



BEST LEGAL ADVISERS REPORT 2016-2017



LegalWeek
Best Legal Advisers
Report 2016-17

LegalWeek
Intelligence



Contents

2016-2017 Best Legal Advisers	3	Value	11
Demographics	4	Innovation	14
Introduction	5	Brexit and beyond	17
Quality and service delivery	8	Conclusion	19



About the author

Dominic Carman is a freelance writer, journalist and consultant who has worked with international law firms for 25 years in London, New York and Hong Kong, where he was based for three years. He executes bespoke projects on their behalf – from thought leadership and report writing to digital content, ghostwriting and speechwriting.

His clients include: the European best friends of Slaughter and May, Freshfields Bruckhaus Deringer, Hogan Lovells and Sullivan & Cromwell, in addition to a spread of offshore and US law firms.



He also undertakes projects for leading independent law firms in Europe and has increasingly been retained by management consultancies and IT companies servicing the international legal market. As part of his work, he speaks at conferences and is a contributor to national media.

Dominic's clients say that they improve their results when they improve their communication skills – this is what he helps them to do.

www.dominiccarman.com

2016-2017 Best Legal Advisers

ALLEN & OVERY

BLP BERWIN
LEIGHTON
PAISNER

Bond Dickinson

C/M/S
Law . Tax

DAC beachcroft

DLA PIPER

dwf

EVERSHEDS

GOWLING WLG

HERBERT
SMITH
FREEHILLS

KEYSTONE LAW

Mishcon de Reya

NORTON ROSE FULBRIGHT

ReedSmith

RPC

SHEPHERD+ WEDDERBURN

SHOOSMITHS

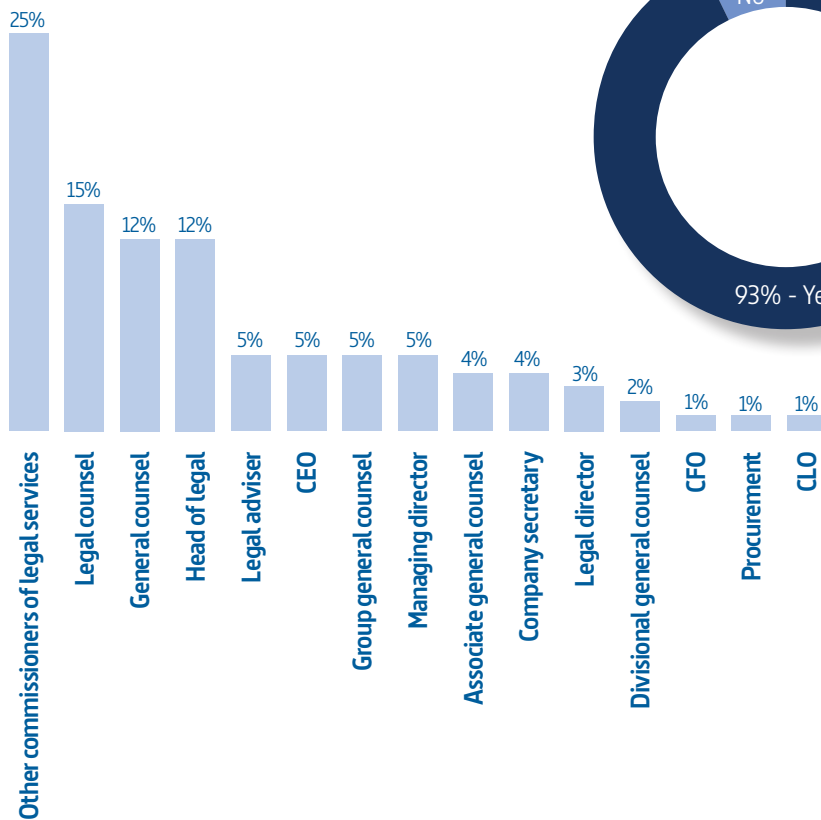
TLT

TRAVERS SMITH

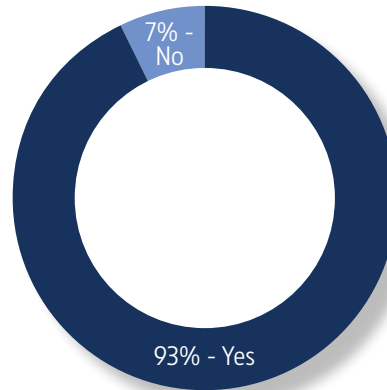
Weightmans

Demographics

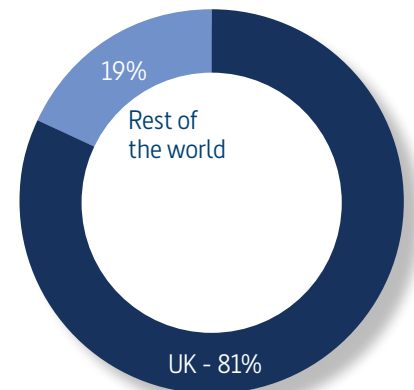
What is your job role?



Does your company use external lawyers?



Respondents by nationality



Top international geographies:

- Hong Kong
- Singapore
- North America
- Middle East and North Africa
- Sub-Saharan Africa
- Europe
- Australia

What sector area do you work in?

Advertising	1%	Entertainment & Recreation	1%	Pharmaceutical	1%
Agriculture & Agribusiness	1%	Fashion	1%	Public Administration	1%
Air Transportation	1%	Financial Services	15%	Real Estate	3%
Auto	1%	Food & Beverage	2%	Retail	3%
Banking	5%	Health	1%	Service	2%
Biotechnology	1%	Information Technology	3%	Technology	3%
Construction	4%	Insurance	13%	Telecommunications	2%
Consulting	1%	Legal Services	3%	Transportation	2%
Consumer Products	1%	Manufacturing	3%	Utilities	1%
Education	1%	Media & Broadcasting	2%		
Electronics	1%	Non-Profit	1%		
Energy	5%	Other	13%		

Introduction

It has been a good year for commercial law firms. In a more benign economy, many have flourished, as evidenced by their robust financial results. And the best of them have also become notably better at what they do and how they do it – that much is clear from some dramatically improved satisfaction ratings in this report. In meeting client expectations and delivering on the core elements of quality and value, there is much praise for the excellence of legal advice, service delivery and, increasingly, in innovation.

