



## IN THIS WEEK'S ISSUE...

Joanne Harris, special reports and Europe editor

### Practice area: Law Firm Networks

Networks are a constantly evolving feature of the legal market. In this week's Special Report we look at two different models, examining what the pros and cons are for members. Dale McEwan talks to those involved in sector-specific networks, finding out that firms focusing on particular practice areas believe they can increase vastly their global reach by teaming up with others.

Meanwhile, the report also looks at networks branded as a single firm. CMS and Eversheds, both of which operate umbrella structures with a number of financially independent member firms, argue that they can operate as one firm despite the lack of integration.

### Practice area: Litigation Funding

With litigation back on the increase litigation funders are

becoming increasingly active. In our practice area Special Report Paul Sullivan reports on the slow but steady growth of corporate third-party litigation funding.

Online, Nick Rowles-Davies says law firms need to educate themselves and clients about how litigation funding works and the advantages it can bring, while Selyvn Seidel picks through the issue of control in cases funded by a third party.



# Party line

To compete with the big global players, law firm networks should eschew the jack-of-all-trades approach in favour of being master of one.

By Dale McEwan

Law firm networks come in many shapes and sizes, but a sector-specific approach can prove to be particularly fruitful. This is especially relevant to small boutique firms, which often struggle to promote themselves on a global level. Alliances formed around a sector can generate more than just a competitive advantage, bestowing advantages that have become crucial in these straitened economic times.

For Stephen Swinkels, executive director of labour and employment network L&E Global, joining a sector-specific network is very much a case of playing to your strengths.

L&E is an integrated alliance founded earlier this year. Prospective members were required to draw up lists of partners and associates from within their firms who were dedicated to international work. These teams then combined to create a firm within firms, with the sum of this emerging as L&E.

### Mono mania

"You have the top firms globally, which will survive. The layer below, those are the firms that will have problems. The top deals won't go to them," predicts Swinkels. "If you try to be good at everything, as full-service firms try to do, it just won't work. If you're not one of these top firms you just have to focus on certain areas and specialise."

Swinkels adds that employment law is one of the few areas that can be exercised independently without missing opportunities for work in other sectors. He thinks his network is now able to compete with the likes of Allen & Overy, CMS and Baker & McKenzie.

Over at Ius Laboris, which also specialises

in employment, joining a tightly focused network allows members to offer a broad range of services.

### Grubbing for work

The focus of the Food Lawyers Network was an attempt to smooth the coverage of food law across Europe, explains associate Nicola Conte-Salinas. She works alongside Markus Grube, who runs the network from German firm Krell Weyland Grube.

"Food businesses have grown internationally and food law in itself isn't harmonised within the EU. The clients noticed that. We therefore started to think about putting up a network of food lawyers to enable clients to work on an international basis," relates Conte-Salinas.

The network is keen to train lawyers in countries where a food law system is either emerging or nonexistent.

### Bundling power

Having a focus facilitates the sharing of knowledge, skills and experience and, crucially, provides a far tighter sense of community, a point highlighted by Nick Hood, executive chairman at insolvency association BTG Global Network.

"It's much easier if you have sector-specific guys in different parts of the world talking to each other," states Hood.

Ultimately, says Hood, there remains only one genuine reason for establishing a network. "The only purpose of a network is to win work and assist yourself in doing work," he contends. "You can kid yourself that internationalism is a good thing, but the

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Stephen Swinkels, L&E Global

reason is to win work.

"What I'd never have wanted to build is a directory network. You say to someone in a network, 'Can you find me a member in this country who can help me with this?', and they say they'll look them up in the directory. I'd say, 'No, forget it' - they should know the member straight away."

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### The full monty

For some networks the tight focus on a particular field has loosened over the years.

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# LAW FIRM NETWORKS

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These networks retain their specialisms to some extent, but have widened membership to include full-service firms.

USLAW Network, a litigation network, is one such example. Around 60-70 per cent of the organisation's members are now full-service firms.

"This grew out of the type of firms we were admitting to the network," says Roger Yaffe, USLAW executive director. "It started as admitting litigation boutiques. We started to identify firms we felt were more well-rounded because we knew that litigation was only one focus of a network. I don't think it was a conscious decision. The type of client we worked with also had corporate work."

Yaffe explains that it would have been a "lost opportunity" if the network had decided not to offer additional services.

"While we're still comprised of individual law firms, firms have grown much closer in cooperations," he says. "As we have firms that are successful and merge or open new offices, it's interesting how that affects the dynamic of our network. We're very proactive in making sure that firms that do have offices outside their own jurisdictions build relationships with the firms in those other jurisdictions."

## Asian queue

Asia is a market that many networks are keen to tap into. Technology network TechLaw added India to its membership a matter of weeks ago, and the priority is now on sourcing members in Japan, Taiwan and China.

"The genesis is to have member firms in technology hotspots and increasingly those are in Asia," reveals Craig Thorburn, president-elect at TechLaw.

