

# Smart moves

Law firms are devising fresh approaches to improve the way they operate and attract clients. By *Sarah Murray*

**A**S SHIFTS IN economics, legislation and client demand create pressure for change in the legal sector, law firms are looking more closely at their corporate strategies. And while some are tinkering round the edges, others have made more fundamental changes to the way they work.

Part of this is taking place internally, with firms applying new strategies to the way they are organised.

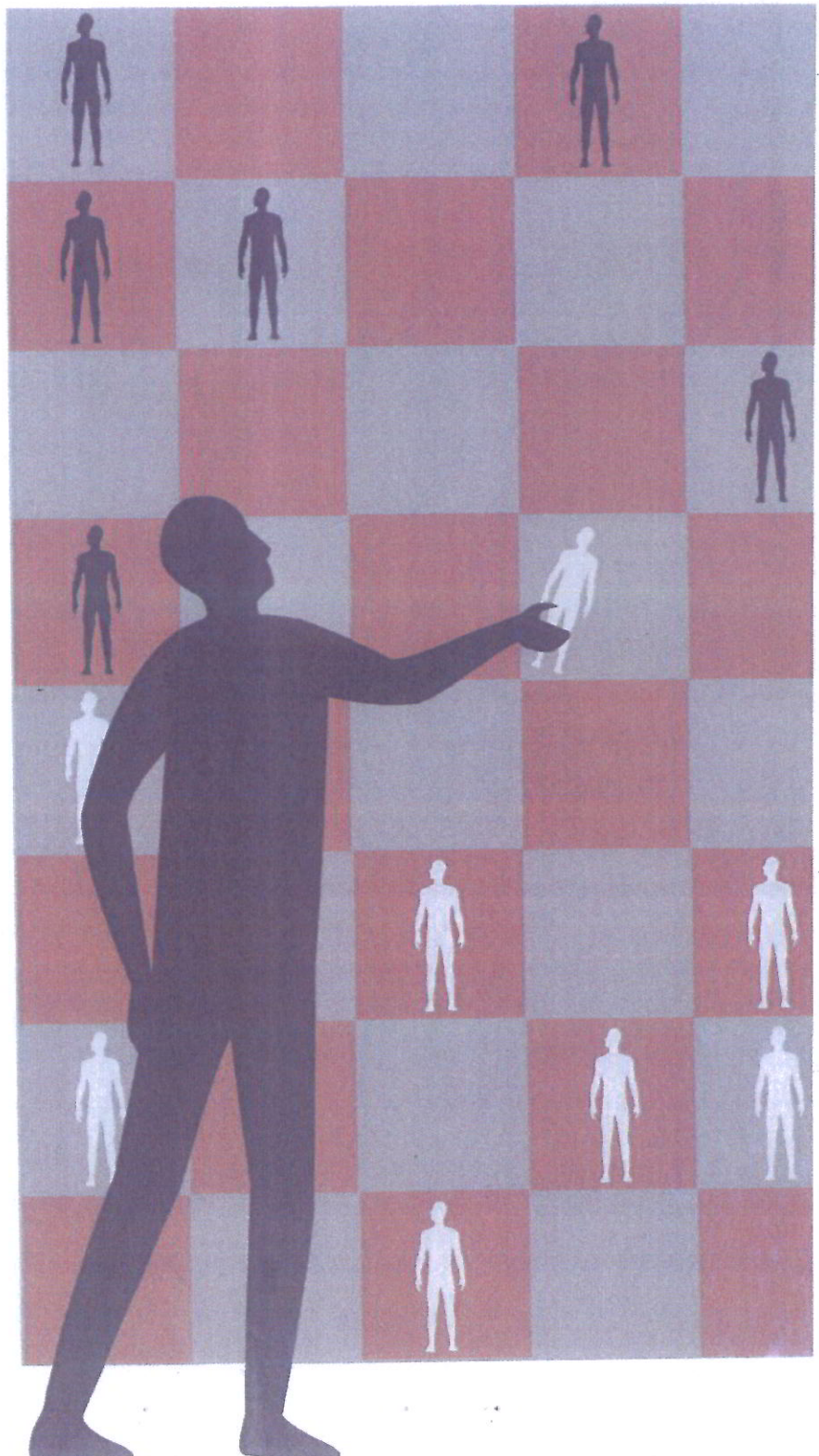
At Allen & Overy, an organising principle it calls “advanced” has been introduced. The idea is to promote behavioural change and continuous improvement throughout the firm by challenging employees to question whether everything they do – from the management of relationships with clients to the use of technology – is as advanced as it could be.

David Morley, senior partner at A&O, stresses the importance of taking a “grassroots” approach when rolling out this kind of strategy. “We’ve introduced it fairly gradually,” he says. “Because if you’re going to make a change in a partnership, the last thing you do is issue orders from the top.”

When it comes to internal changes, many firms are focusing on their employee mix, promoting workplace diversity and designing strategies to attract and retain Generation Y individuals. Several firms, including Freshfields Bruckhaus Deringer and Cuatrecasas, Gonçalves Pereira, have focused on gender equality.