Brexit might well deliver further economic shocks in due course, but for lawyers it may also provide a silver lining – at least in the short term – in the shape of more instructions that will come directly in its wake. This too is confirmed by the expectations of general counsel (GCs). In addition to the increased regulation and compliance affecting multiple sectors, which have already provoked greater demand for external law firms, the enduring pressure on GCs to seek more for less may well be superseded by the scope and scale of Brexit-related work. Although many GCs see little or no Brexit impact yet, it is the calm before the storm. They surely will.

But it is not all good news. The commentary shows that despite their increased satisfaction, many respondents still have deep concerns about what their law firms provide. In drawing on the commentary, more weight is deliberately given to adverse criticism rather than glowing praise. From the most content GCs, who describe their lawyers as excellent or very good, there is often little qualification as to how or why that is the case, whereas the malcontents have plenty to say. And arguably their views matter most because these are the clients where much greater effort is needed to rectify a relationship, or to develop a better understanding of their problems.

Contrary to received wisdom, most complaints do not centre only on money. Although the desire for lower fees is almost uniform, it is rarely cost alone that attracts the greatest criticism. Instead, relationship and

understanding are the key words. If those two elements are deficient, then cost comes under the microscope because there is insufficient perceived value.

The most important findings in this report therefore, lie not in the various percentages of importance and satisfaction given to different questions, but in the collated responses of general counsel in their own words: summarising where things are going wrong, why this is happening and what can be done to put them right. Read these with care and, where appropriate, act upon the suggestions made: it might even help you both to retain clients and to win more business from them.

Methodology

The Best Legal Advisers Report 2016-2017 analyses the results of *Legal Week's* annual client satisfaction survey conducted by phone and email in June-October 2016. The report canvasses the views of 761 global general counsel, senior in-house counsel and others responsible for commissioning legal services including legal directors, chief legal officers, CEOs and managing directors. Respondents were asked how important 12 aspects of legal service are on a 1 (unimportant) to 5 (very important) scale and then asked how satisfied on a scale of 1 (dissatisfied) to 5 (satisfied) they are with their current law firms. Additionally, respondents are given the opportunity to offer free-text feedback on their chosen firms and nominate client partners for outstanding service. Law firms which pass a certain participation and score threshold are awarded an accreditation as Best Legal Adviser.

Introduction

2015

Satisfaction vs Importance with the following aspects of legal service?

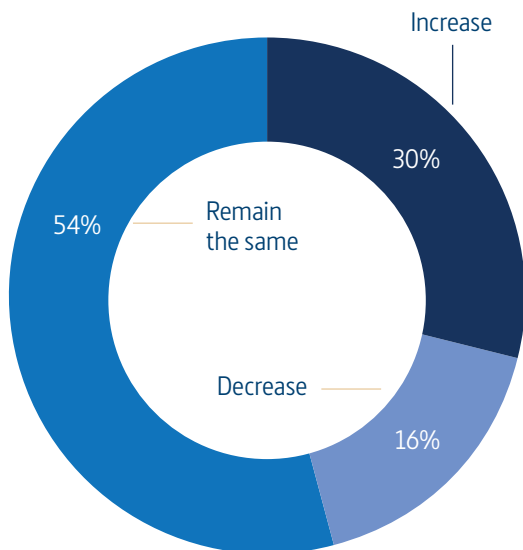
	Satisfaction	Importance
Fee arrangements	68%	81%
Billing practice/ transparency	68%	81%
Quality of service delivery	84%	95%
Communication and responsiveness	81%	94%
Quality of legal advice	85%	95%
Commercial approach	78%	90%
Partner-level contact	79%	62%
Value for money	63%	87%
Value added services	53%	52%
Overall relationship with the firm	-	-
Level of teamwork	-	-
Automation	25%	30%
E-billing	24%	29%
Alternative low cost centres	20%	25%
Innovation overall	23%	28%

2016

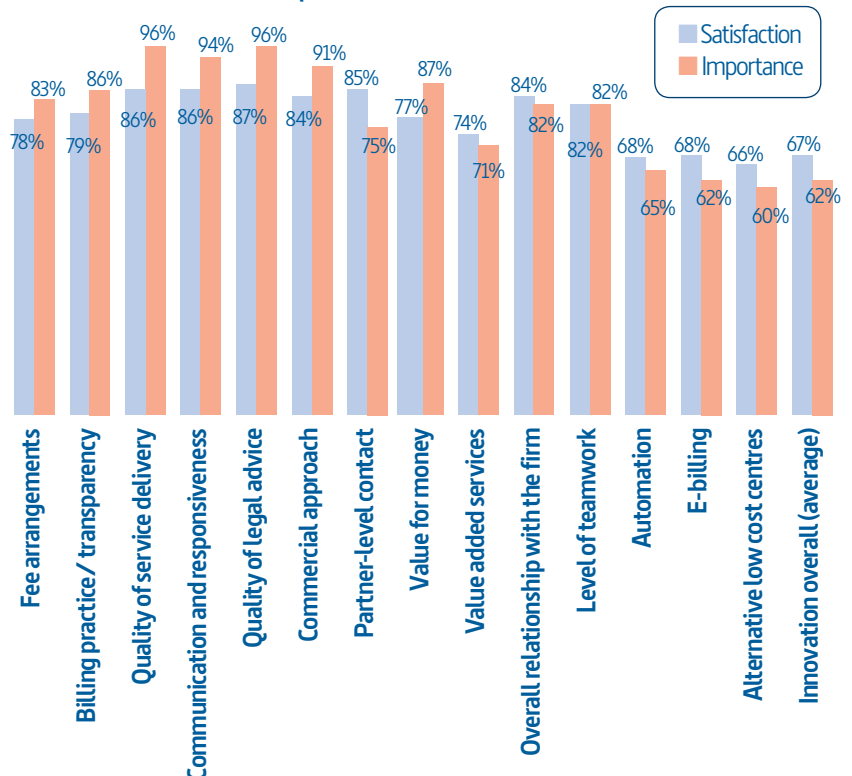
Satisfaction vs Importance with the following aspects of legal service?

