

# Briefing

October 2016

SMARTER LEGAL BUSINESS MANAGEMENT

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Do unwritten rules about dress and bearing risk discrimination?

**FORWARD MARCH**  
How Ashurst is investing in innovative edge

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# Editor's letter



It's timely that we turn our attention to growth strategies for **Briefing's** big idea feature this month. And I don't only mean because of whirling rumours of a game-changing 'three-way' merger making waves as we pressed send on this edition.

I don't know whether it's early post-Brexit jitters, but two reports have come out within a week that make for a rather mixed message about whether there's merger on your mind.

The 22nd annual survey of firms from Smith & Williamson suggests it's a lot more likely than in 2015. It says 43% of you (sample: 100 UK-based firms, including MP, FD or other top dogs at 50% of the top 100) want to acquire or merge – up from 28% in last year's survey. Although S&W also points to a continuing trend

## Two reports have come out within a week that make for a rather mixed message about whether merger's on your mind.

for relatively small acquisitions, plugging people in much as you would with a lateral hire. Head of professional practices at S&W Giles Murphy says firms are seeing this route to specialist sector focus as a better opportunity to differentiate what they do than both lateral hires and independent UK expansion. "In contrast," he commented: "it

can take two years for two similarly sized businesses to reconcile reward structures, roles and disparate systems following a merger, resulting in the risk of them being inward-focused at a time when they should be seeing the benefits of the combination through increased levels of income."

But only a week earlier a poll commissioned by partnership firm Fox Williams claimed just 26% of top 200 firms are on the hunt for a merger within the next two years. That's a smaller appetite than in 2015 – possibly, says the firm, reflecting fear after a run of reported failed negotiations. Fox Williams finds firms are much more willing to turn to team hires for their profitable growth – and even more, it turns out, to technology.

Clearly, not all strategies are created equal. But if we can say anything, law firms – like the rest of us – seem to be living in uncertain times.

**RICHARD BRENT** EDITOR

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# Inside this month

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“There’s a lot of  
untapped talent  
in traditional  
legal roles”

Mike Polson, co-director,  
Ashurst Advance



**Briefing** is the only legal business management title, and is focused exclusively on improving the work and worlds of law firm management leaders. Every issue is packed with relevant insight and lessons from peers and pros.

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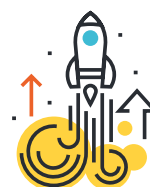
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 ROUNDUP

# AI or nay?

I told myself it would be an entirely artificial intelligence-free review of the biggest legal business news this edition. Turns out, that's not going to happen. This past month big legal names really have been falling over themselves to tie up with the tech that's tipped to transform their futures.

In mid-September came the announcement that none other than **Slaughter and May** was collaborating with technology from **Luminance** to speed up due diligence ("understanding" hundreds of pages of complex legal docs per minute, the firm says).

## 13

### Bilingual lawyers and legal analysts to set up HSF alternative legal hub in Shanghai

Based on science from the **University of Cambridge**, Luminance is also founded by lawyers and other experts in M&A, who have 'trained' it to think like them. The science part draws on Recursive Bayesian Estimation theory ... as you ask. And the whole thing's backed by European technology investment fund **Invoke Capital**, which has also invested in machine learning for detecting cybersecurity threats (Darktrace) and data-driven medicine by DNA sequencing (Sophia Genetics). Like those investments, according to Mike Lynch, founder of the fund: "There is a technological advantage in this particular product that outstrips its rivals."

But **Freshfields Bruckhaus Deringer** might have something to say about that last bit. The firm has struck its own strategic partnership with **Kira**

**Systems** (as **Clifford Chance** did back in July).

In a press release, Freshfields said it went for Kira after a year of testing solutions – and chose it because "unlike other machine learning software, it allows Freshfields' lawyers to train the algorithm to meet their specific needs." The firm will use the technology across practices through its Legal Services Centre, which is due to open a new base in North America by the end of 2016. Its director of legal services innovation, Isabel Parker, said: "Kira can be configured around our own custom provisions, using our knowledge base. It complements our own legal expertise, and will further enhance the quality of work delivered."

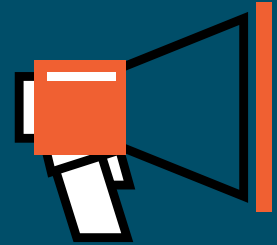
Meanwhile, **Herbert Smith Freehills** is expanding its alternative legal services business – launched in 2015 to take on the most efficient delivery of the most document-intensive work – to the Shanghai office. The firm wants to take advantage not only of technology for getting through documents faster, but also in-demand language skills. An initial 13-strong team of lawyers and legal analysts is fully bilingual in Mandarin and English.

HSF's global head of alternative legal services, Libby Jackson, said: "A complex transaction or dispute can involve the review of millions of Chinese-language documents that often must remain in China. By equipping this new team with technology and processes proven at our existing hubs in Belfast and Perth, we can offer clients a cost-effective way of tackling the document-intensive elements of these projects on the ground in China." ▴

**This past month big legal names really have been falling over themselves to tie up with the tech that's tipped to transform their futures.**

# Is employee 'polish' important or a problem?

In light of a new social mobility report about recruitment into some City roles, is it time to remove outmoded unwritten rules about what constitutes dress sense and 'polish' in the professions more widely?



**ANNA RICHARDSON**  
Senior recruitment manager –  
Osborne Clarke

In law, the way you work, the way you look, and the way you think, invariably set you apart. But here at Osborne Clarke we have quite a simple mantra – open plan, open collars and open minds. Having a more relaxed dress code than some is one way of signaling an approach that's based on imaginative thinking, rather than prescriptive rules. Above all, if people are comfortable, it's easier to be creative and expressive – and increasingly, that's what clients really want to see.



**NATALIE KOENIG**  
Senior recruitment officer – CMS

At CMS, we welcome applications at every level from all backgrounds. And our modern open-plan offices match our dress code, which is smart casual. We have made considerable progress in the legal sector – I remember when dress codes were first changing 15 years ago and a partner at a city law firm asked “What are chinos anyway?” The interview is an opportunity to make an impression – and having clean shoes and shirt is far more important than their colour!



**DONNA HALKYARD**  
Head of diversity and inclusion – RPC

There are undoubtedly elements of dress codes in the City that are anachronistic, and which present barriers to some individuals. Here at RPC, we are doing everything we can to address this in a way that works for our firm and our clients.



**Do you have a view? Or an issue that we ought to debate? Have your say on Lex Pop – tweet us @Briefingmag or email [briefing@lsn.co.uk](mailto:briefing@lsn.co.uk)**



## THE DEBRIEF

The Social Mobility Commission's latest report (September 2016) identified a “culture of conformity” when recruiting for investment banking roles, which inevitably favoured candidates coming from higher-income backgrounds and “top” universities.

For client-facing roles in particular, the researchers from Royal Holloway University of London and the University of Birmingham noted that “opaque” City dress codes may present a barrier to successfully recruiting a diversity of backgrounds. For example, “some investment bankers still deem it unacceptable for men to wear brown shoes with a business suit.”

More generally, they pointed out that managers might place as much importance on “comportment” (speech, accent, dress and behaviour) as on candidates' skills and qualifications.

Chair of the commission Alan Milburn said: “Bright working class kids are being systematically locked out of top jobs in investment banking because they may not attend a handful of elite universities or understand arcane culture rules.”

In recent years, several law firms have adopted ‘contextual recruitment’ tools to better assess all applicants' potential in light of their broader academic and social backgrounds.

## READING LIST

# Actions adventure

Practical Projects in Legal KM – a year of living knowledgeably, by Hélène Russell, is a refreshingly pragmatic approach to fighting for a more disciplined world of knowledge management, says Ian Rodwell, head of client knowledge and learning at Linklaters



**I**n short? Anyone dealing with legal KM should have a copy of this book. It's as simple as that.

It's clear, succinct, jargon-free and one of the most pragmatic KM texts I have come across. For someone new to KM, whether in a law firm or in-house, Practical Projects in Legal KM is a perfect primer. But it also has a great deal to offer those of us who may be more gnarled and battle-scarred by the subject.

What's to like?

First, Hélène takes a refreshingly inclusive view of KM, which embraces not only the more expected topics – such as improving processes and creating a wiki – but also training and organisational learning. Thankfully this isn't a book that restricts itself to taxonomies, intranets and good practice checklists. For example, I was heartened to see such a strong focus on social learning and the challenges of transferring more tacit knowledge. It was a welcome surprise indeed to see a chapter on “serendipitous conversations and RCTs” (randomised coffee trials).

Second, the structure of the book

**“Thankfully this isn't a book that restricts itself to taxonomies, intranets, and good practice checklists. I was heartened to see such a strong focus on social learning.”**

facilitates putting ideas into action. After a couple of brisk and sensible chapters on defining knowledge/KM and measurement, there are then 12 practical projects that include templates, tools and suggestions for further reading. The book even concludes with a list of helpful quotes to deploy.

For me, the standout chapter was ‘Project 10 – After Action Review’. Russell takes a steely eyed view as to why law firms aren't particularly adept at using a technique that is hardwired into the operations of other organisations. Then, having confronted the challenges, she provides an elegant masterclass on how to make AARs work.