To determine where it needed to make changes, Freshfields commissioned research to identify real and perceived barriers to women’s progress in the firm. It found an imbalance in the number of women associates becoming partners.

To address this, it launched a professional development programme that includes mentoring in areas such as profile raising and network expansion. It also coaches senior lawyers in how to become role models, assess strengths and develop leadership skills. ➤



The need to attract young talent is also pushing law firms to experiment with the way they work, particularly in terms of introducing internal social media and flexible working practices.

Portolano Colella Cavallo has even launched an online game designed for Italian law students and graduates. In a series of short online videos, a hypothetical legal case is set out. To view the next video, users must respond correctly to questions. After the final video, presenting the full case, users can submit a short memorandum about the case along with their curriculum vitae. The winner receives a prize and is eligible for an internship with the firm.

As well as addressing issues such as talent management, law firms are designing strategies that respond to external changes in the market. The recession has created huge pressures on firms to provide their services more efficiently and cost effectively. Following the downturn, clients that traditionally

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looked to trim their legal budgets year-on-year started considering radical cuts.

"Clients were under increasing cost pressure to get legal services undertaken," says Al Giles, managing director at Axiom, a professional services company that

uses an alternative management structure. "And that was at a different level from the level of pressure they were under before ... so they needed to look at a very different way of doing things."

Many of the strategies that law firms have implemented reflect these increasing cost pressures. Using business management techniques such as financial analysis, process engineering, "six sigma" and lean management, Axiom is expanding its ability to serve clients across a wide spectrum of legal work through a low-cost business model. It has also done this by looking very broadly at the way it delivers services.

"We've brought in other disciplines, from process

designers and technologists to people with a consultancy background," says Mr Giles. "It's about breaking apart the lifecycle of a process and putting it back together in a new and more efficient way."

At Irwin Mitchell, the firm has used technology to re-engineer its legal processes and expand its capacity to tackle high-volume work. Part of its strategy has been to become more customer focused.

This was the thinking behind its introduction of a 24-hour legal helpline and the increasing amount of information it puts online.

"It's trying to put the consumer first," says Joe Simpson, chief executive of contract legal services at Irwin Mitchell. "We look at our processes to see how we can give clients the service that they want - not the service that we think they want."

For some, this has meant re-examining the way they charge for their services. Addleshaw Goddard has developed a transparent pricing structure, available in addition to existing pricing options. The firm works out a fixed fee based



on the complexity of the tasks, rather than on the hourly rate of the individual undertaking the work. It sorts work into four categories - strategic, technical or specialist, general legal advice and volume legal process - with each assigned a fixed rate.

Change in law firm strategy is not only being driven by client demand for new service-delivery methods and pricing structures, however. Deregulation in the sector means competition will intensify.

In the UK, the Legal Services Act, which comes into force in October, will allow external investment in firms for the first time, while non-legal companies will be able to offer law services. Irwin Mitchell, for example, has responded by announcing its intention to change its structure to become an alternative business structure under the act, which will allow the firm to grow by attracting external investment.

Mr Simpson at Irwin Mitchell believes that, in addition to commercial pressures, the act is providing a catalyst for change in law firms' strategies. "The whole principle [behind the act] has been to encourage a more flexible and dynamic legal service market that puts the consumer first," he says. ■

### STRATEGY: INTERNATIONAL EXPANSION

Firm	Innovation	Originality	Rationale	Impact	Total	Description
<b>STAND-OUT</b>						
Norton Rose	Global expansion	8	6	8	22	The first big firm to move into Australia and Canada, Norton Rose is committed to international markets and is beginning to lead in terms of global coverage and headcount.
Allen & Overy	Strategy for high-growth markets	6	8	7	21	An ability to be flexible in its approach to emerging markets has secured the firm a strong foothold in India, Australia and Brazil.
Berwin Leighton Paisner	Rapid international growth	7	7	7	21	In the past five years, the firm has transformed from a domestic operation into an international one, and it continues to expand.
<b>HIGHLY COMMENDED</b>						
Hogan Lovells	Transatlantic merger of equals	6	6	8	20	Hogan & Hartson and Lovells combined to create one of the largest US/UK legal practices.
Uría Menéndez	Bridging the gap between China and Latin America	7	6	7	20	Exploiting its position in Latin America, the firm is targeting Chinese investment into the region. Also trusted by the Chinese government to give international training to lawyers from that country.
Berwin Leighton Paisner	Russian expansion	7	6	6	19	Has achieved a strong foothold in this important market since its merger with Goltsblat in 2009, the middle of the global financial crisis.
Garrigues	Emerging-markets strategy	7	6	6	19	The first Iberian law firm to open an office in China, it is developing a structure to empower Chinese and Latin American clients.
<b>COMMENDED</b>						
Eversheds	Middle East merger	6	6	6	18	Tripled its lawyers in the region through a unique merger with the KSLG law-firm consortium, which has given it a presence in six cities.
PLMJ	International legal network	6	6	6	18	The first Portuguese network to reach China, the firm has shown boldness in its international aspirations and in activating clients and lawyers across Portuguese-speaking jurisdictions.