

# FIRMS NEED TO SELL ADVANTAGE OF 'TRUSTED ADVISERS' TO CLIENTS

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## **With clients' loyalty to legal service providers diminishing, lawyers say firms should do more to promote the benefits of more in-depth relationships between clients and their advisers**

As clients display a greater tendency to shop around for legal services, it is argued that lawyers need to make greater efforts to communicate the value of the 'trusted adviser' relationship as this benefits both the law firm and the client. As a consequence, lawyers argue, potential problems are more likely to be anticipated.

A number of recent Iberian legal market studies have emphasised the importance of trust in a lawyer-client relationship. Iberian Lawyer's Generation 3.0 research – which sought to identify the characteristics clients look for in the lawyers of the future – revealed that key to the success of the next generation of lawyers will be the ability to create close, personal client relationships based on trust.

Other conclusions were that lawyers will have to have "stronger commercial empathy" with their clients in the future.

Indeed, in a 2015 survey of in-house lawyers in Spain and Portugal, 61 per cent said one of the biggest mistakes law firms made when pitching for work was that "they did not demonstrate an understanding of our business".

Anecdotal evidence suggests that despite law firms in Iberia reporting higher rates of growth, lawyers are only now starting to come to terms with the damage caused to the lawyer-client relationship during the crisis years.

One member of Iberian Lawyer's In-House Club, who prefers to remain anonymous, says: "Since the start of the financial crisis, I have had a daily battle over fees with the very lawyers I respect and rely on the most – I think that we all have new scars to show for this." It is in this context that some lawyers argue that more needs to be done to sell the benefits of the 'trusted adviser' to clients.

"The term trusted adviser is commonly used to describe professionals that provide an integral consultancy service to clients," says Juan Antonio Ruiz, litigation partner at Cuatrecasas, Gonçalves Pereira in Barcelona. "Most clients value and understand the benefits of this type of service – this is because it is a win-win deal that increases value for both parties."

Ruiz argues that being a trusted adviser makes communication between a law firm and its client more effective. He adds that this enables information to "flow properly and results in a broader understanding of problems and weaknesses."

### **'Communication is paramount'**

Yet despite claims that clients understand the value of a trusted adviser, some lawyers argue that law firms need to do more to promote the idea to clients. Fernando Navarro, partner and co-head of banking and international finance at Ashurst Spain, says law firms could make a greater effort to communicate the value of the trusted adviser relationship. "One of the pillars of any law firm should be getting to know its clients better, and to learn more about the businesses they are engaged in," he says. "Communicating this should be paramount for law firms."

Navarro argues that lawyers that embrace the role of trusted adviser will have a competitive advantage. He continues: "Lawyers must be prepared to adapt to the trusted adviser role because clients will be looking for this – and this will set a lawyer apart from the rest."

However, Carlos de Cárdenas, partner at Uría Menéndez, believes that rather than communicating the value of the trusted adviser relationship, lawyers have to earn clients' trust. He adds: "You have to build trust by being credible, reliable and reaching a certain intimacy level with the client without losing your own independence – you must truly care." De Cárdenas says lawyers should aspire to reach the status of trusted adviser to clients. "Lawyers must evolve the relationship to that higher level where it goes from being based on service to being based on trust," he continues. De Cárdenas believes the relationship requires that "both parties, client and lawyer, invest time and resources in it – it takes time to earn trust".

PLMJ partner Thomas Pessanha says a trusted adviser relationship can have many different meanings. He adds that it could be argued that a trusted adviser is technically strong but also with an outstanding ability to use communication skills, business acumen and strategic thinking. Pessanha continues: "One can identify a lawyer as a trusted adviser when he or she is repeatedly asked to give advice beyond his or her area of expertise."

### **Mutual trust**

However, there is a widely held view that more clients are shopping around for legal services before making a decision on which firm they will use. Ruiz says: "The legal sector is going through some changes, but this does not mean that the trusted adviser relationship is absolutely affected by this as the relationship is not defined in monetary terms." He adds that such relationships involve "mutual trust and dependability". He continues: "In fact, lawyers have to work with great professional diligence and competence, regardless of the fees charged."

It is crucial that lawyers adapt to this new environment, according to Ruiz. "Law firms must find new forms of advice to complement their main activities and can do so by educating their lawyers, focusing on knowledge and inter-personal skills," he argues. "This makes the client's confidence grow, leading to a 'trusted adviser' relationship."

"Trust was one of the first casualties of the downturn," one Madrid managing partner told Iberian Lawyer. "And it is too soon to say how that can be rebuilt". IL