom have different needs and expectations which are required to be met.

Alan Hodgart states that “Clients, especially business clients, have become more demanding. ... Clients now want depth of knowledge in areas that are important to them: they do not see generalists as able to provide that depth.” Meanwhile Bryan Hughes, states that clients also “... need joined-up thinking from their legal advisers, not a series of experts working in isolation.” The external customers and internal clients of the clients of law firms, are becoming increasingly demanding, as Bryan Hughes states that “... many organisations are demanding more from their in-house counsel. ...Today’s in-house counsel are expected to keep tight control over costs, while ensuring minimal exposure to risk and maintain the highest quality of outputs.” Additional insights are revealed by Corinne Staves, Richard Turnor and Emma-Jane Weider, that “... clients judge a firm primarily by its quality and value,” “...where technical expertise, competence and experience are essential components of quality” and “legal advisers should provide value for money.” Lynn M McGrade adds that “Clients are actively looking for diversity on teams” in her chapter “Women and the Business of Law”. Philip Rodney, Burness LLP, in “Being a Successful within Your Jurisdiction” notes that “our clients wanted to be associated with successful advisers.” He also added a welcome caution that, “The ‘if we build it, they will come’ approach is a risky one. Just because you are highly skilled in an area of law does not mean that there are clients who would be prepared to buy these services.”

The final chapter, “Building a business: winning clients and adding value to the practice” by Norman Clark, Walter Clark LLC, combines the strategic analysis of current and future trends which affect markets, with strategic tools to win clients and add value to a lawyer’s practice. In the section “Beyond the myth of the ‘natural rainmaker’”, Norman Clark states that “... effective marketing and sales skills can be learned and mastered by anyone.” I am in agreement and this will be encouraging for all Managing Partners who would like to encourage business development to take place the moment any lawyer joins a firm, at whatever level, even the most junior.



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Making it happen

“Making it happen” validates a strategy. For leaders to “make it happen” requires drive, motivation and the ability to inspire others. Horst Ehardt’s chapter, which I enjoyed enormously, on “Building a leading position in a regional firm in Central and South Eastern Europe” describing how a small Austrian law firm developed into “...one of the leading regional firms in Central and Southeastern Europe” reads like a block-buster novel. He describes how with “vision and collective will” a group of entrepreneurial young partners recognised, created and capitalised on the new political and commercial opportunities to build a “larger and market-leading” firm. Although the approach required “clear goals and an ambitious overall strategy, we did not have a precise action plan, investment budget or schedule for achieving them.” This chapter will provide encouragement to those currently leading firms at the top to keep going, to persevere, to keep on course and to take others with them. It provides reassurance for those lawyers who currently have an entrepreneurial flair, that given an alignment of core values, there is room for their skills in a law firm somewhere.

Bryan Hughes, from Eversheds LLP, provides four case studies, demonstrating how the firm has implemented its strategy: ‘Innovating to stay ahead of the game’; ‘Empowering general counsel – the key to law firm growth’; ‘Putting client service excellence at the heart of online legal offerings’ and ‘Aligning the firms with its clients’ business’.

Conclusion

The values which exemplify the growth of a successful law firm are: visionary leadership uninhibited by the restraining traditions of the past; common values; generosity of spirit; structured and efficient management and respect for and use of non-legal professional resources.

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