	Satisfaction	Importance	Gap
Fee arrangements	78%	83%	-5%
Billing practice/ transparency	79%	86%	-7%
Quality of service delivery	86%	96%	-10%
Communication and responsiveness	86%	94%	-8%
Quality of legal advice	87%	96%	-9%
Commercial approach	84%	91%	-7%
Partner-level contact	85%	75%	10%
Value for money	77%	87%	-10%
Value added services	74%	71%	3%
Overall relationship with the firm	84%	82%	2%
Level of teamwork	82%	82%	1%
Automation	68%	65%	4%
E-billing	68%	62%	6%
Alternative low cost centres	66%	60%	6%
Innovation Score	67%	62%	5%

Do you expect your legal spend to increase, decrease or stay the same over the next 12 months?

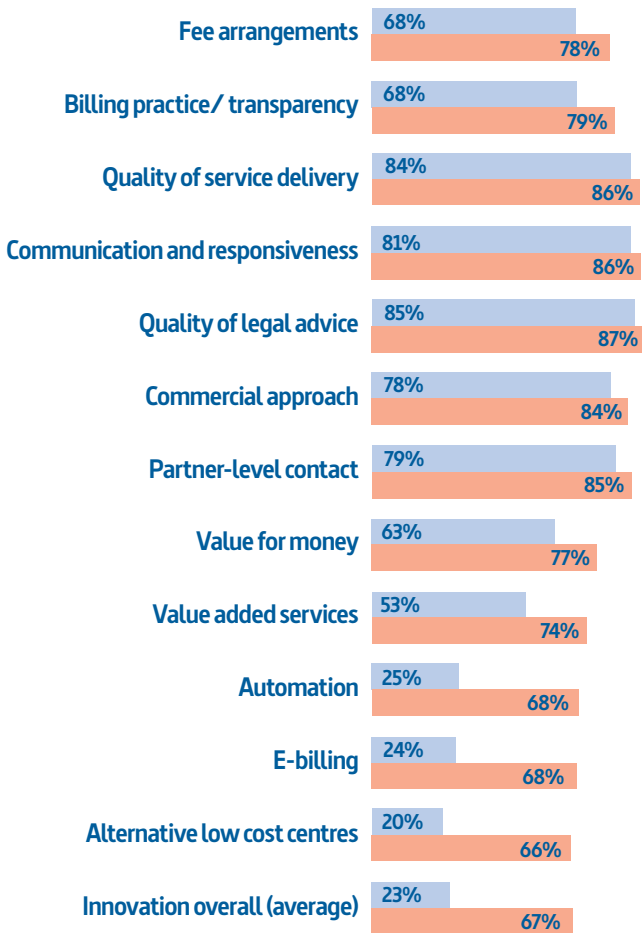


Satisfaction v Importance overall



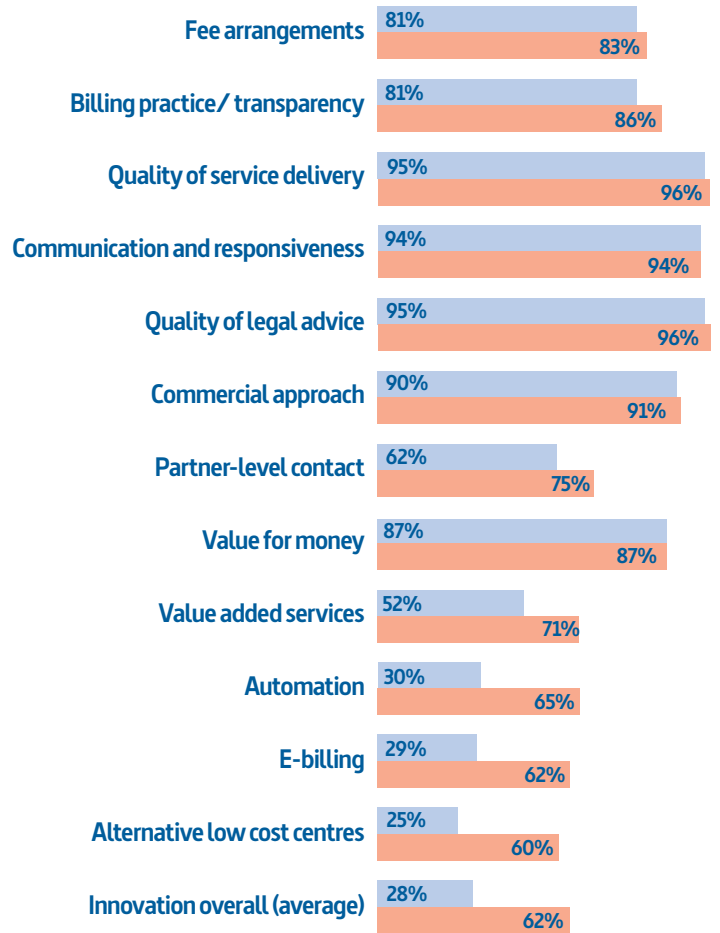
Introduction

2015 v 2016 Satisfaction



■ 2015 Satisfaction
■ 2016 Satisfaction

2015 v 2016 Importance



■ 2015 Importance
■ 2016 Importance

Quality and Service Delivery

“Clients make a conscious choice when they come to any law firm,” says David Patient, managing partner of Travers Smith. That choice is based on multiple criteria, which are examined in this report, but above everything else, GCs look for the highest quality in the advice and service delivery that they receive. The competitive pressures to deliver that high quality through cost-effective service have never been greater, with the result that clients are arguably better served by their law firms than they ever have been.

“The quality of advice and technical advice ability is taken as given if you are a national law firm like Shoosmiths,” says Claire Rowe, the firm’s CEO. It is a theme universally echoed by her managing partner counterparts. “Clients are looking for their advisers to deliver high quality legal advice that is not just technically sound, but is considerate of the commercial pressures they are facing in their particular sectors and their unique strategic and operational priorities,” adds Andrew Leatherland, managing partner at DWF.

“Our highest ratings in client surveys are in relation to quality of service and quality of advice,” says Stephen Gibb, CEO at Shepherd and Wedderburn. “We know, because clients tell us, that they value our partner-led relationship approach and our retention rates evidence that we are getting this right. We also know that there is no room for complacency.” The theme is echoed by David Pollitt, managing partner at DAC Beachcroft: “Our deep relationship with our clients ensures we can give a commercial and relevant view, as well as legal opinion.”

Quality comes in many forms

In terms of what they demand in service delivery, “everything ought to be focused on the basis of what your clients are looking to do”, suggests Jonathan Blair, managing partner at Bond Dickinson. That is achieved, suggests David Pester, managing partner at TLT, by “our openness to collaboration, our very deep expertise that is industry focused and a real desire to be different with the work and the way we are delivering it”. Pester adds: “That’s a combination of technology, working out what you want to be famous for and then having highly motivated, really engaged people to work with the clients.”

