

## The rise of the all-in-one law firm

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Lawyers are not usually the first to embrace the latest corporate trends. For generations, a relatively straightforward business model has sufficed to provide regular, healthy profits.

In most establishments, that remains as true today as ever. But some enterprising firms are beginning to challenge traditional notions of the services that law firms offer.

It is easy to understand why the top corporate firms, particularly in the US, see little reason to change. With close ties to the leading financial institutions, they have rock-solid brands and can charge a premium for the most sophisticated legal advice, providing their senior partners with earnings of well over \$1m (£575,000) year.

Others face different pressures, though, and see the opportunity to provide services other than pure legal advice as too tempting to pass up.

Robert Glennie, the former chief executive of KLegal - KPMG's now disbanded tied legal network - and a legal business consultant, says: "Lawyers have not been at the forefront of diversification, but it is becoming increasingly common. I think it will be a trend among the more creative firms."

Not only are law firms beginning to outsource and offshore some of their "back office" functions and basic legal services that can be commoditised, but they

are also diversifying into previously uncharted territory for lawyers.

The offshore firms, based in jurisdictions such as the Channel Islands and the Caymans, have more or less led the trend. As an adjunct to their core legal advice, many have set up their own trust and fiduciary services companies, not to mention private wealth management and even share plan administration arms.

At Mourant de Feu & Jeune, a Jersey-based firm that recently took on a corporate structure, for example, the law firm's revenues of about £17m make up a significantly less than half of the group's overall £50m turnover.

But some onshore firms are diversifying their services too.

DLA, the UK firm that recently merged with Piper Rudnick and Gray Cary of the US, has seen its government affairs and communications practice, Upstream, gather momentum. While many US law firms, particularly those in Washington, have long been involved with lobbying work, it is largely alien to British

lawyers.

But the DLA Upstream initiative goes further than just lobbying, by offering media relations and crisis management advice. It has developed a team of 27 consultants and public relations specialists based in London, Brussels and Edinburgh. The team offers "profile building, contact building and reputation management", as well as early warning of and campaigning for legislative change, media relations and "pan-European alliance building".

Significantly, the practice largely has its own set of clients, which hardly overlaps with the law firm's main client base. DLA Piper says the team is gaining strength, winning more pitches in recent years and is now "often pitching against the major PR consultancies".

Bircham Dyson Bell (BDB), a solicitors' firm specialising in UK parliamentary law and legislation, has also found that its clients wanted broader help with work such as infrastructure projects and regulatory issues, including handling communications. The firm has set up a public relations group, and has hired a journalist from The Times newspaper to boost its practice.

Robbie Owen, head of the parliamentary, public law and planning group at BDB, says: "Clients were saying we don't view you as just lawyers. We need you to handle the whole project and that includes dealing with the PR and press."

The firm is now considering how it can market its PR arm as a sub-group.

"It is early days but we think it makes sense," Mr Owen says. He believes other law firms, perhaps those strong in litigation, might follow suit. "If you are dealing with complex legal issues, such as litigation or initial public offerings, lawyers have all the details at their fingertips and having a separate outfit [doing the PR] might be less efficient and more hassle."

Mr Glennie has noticed a move towards offering training, particularly by employment lawyers. As employment law is constantly changing, particularly with the weight of European legislation emanating from Brussels, the possibilities for offering training videos and courses for managers and human resources professionals have grown. Consultancy on pensions is also rising, thanks to concern about a looming crisis.

Diversification is not just a way of directly increasing the amount lawyers can

bill their clients, Mr Glennie points out. Extra services can be a way of differentiating a firm from the many others perfectly capable of offering the same legal advice. He adds: "It is

partly the desire to appear more dynamic that is driving this. The ability to offer a range of services might differentiate some firms from others.

"The extra services might also be a way of gaining access to clients that previously the firm would not have had access to."

Web-based technology increasingly offers new opportunities for creative firms to devise innovative ways of delivering their advice. Eversheds, for example, recently launched an online database pulling together corporate governance and compliance law from across Europe. Paul Smith at Eversheds says the firm came up with the idea because in-house lawyers at multinational companies could not "go to one place to find all laws across Europe that apply to business compliance".

He adds: "As the legal market becomes more mature, legal knowledge will become more commoditised, and this is part of that."

Linklaters, one of the four biggest firms, has been developing its Blue Flag range of online legal services for some years, which includes online reference services, e-learning courses and document automation. One of its most

successful products is a

term sheet generator to

help bankers produce the documentation for syndicated lending much more quickly.

But for Linklaters, the initiative is not about diversification or generating extra revenues. Like many of the big international firms, it has refined its strategy to focus on core clients such as banks and large companies that will use it for premium legal advice in a number of jurisdictions. It is now exploring ways of using technology to serve its key clients better and the web-based services are seen as a way of getting closer to those clients and differentiating the firm from its rivals.

Some law firms are going further, even suggesting that they might be able to turn rival firms into clients.

Orrick Herrington & Sutcliffe, a US firm fast expanding internationally, is planning an outsourcing services company for other law firms.

As part of its business strategy, the west coast-based firm has based its entire global "back office" functions, such as accounting, finance, technology, payroll and administration, at an operations centre in Wheeling, West Virginia. It is also considering moving much of its fundamental legal research there.

Ralph Baxter, Orrick's chairman, says the firm has made huge savings by shifting the functions to one central location. But he wants to go further, and is convinced the firm can "commercialise its back office", offering its operations centre as an outsourcing service for other law firms, handling administration, IT and even basic legal research for them.


Mr Baxter says the service would offer material savings for other firms and would be better and more reliable than anything they could create themselves. "We have already done it," he says. "Why should other firms put in the time and investment when they can use ours?"

In the cautious world of the law, though, whether other firms would be confident enough to trust a rival to handle IT - which inevitably might involve the processing of confidential data - is open to question. "How keen a law firm would be to take that from another law firm? I don't know," says Mr Glennie.

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