



STRATEGIES FOR *Integrating Client Services within Alliances and Networks*

JOINING OR FORMING AN INTERNATIONAL ALLIANCE OR NETWORK MAY SEEM LIKE A LOGICAL AND LOW-RISK SOLUTION TO BUILDING INTERNATIONAL CREDIBILITY. MAKING THEM WORK FOR MEMBERS AND, MORE IMPORTANTLY, CLIENTS, IS, HOWEVER, ANOTHER MATTER ALTOGETHER.

About two years ago, my colleague Ed Wesemann and I wrote an article entitled 'Seamless Service Across the Atlantic', which addressed some of the issues facing law-firm alliances and networks, and suggested some key characteristics which alliances need to develop in order for member firms to be able to compete for the higher value transatlantic work. In this article, those suggestions are taken further in order to address the needs of alliances throughout the world rather than just those involving the UK and the US, and to suggest

some ways in which alliances and networks can provide a more seamless and integrated service to their clients. As we have pointed out previously, alliances can take many forms including best-friends alliances, alliances affiliated to leading firms, and membership networks.

Over the past 20 years or so, small and medium-sized firms — and even some quite big ones — have relied on alliances and networks to give them a semblance of international credibility and to provide them with a flow of referral work for inbound overseas work. The



by Nick Jarrett-Kerr

problem is that many such alliances have remained just loose talking shops where information is exchanged and a few (but not many) referrals get made from time to time. For a network or alliance service to have any chance of success in competing with global firms, the proposition needs to be

ARTICLE SUMMARY

- **For a network or alliance service to have any chance of success in competing with global firms, the proposition needs to be developed in such a way as to provide clients with an attractive alternative either to choosing a global firm or creating their own network of suppliers across the world.**
- **Some alliances are now starting to insist that member firms use agreed client-acceptance procedures, engagement letters and invoicing. In addition, the alliance must be robust enough to be able to expel any members who fail to adhere either to the rules or to the agreed quality standards.**
- **Many alliances find it very difficult to track who is making referrals and to which firm, and such problems often seem somewhat symptomatic of the casual unimportance that partners can attach to their alliance responsibilities.**
- **The important principle is that it is highly desirable for each member firm to institute performance-management standards and processes locally that are consistent with the alliance's requirements.**
- **What is clear from the experiences of many lawyers is that the old loose alliance is no longer particularly effective — those where a meeting is held once a year and where loose information-sharing exercises take place, which have no clear relevance, and where partners do not really know the partners in member firms, understand what they do or have confidence in their abilities.**

developed in such a way as to provide clients with an attractive alternative either to choosing a global firm or creating their own network of suppliers across the world.

The issue of trust lies at the heart of the alliance proposition — trust between network firms, and between the client and its suppliers of legal services. It is of course possible to put in place processes and systems that member firms are expected to adopt in any intra-alliance project or client matter. The trouble is that trust — or maybe lack of trust — trumps processes every time. Only when trust and credibility have been built can seamless service and integrated client relationships have a hope of working.

I have therefore identified seven key elements that need to be put in place to create a winning proposition and to enable an alliance or network to function effectively and consistently in the provision of seamless client service.

I. REDEFINING THE OLD ALLIANCE MODEL.

First it is vital that the old loose alliance model is redefined and there are a number of ways this can happen. Clearly an alliance has more credibility if it is seen as an arrangement that looks closer to a multi-office international law firm than a loose and nominal link between independent firms. In this connection, alliances with fewer, carefully vetted member firms seem to do better than those which have no membership standards. Equally, the successful membership networks such as Lex Mundi often contain firms of similar substance and standing, and with similar strategies, goals and client bases. In these alliances, members are aiming to be able to claim to have leading firms in every jurisdiction capable of out-punching the local offices of the global firms. To achieve a position of offering a genuine alternative to a multi-jurisdictional integrated firm, it is very important to ensure that there is at least some unity of purpose and that all firms understand the needs of the types of clients that most member firms serve. It is also crucial that cultural sensitivities are thoroughly understood and that,

THREE CHALLENGES FACING ALLIANCES:

1. CLIENTS HAVE IDENTIFIED AN INCREASING GAP IN SERVICE DEPTH AND CONSISTENCY OF QUALITY BETWEEN THE MULTI-NATIONAL LAW FIRMS AND THE LOOSER TYPES OF ASSOCIATION.
2. AS CLIENTS HAVE THEMSELVES BECOME MORE INTERNATIONAL, THEIR LAW FIRM HIRING DECISIONS ARE INCREASINGLY MADE IN HEAD OFFICES IN PLACES LIKE FRANKFURT, DUBAI AND HOUSTON, WHERE THE 'LOCAL' HISTORIC RELATIONSHIP WITH THE UK LAW FIRM MEANS LITTLE.
3. THE TREND IS GROWING FOR HIRING DECISIONS TO BE MADE BY THE PROCUREMENT DEPARTMENTS RATHER THAN THE IN-HOUSE LEGAL DEPARTMENT, AND SUCH PROCUREMENT DEPARTMENTS ARE LOOKING FOR COST-EFFECTIVE OUTSOURCING OF LEGAL WORK TO FEWER PROVIDERS.

to the extent that this is achievable within an alliance setting, firms can align similar styles and working behaviours and outlooks. This is far from easy. Different jurisdictions and countries have different cultural norms. What firms have to do is to establish at the outset the expectations both of the typical client and the norms and standards applicable in those jurisdictions. As Martin Cross of Thomas Eggar LLP explains in talking about standards and behaviours in relation to service delivery: "I believe that it is culturally wrong for us to seek to impose upon all members of the network our own norms." He goes on: "Sometimes, especially in the cases of Switzerland, Germany and the Netherlands we find those norms are stricter than in the UK." Having said that, it is nevertheless vital to ensure that the expectations of clients are met to their standards and not the standards of the supplying firms. This leads on to a final point in connection with the need to redefine the older alliance model. This is that firms ought to be aiming for — if not total exclusivity of arrangements — nevertheless processes and systems that are universally accepted within the alliance for dealing with work generated within the alliance. These arrangements will not work unless they are tested under fire but if the alliance

is to be seen as a serious means of developing international strategy and capability, members must view the technical and service requirements of the alliance as enforceable and mandatory. As an example, some alliances are now starting to insist that member firms use agreed client-acceptance procedures, engagement letters and invoicing. In addition, the alliance must be robust enough to be able to expel any members who fail to adhere either to the rules or to the agreed quality standards.

2. IMPOSING A COMPLIANCE AND QUALITY REGIME.

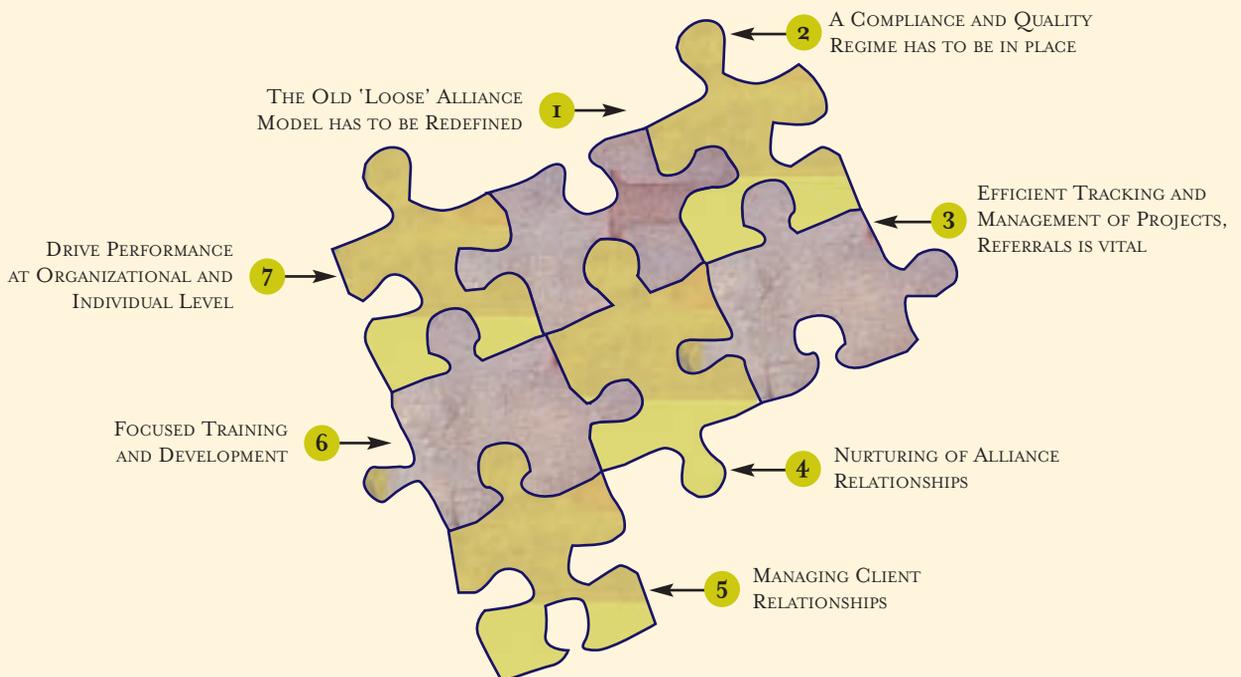
The second method or element that needs to be put in place is a compliance and quality regime. At a granular level, it helps if firms can use agreed processes and templates. Many alliances are working on common templates processes at practice-area level although progress can be slow as compared with the possibilities in multijurisdictional firms. As Malcolm Mason (now a partner of Welsh firm Capital Law and previously with Eversheds and Morgan Lewis Bockius), says: "Have one set of clear instructions to all firms that must include a clear and comprehensive description of the issues and