Meanwhile, Kevin Gold, managing partner of Mishcon de Reya for nearly 20 years, offers some perspective: “The single biggest change in law is the speed and time of everything. The response rate that you are expected to give by email, WhatsApp, or Slack, or whatever, is just so much quicker; the expectation of clients is so much greater. Thankfully, on the contrary side there has been the development of information tools – Google, Westlaw or LexisNexis – in how

it’s accessed, and in the practice management systems that have enabled people to respond to time pressure.”

Set against all other criteria, the BLA survey finds that quality remains the single most important factor by which firms are judged by their clients: quality of legal advice (96%) and quality of service delivery (96%) rank highest in terms of importance. On delivery, satisfaction has improved slightly, with both criteria scoring 86% – a consistent gap of 10% – compared to 84% and 85% respectively last year. Notably, the divergence in satisfaction between individual firms in the top 20 ranges widely: from 82% to a remarkable 98%.

In the commentary, GCs frequently express satisfaction about their lawyers of choice: ‘Their main strength is the quality of advice’; ‘Some of their greatest strengths are their knowledge of the business, the quality of their service and the quality of advice and expertise’; ‘Service delivery is second to none – a key requirement for our external firms’; and in a glowing tribute that any firm would be proud of: ‘They offer outstanding professional legal advice combined with excellent service.’

Keeping clients consistently happy

The firm that received the above client accolade is not in the top 20 by fee income: proof positive that it is not only the biggest firms that are always perceived to be the best. But – and it is an important but – the same firm also attracted the following comment: ‘They don’t seem to understand our business, are not proactive and don’t show any interest in getting closer to us.’ Ouch – inconsistent quality writ large.

And therein lies the management challenge: trying to keep every client happy all of the time, not just most clients most of the time. Satisfaction levels represent an average, so while many GCs score their firms of choice very highly, some evidently do not. Critically, this significant divergence in satisfaction exists not just between firms but also between different clients using the same firm. Although such dissatisfaction is more sporadic, some clients clearly receive standards of quality that are never normally synonymous with a prestige brand name.

Not even among magic circle firms, does the magic always work: some obvious tricks are missed. Consider the following comments about one magic circle firm: ‘Excellent work on high value/high profile transactions and complex financing arrangements’; ‘Legal advice is top notch and responses are fast’; ‘Very good quality advice and very responsive’; and ‘Very impressed with their service.’ This is exactly what you would anticipate being said about a top-drawer firm with a strong international reputation.

But the same firm also generates the following responses: ‘Patchy client support. Poor at meeting

TOP 5

Quality of legal advice

Allen & Overy

Keystone Law

RPC

Shepherd and Wedderburn

TLT

Quality of service delivery

DAC Beachcroft

Keystone Law

Mishcon De Reya

RPC

TLT



“The single biggest change in law is the speed and time of everything. The response rate that you are expected to give by email is just so much quicker; the expectation of clients is so much greater.”

Kevin Gold, managing partner, Mishcon de Reya

Quality and Service Delivery

How do you rate your firm's commercial approach and understanding of your business?



TOP 5

Commercial approach and understanding of my business

DAC Beachcroft

Keystone Law

Mishcon De Reya

RPC

TLT

deadlines and coordination with advisers/clients'; and 'They are, at times, almost impossible to get hold of. I am more likely to win the lottery than have some partners return a call.'

It is a recurrent theme. Alongside a slew of glowing tributes, another magic circle player receives different criticisms: 'Their teams don't speak to each other'; 'Poor at linking up relationships across different offices'; 'They are expensive for the service they provide and not always very responsive'; while being damned with faint praise: 'First-class work (when they are engaged).'

Understanding client businesses

For the most highly rated firms in the BLA survey, quality rests in being engaged with the client at every level. One example is Keystone, as managing director James Knight outlines: "From a client's point of view, we deliver flexibility and agility that goes all the way through what we provide: the service that they require is flexible or agile. All clients benefit from that today."

James Miller, head of insurance and reinsurance at RPC, adds that "listening and then responding" is essential. He explains: "We've spent a lot of time getting to the heart of what our clients are looking for. It works at different levels: the level

of the firm overall; by practice area; and then, most importantly, the level of the individual relationship. We put significant investment into each relationship."

Hard on the heels of quality is the interlinked issue of commercial approach and understanding of clients' business, which 92% of respondents believe is important, while satisfaction levels have advanced notably since last year — up from 78% to 84%. This improvement is apparent from the commentary where 'commercial approach' and 'commercial understanding' are widespread: 'They are all "human" and make the effort to understand our business and the issues we face — there's a definite sense of problems being shared,' says one respondent about her firm.

"Clients want to know that their legal adviser truly understands their business, the sector, their competitors and their business challenges, and can then take an innovative, commercially sensitive approach to solving those challenges," says Leatherland.

Many other clients also indicate that their chosen firms are working hard to get under the skin of their business: 'The firm has a very good understanding of small and fast-growing businesses, and is flexible to support companies from even their



'We've spent a lot of time getting to the heart of what our clients are looking for. It works at different levels: the level of the firm overall; by practice area; and then, most importantly, the level of the individual relationship.'

James Miller, head of insurance and reinsurance, RPC

Quality and Service Delivery

earliest stages of growth'; 'The firm has a very strong understanding of the particular sector for which we use them'; 'The firm has taken the time to understand our very complex business and is very much seen as an extension of the legal team'; 'They know and understand our business well, they are proactive and commercial and able to turn things around quickly'; 'We have confidence that we are receiving quality advice based on understanding of our sector and our business.'

But some firms need to take heed of the siren voices of their clients: 'The firm has no ability for a deep understanding of business processes'; 'They don't appear to understand our business, their advice feels rushed and they do not seem to take the time to familiarise themselves with our issues — it has cost us extra money to sort out'; 'They seem to be disinterested, as if the work will naturally flow to them'; 'Zero client contact outside of deal time, as if they don't care about our existence. Just seem bored most of the time.'

Each of the last four comments is made about a different firm, all of which also have satisfied clients that eulogise their talent, energy and attentiveness in the commentary. The reason why different clients have such diverse opinions may come down to the deficiencies of certain practice groups or the shortcomings of individual partners who are bored or disinterested by their clients, but the warning is clear: these are clients who seem ready to vote with their feet and go elsewhere, where they feel wanted.

