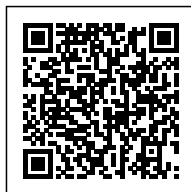


# AVOIDING THOSE LATE NIGHT TEMPTATIONS

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**To find the ideal partner, law firms need to be clear about where they are going. A simple business review – covering people, finances, competitors and clients – will set you on the right path**

The story begins with an attractive lady, approaching a single man in a bar – “would you like to join

me for a drink?" Often the genders are reversed – an attractive man approaching a single lady. It's very flattering, the bar is full of other attractive people and they have decided to ask you - how would you answer?

Recently, a client told me a similar story, although with a business twist: "I have received a merger offer from a firm I met at the IBA conference in Washington, what should I say?" With Sydney hosting the IBA this month, the bars will be alive with similar conversations.

The suitors may be glamorous, a world class law firm or network looking to increase their footprint in Spain and Portugal. How nice to be told: "We have studied the market and settled on you as our partner firm here."

Of course, they are speaking with a range of your competitors – not just you – making it more enticing, not less.

### **To merge or not to merge?**

The current wave of Iberian mergers is continuing. Lisbon is now also on the map for global firms entering Lusophone Africa.

The bad news is that between 65-75 per cent of these mergers fail to deliver the value they promise, so on average only 30 per cent are successful. And firms have crashed following failed merger attempts, with teams of partners heading off in their own directions.

The question is clear: "Should we form an international alliance or not?" But the answer is not as simple. Merger, it has been said many times, is never a strategy – it is only one of many options to achieve what you want.

### **Need for clarity**

Each and every jurisdiction has excellent domestic firms, but they need clarity over what it means to be local within a global world. The starting point is that every partner and every firm needs clarity over what they are trying to achieve.

However, it is not unusual to find each partner has a different view on the firm, what is working and what needs to be changed – if there are 40 partners, that's 40 opinions. If so, a simple business review – covering people, finances, competitors and clients – can be helpful.

Even collecting data on how the firm is making money, and how that is changing, can lead to a very useful discussion.

You can then pose the following questions: based on the ambition, where do we want to be in, say, three or five years in terms of work type, client industries and geographies? What is required in order to achieve that?

### **Causing headaches**

Economic and regulatory changes in Spain and Portugal are causing headaches for businesses, each of which is a high-value opportunity for lawyers.

Since 2008, the world has dropped the 'full service' concept; even those firms with 1,000 lawyers are now seeking to specialise within their chosen areas of work.

With clarity over the destination, the firm now needs to think about the options for getting there. To use the analogy of a family holiday: "We agreed that we want to go to Paris in August, but how will we get there – bus, train or plane?"

### **Know what you want**

Back at the bar during the IBA conference, the question is now simpler: Will this firm help me get to where I want to go? Is this about gaining new service lines, a new group of clients, specific industry experience or entering new jurisdictions?

And let's be honest. Any firm with clear objectives is not waiting at the bar – they can pursue their own perfect marriage. Merger is just one of a range of potential liaisons, an alliance or joint venture might be a better starting point.

Many successful marriages do, of course, start with a random conversation at a bar. But unless you

know where you want to go, how will you know how to get there?

Based in Madrid, Moray McLaren is a partner at Lexington Consultants – specialist advisers to law firms. He can be contacted at [moray.mclaren@lexingtonconsultants.com](mailto:moray.mclaren@lexingtonconsultants.com)