Inevitably, there are some sections that fall a little short. I think it was a tad ambitious to tackle the whole area of organisational learning in a single chapter, and consequently it was hard to follow and slightly confused in places. I would also have appreciated a chapter on peer assists – the one element missing from the ‘learn before, learn during and learn after’ approach.

But these are mere quibbles. This is a fantastic resource that I have now covered in notes and highlighter pen. At one point, the author notes that “most books are long on theory and metaphor, and short on practical guides and plans, leaving us no better informed on how to create our own.” To her immense credit, Russell shows “most books” how it should be done. ▴

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# WHAT'S ON YOUR RADAR?



Graham Clark, head of strategy, architecture and portfolio management at Irwin Mitchell, reflects on his first few months at the firm – and his very first role in legal

**Q** Yours is an entirely new role for the firm. Why did it decide it needed you on board?

**A** Yes, this role has existed for around seven months now. I help to oversee the change agenda that's being implemented following the merger with Thomas Eggar [in December 2015] to ensure it's mapped correctly to the overall strategy for the group.

**Q** Can you outline your core responsibilities or goals?

**A** I'm tasked with ensuring that the group gets value for money from both the financial and the non-financial resources it deploys for the delivery of change. In practice this means aligning change with strategy, providing strong governance and supporting the group with efforts to describe how it needs to function in future to be successful.

**Q** What's the most strategically significant change you've introduced in your career?

**A** I've been involved in many during my career, from implementing new IT systems to opening new offices, offshoring and the creation of new products

and services. Each one is significant for different reasons at different times. But the best measure of this to me is legacy: how long do these changes remain valid once they are implemented, and what is the longevity of the value created? Measuring myself that way I have to look back to earlier in my career and say the operational launch of a new seven-day insurance product for a large car manufacturer is one of the best projects I have worked on.

**Q** This is your first foray into legal business. How different are you finding it?

**A** Other sectors invest heavily in change. In banking and insurance, for example, new products, systems and digitisation are constantly being used to provide a competitive edge for companies. Change delivers unique selling points, whereas change in the legal services industry can sometimes be more reactive to necessity and regulation.

**Q** What's your top change management tip from experience in other sectors?

**A** Everyone involved needs to understand why the

change is happening for it to be a success. The ability to articulate clearly where the firm is going – and also why – enables each change initiative to see how it fits into the whole, and why it delivers value. I think when this alignment occurs your chances of success are much higher.

**Q** Did you have a hands-on role during the merger period with Thomas Eggar?

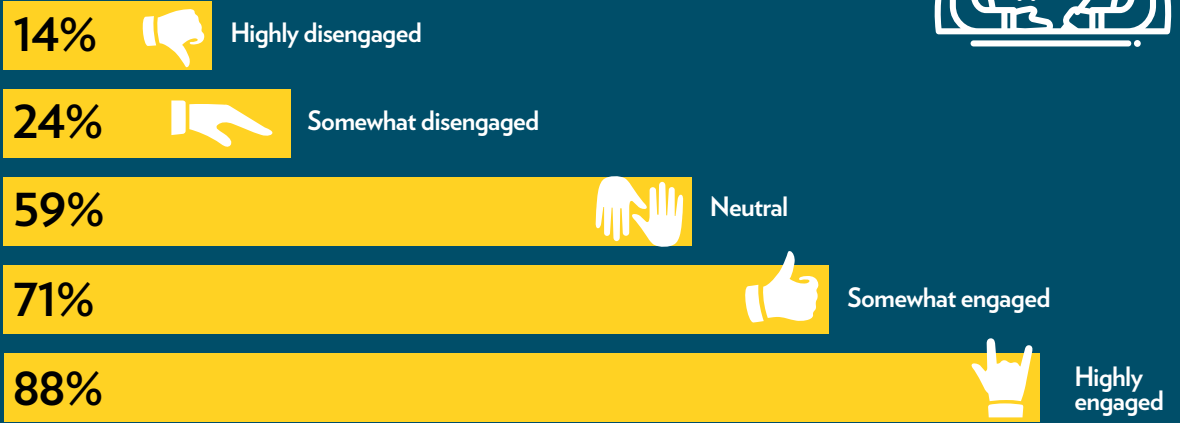
**A** We had a great team working on our integration with Thomas Eggar, so I was able to limit my direct involvement and remain focused on the overall change agenda. However, I was involved in the initial due diligence and supported some of the operational integration.

**Q** How far do you think firms still have to go to embrace the full potential of automation?

**A** A long way. I think some market structures don't support the drive to automation, but it will become more of a necessity as services become more and more commoditised. However, future regulatory initiatives may well create a platform for this.

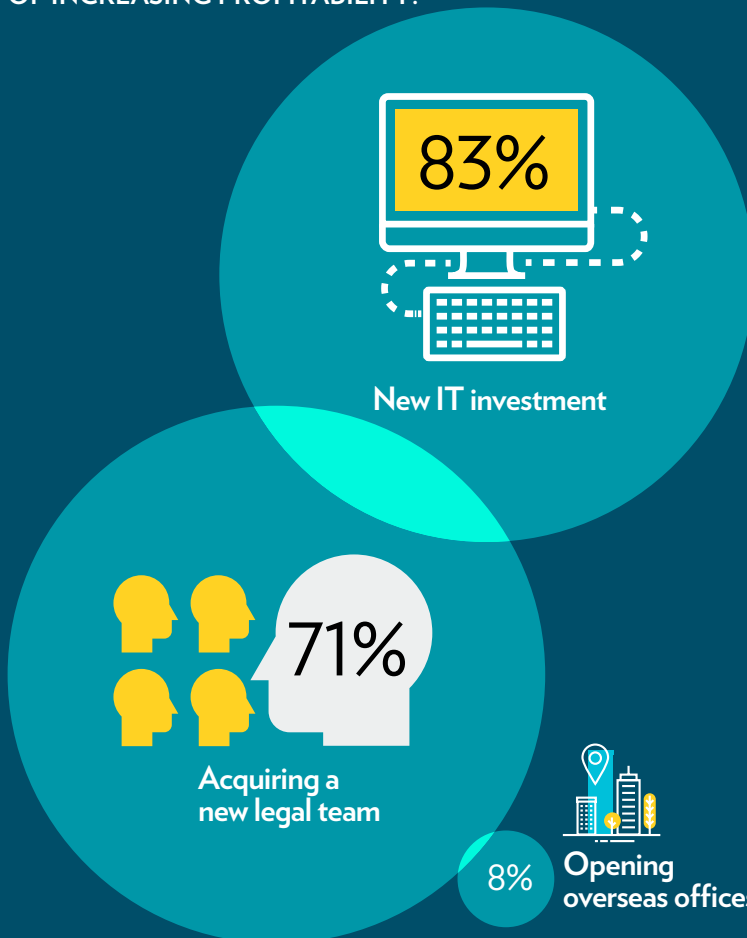
# Database

## EMPLOYEES THAT CAN CHOOSE WHERE TO WORK AROUND THE OFFICE ARE MORE ENGAGED WITH THEIR BUSINESS



Source: Steelcase Global report of 12,480 office workers in 17 countries (2016)

## WHAT ARE YOUR CURRENT BEST CHANCES OF INCREASING PROFITABILITY?



Source: From Recruitment to Robots: Growth Strategies for Law Firms, Fox Williams/Byfield Consultancy (September 2016)

## IN THE MARKET FOR A MERGER?



Source: Smith & Williamson 22nd annual law firm survey (September 2016)

## SPEAK UP

# Collaboration - the sixth C

Embrace the concept of law firm and client collaboration, advises Stuart Dodds, director of global pricing and legal project management at Baker & McKenzie



In my last column I discussed the five 'Cs' of value, but I would argue there is a sixth. One that can strike panic in law firms and clients alike. Collaboration.

Both typically view the word with suspicion, weighted in favour of one party or the other, depending on who proposed it. And yet collaboration is one of the most important elements in any firm and client relationship. It's the firm's best opportunity to deliver the highest level of client value by being proactive and delivering bespoke solutions. This is evidenced by a number of well-documented examples of successful law firm and client collaboration, including at DuPont, Pfizer and Cisco.

And nowhere is the concept of collaboration more pertinent than in my particular function – the realm of pricing and legal project management.

At a macro-level, one example of this teamwork (or another synonym for collaboration) is the ongoing initiative to create industry standard matter types, bringing together firms, their clients, vendors and industry bodies. The ultimate goal? Driving better communication, more accurate pricing and scoping for all parties, and supporting better reporting and automation – all bringing tremendous overall value to the legal marketplace.

But what about at the individual firm level? This can often feel harder, as it's more personal, with a higher degree of perceived risk. Two obvious examples are collaboration around improving efficiency through more integrated project

management and billing processes, and developing more predictable pricing through collaboration around matter scope, objectives, resourcing and pricing. Regular post-matter reviews or quarterly relationship reviews also fit into this category (although annual reviews can be too general for meaningful change).

We're also seeing increasing peer-to-peer collaboration between those in related pricing and legal project management roles at firm and client – as part of joint working groups, through delivery of joint training, or even as seconded resources. Greater collaboration allows each to really focus on what makes the other tick and what will add greatest overall value to the relationship.

How do you get started? With the easy stuff. Focus on what's causing the most 'noise' in the relationship and fix that (clue: it's often law firm billing processes). This will build goodwill and momentum in both organisations.