Arguably, partners who have things like this said about them should forfeit their right to partnership: lest the shortcomings of one partner might stigmatise an entire firm in the eyes of some clients that expect uniform quality. It also says much

about their communication skills, or lack of them. Communication and responsiveness are seen as important by 94% of respondents, while satisfaction has increased from 81% to 86% since last year.

This strong improvement is reflected in the GC comments: 'They are very responsive to our issues with very quick issue resolution times. Have complete trust in our relationship'; 'The team we work with is incredibly responsive.'

The high value of relationships

Among the discontented, some remarks sound very personal: 'It's also black and white with them. They don't keep in touch so it's a lack of ongoing customer contact/care'; 'Firm seems to be becoming more inwards looking and concentrating on what it wants from the relationship.'

In recognising that these relationships are personal and really do matter for their client, successful firms stand out.

Mishcon de Reya has a clients' charter, CARE, as Gold explains: "It focuses on communication, advocating strongly for our clients, relating to them whatever their background and their sector, and elaborating about building meaningful relationships with them — it drives everything that we do and how we do it. We try and stress that by having deep conversations with them on a regular basis."

Rowe concludes that to deal with Shoosmiths' client problems, what matters is "how you work with the client, how you work with them as a team, so you that you are part of the solution". She adds: "It is that relationship with the client; it is that which enables you to understand the client's business so that you can provide the quality technical legal advice, while putting everything into context for them."



"It focuses on communication, advocating strongly for our clients, relating to them whatever their background and their sector, and elaborating about building meaningful relationships with them — it drives everything that we do and how we do it."

Claire Rowe,
chief executive, Shoosmiths



TOP 5

Communication and responsiveness

DAC Beachcroft

Keystone Law

Mishcon De Reya

RPC

TLT

Value



TOP 5

Value for money

- DAC Beachcroft
- Keystone Law
- Mishcon De Reya
- RPC
- TLT

Billing practice/ transparency

- DAC Beachcroft
- Keystone Law
- RPC
- Shepherd and Wedderburn
- TLT

Although clients rank it as most important, the consideration of quality remains intrinsically linked to the value of legal services that are delivered – relative to the cost incurred for the advice given. In this interdependent relationship between the two, clients customarily choose their law firms based on an assumption of quality, believing that they will then be rewarded with value and the proportionate satisfaction that it creates. Continuing to use the same firm then depends upon the consistency of quality and value as perceived by clients.

Marketing professionals sometimes reduce this slightly abstract conundrum to a simple formula: quality + price + service = value and satisfaction. But in a buyers' market, where alternative service providers increasingly disrupt the status quo, perceptions continue to evolve – as one GC respondent wryly observes about his principal law firm: 'A top-level outfit, which is responsive but also able to deliver value for money – a rare commodity in the City these days.'

The process of client choice has been similarly transformed. "Legal advice is increasingly regarded as a commodity by businesses: you can see that by the way clients interact with you," says one managing partner. "You get a purchase order number for legal advice – purchase orders were traditionally associated with products – but the very fact that law firms are receiving purchase orders tells you that we are regarded as a commodity. Then there is a risk of a rush to the bottom line, ie you are providing the cheapest service. But it's not about price or cost, it is around value."

Nevertheless, despite the best efforts of newly empowered procurement departments and their multiple standard templates, so widely bemoaned by law firms that have to complete them, the concept of value in legal services does not always fit into a neat equation or a spreadsheet analysis. Beyond commoditised work, which can be neatly cost-compared, determining best value becomes ever more complex and increasingly subjective: "Value means different things to different clients," acknowledges Pollitt.

'Legal advice is increasingly regarded as a commodity by businesses: you can see that by the way clients interact with you.'

Managing partner respondent

Value

However, different clients do also increasingly shop around among law firms to see if there is a better offer somewhere else, as evidenced by another GC's comment: 'Having looked at the market, they were the best value for money in their field.' Gold suggests that the growth of the role of in-house counsel and the drive for value are simultaneous and interlinked drivers. In response, Pester sees a continued push by law firms to become more cost effective, "under enormous pressure [from clients] to demonstrate real value in the way services are delivered".

That focus seems to be paying off. The difference between importance (87%) and satisfaction (63%) in the perception of good value being provided saw the largest single mismatch of any criterion in last year's BLA survey: 24%. This year, by contrast, while importance was almost static at 88%, satisfaction increased by a remarkable 15% to 78% – its highest ever level. Collectively, law firms have made huge strides in delivering better value, as perceived by their clients.

A note of caution. While the average figure is much improved, it also masks a continuing divergence between firms – from 64% at the bottom to 96% at the top. Value for money is perhaps not such a rare commodity in the City, or indeed elsewhere among UK commercial law firms, but clients continue to bargain hunt. Likewise, value-added services, which have increased in importance from 52% to 70%, have also seen a huge leap in satisfaction – up by 21% since last year, from 53% to 74%.

The many facets of value

These shifts are reflected in the commentary, where respondents readily commit themselves to the phrase 'good value', especially in describing firms with high BLA rankings – although this is sometimes qualified as 'quite good value' or 'relatively good value'. Others go further, to explain what this means in practice: 'They are responsive and treat us as a valued, A-list client'; 'I feel that they value and prioritise my work'; 'Good value pragmatic advice'; and pointedly, 'Very good value for money – if you know the right individuals.'

Two comments in particular stand out: 'I think they are the best firm in the City: they are extremely good technical lawyers, they know my business and are extremely good value for money'; and 'They understand very complex commercial transactions and add exceptional value at every stage in the process.' One of these firms is UK-based, the other US-based. Both sit outside the magic circle but position themselves partly as their direct competitors – very successfully, it would appear.

So how can law firms benchmark the true value of the services they provide and, where necessary, recalibrate their offering to in-house teams that

continue to grow in their strength, influence and level of expectation?

"You know you have delivered true value when the client says to you: just send me the bill," says Blair. "Delivering true value to clients is about understanding, contributing and, in many cases, leading a client's agenda rather than just reacting to it," suggests Leitherland. RPC looks for "a definition of the business purpose of each particular project that needs legal advice, so that we can get a very clear view of how value is determined in the eyes of the client", says Miller.