client expectations. If at all possible use a standard matrix for questions and advice, and provide a sample advice for style. Above all, make it clear you do not want 20-page treaties on law but practical advice in line with client requirements. Some clients want bullet-pointed advice only but it is important to make sure that you know what your clients want. Your teams must understand that the goal, as far as possible, is to provide seamless advice as though it is coming from one firm.” Here the firm to whom work has been referred must expect some element of supervision and control by the firm referring the work. What we have sometimes seen within alliances is the firm receiving a referral and then trying to run with the matter to their own standards without much knowledge of the client and with very little reference back to the referring firm. This often leads to instances of complaint from the client with the referring firm left to pick up the pieces. Lack of responsiveness and issues of cost are also common causes of complaints from clients. It is vital that this is addressed by ensuring a proper line of communication

between the referring firm and the firm doing the work even if what is referred is a self-contained job rather than a teamed approach. Some go further and are insisting on harmonized standards and arrangements for professional-indemnity insurance and are also considering common technology platforms. These steps are all aimed at demonstrating to clients evidence of both seamlessness and quality standards.

3. MANAGING AND TRACKING REFERRALS AND JOINT PROJECTS. Third, the alliance must provide efficient tracking and management of projects and referrals. There should be a sense of common discipline and ownership within the alliance to enable all firms to understand how things are expected to work. Many alliances find it very difficult to track who is making referrals and to which firm, and such problems often seem somewhat symptomatic of the casual unimportance that partners can attach to their alliance responsibilities. It is vital that this challenge is addressed so as to ensure, amongst other things, that a proper sense of ownership and belonging to

SEVEN ESSENTIAL CHALLENGES: THE SEAMLESS SERVICE PROPOSITION WITHIN ALLIANCES AND NETWORKS



the alliance is recognized at all levels. Among other things, the successful adherence by member firms (and their partners) to the most basic alliance disciplines will be quickly noticed both within the firms and to clients.

4. NURTURING RELATIONSHIPS IN THE ALLIANCE.

The fourth and very important feature of successful alliances is the way in which alliance relationships are nurtured. Every firm that we contacted to discuss this matter made this one of the most important aspects. The point here is that partners will generally only trust work to people and firms that they know and about whom they feel confident. It is not easy to strike the right balance here. On the one hand, as Tim Aspinall of DMH Stallard points out: "The key to success is to meet individuals and each member personally on a regular basis so you get to know and trust them. As always it is a personal relationship at the end of the day albeit within the umbrella of an alliance network. To effect this, we tend to send two to three people to one of the alliance's annual conferences (the same people each year) and this is the pattern amongst other firms." The balance which has to be struck here is on the one hand the building of excellent relationships between a few key stakeholders in each member firm while avoiding the internal perception of cronyism on the other — the old style of alliance where the same people go off to an expensive hotel in an attractive resort every year without much evidence of real progress being achieved. What seems to be important is to ensure that there are champions in each of the member firms who are accountable for ensuring an acceptable level of service delivery in every case. Clients need to be persuaded that close working relationships exist between the member firms.

