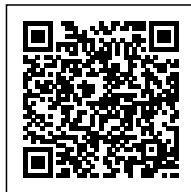


BUILDING A LAW FIRM FOR THE 21ST CENTURY

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Opportunities but also major challenges ahead

Iberian Lawyer organizó un foro en Barcelona y Madrid sobre el futuro de la profesión jurídica. Los eventos, patrocinados por BlackBerry, atrajeron un público de alto nivel y alineó a personalidades clave del mercado de la abogacía, no sólo a socios senior sino también a abogados de

sobresaliente reputación, los cuales habían sido galardonados en la edición 2007 de los Premios «Forty under 40». En el foro los participantes identificaron unas cuestiones clave que incluyen temas como la relación abogado-cliente, el uso de la tecnología y la comunicación y las ventajas de la solución BlackBerry, la gestión del despacho y la internacionalización, y el camino a seguir para un futuro de éxitos.

Iberian Lawyer recently organised discussion forums in Madrid and Barcelona on the future of the legal profession. The events, sponsored by BlackBerry, attracted an impressive line-up of key players in the profession, not only senior partners but also those rising stars who had previously been identified by last year's "40 under 40" awards. Kenneth Bonavia, former managing Partner of DLA Piper in Spain chaired and moderated both events.

Participants considered what would be the key issues facing law firms over the next ten years and what a law firm at the end of that period would look like.

Lawyer – Client relations

Always at the forefront of commercial lawyer thinking is the relationship with clients. David Arias, who leads dispute resolution at Pérez-Llorca, gave his vision of how these relations would evolve, in particular, he sees clients differentiating more between higher value expertise work and more day-today legal advice. Firms would tend to respond to one or other demand, and so the future structuring of individual firms in terms of human resource and technology needs will differ.

Participants suggest that this will mean difficult strategic decisions for law firms as well as an increasing polarisation in the legal market. Firms handling commoditised work will need to adopt sophisticated techniques to keep lawyer input down to the minimum through making focused use of technology, templates, paralegal and secretarial support, all controlled by hands-on management. Those opting for tailor-made services would need to recruit and retain the very best practitioners in the market.

This means also that they would have to turn away clients and work that did not require their talents. Indeed, to continue trying to serve both types of client need is impractical. The management model has to be different and reputation would suffer if the right resources were not in place.

Hugo Écija of Écija emphasises however that clients will not pay for what they perceive as high fees for standard work. Firms opting to service that style of business need to develop specific solutions for know how. Lawyers would add value to the client's business by adopting a multidisciplinary approach, which could mean a move away from current partnership structures and could even see the injection of external investment. He adds: "Personalised services will always exist and the big operations require a made-to-measure service, but clients are seeking to reduce legal costs and to have rapid and practical solutions and a commoditised service achieves those needs."

The input from in-house legal experts was most valuable. Richard Munden, a former Freshfields lawyer and Head of Fleet at Vueling, describes how businesses want external lawyers to adapt going forward, eg by developing and sharing know-how, virtual access to know how and through electronic

billing. He also explains that the key issues for clients are fees, especially related to commoditised work, providing quality, and adding value to the corporation's business.

Technology and Communication

Most participants agree that technology and communications have a key role to play in the law firm of the 21st century. Speakers contrast the opportunities from IT and communications with their latent risks. Better communication, through devices such as Blackberry, and advanced document management systems were allowing junior lawyers to develop sophisticated work quickly and more effectively.

Technology, participants said, especially communication tools, already greatly assist the work-life balance of lawyers who can now check e-mails and access documents while travelling or at home. Jesús Aguirre at Telynet explained how he has worked closely with law firms to enhance lawyer mobility, enabling them to complete time-sheets and other administrative duties outside their workplace.

However the risk is information overload. The challenge is not to get more information but smarter information. As Joaquín Hervada, of Freshfields in Spain, says: "The use of technology is crucial for the modern office, but you have to learn how to use it well. It must not be a way to avoid responsibility but a tool for fast and clear communication. It is important to match the information to the audience you are sending it to."