Rowe says that Shoosmiths asks questions: "To really try to understand from the client: what is important to you, what does value mean to you?" For Gibb, it also comes through "listening to our clients, talking to them, understanding their commercial and personal imperatives and remaining focused on achieving them".

"In order to satisfy them, clients need to receive a level of service and value that they aren't able to access anywhere else," adds Knight.

Value, Price, Partnership

Value and price frequently have an inverse relationship reflecting the elasticity of demand. But because GCs routinely have no choice save to use external lawyers, pragmatism usually prevails: they do not expect a Rolls-Royce service from their law firm to be delivered at Ford prices. Notwithstanding the pressure to control costs, they appreciate that price and value are not necessarily mutually exclusive – summarised by one GC as: 'High cost but great service and quality of advice'; and another as: 'The costs of their advice are high in absolute terms, but very competitive relative to magic/silver circle competitors.'

Meanwhile, the importance of billing practice has increased from 81% to 86%. But this has been surpassed by the level of satisfaction, which has gone up from 68% to 78% since last year, thereby narrowing the satisfaction gap from 13% to 8%. Again, there is a marked disparity in satisfaction between different firms: ranging from 64% to an outstanding 98%.

Meanwhile, the issue of fee arrangements also shows a distinct improvement, with 82% (81% last year) believing it is important while 78% (68% last year) are satisfied. There is an equally broad spread of satisfaction between firms, ranging from 62% to 94%. It is worth noting that the 62% figure applies to one of the UK's largest international firms, and the 94% to a medium-sized firm that provides a rather different offering. A typically happy GC says of their lead firm: 'Great people who can deliver quality commercial advice at a sensible price.'

But even from satisfied clients, the words 'expensive' and 'cost' appear recurrently. And from the dissatisfied minority, outrage flows fast and free, notably in relation to negotiating and setting fees, transparency, and communication:



"Delivering true value to clients is about understanding, contributing and, in many cases, leading a client's agenda rather than just reacting to it."

Andrew Leitherland,
managing partner, DWF



Partner level contact

- DWF
- Keystone Law
- Mishcon De Reya
- RPC
- Shepherd and Wedderburn

Value

‘Unpredictable and out of control billing’; ‘Big weakness: going beyond budget... can’t keep costs down’; ‘Hidden costs of value-added services’; ‘Hours are spent trying to unravel their bills, often attributed to incorrect matters, incorrect entities, incorrect contacts’; ‘Quotes are often very high, with no regard for the overall relationship with the company – no flexibility and nothing goes uncharged’; and about one of the UK’s largest firms, praise on fees but little else: ‘Willing to compromise on fees but poor quality of legal analysis and lack of pragmatic commercial understanding.’

Other comments point to what should change or be learned from others: ‘

- ‘They have great coverage, but need to go beyond that to provide value for clients’
- ‘They have demonstrated an innovative approach to pitches and fees which is helpful’
- ‘This firm shows us that they value our business with flexible fee rates and no-surprise bills’
- ‘Focus on the main business relationship, think laterally and produce value add suggestions that could be applied’

Partner contact

The issue of partner-level contact continues to be the only category where importance (74%) is exceeded, substantially, by satisfaction (86%) – both figures are up by nearly 10% since last year. Cataloguing some of the responses reveals some dramatic contrasts.

- First, the positive: ‘Partner-level responsiveness is very good’
- ‘Excellent relationship partner’
- ‘Direct connection with experienced partner level understanding’
- ‘Partner very committed in managing the relationship and the quality of work delivered’
- ‘City-quality, partner-level, advice at regional prices’
- ‘Key partner relationship is strong and we

have confidence that we are receiving quality advice based on understanding of sector and our business.’

- ‘Enthusiastic associates supervised by knowledgeable partners’

And then the negative:

- ‘Partners a bit smug and rude’
- ‘The best partners are very busy so you can be fobbed off with someone else to run a matter’
- ‘Too much involvement from too many areas in the firm (felt like unnecessary fee generation), too much partner led involvement which didn’t seem to add any value given the good senior associate on the deal’
- ‘There are certain teams that have a great relationship with us, whose advice is spot on and timely and who know our business well. However, that doesn’t extend to our relationship partner who routinely treats us as a third-rate client in terms of response time, presentation, attitude and billing.’

For any managing partner to read the last comment would be disturbing if it related to their firm. To learn that this is said of a top 10 UK law firm with an outstanding reputation - by the GC of an equally stellar client that provides substantial billings each year - is truly shocking. Consider also another GC, who says of his law firm: ‘I am a huge fan. They are streets ahead of many other City firms in terms of client service, breadth of advice, commitment to the client relationship, innovation – while maintaining technical excellence (I am advised by some of the cleverest lawyers I have ever used). I struggle to find any weaknesses – I just want more of the same please.’

It is quite wrong to believe that lawyers are all the same. Good lawyers can and do make a real difference: clients know that and fully appreciate the true value of what they can deliver on their behalf. Good lawyers also know that they have to prove their value every day, leaving their clients free to drop the bad ones along the way.

‘Focus on the main business relationship, think laterally and produce value add suggestions that could be applied.’

GC Respondent



Innovation



TOP 5

Automation

DWF

Keystone Law

Mishcon De Reya

Reed Smith

RPC

eBilling

Berwin Leighton

Paisner/BLP

DWF

Keystone Law

Reed Smith

RPC

The chapter headings for innovation have become rather well-worn: a globalised economy; unprecedented change; fast-changing customer demands; digital transformation; redefined professional services; artificial intelligence (AI); augmented reality; cyber security; machine learning; legal process outsourcing; in-memory computing...and so on.

But the definitive work on innovation in law firms has not yet been published, let alone written, perhaps because the story just keeps moving too fast and then unexpectedly changes direction. However confident the experts might seem to be at predicting what law firms of the future may look like, the horizon always seems to shift.

Celebrated futurologist for the legal profession, Professor Richard Susskind, says: "Law firms can think they are innovative because they are automating in an innovative way because no one has ever automated in that way before. But the more technical meaning of innovation is really bringing about change in the underlying process. As in so many sectors, lawyers are inclined to dress up their automation as innovation. They want to suggest that the use of technology to streamline the old ways of working is perhaps more adventurous than it really is."

Patient at Travers Smith is cautious: "It's early days for AI. We are looking at different available technologies — we've trialled a couple already. But there are all kinds of ways one can innovate, change and improve the way in which a service is provided to ensure that,

from a client's perspective, it is provided with maximum efficiency and cost effectiveness. I don't have any particular landmark announcements in relation to innovation, just the steady modernisation and improvement in the way in which services are provided."