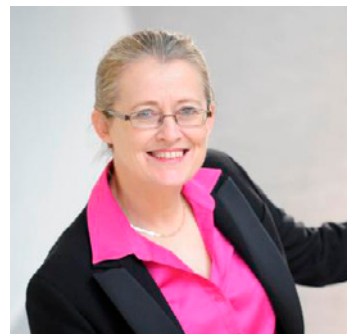
After that, there are a number of options. Could you use existing technology to support greater collaboration (such as SharePoint)? Could you agree to joint scoping for all matters over a certain value? Adopting process mapping tools and techniques to identify areas of joint improvement for the most common or most strategic matter types may then be the next logical step.

So instead of shying away from it, grasp the opportunity collaboration offers. If you don't, what's certain is that plenty of others already are – and where does that leave you? ▀

**Focus on what's causing the most 'noise' in the relationship and fix that. This will build goodwill and momentum in both organisations.**

# Driving with data

Build your business strategy on real data rather than relying on received wisdom, advises Rhian Silvestro, associate professor of operations management at Warwick Business School



**M**any managers don't know the real reason their business is failing or succeeding. Corporate strategies are often based on assumptions about drivers of business performance, which are derived from received wisdom rather than evidence from the company itself. J W Marriott (founder of the hotel chain) is famed for saying: "You've got to make your employees happy. If the employees are happy, they are going to make the customers happy." The implication is that happy customers become loyal customers, and profits follow. But does this really apply to your firm?

CEOs often promote such views in their annual reports. For example, TNT Express has adopted the slogan: "Take care of your people, let them take care of your customers, and the rest will take care of itself." Sounds great. But how many CEOs can demonstrate that these links actually exist? The problem is that drivers of performance often aren't measured at all – let alone the correlations between them. If you believe satisfied, loyal employees create satisfied, loyal customers, can you demonstrate that the staff who are most satisfied with their jobs create the most satisfied customers? Are the offices with the most loyal employees (often indicated by low staff turnover) also those with the most loyal customers?

Another assumption is that loyal customers are the most profitable. Management consultants often promote the idea that 'it is five times more profitable to serve existing customers than new customers.' It sounds plausible. You know your existing customers better, and are therefore more likely to serve them well. And customer spend tends to increase over time, so the more long-term customers you have, the better. But is this the case in your organisation?

Performance topology mapping is a tool that can help to analyse business performance with a view to better understanding drivers of profitability. It starts with measuring the right thing. Are you measuring things like employee satisfaction and loyalty, and customer

satisfaction and loyalty so that you can start correlating these measures with your financial performance indicators, such as revenue growth or profitability? Identify your key performance indicators, and then measure the correlations between them to build a map of business drivers.

The findings may be startling. For example, one home improvement retailer assumed stores with the highest levels of customer loyalty were the most profitable. This would even seem to be a basic tenet of retail management. In fact, when the company measured customer loyalty and profitability at store level, there was no such correlation. They could not prove that the stores with the most loyal customers were the most profitable.

Another example was a chain of grocery superstores (in fact, one of the UK's big four). Senior management believed stores with the most satisfied staff would create the highest levels of customer satisfaction, and therefore be most profitable. In fact they found a negative correlation. Stores with the highest levels of employee satisfaction were least profitable. Part of the reason for this was that customer interaction with staff was not, in fact, the most important source of customer value. What customers valued most was product range and availability, speed at checkout and price. Employee satisfaction did not have a direct impact on the shopping experience.

Now, legal services are different. They require more sophisticated interactions between staff and clients, and long-term business relationships are likely to be much more critical to the value proposition. We might expect employee engagement to be a much more important driver of profitability in legal services than in the retail chains I studied. But don't take my word for it. Use data to analyse relationships between different aspects of performance. It may be that drivers of performance are different for different types of legal service, or for different customer types. Smart business strategies are built on a good understanding of your own business reality, not hearsay. ▀

**If you believe satisfied, loyal employees create satisfied, loyal customers, can you demonstrate that the staff who are most satisfied with their jobs create the most satisfied customers?**



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Legal business leaders on how they're getting where they're growing

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*Advance into battle*  
Mike Polson and Mark Higgs at **Ashurst Advance** on differentiating delivery



## THE BIG IDEA

# Which way to grow?

Legal business expansion options have never been more open – but that means considering the pitfalls as well as potential ... whatever Brexit means

Words Richard Brent

**L**aw firms had just about come to terms with building new levels of efficiency and transparency into their worlds for pushier post-recession clients, and then ‘uncertainty’ rears its ugly head in the headlines once again.

It’d be unsurprising if firms wanted to remain tight-lipped about how factors surrounding Brexit could potentially change their plans – if they even know (indeed, if the politicians do). However, the 22nd annual survey of firms by Smith & Williamson in September 2016 found more than two-thirds (68%) of respondents expected the vote to have at least some negative impact on their business in the short term. In 2015, this survey’s barometer of overall ‘confidence’ hit an all-time high of 99%. This year it fell to 93%.

## Openings for business

One thing Brexit doesn’t seem to have changed is a desire for further growth to counter the ever-broadening base of competition in this market. More than half (59%) of respondents reported a rise in competitive pressure – and consequently 43% are actively seeking a merger or acquisition (up from 28% in 2015).

Susanne Pugsley, business development director at Howard Kennedy, says the firm is “pretty positive” in the aftermath of Brexit. “We were expecting a much bigger effect, but aside

from some slowdown just immediately before the vote, it seems to be largely business as usual.”

And the firm formally announced not only its financials but also a new 2020 strategic vision just a month and a half before the UK’s big day in June 2016. Having grown through merger already (combining with Finers Stephen Innocent back in February 2013, and CKFT in 2014), Pugsley says there’s no reason not to do more of that in future.

“The growth strategy has three strands: natural organic growth, lateral hiring small teams, and then a formal acquisition strategy where we’re looking to bring in niche services, smaller firms that complement what we have already.

“We’ve already seen a huge improvement in working practices from three fairly small firms coming together in quick succession – building more fully functioning IT and BD departments, for example. That brings economies of scale anyway – and having everyone under one roof has also helped a lot.”

All are now based in just the one office in London Bridge (moving over together in 2014). Howard Kennedy previously worked across two sites. “We’ve certainly saved a lot in shoe leather,” laughs Pugsley.

Howard Kennedy’s resolute one-office strategy stands in sharp contrast to that of Shoosmiths – which is now poised to open office number 11 in Leeds. The Leeds opening follows the lateral hire of six to open in Manchester in the midst of



financial crisis (2008) and a merger into Edinburgh (2012).

Finance director Chris Stanton, says: “Leeds is the obvious next step for us to create a northern hub, where we can deliver services for national and local clients based right across Yorkshire – which we manage to do already, but this presents a wider opportunity.”

That’s because a base in Leeds for clients is also attractive to some of the firm’s talent – whose job, of course, is to attract work from those clients.

“Several people in our Manchester office live in Leeds – it’s only 40 miles away. But people may not fancy that commute, so that has fed into our discussions. If we can better attract key people with our brand proposition and key clients with our service proposition, that starts to look like a good business case for a move.”

Shoosmiths is also on the hunt for new talent in London – but a different type of talent. “The

London strategy is very clearly to recruit highly specialist talent that we can’t find substantially in other regional centres,” he explains. “The obviously higher cost base is a factor – but we’re also conscious of not repeating what some firms have tried and failed to do. So, we’re specifically putting extra controls around recruitment.”

### **Growth gamble?**

Inevitably a higher-risk strategy than some other growth options, just how does a firm know when and where it needs a new welcome mat?

Weightmans managing partner John Schorah says growth needs to connect to strategy and adaptability: “If we had an important key client that wanted us to open somewhere for them, we would explore that – but that would be reactive rather than proactive.

“A proactive strategic opening comes down to the scale. New offices are a slow burn to set up and

grow. We would never say never, but we typically prefer to build around some form of existing operation. Exponential growth is very important to us to compete, so we'll look for the right partners for further mergers."

Schorah actually has a checklist of criteria for a new office. If the management team can tick off three or four, there'll be a detailed discussion.

1. Demand from existing clients to be in a new location.
2. A new city is a recruiting hotspot.
3. It's more convenient for the firm's people.
4. A substantial unmet local demand for legal services.
5. Significant depth of expertise the firm is missing.
6. A major difference to the national brand footprint.

Shoosmiths director of marketing and business development Karen Carter explains why her firm opens new offices: "It will often come from a client with a specific need. In the case of Edinburgh, for example, we needed to be in

that specific jurisdiction for litigation recovery. But we are opening in Leeds to access the established legal sector talent available to assist with planned growth across practice areas."

Stanton adds: "There's also a lot of internal due diligence and peer challenge before a decision." A project plan will then involve the full gamut of business services, "and you need a certain entrepreneurial spirit in the leadership – the ambition to be forceful in building the brand locally, for talent as well as clients, and to make it a success."

### Consulting more widely

But in the age of the virtual firm of freelancers – not to mention one of uncertainty about the future – there's also another way.

In July 2016, Addleshaw Goddard (offices in London, Manchester and Leeds) said its contract lawyer arm AG Integrate would focus on recruiting in the north west, and Yorkshire in particular, in response to increased client demand. Clients seem happy. In

a press release, Chris Aujard, general counsel, consumers services, at the Co-op, said: "It's a perfect match between clients' needs and lawyers' changing approach to work. We want the flexibility to add skills to our teams as and when they're needed."

