

MAKING YOUR FIRM CLIENT-FOCUSED

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When clients strengthen their demands and want more for less, it may be time to look at the extent to which your firm is client-oriented, says Nils H Thommessen

What is the best way for lawyers to adapt to an environment where clients are becoming dissatisfied with the cost of legal services and think they should get more for their money? Across Europe – including in Spain and Portugal – clients are demanding more from their lawyers. And this is not

confined to nations with struggling economies. Even lawyers in my country, Norway – which has an economy that has benefited fantastically from its energy sector and consequently fostered steady growth in its legal industry – now face the challenge of clients questioning the price and service level of law firms. We know that the legal profession has to adapt, but which is the best way to do this?

Throughout 2012, we started to realise that even though the Norwegian economy seemed to be continuing to grow, our clients started to expect more from us. From a situation in which the leading firms in Norway were regarded as a must-have in all matters of significance to our clients, we moved to a situation where clients started to question the prices of our services, our willingness to share risks with them, the extent to which we actually created value for them, and whether the differences in legal expertise between tier two and tier three firms and the tier one firms actually justified the higher rates for our services.

Having spoken with many of our colleagues around Europe – including in Spain and Portugal – for many years, none of this was unexpected. How did we at Wiersholm deal with these challenges? First, we tried to be at the forefront of information internally. We saw it as imperative that we reduced the information gap between the managers of the firm and other lawyers and staff and we tried to get everyone to understand and accept the need to change, before they started to experience it themselves in their own practice because this is often too late. Among other things, we invited Professor David Wilkins, Vice Dean at Harvard Law School and legal industry research specialist, to inspire and educate our partners, lawyers and staff. The focus was on where the legal industry is going and how we as a firm can deal with the challenges.

Accepting that it is imperative that advice we give clients is based upon the commercial and business situation at hand and thereby also accepting that legal advice can be technically brilliant and irrelevant to the client at the same time, we make sure none of our lawyers starts working on any legal issues before they are certain that they understand the commercial implications for our clients.

Commercial skills

We also realised that if we are to continuously render advice which clients feel adds value to their business, this will have to have an impact on the profiles of the individuals we hire. We therefore decided that even though we will not reduce our demands for technical skills, we have drastically increased our efforts to recruit the limited number of lawyers that possess both brilliant technical skills and commercial skills, and the understanding that will enable them to enhance our clients businesses.

Additionally, we organised all the partners and some of our lawyers into industry groups. Each group focuses on a cluster of sectors in which we have decided to specialise. Their only focus is to ensure we understand the businesses and the people in the respective industry sectors, and to make sure that the clients in each of these sectors knows us and our capabilities.

We also worked with clients to try to find ways in which a degree of value based billing could work. A much more flexible and transparent billing system was created. In this system, the competence of a lawyer with respect to the matter at hand plays a more important role in the pricing than seniority. We also changed the basis on which we increase salaries and promote our lawyers. In Norway, seniority has always been the most important factor when it comes to salary increases and promotions. We have changed this so that all our lawyers now know and accept that competence is the predominating factor when determining the individuals' salary and career track. These are some of the many ways in which we have adapted to changes in the demands made by clients and I expect the changes to continue.

Nils H Thommessen is Managing Partner of the Norwegian law firm Wiersholm.