By contrast, Pester is keen to promote TLT ReSource: "A shared service centre that delivers services more effectively in areas like dispute resolution, due diligence and real estate." He elaborates: "It makes use of a variety of technology platforms alongside focused experts who can ensure smarter delivery across appropriate legal and administrative tasks. Smarter does not necessarily just mean cheaper, it's about being more effective and quicker."

Innovation: much is in a word

Beyond the purely technological, law firms attach the innovation label to many areas of practice, and indeed processes, including: business development and knowledge sharing; in-house operational change; resourcing and efficiency; culture, brand and strategy; human resources; driving value for clients. The list is endless, proving how versatile and infinite use of the word can be. Capable of being attached to any practice, service or process, innovation has become ubiquitous — just like every household cleaner or engine oil used to be marketed: 'with a new, improved formula'.

Senior Harvard Law Professor David Wilkins says: "Innovation is challenging for lawyers, in large part because of the way in which they have always conceived their jobs and, for many



"Innovation is challenging for lawyers, in large part because of the way in which they have always conceived their jobs and, for many years, they were insulated from change."

David Wilkins, Senior Harvard Law Professor

Innovation

years, they were insulated from change. That has made it more difficult for them to adapt to change and changing circumstances. The law is a lagging, not a leading, indicator of change: lawyers follow bigger trends in the economy, in society and in politics.”

At a practical level, the BLA survey examined client views on three specific areas of innovation: automation (importance: 64%, satisfaction 68%); e-billing (62% v 68%); and alternative low cost centres (60% vs 68%). The satisfaction scores for individual firms ranged from 62% to 80%.

Catching up with other industries

Compared to all other criteria, these scores are modest. But the difference since last year is extraordinary, when importance levels were: automation (30%); e-billing (29%); and alternative low cost centres (25%). Last year’s satisfaction ratings were even lower at 25%, 24% and 20% respectively. Law firms seem to be finally catching up, confirming their status as a lagging, not a leading, indicator of change.

The commentary reveals that not one of the three specific questions provoked a single direct response. However, in line with the view that innovation means different things to different people, there is plenty of comment on the use of innovation and innovative methods across diverse areas. A host of law firms are praised generally for ‘their ability to innovate’; ‘good innovation’; ‘alternative billing and innovation’; ‘innovation in pricing’; and ‘up-to-date and innovative practice’.

More specifically, they are highlighted for ‘being innovative in terms of processes and structure’; ‘having an innovative approach to

relationship building’; ‘having demonstrated an innovative approach to pitches and fees, which is helpful’; ‘giving innovative responses to project management, acquisition due diligence and contract review’. One is even championed: ‘Innovation is their strength.’

Criticism is less common: ‘There is a lack of innovation in delivering legal services’; and ‘They seem to work in silos – when we have a cross- or multi-disciplinary project what they deliver is not at all joined up, plus no demonstration of innovation.’

Most external commentators agree that law firms continue to focus their real innovation on improving what they already do, rather than on disruptive innovation. Meanwhile, business model disruption is happening all around them – affecting every sector that they advise. This is already having an impact upon them from all manner of non-traditional providers, who invest more proportionately in technology: fuelled by a deeper understanding, they know how to use technology, big data analytics and AI to disrupt the traditional law firm model.

Although every firm has felt the impact somewhere of prominent alternative legal service providers – such as Axiom, Riverview, Obelisk or Lawyers on Demand – interestingly, none of the survey respondents referred to these providers specifically in the commentary.

Providers like the BLA highly-rated Keystone Law, which describes itself “as a next generation firm that utilises technology to drive efficiencies and reduce overheads”, look and sound like a conventional law firm. The firm’s new headquarters in Chancery Lane certainly feel



“In some ways, we provide all the freedom, flexibility, and agility that lawyers want, combined with all the infrastructure of a conventional law firm: in a nutshell, that’s what’s made us very popular from a lawyer’s point of view.”

James Knight,
managing director,
Keystone



Innovation

very establishment. “In some ways, we provide all the freedom, flexibility, and agility that lawyers want, combined with all the infrastructure of a conventional law firm: in a nutshell, that’s what’s made us very popular from a lawyer’s point of view,” says Keystone’s Knight. “That flexibility and agility goes all the way through what we provide to clients as well. How do you remain innovative? You employ the right people to head up different sections and they will fit into the environment of innovation. You tell them to be innovative and make them feel that they can be.”

So what other facets of innovation are highlighted by highly rated firms in the BLA? “Without doubt,” the biggest innovation for Blair at Bond Dickinson has been the firm’s alliance with Womble Carlye Sandridge & Rice. “We’re just beginning an international strategy, having only recently gone from regional to national and now international,” adds Blair. “It’s a very big, important step that’s repositioned us in the minds of our clients, who now see us from a different perspective.”

Client-driven innovation

At Shoosmiths, Rowe points to the firm’s Resource Solutions array of products, launched last year: “A development from that, Secondment Plus, looks at resources for an in-house function,” she says. “In talking to clients, you ascertain what work is causing pressure. Often, a mix and match in resource is needed at different levels: a certain level of onsite support combined with the depth of the Shoosmiths offering. It’s created a phenomenal order book – a real driver of new work from existing and target clients.”

Other firms similarly highlight their technology innovation, albeit with different angles.

Gold says that part of Mishcon’s strategy is: “To build offerings that are ancillary to pure law, to make the service delivery efficient and to run businesses that support the main firm.” As an example, he points to Mishcon Discover, an in-house e-discovery business, “which we guinea-pigged on our own litigation cases and now sell to other firms”. He explains: “Clients benefit from efficient e-discovery services, saving costs on large, complex litigation cases by using predictive coding.”

RPC identifies a product called ReSecure, which was devised initially as an emergency response. Miller explains: “With the increase in cyber breaches, we put together a package whereby we sit in the middle with our legal hat on, but sitting alongside us is a PR firm and on the other side, a forensic IT firm. We sell that as a package to insurers, who then sell it on to their clients. So if you were, say, a healthcare provider and you accidentally released client information through a technical breach, the PR firm deals with the PR aspects, the forensic people mend the breach, and we deal with the legal issues.”