Head of AG Integrate Greg Bott, says: "We believe contract lawyering is the future and we can only see it accelerating. Everyone we recruited when we set up this service just over a year ago has had their contract renewed – and we've placed some consultants in organisations that weren't previously clients."

AG Integrate will easily pass the 100-lawyer mark by the close of 2016, Bott says – although the strategy isn't ultimately a question of numbers.

"The big objective is to broaden skills. We're looking for people who can project manage. Sometimes those people will be lawyers, sometimes they won't. A client might only need them to drive out inefficiencies for three or four months, but we know that the demand will then be there from others."

In November 2015, AG also celebrated the fifth anniversary of its Transaction Services Team (TST) – which began life in Manchester with five paralegals and expanded to Leeds in 2014. The centres are staffed by paralegals, including apprentices, and today the team makes up 10% of total firm headcount.

Bott continues: "We're being increasingly joined-up about packaging an offer through all our constituent parts. We have the traditional model of partners



**"The growth strategy has three strands: natural organic growth, lateral hiring small teams, and then a formal acquisition strategy where we're looking to bring in niche services."**

*Susanne Pugsley, business development director, Howard Kennedy*



**“The London strategy is very clearly to recruit highly specialist talent that we can’t find substantially in other regional centres.”**

*Chris Stanton,  
finance director,  
Shoosmiths*

and associates, we have AG Integrate and TST, and we also have our consulting operation. We want to package that up in the way that’s best for each in-house team.” A diagnostic phase of work can inform outsourcing options, as well as outline what’s possible with the firm’s project management principles, he says.

AG was one of the first firms to launch a consulting operation – which Bott also leads. And he says that business could be a more significant engine of growth in future. “It’s currently very focused on supporting in-house legal teams. But it isn’t hard to see us expanding to compliance – which we already serve in other ways – HR, and even boards in time.”

As AG’s TST turned five, Eversheds announced the first long-term client for the Eversheds Ignite managed service offering – the latest in a stable of ‘alternative’ paths for in-house teams. From January 2016, Ignite took on all business as usual work for marketing

company Communis for a fixed annual fee. The deal also saw Communis’s in-house legal team transfer to Eversheds under TUPE (in some cases based at its office in Leeds).

Eversheds Consulting practice group head Graham Richardson says: “Clients need to do more with less and focus on the high-level strategic work, so there has never been a more exciting time for alternative methods. Eversheds Consulting is growing rapidly, and being embraced by many clients, whether as a standalone service or to complement legal advice.”

It also opened in Dublin in September – although Richardson stresses this plan was in place well before 23 June, and follows launches in the Middle East and elsewhere in Asia. “The growth opportunities in Ireland are significant and, having already delivered projects there for major financial institutions and corporates, this seemed like the next logical step. There was also great enthusiasm from the Dublin office.”

Kennedys is also growing in Dublin – doubling space for expansion with an office relocation. The move date is November 2016 and the firm is on the hunt for new senior hires. However, senior partner Nick Thomas says that while insurers have signalled interest in the jurisdiction in the event of any future changes to passporting rules, as at Eversheds the move is to meet longer-term demand.

More broadly, Thomas says Kennedys also has the tested growth strategy trio of ‘grow your own’, partner lateral hires and the opportunistic strategic merger – such as with marine boutique firm Waltons & Morse, effective November 2016.

“Historically, mergers have been with smaller firms that are usually specialists in niche markets,” he says. “We take the view that it’s quicker, as we can run with their reputation in that market – and suddenly be at the top table – while they, in turn, can leverage off the Kennedys brand and reach.”

### Profit warning

However, another survey of top 200 UK firms out in September (commissioned by partnership firm Fox Williams) suggests mergers may be falling out of favour – a strategy of “team poaching” is seemingly seen as a less risky growth path culturally. Although 63% of the respondents that had been through merger said they experienced a boost in combined profitability, 86% of those polled said it posed the greatest risk of sacrificing profitability compared with other strategies.

Making a success of a merger is another story – but



## Longer-distance running

One question to be asked is how far in advance is optimum for a firm's growth strategy to be set.

In 2016, Mishcon de Reya completed a year-long "deep consultation" with all lawyers and business services to arrive at a new 10-year vision.

Director of business development Elliot Moss says: "We still have the discipline of our three-year plan. And within that we have a one-year plan and six-month business reviews. It's all a very well-organised machine. But the time had come to recognise that wouldn't be enough to guarantee future success and growth.

"In light of how technology, in particular, is transforming business, we wouldn't be able to see over the hill in front of us. In fact, it could be a significantly different hill – and it was critical to embrace that today."

In addition to reaffirming core values, committed independence ("We're fiercely independent," says Moss) and focusing on practices where it's demonstrably strong already, technology and process reengineering are identified as the big tickets that will help the firm to grow.

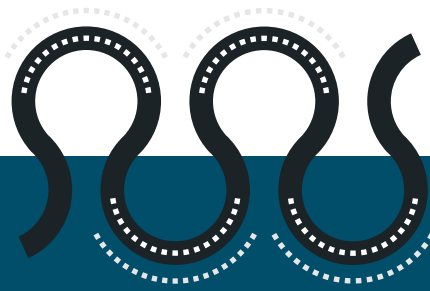
Nick West, ex-Axiom, is now on board as head of strategy to this end, and the firm has already launched Mishcon Discover (e-discovery) with technology partners from the outside. The value of cloud and artificial intelligence were also on the agenda, says Moss.

"We're open to everything – and there simply has to be serious value in having machines analyse and serve up information faster for clients. Client-centricity is a phrase firms use a lot – but by helping clients deal with real business challenges, advances in data processing can genuinely deliver that."

Kathryn Fleming, chief operating officer at Eversheds, says her firm is also working with third-party technology experts to develop a client service blueprint.

"Technology should be a liberator and deliver lawyers more time with clients and less time wading through the papers or admin associated with our profession.

"We need to continue to find ways of making our clients' lives easier, provide advice when and how they want it, and provide a seamless end-to-end process. Some firms imply they do this, but very few truly do."



internationally (including in Dublin, and a recent spree in Latin America) it's notable that Kennedys has a model of merging with longer-term associated offices.

"Some firms will acquire and parachute in – but multiplicity of profit centres can present a risk," says Thomas. "All Kennedys partners are paid from the same profit pool – and that's central to our culture – but you can only really achieve it through a careful process of seconding, and generally getting to know people really well before the switch."

Carter says growing Shoosmiths by opening offices is similarly unrushed. "Whether a partner arrives as part of a merger or to spearhead a new location, careful integration is essential to maintaining values. Of course, we're also keen to ensure client experience is consistent – and with fully functional systems another priority, more often than not we'll actually delay an opening."

And financial integration has been on the agenda at Howard Kennedy post-merger – the 2020 strategy including a move to a single-equity structure. "It's probably the most exciting change in our history," says Pugsley. "Partners have the same investment in how profits are shared, and so in how we treat our clients and build business."

One business clearly put off by neither integration challenges nor post-Brexit anxiety about the fate of the UK is the Am Law 100 firm Haynes and Boone. Its merger with small London firm Curtis Davis Garrard, announced a mere week after the referendum, is the largest trans-Atlantic union since



**"New offices are a slow burn to set up and grow. We would never say never, but we typically prefer to build around some form of existing operation."**

*John Schorah, managing partner, Weightmans*





**“We still have the discipline of our three-year plan. But the time had come to recognise that wouldn’t be enough to guarantee future success and growth.”**

*Elliot Moss, business development director, Mishcon de Reya*

Norton Rose tied the knot with Fulbright & Jaworski in 2013.

Managing partner Tim Powers says: “The decision was the realisation of our 2020 strategic plan – and that has

been in place for the last decade.” As an energy boutique, CDG aligned well with its focused sector strategy (energy, technology, private equity and financial services) – and English

law capability is key to growth in all of them, Powers says.

“With some of the apparent uncertainty in the market, we frankly feel we have a recruitment opportunity in London, if anything. Plus, long-term planning is one of our core operating principles.

“None of our goals were dependent on EU trade relationships, and with London’s infrastructure it will still be a global financial centre.”

There was even an opportunity to walk away. “We had intentionally excepted Brexit as a potential material adverse change to our merger agreement,” says Powers. “But a Brexit wasn’t going to trump our own strategy.” ▴



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## TEAM PROFILE

# Advance into battle

In March 2016, Ashurst became the latest large firm to launch a new delivery model. But Ashurst Advance also promises a new approach to delivering innovation

Words Richard Brent Photography Simon Brandon

**B**igLaw's efforts to counter the allure of new entrants to the legal marketplace has been big news in 2016. The past two years have seen several big brands launch new business models, or product and service lines, to demonstrate that they too have the wherewithal to 'do things differently' for their clients.

Reflecting this momentum, Ashurst launched Ashurst Advance in March 2016 – a bringing together of the firm's investment in rethinking resources, process and technology, which arguably represent the three key sources of innovation in legal service delivery today. And like some others, the firm claims its international breadth means it can dip into more concentrated pools of particular expertise across continents. Glasgow, for example, is home to the team of legal analysts focused on optimising recurring work (the firm opened an office there in 2013) – while project management and the legal technology skills needed to introduce automation to new areas are based in the UK and Australia.

