

Business life

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In pursuit of modern practice

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Lawyers and innovation are not words that people automatically put together. Being a good lawyer is traditionally about caution, prudence and risk analysis. Businesses innovate and lawyers protect. Innovation has not been on the lawyers' agenda, and until recently there has been little requirement for it to be there.

In the past five years, however, the legal landscape has been transformed. International expansion and the demands of cost-conscious clients have thrown down new challenges to the UK legal profession.

The Financial Times on Thursday launches a ranking of the most innovative lawyers in the UK, which will measure innovation by firms and individuals. It will be sponsored by BDO Stoy Hayward, the accountancy firm, and the research will be carried out by RSG Consulting, a legal research company.

FT Innovative Lawyers Ranking Before 2000, no law firm could claim to be genuinely global. Since then, four of the five "magic circle" UK law firms have more than doubled in size and developed European and US legal practices to reflect the activities of their big global clients.

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Those clients, in turn, have experienced pressure on costs and have become tougher purchasers of legal services. They are applying greater rigour in the buying process, more often using procurement agents and consultants. When Lloyds TSB reviewed its legal advisers last year, for example, its procurement division took an active role in the process.

Further, the Clementi review of legal services in December 2004 set the stage for more intense competition by allowing providers outside the world of traditional law firms, such as accountants or supermarkets, to enter the market.

Most companies take it as read that their law firms will deliver the law and deliver it competently.

What they are increasingly demanding, however, is added value. For the astute law firm, this means being innovative in all aspects of the business, from billing arrangements to the use of technology.

In pursuing ambitious programmes of international expansion, the top law firms have been forced to rethink aspects of the partnership model and adopt management techniques and roles that are more typically found in large corporations. Tony Angel, managing partner of international law firm Linklaters, says: "The challenge for law firms is to marry up the corporate management approach with the ethos of partnership."

Giles Rubens, a consultant to law firms at international management consultancy Hildebrandt, says: "Innovation is hugely important for law firms but unfortunately it has not always received the attention it should have done."

Some law firms see the benefits in promoting their innovative credentials. Eversheds, an international firm and the largest law firm in the UK, consciously tries to adopt a distinctive approach to the delivery of legal services. In 2004, the firm set up a formal board comprising 20 general counsels from FTSE-250 companies to advise the firm on its business strategy. One of the initiatives it inspired was Deal Track, a process of training and budgeting aimed at making the legal costs of mergers and acquisitions more predictable for clients.

Eversheds' focus may lie partly in its origins: it was formed through an amalgamation of 12 regional firms in the early 1990s in an ambitious move to create one of the UK's first integrated national law firms. Kevin Doolan, a partner and member of the firm's management team, says: "Innovation is a great way of differentiating ourselves."

However, despite the changes of the past five years and the trickle-down effect of the top firms' initiatives on the rest of the legal community, innovation across the profession remains patchy.

James Bateson, a corporate partner at Norton Rose, says: "Innovation is not instilled early in a young lawyer's career. People are not trained to be businessmen, although you have some people to whom it comes naturally."

He also sees innovation as a way for law firms to stand out in a crowded market. Currently Mr Bateson is working with clients in the insurance industry to develop Sharia-compliant products for the world's Muslim population, an area in which few leading law firms are active.

As big law firms have opened offices around the globe, they have had to professionalise their approach to management, improving the way internal operations are structured and managed. In 2000, global law firm Clifford Chance became the first to conclude a tripartite merger with a US firm and a German firm.

It recently instituted a programme of executive management training in conjunction with the Oxford Said Business School, which gives high-level staff a taste of an MBA.

More unusually, says Laura Empson, the director of the Clifford Chance Centre at Said, the firm has chosen to extend this level of training beyond its lawyers to its business support staff.

"Modern law firms understand that management is a job in its own right and should not be left to well-intentioned lawyers who treat their business support professionals as back-room boys," says Prof Empson.

Large corporations and even accountancy firms have conducted explicit drives on innovation – yet there is little evidence of such formal programmes in the legal sector. Public recognition for innovation, in awards such as the Queen's Awards for Enterprise or the Orange National Business Awards, tends to focus on commercial businesses, not professional services firms.

The FT aims to rectify this. We will be inviting submissions from UK law firms in 10 categories of innovation, the results of which will be published in a Special Report at the end of June.

The ranking will be an indispensable guide for the users of legal services seeking to

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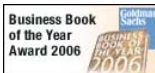
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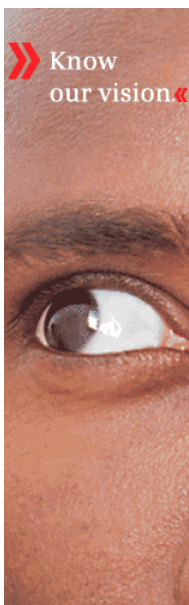
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