Marcos Araujo, partner at Garrigues, agrees, adding that the challenge is then to produce quality despite the quantity. Another risk is that young lawyers might not achieve the full insight into what

they are doing if they are driven by model agreements alone.

The net result, according to Romana Sadurska, Secretary General at Uría Menéndez, is that “the new generation has learnt to use technological tools in an intuitive way; they have a very special relationship with the new ways of communicating, but that affects reflective and systematic thinking, essential in our profession. In recent years there has been a different education model, and the result is young people are very confident, are open and intelligent and are ready and prepared to innovate.”

Organisational management and globalisation

The options for restructuring law firms to meet changing client needs attracted close interest. Javier Fernández-Samaniego at Bird & Bird feels that the basic, hierarchical, business model, in use since the 19th century, is increasingly out dated including within the legal sector. An innovative approach would mean virtual office working by fee earners when appropriate. Bottom up contribution of ideas was to be encouraged, so that everyone feels that they are stakeholders in their firm. This might strengthen the current partnership structure at most firms or indeed replace it with a wider stakeholder model.

Charles Coward at Uría Menéndez, considers also whether the partnership model would have to change, with firms becoming more like corporations. That might mean turning to external funding and even a stock market listing. However, investment targets would

be unattractive if the new shareholders were not able to participate in the running of the law firm and if their maximum participation were to be capped. His conclusion is that there would only be limited outside investment in specialised offices of the elite, although there might be wider investment in technology or the purchase of offices.

From the global law firm perspective, Stephen Denyer, the partner responsible for Allen & Overy's international offices, explained why it was unlikely that firms like his would seek external funding, now possible under recent reforms in the UK.

Fernando Rey, who leads Garrigues in Barcelona, addressed the likely impact of continuing globalisation, both in terms of delocalisation and outsourcing, as well as responding to cross-border advice and the issues of working within networks of law firms. He comments: "The internationalisation of offices can be approached using different models: from a policy of best friends to a true global firm with a profit pool. Between these two extremes are intermediate situations such as strategic alliances with firms in various countries that have a similar standing and strategy."

Being passionate

Various commentators noted how the new generation of lawyers – commonly known as "Generation Y" – has a different approach to learning and work and is more entrepreneurial and mentally flexible than its predecessor, but at the risk of appearing egocentric and less committed to work. Young

lawyers of today have to be kept interested, some say, and therefore may avoid commoditised work, even though their high level of IT skills will help drive the commoditisation of legal work. Current ways of assessing, promoting and remunerating individuals would have to change also if the commitment and contribution of the new generation is to be optimised. As young lawyers have shorter time perspectives, and partnership is less appealing, no longer would "up or out" or "survival of the fittest" be an acceptable approach.

Law firms will have to adapt their structure and culture to both accommodate and get the best from these young lawyers, said Romana Sadurska.

For Emilio Coco, who leads the Barcelona office of Cuatrecasas, reconciling family life with professional duties, especially for female lawyers, is increasingly important. HR strategies would have to adapt and the remuneration structure could change too. "Young people demand work-life balance: it is important not only to involve them in the big deals but also to let them work flexibly." Nielson Sánchez-Stewart, of Sanchez Stewart Abogados, is more sceptical: "Hitherto, young lawyers served their apprenticeship with pride and in an unconditional way. Now they want to negotiate salaries and their free time rather than invest in their training."

Miguel Roca, President of Roca Junyent, with his many years of experience, feels that for a long time the young lawyer has been taken advantage of, and there is

now concern about how to improve conditions in the offices, but the key is not to forget how to convey to young lawyers from the outset the passion for the law.

The route to success

Hugo Écija summed up the two forum sessions with this observation: "The successful law firm in the 21st Century will be the one that is able to innovate, to do new and different things, thus breaking with the practices of the past."

Judging by the contribution and interest shown by participants at these Iberian Lawyer conferences, law firms in Spain are certainly preparing themselves for the challenges that lie ahead. The real test, some suggest, will be whether the managers with vision can persuade their own partners to fall into line with the initiatives and changes that are needed.

A full version of the special Iberian Lawyer report, Building a Law Firm for the 21st Century, which includes all participant presentations and comments, is available from: events@iberianlegalgroup.com.

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