But it's the full integration of the three pillars of delivery, aligned with a client offering, which Ashurst says creates differentiation from some other approaches. Director and Glasgow managing partner Mike Polson says: "It's time to move on from accepting that the world is changing to asking what people are actually doing about



PHOTO CREDIT: SIMON BRANDON

it.” In that spirit, his first step was to carry out a large number of client interviews to build a picture of challenges in key regions and sectors.

One finding was that even where companies’ core business was technology, or were otherwise technology-rich, the legal department might not feel the benefit.

“Another was that more companies must manage with a finite level of resource – so they need to be more disciplined to focus the right resources on the right type of work.”

Both clearly make their way into the mix of capabilities Ashurst Advance is offering clients. “Key to our thinking is that this is a connected world,” continues Polson. “When you task staff with new resource models, create a clear process or do something new with technology, you’re

**“More companies must manage with a finite level of resource – so they need to be more disciplined to focus the right resources on the right type of work.”**

*Mike Polson, director, Ashurst Advance*

inevitably using at least two of these three activity sets.” Connecting the three effectively was therefore a priority.

“Firms are also still usually built from a mix of practice groups, or teams, and business support functions,” he adds. Here too, he spied an opportunity to try to spearhead some differentiation.

Above: Ashurst Advance directors Mark Higgs (left) and Mike Polson (right)



#### ▲ FIRM FACTS

##### ASHURST

Offices: 25  
 Countries: 15  
 Global revenue: £505m  
 Headcount: 3,000+  
 Ratio, fee earners to business services staff: Undisclosed

Co-director Mark Higgs, who has also worked for Boston Consulting Group, expands: “This is really a brand new part of the organisation.” Ashurst Advance will report to the managing partner, he says. “It’s almost a ‘third way’ between traditional legal and business services.”

Forging that way has called for more investment in communication tools and techniques. Microsoft Lync is particularly well used. “The leader of the legal technology team is based in Brisbane – and his engine room is in Glasgow,” explains Polson. “He’ll come over a few times year, but everyone has needed to work smarter to be able to work in a truly global way.”

#### Into development

But the pair have previously said that what makes this initiative most different is a decision to invest in research and development capability – identifying that next innovative step ahead of the curve rather than following the crowd. It’s something that wouldn’t seem all that revolutionary to clients, says Higgs – let alone potential market disruptors.

Polson says: “Clients across industries will have people whose role is to focus on the future – people who are measured by their success at bringing through new product ideas. In many cases, they also have a very significant percentage of profit to invest.

“Firms haven’t typically had people focused on that. If they have, it’s been as adjunct to the day job. We feel there’s so much happening now in the meeting of law and technology – and it’s so relatively unexplored – that we needed this new approach to deliver the real benefits.”

Who exactly are these new full-time innovators? For the most part the roles are redeployed existing Ashurst employees – most notably from strategy and BD. But Polson points out the initiative is an opportunity to create new roles and careers in the legal industry.

“One thing we’ve learned from building Glasgow is that there’s a lot of untapped talent in traditional legal roles.” He gives the example of a corporate lawyer, whose real passion is for technology.

“They’re wired for it already, and it’s what

**“Clients across industries will have people whose role is to focus on the future – people who are measured by their success at bringing through new product ideas.”**

*Mike Polson, director, Ashurst Advance*

they’d prefer their job to be.” Championed by a lawyer, a new tool might also get more traction in the business, he says. “We’ve also found that a number of people want to transition into project management as that’s what they really enjoy.”

On launching in Glasgow, however, there was a very definite drive to hire people from other industries – people with a broader experience of shared service models, for example. “One great way to energise change is to bring in perspectives from the outside,” says Polson.

Ashurst has also signed people up for a business improvement academy promoted by Scottish Enterprise – designed for the service sector but drawing on decades of management learning from manufacturing. There’s three months of study, including an integrated business improvement project specific to the firm – and that format is available three times a year.

“It’s very important to embed some of these skills and mindsets,” says Polson. “A more consultant-style approach is to bring people in for a specific change project – people who later leave – but change principles and momentum need to be sustained and become part of business as usual.”

The academy also means Ashurst people learn alongside those from industries with related challenges – and some, says Polson, that are now onto a “second generation” of process-improvement thinking.

Compared with many other industries to have undergone such transformation, the largest firms are still very much the junior generation when it comes to process reengineering. By investing in spotting more of its possibilities in advance, Ashurst intends to make its mark while there’s still plenty to play for. ▲

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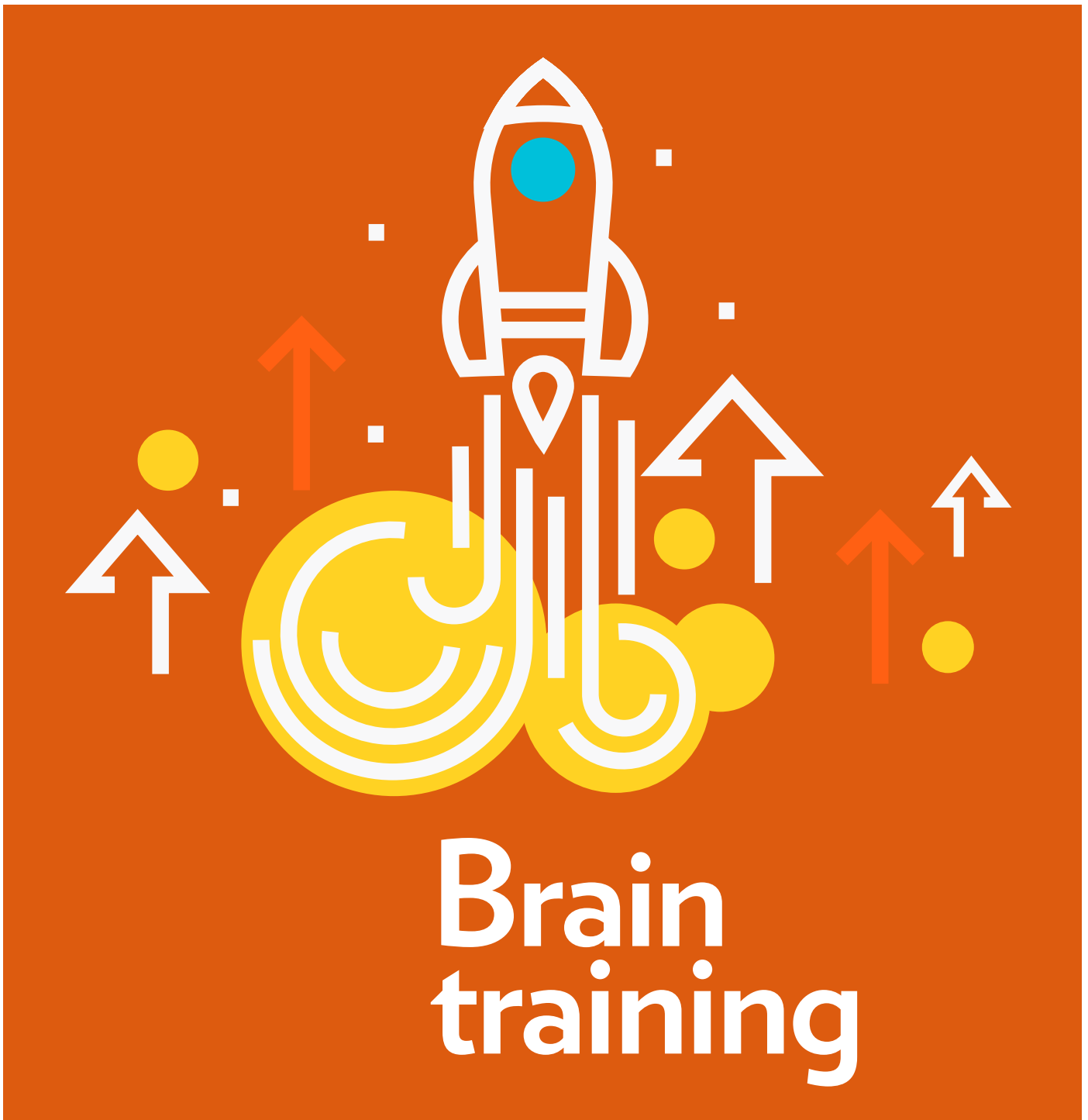
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# Brain training

25

*Change of heart*

Emma Richardson, director of Workspere at **Lewis Silkin**, shares her advice for adjusting change tactics to local culture



## HANDS ON

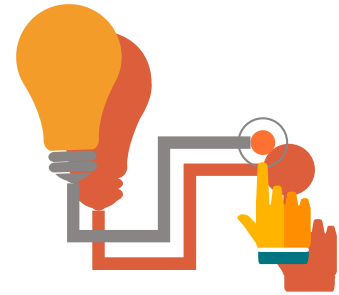
# Change of heart

Emma Richardson, director of Workspere at Lewis Silkin, shares the challenges of her experience leading change management initiatives in India

The world has become smaller and many of us now work for multi-jurisdictional organisations. So how do you set about achieving results, and successful change, in an environment where the local culture may differ to your own cultural values? How do you create a more connected environment when you might be thousands of miles apart?