Since the network began in 1986 the main challenge has been the expansion from a purely US-based network to one that includes Europe and that now encompasses emerging markets.

"The only area where we've found difficulty in getting a member is China," explains TechLaw president Wolter Bettink. "This appears to have to do with the way Chinese firms operate. They value their independence."

Some of TechLaw's members have offices in China, so the network often operates through them.

L&E's Swinkels says his network is keen to break into India and China. He admits that this is a bit tricky because these legal markets are not ready for independent employment law boutiques.

International Reputation Protection (IRP) is seeing a serious uptick in work from within Australia and the Pacific Rim. There is an increasing amount of corporate activity through the Hong Kong market, according to Schillings partner Rod Christie-Miller, IRP chief executive.

IRP deals with corporations rather than individuals and clients include a number of mining companies. With IPOs come potential attacks on reputation, so the network is seeing growing activity in this field.

Further geographical areas of interest for networks include the Middle East.

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Nick Hood, BTG Global Network

Wielebinski says the strategic direction of FraudNet includes continued managed growth in areas such as this.

"One of the key areas we expect to focus on is those countries experiencing regime changes," Wielebinski reveals. "We have significant experience in pursuing the recovery of assets improperly taken by former leaders or corrupt government officials."

This experience includes investigations into former Nigerian head of state Sani Abacha.

For other networks growth is not so much a key concern at the moment.

Ius Laboris bulked up quite significantly within the first few years following its launch in 2001. The network has not increased in size over the past four years, with Everatt saying that this is a conscious decision.

"We grew rapidly and have now been consolidating," he explains. "We're focusing on how we work together internally. It's based on quality rather than numbers."

"Employment law isn't that well-developed across the world. For us, getting the right member is more important than getting a member."

Everatt adds that he is considering a few jurisdictions at the moment, such as Asia, Africa and the Middle East.

## Picking the mix

It can be easy to decide upon a geographical location, but sourcing suitable members can prove more problematic.

"It's sometimes quite difficult to find lawyers in particular jurisdictions who do what we do and are as specialised as us," admits Laura Tyler, a senior associate at Schillings who assists Christie-Miller with IRP. "There are some jurisdictions where the media isn't as advanced and lawyers in this field may not be as advanced. Because of this, we sometimes need to rely on generalists who have some experience but who may not be as specialised."

BTG, meanwhile, generates work referrals by focusing on specific industry sectors within its insolvency specialism, such as hotel and leisure or automotive.

"We market the network's experience to people who might commission work," says Hood. "For example, we might go to banks that may have strong exposure in the automotive sector."

He adds that the network can be pushing up to three different sectors at any one time.

When admitting new members to the network, Hood looks for a mixture of independence, quality, integrity and entrepreneurial flair.

"We don't recruit the local office of Clifford Chance or Hogan Lovells," he states. "What I want is sparkier, more nimble firms. I want people who are local market savvy but also internationally minded. I don't want professionals who can't see beyond

the end of the case they're working on.

"I've got a lawyer in Budapest with a client who has a problem in Yemen. That's why I don't need people who do it by the book."

## Assess thy neighbour

A peer review system is an integral part of Ius Laboris's activities, says Everatt. Each firm gives their opinion on working with other members around key areas, such as legal knowledge, project management and timeliness.

"Then we go through any issues there may be with firms and try to work out the issues," explains Everatt. "For clients in the top 500 companies globally, they're sometimes worried about the quality of service outside the normal developed countries."

This focus on the end result is shared by Swinkels at L&E. "This isn't a friendly boy's club," he insists. "It's about increasing business and going after new clients together."

He adds that internal marketing and communication within a network is crucial. He says members should at all times "live the alliance" and always consider how others could benefit or contribute.

## Show and tell

In terms of advice, sharing information between firms is also essential. Swinkels says his network looked at its competition and observed three very important developments.

The first was new competition, not only from other firms but also from in-house teams. Second was globalisation. This is more than just an ability to speak English, but rather centres around an understanding of the ways clients deal with their businesses across the world. Third was pressure from clients, which suddenly emerged for employment lawyers in areas such as securing places in panel reviews.

"By sharing this information," says Swinkels, "our firms have learnt a lot about these developments."

## The way we work

Understanding that professional service markets differ from country to country is another consideration, adds Hood.

"It's important to be flexible and not to give the membership the impression that you're imperialised," he stresses. "I say, 'Explain to me how your market works, and then we'll look at how the UK works, and then we'll try to take the best bits of both markets.'"

Hood adds that the best networks are the ones with broad spreads of management and development.

"There's a tendency in some networks towards being an expression of the personality of a small number of people," he says.

Bettink at TechLaw believes good relationships underpin good networks.

"The group of people who are active in TechLaw know each other very well and you can't overvalue the trust that creates between members," he emphasises. "TechLaw's a closely knit network, and that's important in these times of crisis." ■

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Laura Tyler, International Reputation Protection