

HOW INDEPENDENT FIRMS CAN DEAL WITH THE CHALLENGE OF GLOBALISATION

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Forming partnerships with top tier firms in other jurisdictions can enable independent firms to differentiate themselves but it requires hard work and commitment, says Manuel Santos Vitor

The increasingly global nature of clients' businesses poses a number of challenges for independent law firms. Leading independent firms with international clients need to build more global practices, whether through associations with local firms, the creation of international networks or, if there is a sound business case, the opening of offices in other jurisdictions.

Independent firms that follow their clients to new jurisdictions have to differentiate themselves from

global firms in order to continue working with existing clients and to be able to attract new ones. Sometimes, the presence of a respected law firm in a particular market will be a positive sign for clients that want to enter that market – because the law firm is there, it has already opened the doors, and it can help clients to do business there.

The globalisation trend presents a number of opportunities. In the case of PLMJ, our internationalisation strategy has focused on Portuguese-speaking jurisdictions. For example, we approached top-tier independent firms in such jurisdictions with the aim of offering across-the-board services to our clients as well as to the clients of those partner firms. This means, when operating in different jurisdictions, clients can work alongside lawyers with whom they are already familiar.

We differentiate ourselves by offering local advice, through local firms, with a local approach and a deeper knowledge of the market. We can offer the same level of service as global firms and we can probably offer it on more beneficial economic conditions for the client. Often this enables us to provide far more for less to clients and it means we get the mandates.

All of this is easier said than done. It requires a lot of work and commitment. Getting to the stage where all of the above happens has taken us several years and a very large investment in people, in working conditions, and so on. Above all, we were fortunate to identify very good firms and lawyers working together with the same goals and a very similar culture. Levels of service and reliability are critical to us being the preferred choice of clients. There is only one opportunity to give a good first impression that will result in clients coming back for more.

Our presence and our network now extends to four continents and many jurisdictions, including Italy, Switzerland, Germany, China, Brazil, Angola, Mozambique, Scandinavia and the UK. When embarking on building such a network, you need to know where you should be. You need to know the respective markets. Even if they are similar to yours – with the same language or with similarities in the legal system – you still need to study them deeply. Each option – such as association, opening your own office or having close friends for referral purposes – has its own opportunities, advantages and disadvantages and you need to consider each of them thoroughly.

Mistakes are inevitable

Mistakes will be made and you need to be prepared for them and be resilient. A presence in another market involves a long-term commitment and you need to adjust your firm to accommodate this new international presence. Lawyers need to be prepared to go out there, get the mandates and deliver the service, while working hand-in-hand with local lawyers and local firms.

The globalisation of clients' businesses does not mean independent firms are disadvantaged. In fact, our experience shows otherwise. Clients approach us, even clients that are not our usual clients in Portugal. We can offer a platform that is reliable and offers the same level of good service. Mature global clients understand that you need very good local lawyers with a very good knowledge of the law and the market. They are very professional and when selecting lawyers, global brands are not enough per se – they will consider other options.

Will there be more consolidation among independent firms? Independent firms will continue talking to each other. They have to thrive in very competitive markets. Some will consolidate and others will associate themselves or enter networks. Some will cease to be independent.

We intend to remain independent and be a leading player with some very close friends in jurisdictions where we already are and perhaps some others where we currently do not have a presence. The response among clients is very good, they are pushing us to do more – we have come a long way since we were only a Portuguese firm.

Manuel Santos Vitor is a partner at Portuguese law firm PLMJ