## Brands across borders

Global brands and the strategies that underpin them may look seamless – but are often far from it. Should global organisations strive for consistency or celebrate the regional variations? Personally, I have found a hybrid methodology works well. The maturity of an organisation, and available technology, but also the diversity and demographics of the workforce, leadership style, and existing organisational and national cultures all have an impact on both the appetite and speed of change.



It's important to have an overarching set of global goals, values and purpose, but devolve the responsibility for delivery to a local level. On the other hand, don't reinvent the wheel. Use a globally designed set of tools, policies and development frameworks, plus a mechanism to share best practice. It's better to collaborate virtually, and create a centre of expertise that develops materials with a global audience in mind – even if you need a 20% adjustment to take the local culture into account.

### My experience in India

So how did a Brit on secondment (me) successfully inspire change in an Indian organisation?

I had worked in an international environment for many years, with projects taking me to Africa, the USA and the Middle East. This gave me exposure to different cultures and customs. However, working abroad as the newly appointed HR director of a start-up service delivery centre in Kolkata, India, was a far more immersive experience. Thanks to Stephen Covey (Seven Habits of Highly Effective People), I decided that my philosophy would be 'live, love, laugh and leave a legacy'.

### Still, where to start?

I worked with an amazing CEO. I was lucky, and we very quickly developed a two-way trusted adviser relationship. Key things to build are trust, energy, and the ability to challenge each other – but most importantly to model the behaviours you're asking any

**It's better to collaborate virtually, and create a centre of expertise that develops materials with a global audience in mind – even if you need a 20% adjustment to take the local culture into account.**

organisation to exhibit.

I'd love to say I arrived with a good understanding of the business culture, but this was something I had to learn on the job. However, this did mean that I was already in 'observation and listening' mode, which was useful. It really focused me on understanding what Indian employees valued, responded to and expected from a globally-recognised employer.

My job then became one of balancing the need for effective change with the need to bring the local managers/employees with me – and doing this in a way that mirrored my own relationship with the CEO.

Neither of us knew best. We had to work it out together. Here are some of the insights I gained, which might help other HR professionals better prepare for a role managing change in the context of cultural difference.

### Assume nothing

Initially the local HR team (and others) were so keen to please that they, for example, sought instruction on everything and were happy to commit to impossible deadlines. I also

found I needed extra time to make it clear I expected the team to come up with their own ideas and solutions, not just follow mine. Brainstorming wasn't a well-known skill when I arrived.

### Coach, don't tell

As tempting as it is to go into 'tell' mode, on-the-job coaching proved better at changing behaviour and creating this team approach to problem solving. But this was a genuine challenge, for me as a manager and for the team members. I had time pressures, and they wanted to be told what to do. I even had a note on my wall as a visual reminder.

I found it was much more usual in the business culture to be 'invited' to speak to your manager than to pop by, so I also invented the phrase 'Project SOS'. This granted permission for anybody to attract my attention straight away. If this phrase was used, I literally dropped what I was doing and gave my undivided attention to that member of the team. It became a reassuring safety net – seldom actually used, but reinforcing the trust and confidence I wanted.

### Vive la difference

We used extended training programmes to educate all leaders, managers and employees – as well as our internal clients (who resided in 47 different countries) – on how business and communication styles might differ from country to country. Approaches included the Geert Hofstede model for

Each team was mentored by a member of the leadership, and had its own budget to fund events, including socials. Other events were held for the entire workforce, but with the teams competing.

understanding cultural norms in any given country. Professor Geert Hofstede conducted initial research at IBM between 1967 and 1973 –and across 70 countries – studying how workplace values are influenced by culture. Another very practical and easy-to-read text is John Kotter's *Our Iceberg Is Melting*, which we used to develop a better understanding of change.

I also found Erin Meyer's *The Culture Map* useful, which I often use to prepare for meetings with people from a diverse group of nationalities. This helps me to consider how participating individuals may be in a meeting, how we can collectively 'agree to disagree' and how we can develop trust. The mere act of considering what might happen in a meeting in advance can allow me to be more open-minded when it's in progress.

### Don't take offence quickly

The boundaries of what is polite to talk about in India could be quite different from what a Brit like me was used to. In the early days, for example, I might be told I looked 'old', 'sick' or 'fat'. But this wasn't meant to be offensive, merely a statement of perceived fact.

What I learned to do was not to take it personally, and instead explain that while I might not mind, others might. I also used some examples like this for

cultural awareness training.

### Break down the silos

We had a multi-channel communications approach – town-halls, lunches with the CEO (which proved very popular), an 'ask the CEO button' on the intranet, live online chats with the leadership, and a weekly newsletter, among others. But we also developed horizontal cross-functional social groups, which helped to integrate the vertical structure. We had coloured security lanyards to mark your cross-functional team – an instant visual reminder.

Each team was mentored by a member of the leadership, and had its own budget to fund events, including socials and fundraising for local charities. Other events were held for the entire workforce, but with the teams competing – for example to make kites or rangoli painting (a form of Indian floor painting). A key aspect was that teams had to come up with an implementation plan, as well as the ideas.

It isn't easy to strike the right balance between global and local and embed a culture across territories while taking into account local needs and customs. Energy, patience and sense of humour helps. And being as prepared as possible, while maintaining an open mind, will make the first few months infinitely more enjoyable! ▀



### Top tips for changing ways

- Come with the right attitude – it's going to be a rollercoaster, and on some days it will feel like you are sprinting a marathon.
- Spend more time listening and observing than giving your opinion.
- Fine-tune your coaching skills before you start – you'll need them.
- Be clear on your strategic priorities, and remember you can't fix all the issues in Q1, or even Y1.
- Use technology, but don't underestimate the power of face-to-face communications, particularly by your CEO or other senior leadership.
- Practice what you preach. Indian culture can be very hierarchical, so I was constantly seen to be treating the CEO in the same manner as I did the cleaning staff. This reinforced the organisational value of mutual respect.
- Articulate your own personal development priorities to your team (in my case, they were a little horrified to learn their leader was far from perfect). This reinforced a 70:20:10 approach to continuous learning (70% on the job, 20% coaching and 10% formal learning).
- Look after yourself – and be seen to look after yourself. These were the most rewarding, but also the most exhausting, three years of my life. Non-work activities were essential to provide some balance.
- Be prepared to get some things wrong. Learn from mistakes and ensure your team knows that's ok. This creates a high level of trust and transparency, and ensures issues are raised at a relatively early stage.
- And, of course, communicate. Communicate. Communicate.

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## INDUSTRY INTERVIEW

# Better together

Pressure to work efficiently and securely should encourage firms to adopt standardised support for growth plans where possible, says Eric Ruud at Thomson Reuters Legal Enterprise Solutions

It's now two years since Eric Ruud was appointed managing director of the Thomson Reuters Legal Enterprise Solutions business. But although the very dark days of financial crisis that hit the legal sector had lifted by the time he arrived in 2014, he says law firms today are, if anything, under even more pressure to boost their productivity and compete more efficiently.

"Whether by merger or organic growth, law firms continue to expand, including internationally," he says. "But their financial growth is really fairly stagnant. There's huge pressure on firms to achieve more impressive profit margins again – and that means huge pressure on management to provide change.

"Firms need more efficient structures and methods of organisation – and it's fair to say that the potential role of technology in helping to find solutions to such problems is today more prevalent."

## Simple changes

Creating a step change in efficiency has therefore been the dominant force driving the Thomson Reuters technology journey over that time, Ruud says – particularly visible in the latest (2.8) release of the business's Elite 3E financial, performance

and practice management platform.

"A very big theme is standardisation – it's something that firms often misunderstand, and we're actively advising clients still pursuing ever-greater customisations that this isn't always the best way to go. It could, in fact, make it more challenging for them to leverage the benefit of technology at the speed that new capabilities become available in future.

"We've standardised a lot of the functionalities, workflows and templates – and that has the obvious benefit of reducing the cost of implementation for a firm, as well as the overall cycle time it takes a solution to go live. The impact on ROI is clear."

There are also several components needed to dramatically improve performance, he says, such as in monitoring and diagnostics. "The system is designed to more effectively analyse – and therefore diagnose – problems as they emerge. The firm benefits as our support teams can do their job of troubleshooting more effectively."

## Cloud cover

Of course, as businesses grow more reliant on ever larger volumes of data, the risk for firms needing to compete fiercely is that data costs them management time instead of saving it – that on balance it





PHOTOCREDIT: THOMAS ALLEMAN



**“We’ve found that security protection and compliance needs grow dramatically each year both in terms of expectations and cost.”**

becomes a liability instead of an asset.

The cost of a long period, or repeated periods, of persistent downtime is hard to calculate – with long-term reputation as a reliable business partner particularly hard to put a price on.

“The challenges to providing seamless service may be substantially different depending on whether you’re global or regional,” says Ruud. “But one big area of common ground is the effort firms need to make in security.

“Firms are raising concerns about issues such as data residency, protection and the risk of hacking more and more often. We’ve found that security protection and compliance needs grow dramatically each year, both in terms of expectations and cost. The risk landscape is changing all the time – and that presents a powerful burden on a large firm’s resources.”

In this context, he continues, it’s relevant that the suite of 3E products is also set to move into the cloud in 2017. “Today we’re on-premise, behind the firewall. The cloud requires different security provisions to be in place, so that’s another trend and priority we’ve been very focused on.