5. MANAGING CLIENT RELATIONSHIPS. The fifth point is that firms within alliances must understand the principles of key client-relationship management for global or international clients. It is vital to have a deep understanding of a client's commercial objectives

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By Friedrich Blase and Michael Roch

and to try to get into the position where firms within the network are all regarded as part of the team. Personal rapport and chemistry always play a vital part in the lawyer-client relationship and — where a firm has a client with international reach — it is important to build at least some of those relationships within an alliance network at an early stage. After all, clients gain perceptions of the capabilities and resources of their law firms and their expectations can, to some extent at least, be managed. We have heard of instances of large corporations appointing a global firm for international work because of a perception that their usual legal supplier had no international resources or capability. It helps if the alliance model can be explained to clients in advance of hiring decisions as long it can be presented as a logical, credible and safe alternative to the global firm.

6. FOCUSING ON TRAINING AND DEVELOPMENT.

The sixth area to emphasize is the importance of training and development within the alliance. It is clear that cross-firm training helps understanding and aids the building of trust within the firm. Furthermore all alliances tend to contain one or a small number of leading firms who have a big responsibility to cascade learning,

information and best practice throughout the alliance. Secondments and training programmes all assist — not just in building skills and knowledge — but also in building relationships and understanding the needs of different jurisdictions. To address the issues of training and development one thing that some firms have done is to educate younger lawyers about working practices and acceptable behaviour in most of the typical jurisdictions in which work crops up. They would explain to their younger lawyers how a retainer is concluded in, for instance, France and Portugal. It is important for young lawyers to understand the norms by which documents are copied round to clients in jurisdictions and the expectation of delays in court processing in many countries has to be thoroughly understood. Hence the training that is needed is not just intra-alliance but within alliance firms themselves.

7. DRIVING PERFORMANCE. The seventh point is to drive performance both at an organizational and individual level, and there are a number of issues to be dealt with here. The important principle is that it is highly desirable for each member firm to institute performance-management standards and processes locally that are consistent with the alliance's requirements. At a more granular level those who are responsible as gate keepers or client lead partners, must show the team that they know what they are doing in their jurisdiction and must take care not to bully or hector. As Malcolm Mason says: "Show your client that you can manage a team no matter what their language and jurisdiction." This driving of performance needs a great deal of investment time. It is a great mistake to promise a network service unless you have developed the proposition in a truly inclusive way. Geoff Harrison of Eversheds adds: "Do not under estimate the investment required to make it fit for purpose, as it is very unlikely for there to be a quick win. Do not settle for warm words, but create a process (even better if it is client imposed)." Martin Cross of Thomas Eggar observes: "What really

made service delivery work was undertaking a multi jurisdictional job for one client. We rapidly learned that the only way to manage this was by appointing one lawyer as the team manager." The team manager or gatekeeper has a vital role to play in multi-jurisdictional matters. He or she needs to be in place and closely guarding the relationship with the client. It is the gatekeeper's role to shield the client from the hassle of having to deal with a number of different people. As and when standards or levels of responsiveness slip, it is the gatekeeper's job to redress the situation through monitoring and managing each case. Peer-group pressure from other firms working for the same client also helps to ensure proper service delivery.

What is clear from the experiences of many lawyers is that the old loose alliance is no longer particularly effective — those where a meeting is held once a year and where loose information-sharing exercises take place, which have no clear relevance, and where partners do not really know the partners in member firms, understand what they do or have confidence in their abilities. If work for international clients is incidental or peripheral, then international networks and alliances will always be optional side features of the firm's normal and core offerings. But many firms are becoming increasingly aware both of the ambition of their long-standing domestic clients to do business overseas and of the growing importance of legal work for non-domestic clients. Most of the outlined steps may be at a fairly granular level but need to be set against the background of a thorough understanding of the firm's strategy and ambition to do work for international clients. The network proposition to clients simply will not be effective unless it is led from the very top of the alliance firms and actually leads to service improvement.

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