

A changing profession for a changing world

Client care has come a long way in the last 20 years but that does not mean the job is done. New technologies and a wobbly economy are just two reasons why law firms need to continue updating and refreshing the services that they offer to clients.

While the efforts and achievements of the ILO Client Choice Award winners might suggest otherwise, client care is, in truth, still very much a fledgling concept. The bad old days of Dickensian caricatures and ivory tower mentalities, when the client was a mere supplicant at the mercy of its advocate, are not all that long ago. As the profiles in this guide confirm, at those firms where excellent service is a key priority such attitudes have thankfully been relegated to the past, where they belong. However, this is not to say that client care is now a perfect and immutable gold standard, with nothing more to be achieved.

One of the key issues that emerges from talking to this year's winners about the way they offer client care is responsiveness. This does not just mean returning phone calls: rather, firms must tune in to what it is that clients need. However, this is constantly subject to change, as is the environment in which both lawyers and their clients operate. New technologies – from BlackBerrys to virtual worlds – are revolutionizing social interactions; they are also beginning to have a profound impact on professional interactions. Add to this a shaky economy facing predictions of a downturn and it is clear that when offering legal services to clients, there can never be an end point: law firms must keep updating and evolving the services they provide in order to stay relevant.

Bright new future

Ever since the Internet first became the next big thing, law firms have been working on ways to harness this new technology. While dystopian scenarios of all legal interactions taking place onscreen have yet to materialize, there is no question that new technology has transformed the way that law firms reach out to clients. The advent of email means that documents that once took weeks to be

drafted, checked, approved and exchanged can now zip across the ether several times a day. Far more information – from legislative texts to transcripts of judgments – is available online and thus within reach to anyone. In addition, the accessibility offered by electronic communications means that clients now expect much faster responses.

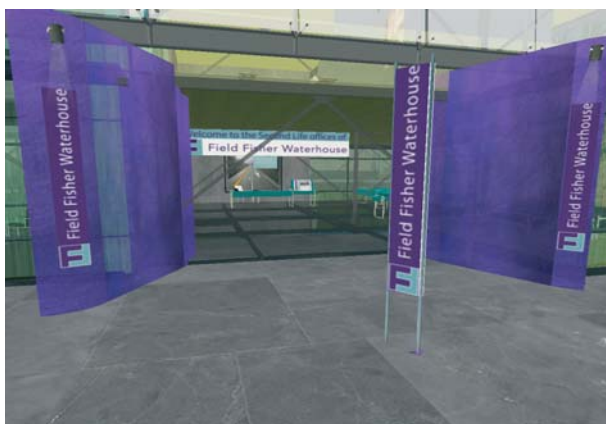
Some law firms have gone even further and now offer simple legal transactions which can be completed online. Fred Krebs, president of the Association of Corporate Counsel, is all in favour of this type of development, provided of course that the client is comfortable with it. “Automated systems can enable lawyers to get out of mundane, repetitive work and concentrate on more high-value areas,” he says. “In some areas a lot can be done by legal assistants or paralegals. It’s a way of transferring work that doesn’t actually need to be done by lawyers.”

Bengt Gustafson, senior vice president chief legal counsel of the Securitas Group and president of the European Company Lawyers Association, is also in favour of some degree of automation, but points out there is a limit to what can be achieved remotely. “All legal business is personal to some extent. Lawyers are consultants,” he says. “Only very simple transactions such as contracts can be performed online.”

Going virtual

Second Life, created by Linden Labs in the United States, is the ultimate in automation – a virtual world where imagination is the only limit to what people can build and how they can appear. Users or ‘residents’ (there were nearly 7.5 million as of June 2007) can use the world to explore, socialize and trade (virtual) goods and services – the daily spend in-world is around \$1.5 million. No surprise, then, that Second Life has attracted interest from businesses such as Disney, IBM and Renault, as well as banks including ABN Amro and ING. In April 2007, Field Fisher Waterhouse became the first large multi-jurisdictional law firm to open a virtual office in Second Life.

The venture was the brainchild of David Naylor, a partner at the firm who has long specialized in technology,



Left:
Second Life, created by Linden
Labs in the United States



media and communications. He went into Second Life out of curiosity – after all, if the virtual world is one in which people are comfortable interacting and doing business (the gross domestic product for 2007 has been estimated at between \$500 million and \$600 million), then maybe law firms should consider working there too. Naylor was soon convinced of the possibilities of Second Life and was able to persuade the firm’s managing partners that this was something worth investing in. The first in-world Field Fisher Waterhouse office is manned by Naylor’s team, who work there on an *ad hoc* basis – he estimates that it is probably equivalent to one to two people working there full time. “There’s not someone in-world all the time, but we’ve set up a system so that if people visit and there’s no one there, they can instant message us from Second Life,” he explains. “We receive an email and can get back to them” – a useful adaptation of real-world courtesies to clients. In the same way, the firm was aware right from the start of the importance of expertise and careful thought on how to advise clients in Second Life. “Before we launched we wanted to make sure that our people understood how to navigate and to communicate,” Naylor says. “How to conduct themselves in a virtual world.”