“When it comes to the cloud journey, we’re positioning ourselves to be leading edge, rather than trailing edge. It’s a transition that will take years, and it’s not the case that every firm is ready for it today – but there’s already a strong calling among medium-sized firms, in particular. Some of our products are already cloud-hosted, and we see a pattern of rising demand that means we’ll be a frontrunner as that tide turns.”

### **Moving days**

Placing trust in the security credentials of the cloud won’t be the only change of direction for Ruud’s clients. The other big issue – announced in February 2016 – is that Elite’s Enterprise platform will be phased out by the end of 2022. As Microsoft withdrew support for some related technologies, – not to mention it having reached the grand old age of 25 – Ruud told clients that the latest release of Enterprise (v 3.11, in September 2016)

would be the last one.

A priority and challenge for Ruud’s team will therefore be ensuring the effective transition to 3E, in line with firms’ own evolving strategies, within the next seven years.

Having moved well over 170 firms across already, Ruud says the process has already become efficient. But that still leaves approximately 500 to handle over the years ahead.

“A big priority is client communication and education. We set up several venues for updating people with information immediately after the announcement to ensure everyone was up to speed with what it would mean.

“That was followed by a concerted effort to meet with every customer to decide its next best steps, and develop specific plans and strategy. We have repeatable methodologies, but we certainly don’t assume every customer wants exactly the same experience – and process transparency is very important.”

There’s the question of data conversion, for example. “Firms must make decisions about transfer of data, such as whether to take part or all of it,” says Ruud.

“On top of that there’s the plan for overall implementation. We’ve created the option of an ‘express services package’ – an accelerated programme to streamline activity, reducing implementation times by around 30%, and where customers go live in 10-12 months.”

In addition to the roadmap for 3E, Ruud remains highly focused on Elite’s new customer advocacy group, which was launched not long after he joined. The rationale for this is to ensure entire customer relationships are regularly informed by the same transparent communication that makes for a successful IT implementation.

“We’ve already run 40 regional product and user group meetings – and seen a 50% increase in uptake of our interactive community platform since October 2015,” he says.

At the same time, partnerships with others in the market are enabling Elite to expand in step with its clients more efficiently. Most recently, for example, Deloitte Consulting expanded its existing relationship with Thomson Reuters to include 3E.

“It’s the technology that’s the step change, but that can only be as good as our partnership model,” Ruud explains. “We’ve trained hundreds of partner professionals to scale up the operation within their own businesses.”



PHOTO CREDIT: THOMAS ALLEMAN

**“We have repeatable methodologies, but we certainly don’t assume every customer wants exactly the same experience.”**

Other than that, there’s the obvious task of convincing the current Enterprise customers their working lives will indeed be easier in a 3E world. Law firms certainly aren’t the only type of business that may struggle with gearing the human dimension of change projects more than getting the IT in place.

“3E isn’t a new product. It’s only new to those moving across from the Enterprise platform,” says Ruud. “The benefits of 3E’s increased

performance, and less cumbersome process for managing currencies, have actually been well known in the market for some time.”

For firms determined to develop their models more profitably, however, the real differentiator is standardisation – and the declining need to customise technology for the new demands that inevitably arise to challenge management during fresh phases of growth.

“The bottom line is there’s a lot more in 3E as standard,” says Ruud. Coupled with placing their trust – but a lot less resource – in the security of a cloud-based solution, firms will increasingly hear that they can leverage information to grow more efficiently in future. ▴

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INDUSTRY ANALYSIS

# London calling

Brent Turner, manager at Thomson Reuters Peer Monitor, says US firms in London are in demand – although overcapacity remains a risk to watch

**T**he general sense among law firms in the UK is that 2016 is a better year than 2015 so far – particularly for firms from the US operating in London. The most recent data from Thomson Reuters Peer Monitor tends to substantiate those feelings, although there are still signs that continued caution should be part of any firm's strategy moving forward.

## Hours up

Bucking what has become an international trend, the London offices of US firms saw positive performance in nearly all key performance categories for the first half of 2016. It has been nearly universally true that demand for legal services from large law firms, defined as total hours worked by those firms, has stagnated, if not declined, in recent years. But the firms in our sample saw average growth in demand at almost 3% through the first half of the year, driven by an average demand increase of nearly 7.3% for the first quarter of the US financial year. This strong performance helped to boost fees worked (demand hours multiplied by negotiated billing rates) by 4.9% in 2016 so far – which comes in spite of a modest increase in worked rates of 1.3%.

The one key performance measure that should cause some concern is the measure of utilisation, calculated as hours worked by all timekeepers divided by the number of lawyers. This measure at the average firm has slipped by 1.2% in 2016 so far. While positive demand performance has put firms in a good position, the average firm hired more lawyers than demand could accommodate, and so continued the trend of overcapacity observable for some time now.

For more information, visit:  
[peermonitor.thomsonreuters.com](http://peermonitor.thomsonreuters.com)



While a mere 1.2% contraction in utilisation isn't cause for great concern, it's certainly an indication that overcapacity remains a market concern. Firms need to remain vigilant with regard to their hiring practices to ensure that increases in headcount don't outstrip demand by too great a margin.

But while success is encouraging, it has been far from universal. An examination of the demand results for various practice areas is a good example. Many practice areas continue to struggle in 2016, showing negative demand growth in the year to date. Modest growth in corporate and litigation in the second quarter, of 1.5% and 0.5% respectively, combined with substantial growth in bankruptcy work (up almost 24% in the second quarter alone), spurs on the sample's encouraging results.

**Rates of success?**

Another area to watch will be rates. A healthy increase in standard rates at the beginning of the year hasn't translated into improved worked rates performance so far this year. In order to explain the difference, standard rates are the 'rack rates' for services offered by the firm – the quoted rates. Worked rates, on the other hand, represent the actual rates paid by clients after discounts and negotiations. The fact that standard rates have grown at a faster pace than worked rates indicates that firms are offering larger discounts as a way to win new business, or that clients are pushing back

harder on the rates they're willing to pay, or a combination of the two. It's notable that worked rates haven't increased appreciably since the final quarter of 2014. Growth in worked rates over that period has hovered at around 0.1%.

As worked rates stagnate, realisations also suffer. Although realisations were up slightly for the first half of 2016, this still represents a net decline from where they sat just a year ago, halfway through 2015.

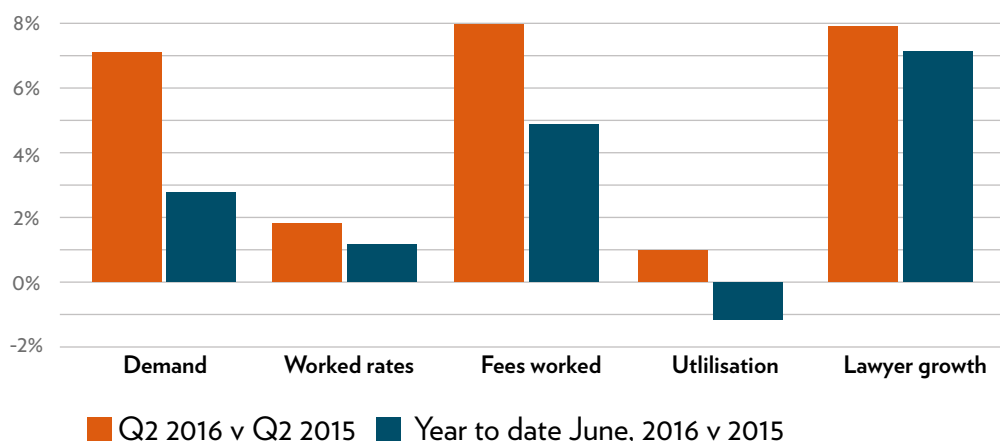
Based on average rate performance, it appears that the firms experiencing success are seeing it as a result of market share growth, driven by demand growth rather than by charging more.

**Shares of success**

On balance, the market seems to be showing firms in our sample favourable conditions. Average key performance indicators are trending favourably. There is variation, but a greater proportion of firms in the sample experienced positive demand growth than saw contraction. A third of firms in the sample saw overall demand grow by more than 10% for the first half of the year. However, that's offset by another 21% that saw demand shrink by more than 10%.

The success of US-based firms in the UK may be cause for concern among some UK lawyers – but the fact these firms are experiencing favourable conditions indicates a set of conditions against which all firms operating in London can succeed. The trick for these US-based firms is to hold on to the success they've found. The goal for UK competitors is to decide how to capture a share of that success for themselves. ▲

Year-on-year change at US law firms in London





## INDUSTRY ANALYSIS

# A blissful Brexit?

Dave Harris, principal consultant at LexisNexis Enterprise Solutions, says gaining clients' trust to guide them post-Brexit will highlight the value of deep data insight as never before

One wonders if law firm reactions following the Brexit vote are knee-jerk responses to the economic uncertainty. There have been announcements of pay freezes, potential redundancies, the expectation of revenue losses and withdrawal of investment plans. Many top firms are also funding lawyers to register in Ireland, and even in other EU countries, to minimise the impact of Brexit on their EU law practice. Some are even looking to focus more effort on regions such as Asia and Africa for their growth.

Simultaneously, wishing to benefit from Brexit's potential business opportunity, these same firms are actively displaying their EU law expertise to win and retain clients. But prospects are unlikely

to give business to firms using this 'thought leadership' approach purely on the strength of any information and content that's made available.

