

OPPORTUNITIES AND THREATS IN AN ENVIRONMENT OF CHANGE

Posted on 08/02/2013



Category: [Opinions](#)



By now, we all know that change is on the agenda for any law firm that wants a viable future,

says Charles Martin, but ensure you communicate it both internally and externally

A estas alturas, todos somos conscientes de que el cambio está en las agendas de aquellos despachos que buscan su viabilidad, afirma Charles Martin. El reto está en las posibles consecuencias de no reconsiderar los elementos fundacionales básicos de los modelos de negocio tradicionales. Esta reflexión proporciona los ingredientes para convencernos de la necesidad del cambio, además de darnos a conocer los obstáculos que podemos encontrarnos en el camino. Una fórmula para conseguir el éxito o el fracaso, en función del camino que se tome.

If you consider the global economic backdrop, market changes, such as the impact of IT, and the current pressure on In-House Counsel, plus the urgent economic difficulties that we are experiencing across Europe, and you can see the drivers of change are pretty irresistible. But the challenge of getting us to rethink the most basic foundations of our business models has much wider ramifications. Add to this the fact that lawyers are often fundamentally insecure people. The profession is characterised, certainly in the UK, by established interests and frequently a resistance to adopting new approaches.

This gives you ingredients which mean that change is a necessity, but also an understanding of the difficulties which that entails. A recipe for either failure or success, depending on whether you get it right!

Every law firm, including my own, is looking at what that means for it in its own segment of the market. We are almost unique amongst the major City of London firms in a number of ways and that includes our approach to international global work and clients. That entails working with independent law firms worldwide. We don't have 'best friends' arrangements; we have a 'good friends' approach where we work with the best firm for the client and task on a case-by-case basis. Our own approach to change really started in a very abrupt way, not due to the current regulatory changes in the UK, but from something more urgent. In 2008, private equity transactions and real estate collapsed. We were faced, like a lot of firms, with a very significant drop in revenues. The common theme management consultants tell us is that when approaching restructuring you should do it decisively, quickly and where it involves cutting, cut deep. But as lawyers we do not believe them. So we did too little and, with hindsight, we should have done this much sooner. So we had a second go and when we could see the changes being viewed positively in the market, we realised that we needed yet more changes. This required a whole number of, mainly internal, changes, which we then implemented.

One piece of advice to any firm going through difficulties is to ensure that you remain externally and not internally focused. The great danger is only looking at those problems that are most close to hand – the internal issues. The real secret to successful change is to look outwards to where the demand is and to what clients want.

We made significant changes, designed to streamline what we were doing and assist partners in focusing on the clients, including making some reduction in headcount. Not at all easy, but I am pleased to say that this allowed us to come back stronger in the last couple of years.

But I would not say that the work is over. Change is with us to stay and dealing with it is going to be a continuing feature of our role

as law firm leaders and managers. It is continual, not something that we get through and come out the other side. There is no new 'normal' if that implies that what is now normal will simply continue. Our next task was to look forward, so we spent a lot of time exploring and defining the future that we saw for the firm. This included what we wanted to focus on but also, more importantly, what we wouldn't do. We decided that we would not sacrifice quality, we would work with clients only where we felt our offering matched their requirements. You could call this our 'vision' for the firm, although it is not a word that many law firm partners would choose. But we needed a call to action.

Differentiation is key; be prepared to offer something different, something for specific segments of

clients - even if that means being bold and doing things that may not be easy. That is where the market for high quality legal services is heading.

Find those categories of work that have your name written on them, and the work will come to you as a matter of course, whether your segmentation is price, geography, legal speciality or industry sector. Do it so well that you have a truly compelling proposition for that segment of work.

Looking back, my advice is to remain externally focused and communicate very clearly internally and, to the extent you have to, externally. We found it much easier to bring about change when people understood where we were going, rather than being faced with vagueness and a lot of unanswered questions.

Charles Martin is Senior Partner at Macfarlanes in the UK. He can be contacted at charles.martin@macfarlanes.com