Published on Law.com

EXPERT OPINION

How Should Law Firms Develop Their International Networks?

The former worldwide managing partner of Andersen Legal and former CLO at Herbert Smith Freehills offer some solutions to law firms hoping to make the most of their international presence.

August 18, 2022 at 12:01 AM

5 minute read

Expert Opinion

By Patrick Bignon and Richard King | August 18, 2022 at 12:01 AM

It's worth reflecting for a moment on just how global law firms truly are. For a start, firms are not everywhere. There are three regions where law firms have concentrated their energy when building their platforms: Asia, the USA and Europe.

Usually this has been driven by client demand, and these geographies are where we find the largest and fastest-growing economies, so the concentration here is not likely to change in the foreseeable future.

To take the European legal services market as an example, given its revenues of $170 billion in 2020, it will continue to be a huge focus for law firms. Most of their expansion activity is concentrated in the biggest economies of the UK, Germany, France, Italy and Spain. Other legal markets are also attractive, including the Netherlands and Poland, though faster-growing economies in Europe can also bring political risks with them. In general, we would expect the 'Big Five' markets in Europe to command most attention.

In developing its international presence in its chosen markets, the key choice for a law firm is between building its own platform through acquisition of local firms or teams of lawyers, or forming alliances or associations with firms that remain independent.

Most large firms have over the years opted to 'build their own', and many early experiments with alliances transitioned into mergers. But there are notable and successful exceptions to this. It's also interesting to note the launch in the past two years of both Advant and Unyer, international groupings based on mainland Europe and led by independent firms in Germany, France and Italy – a new 'model'.

If law firms choose to construct their own international platform, with the benefits of control and seamless operations that this brings, a key element is getting the right governance and culture in place.

The main organisational issue is whether profits are to be fully integrated in a single pool, under a common partnership, or whether firms joining maintain some degree of financial and management independence through something like a verein structure. The choice 'to verein' or not will have significant consequences for the degree of integration and ultimately effectiveness of the arrangement, so this needs careful consideration.

And as for achieving a common culture, let's recognise the complexity of this challenge. Creating one way of doing things across different countries, each of which will have distinct social and business norms, political systems, regulatory regimes and accepted styles of communication, is more challenging and long-term than people expect. It requires a lot of investment from leadership, clarity of internal communications, expectation-setting and most of all building of trust and personal relationships between lawyers from different jurisdictions.

There will be other challenges to face as the firm's international platform expands. One is achieving alignment with the firm's core strategy, sectors and services across different offices. There are regularly difficulties in managing the quality of output to the same uniform standard everywhere. Both these issues need a strong, united leadership team with a clear, common set of goals and an overriding commitment to the firm's broader objectives.

It can also be easy to lose sight of the need for buy-in and support for its expansion programme among existing partners and offices in the firm's organisation. This process can be facilitated by a small cohort of 'ambassadors' from the existing offices (such as existing leaders) to promote collaboration and the benefits of the firm's international reach.

It will be essential to have an established methodology and process in place to support a firm's expansion so that quality and consistency are maintained. Due diligence in the review of new lateral hires, teams or firms needs to be rigorous and agreed, standard criteria need to be applied in reviewing merger candidates.

It's also important not to overlook the integration of new firms, teams or individual partners into the international structure they have joined. The 'sink or swim' approach to new joiners has its enthusiasts but it is high-risk, costly and rarely delivers results as effectively as a supportive, structured and long-term induction plan, backed up by the use of sponsors and mentors.

The expansion of an international office structure is of course mainly to attract and serve clients and prospects better. So, rightly, focusing on common client development and building client relationships across member firms or offices should be a major priority. For this to work successfully, there must be mechanisms, incentives and programmes in place to encourage partners to collaborate with others to refer work internationally and share opportunities. It won't just happen on its own.

A final thought. Building trust and a common sense of identity and motivation about the firm internationally will be central to its efforts to develop its services and sectors. Internal communications can help but it goes further. Exchange programmes between offices for junior lawyers, regional or global training programmes, organising cross-border teams to drive sector and service development, also create a feeling of one firm that everyone belongs to.

With these investments underpinning critical work the firm is putting in place to support its governance, culture and client programmes internationally, the vision of a seamless operation globally gets closer to realisation.

Patrick Bignon formerly oversaw the worldwide organisation of EY Law, was the worldwide managing partner of Andersen Legal (and a member of the Board of Andersen Worldwide) and the managing partner of the law firm Archibald Andersen in France. Richard King was chief legal operations officer at Herbert Smith Freehills.

Both are now partners in legal services management consultancy Bignon De Keyser.