So what will really instil confidence in a law firm? The answer is trust. A corporate CEO is more likely to appoint a firm that understands his or her business challenges and model, that has existing relationships with the business and its partners, and that knows the organisation's attitude to risk. A firm's understanding of a client's business and marketplace lowers the corporate's risk. It also encourages emotional investment.

## Building relationship bliss

This brings us to the next question – how can a firm demonstrate that understanding of a client's



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business? Firms need to embed continuous, business-driven relationship management into their very psyches. This takes business development away from being a scattergun approach – and toward the goal of ‘relationship bliss’ (a phrase cleverly coined by Michael B Rynowecer, author of *Clientelligence: How Superior Client Relationships Fuel Growth and Profits*).

But this requires an extremely target-led approach to prioritising new business targets, underpinned by informed decision-making that draws on accurate and quantifiable historic business data. For example, a firm evaluating its business pipeline by practice group may find its commercial property practice has 40 open opportunities, but a win rate of just 10% – compared to the intellectual property practice, which only has 15 open opportunities but enjoys a much higher win rate of 25%. A more in-depth analysis reveals that even though marketing activities generate initial interest in the commercial property practice, the department lacks relationships with key decision makers to convert that interest to a win. Additionally, the practice tends to lose to a competitor, as the other

firm is already offering services in another area of law. This level of insight enables the firm to course-correct and readjust its focus for the future.

It also underscores the need for the firm to understand its own organisation in order to demonstrate an understanding of the client’s business – factors such as: the sectors where the firm has most experience; in which regions, the competitors in those industries and geographies the firm tends to win or lose against, the most profitable price for the different types of work, the levels where relationships are strongest, and so on.

It’s this kind of business relationship that will enable the firm to demonstrate its understanding of the client’s business, markets, challenges and priorities, and so afford it a much higher probability of success. It will also enable the firm to deliver more ‘bang for their buck.’

### Deepening through data

This style of long-term relationship building – deeply collaborative and insight-driven – isn’t easy to execute in a law firm environment, especially if there are only a few individuals spearheading the approach. It requires a deep-rooted, seamless alignment of people and processes, coupled with access to meaningful data that only the right technology can provide.

Firms must adopt technology that collates the data, identifies relationship patterns and trends between lawyers and clients, and provide insights to the business development processes across the firm. In addition, overlaying engagement analytics provides a complete picture of BD efforts, the strength of the relationships, and of course the business outcomes.

For example, if a firm is pursuing company X, the BD team should know how many people in the firm already have relationships with that company, the strength of each individual’s relationship, the lawyers most engaged with the prospect, and whether the engagement is with the right decision-makers. This level of visibility allows the BD team to devise a plan over a finite timeframe – one that allows the firm to establish the right connections and clearly illustrates its value.

In a sector where it’s hard for expertise and knowledge of the law to be a differentiator, firms must leverage their relationship and business intelligence to create differentiation. Given current market uncertainties, that need is even greater. It’s quality, not quantity, that will count. ▀





## INDUSTRY INTERVIEW

# Closer encounters

The time has come for a new model of client lifecycle management, says Guy Phillips, sales director at OnePlace Professional Services

Winning, nurturing and growing client relationships is a constant challenge for law firms. As competition increases, firms must review their engagement models not only to optimise opportunities for client retention and growth, but also to mitigate risks.

The risk that a key relationship may substantially weaken ought to be always on any business's radar – and it follows that firms need processes to measure and report on client engagement. Use of client relationship management (CRM) to drive proactive behaviours and manage the exceptions that create risk, will lead to stronger firms, says Guy Phillips, sales director at OnePlace Professional Services.

“If a fee earner retires, or goes to a rival firm, it isn't unusual to find there's nobody else with enough relationship knowledge to provide continuity. Partners can be very protective of their clients, but that tendency places the firm itself at greater risk.”

It's just as risky if there are only one or two points of contact in the client business, he adds. “You need a healthy number of connections on



**“If a fee earner retires, or goes to a rival firm, it isn’t unusual to find there’s nobody else with enough relationship knowledge to provide continuity.”**

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both sides for successful long-term engagement.”

Even if contacts are relatively solid, a lack of engagement between sporadic matters can leave clients open to approaches from competitors.

Using the Salesforce cloud platform, OnePlace seeks to address these challenges, among others, by providing more usable insight into the firm-client journey as a lifecycle, says Phillips – and it’s a journey that can be enhanced by strategic management interventions. “OnePlace provides alerts to ensure regular engagement,” he says. “At-risk clients, with low relationship scores, are highlighted for corrective actions, and such methods of management by exception help to focus on the best areas for business improvement.”

### More on the move

As firms introduce ever more imaginative ‘agile’ working policies, relationship details – strengths as well as problems – need to be available at even shorter notice. It’s very easy for today’s fee earners or BD specialists to be moving between meetings all day, and dialling in to a critical conference call as they walk.

Phillips says the system supports that working pattern by collating all client-related information from different systems.

“The mobile app connects people with the relevant permissions to client, financial and matter information, as well as relationship and market intelligence from external sources.

“For example, a partner going to a meeting could digest a tailored news bulletin. It might be relevant to ongoing business, or it might just be a useful conversation opener.”

But efficiency also demands a filter on business information. A partner in that meeting won’t need the same level of insight into financial details as a BD colleague, for example.

“BD might need a full list of matters and revenues for two years, while the partner just wants a summary. CRM systems and processes need to be proactive – pushing information to

individuals based on their role rather than waiting to be asked for what’s needed.”

By using client engagement as a performance metric, performance management can also get more proactive. Meetings and email activity can lead to a success score. The firm then uses gamification – competitive instinct – to work on building the behaviours it wants to see.

“A partner’s dashboard can show league tables ranking people’s relationships from strongest to weakest,” says Phillips.

“Individuals will see how their own client activity compares to colleagues, while managers can use the data to monitor performance against objectives and make decisions about training.”

### Group activities

But increased personal contact or marketing initiatives may not be the only change needed. As firms expand, they need to spot the best opportunities to cross-sell between practices and to future-proof relationships.

Based on Salesforce, OnePlace provides access to Chatter – which operates like consumer social media. Users can follow tagged interests such as key clients, opportunities or practice groups that are most relevant to their work. They can also receive updates without email, set up specific groups around special interests, and quickly comment on developments or ask questions, such as about key contacts.

“The system also supports collaborative working – for example, enabling preparation of bid documents using centrally stored materials such as biographies, case studies and standard paragraphs. Understanding contributions to previous successful bids, and learning or reusing that information, is key to continuous improvement.”

As legal business models and product lines transform, the client lifecycle will only get more challenging to monitor and control. Managers must make the most of the information available to lower risk and leverage every last opportunity. ▀

## OUT OF OFFICE

# Water way to go

Clint Evans, head of brand and talent at RPC, dives into the importance of having a hobby outside work – such as working through water



I used to be quite a serious rower for a while at an international level. You couldn't really describe it as a hobby though. It was more like an unpaid job that I managed to fit around any paid jobs until my early 30s.

It was then I realised I couldn't make it into any Olympic teams, so I decided to tone the rowing down – but I couldn't get away from it. It wasn't until a colleague and I came up with the idea of entering one of the Atlantic rowing races that we finally managed to kick our rowing habit.

That was 10 years ago – and I haven't done much rowing since. Instead I have turned to long-distance swimming. I don't take it quite as seriously – but it constitutes more of a hobby than rowing ever did.

The swimming also started with the guy who joined me rowing the Atlantic. We decided we wouldn't be doing anything quite on that scale again. But we thought there might be lots of other intercontinental things we could do – things that didn't require any gear and could be done on human power alone.

So we both tried a few challenges. I've done some and he's done some. He swam from Europe to Africa. Unfortunately, I couldn't do that one

due to other things getting in the way. But I was able to swim from Europe to Asia, which isn't actually that far. It's quite a bouncy swimming trip across the Hellespont.

There were a lot of individual journeys like that. Then we managed to get an RPC team going a couple of years ago for the charity RNLI Dover Lifeboat Station. We got 18 people to swim across the English Channel. We did that in three teams of six.

We didn't think we'd be able to get enough people together for a team, but people grew more and more enthusiastic. They all turned up for training, and we went down to Dover Harbour for a swim. In the end, three boats took off in the middle of the night from Dover and we got all 18 people across.

I just like being in or on the water. When swimming, there's no need to worry about equipment or other people in the boat. It's just you and the

**“RPC has a very strong ethos that people should bring their ‘whole self’ to work. We encourage bringing things in from outside professional life.”**

water. To be honest, there's probably also a slightly 'macho' aspect to open water swimming, where you're battling the elements and sometimes without a wetsuit.

I think it's important that people do have something other than work. RPC has a very strong ethos that people should bring their 'whole self' to work. We encourage bringing things in from outside professional life.

It doesn't matter what kind of hobby or interest it is, and it doesn't matter how seriously they take it. It's good to have something engaging and that you feel passionate about.

We think that a good work-life balance boils down to feeling at home at work. And that's also something that RPC has been recognised for providing to people.

There are so many parallels (and some clichés) you can draw between hobbies and transferable skills in the workplace – but the thing that stands out most is people.

When the best teams, whichever combinations of lawyers and business services, are working at their best it does feel similar to when a sporting team is at its best and everything you do seems to flow quite naturally. ▴

*As told to Kayli Olson*