The uses of the virtual office have been broad. Naylor describes how lawyers in-world spend a lot of time giving presentations and going to conferences. “We just gave a law lecture to Southampton law students through Second Life from our desks here in London,” he says, pointing out how the communications opportunities can help to overcome real-world constraints of time and distance. Field Fisher Waterhouse lawyers also meet potential and actual clients in Second Life. What follows on from this depends on the client. With some, an in-world introduction leads to a face-to-face meeting, especially if they are based nearby. However, other individuals prefer to deal entirely in Second Life. In general, people have reacted positively to the venture. “Clients like to see that firms are using technology creatively,” Naylor points out. “I think people are still trying to feel their way. But there is neither the time nor the business inclination to treat Second Life as a gimmick.”

In particular, he feels that Field Fisher Waterhouse’s Second Life office has enabled the firm to reach out to other communities, particularly to clients. Some existing clients have virtual world issues even when they do not realize it (eg, brand owners whose intellectual property is being infringed in-world). Naylor has found Second Life a surprisingly useful place for networking and socializing with potential clients “There are phenomenal conferences taking place there,” he enthuses. “We get speakers from across the world; there are video presentations and real-time Q&As.” In-world events such as this can give lawyers the chance to meet users they might otherwise not encounter. Holding conferences, meetings and seminars in the virtual world can also be far more cost-effective and environmentally friendly than jetting all over the world.

However, perhaps the clincher is the unique perspective the experience of doing business in the virtual world has given the firm on the relevant legal issues. Naylor argues that as a leading technology law firm, it is vital that Field Fisher Waterhouse understands this technology from the inside. “We can’t just observe – we have to get involved to understand the environment,” he says. “It’s clear to me that you can’t give advice on virtual world issues if you don’t know how the virtual world works.”

Krebs believes that there are many positive aspects to ventures such as this. “Firms need to use technology, they need to be more creative, and this is a way for them to do that,” he says. “I’m in favour of anything that shakes up the

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Far left:
Fred Krebs
President, Association of
Corporate Counsel

Middle left:
Bengt Gustafson
President, European Company
Lawyers Association

Near left:
Paul Smith
Product group head, Eversheds

old business models.” However, despite this, he wonders whether the virtual world can ever replace personal interaction. “Firms should remember the value of face-to-face meetings,” he points out. “Second Life can complement these, but I don’t think it can ever replace them. There has to be a blend of the two.”

Testing times

For the last several months the media has been full of gloom about a possible economic downturn. While this is hardly the most cheering of prospects, law firms would be well advised to pay heed to such warnings – their clients certainly will be. Krebs argues that today’s economy puts huge pressure on companies to assess their expenditures and to get value for money. Given this, he wonders whether law firms are placing enough emphasis on the value that they offer to clients. “The question is not the fee *per se*,” he says, “but equating cost to value.” He points out that in most large multi-jurisdictional law firms, the primary metric of success is revenue per partner. This has led to a business model that cannot always offer best value to the client, especially in more challenging times. “It’s a cycle. To increase the profit per partner, you need to increase the number of associates and bulk up the billable hours. And these associates can be on starting salaries of as much as \$160,000. It’s a very inefficient model.” While some niche, boutique firms with more reasonable associate/partner ratios operate outside this standard business model, they are the exception rather than the rule.

Gustafson agrees that the last few years have been good times for law firms, but nothing lasts forever. “Firms have benefited from clients who were not necessarily choosing on price,” he says. “As a result, they have not always been doing the best they could to deliver value. If the economic downturn becomes a reality, they will have to reconsider this attitude.”

It is encouraging, then, to see that some firms are aware of these concerns and are offering new business models that better suit clients’ needs. Tyco International Ltd kicked off 2007 by announcing that it had appointed Eversheds LLP as its sole legal service provider across 34 countries in

Europe, the Middle East and Africa – reducing from 285 firms to just one. Paul Smith leads Eversheds’ European sales team and is the client partner for Tyco. He reports that the first year of this innovative model has gone very well indeed. In terms of costs, the arrangement has delivered some impressive statistics, with Eversheds being able to drive down the average hourly rate as a result of efficiencies. “It’s also developed in other ways,” Smith says. “We have what we call ‘heat mapping’ – we pinpoint the top 20 areas in terms of spend and analyze why it’s so high. Then we work out how to drive it down.”

This appreciation of value will be music to the ears of any in-house counsel worried about obtaining best value from law firms. For instance, one of the big changes Eversheds made was to link up with Tyco’s electronic billing system. “It was a challenge,” Smith says, “but now it’s in place it gives them an instant overview of the relationship.”

Obviously, switching to just one legal services provider is not the solution for every company. However, it does seem to suit certain types of client: Lovells has won the bid for a similar deal with Honeywells, while Eversheds is poised to announce two further such brand-new deals. In any case, all firms should bear in mind the drivers behind the deal – concerns about costs, value for money and billing transparency.

Looking ahead

The last 10 years have seen astonishing changes in the way that law firms offer client care. The industry is rightly proud of everything it has achieved, but it cannot afford to be complacent. Ask clients what they want and the answers are remarkably consistent – good communications, responsiveness, good value. But how these qualities are defined and what firms can do to deliver them are fast-changing questions. Twenty-five years ago, responsiveness meant a client making it through the inner sanctum to meet face to face with his or her lawyer. These days, it can be anything from an instant email response to meeting your lawyer in a virtual world. Who knows what client care will mean in the future – but whatever it is, law firms had better be ready.