Likewise, DAC Beachcroft has recently introduced Data Risk specialists, a collaborative service led by the firm that combines legal and technical IT advice on information security, data protection and cyber risk. “Our partner is Portcullis Security,” says Pollitt. “The service is of significant value to insurers, who can incorporate it into insurance policies. It is offered as two elements: Protect and Response. Innovative, fixed-fee pricing models allow buyers to purchase one or the other, or both parts.”

Leatherland identifies his firm’s automation service, DWF draft, which “has succeeded for our clients because it has been a success for our people”. DWF has developed automation technology, scaling and rolling it out: “So that it maximises our uptake across the firm, allowing our people to extract the most value. It has freed up their time in terms of drafting, which has a ripple effect on productivity and efficiency throughout the business.”

Shepherd and Wedderburn’s innovations have also been mostly IT related. “We have deployed a new CRM system, a new e-learning platform, as well as technology-based cost, process and project management tools,” says Gibb. “While these may not themselves be ‘innovative’ or physically tangible to clients, how we use them positively influences and elevates the power of our engagement with clients and the value they derive.”

Looking ahead

This year saw two very good examples of innovation in practice beyond the world of law firms: Andy Murray becoming world number one for the first time and the continued success of British cyclists at the Rio Olympics. In their sporting achievements, what they had in common was looking for incremental, marginal gains that, taken together, made a big difference over time.

Until a really big breakthrough in AI occurs, which no one expects before at least 2020, that is exactly where law firms’ use of innovation probably delivers the greatest immediate benefit – taking a series of small steps to improve every aspect of what they do rather than quantum leaps.

This is reinforced by comments from BLA respondents: clients are neither demanding nor expecting significant advances in law firms’ use of new technology; they recognise that its greater impact lies in the future. They do, however, welcome innovative thinking in fees, billing, project management, pitches and service delivery.

In addition to technology, innovation in these areas therefore needs to be a constant process. Ultimately, this requires a state of mind that rejects the old maxim: if it ain’t broke, don’t fix it. Instead, there should be a constant re-evaluation of how everything is done and where it can be improved. Permanent revolution, conducted thoughtfully and peacefully, for the client’s benefit.



Alternative low cost centres

Bond Dickinson

DAC Beachcroft

DWF

Keystone Law

RPC

Innovation overall

Bond Dickinson

DWF

Keystone Law

Mishcon De Reya

Reed Smith

“We have deployed a new CRM system, a new e-learning platform, as well as technology-based cost, process and project management tools.”

Stephen Gibb,
CEO, Shepherd and Wedderburn

Brexit and beyond

The reporting of higher revenues in the first half of 2016-17, often with double-digit increases, might suggest that the outlook for many law firms seems bright. But looming menacingly on the near horizon is Brexit: a maelstrom or a mirage? The jury is still out. Inevitably subject to intense speculation, the timetable for the UK's withdrawal from the European Union and the precise terms remain unknown – as does the full economic and commercial impact. Whatever the short-term boost may be for legal advisory work, the prospect of long-term drag overhangs the sector.

The BLA survey asked GCs how they thought Brexit would affect them.

Opinions polarise: 'Un cauchemar,' quips one GC; 'It's ruining my life,' says another dramatically; 'We feel it is positive in the medium and long term,' opines a third. In addition to a large percentage who feel uncertain, a surprisingly high number state that it will have either negligible or minimal impact, while some believe it will have no impact at all.

Wishful thinking or genuine belief, a solid caucus of GCs are phlegmatic: 'My legal team has the capability to help me navigate the key Brexit issues'; 'Will slow business down for a while but once the negotiations are underway, things should be back to normal'; 'It is simply a risk, like many others we encounter, which we will have to manage.'

Despite the unwelcome burden, a broad consensus also exists among GCs that regulation and compliance work will increase: 'There's likely to be a significant workload as the UK statute book is rewritten and we have to come to terms with the new legal framework'; 'Brexit presents this business with very particular challenges and it is likely to create a significant amount of work for the legal team'; 'There will be a need for more people in the legal team to help deal with Brexit. It will lead to painful administrative work, instead of being able to focus on progress'; 'It will increase the workload on the legal team and distract them from their core activity, due to new legislation.'

And perhaps the frankest assessments of all: 'We will have to deal with Brexit but do not know how at the moment'; 'The uncertainty will create many challenges for years to come'; and 'I don't know, I don't have a crystal ball.'

Nevertheless, against the background of more legal advice being needed, law firms seem certain to benefit in a host of practice areas, even if the volume of premium work in cross-border M&A deals and IPOs looks far more uncertain.

Teamwork and overall relationship

In looking at the overall levels of comfort with their firm, the BLA survey asked respondents about the level of teamwork, where importance and satisfaction are equally matched at 82%.



Similarly, the question of GCs' overall relationship with their firms of choice scored at 82% for importance and 84% for satisfaction.

Although teamwork gets barely a mention, the word relationship is regularly used as a positive: 'They make us feel like their most important client and our relationship with them is very good'; 'Our relationship is very good, a lot of trust'; 'Relationship is the main attribute and the comfort level that our legal requirements are in safe hands'; 'Happy with service and advice and wish to maintain ongoing relationship'; 'They meet our needs, and the relationship is very good.'

But there is also plenty of relationship advice on offer: 'Work on the relationship'; 'Build better relationships'; 'Show patience in building the relationship'; 'Continue to build a relationship with our firm'; 'Make it less about the work and more about the relationship'; 'Be more willing to develop local relationships.'

Sometimes, relationships are allied to other issues:

- 'Maintain current levels of communication and improve depth of local relationships to ensure our customer facing staff are aware of the benefits of the relationship'
- 'What's needed is better relationship management, better understanding of our

'There's likely to be a significant workload as the UK statute book is rewritten and we have to come to terms with the new legal framework.'

GC Respondent

Brexit and beyond

business needs and an overall improved quality of service’

- ‘They need to make more effort to build a working relationship and sharpen the pencil with their fees’
- ‘They could send me a secondee, as they need to build a relationship with us’
- ‘Spend some time on the relationship and take the time to understand what we are asking’

Complicated relationships

However, the real sting in the tail comes with these toxic remarks about three different firms: ‘Recognise that our relationship with our relationship partner is fractured and work to improve it’; ‘Put simply, our relationship with the relationship partner and his dismissive (and, frankly, patronising) attitude towards us’; and from another GC, a simple piece of advice: ‘Change the relationship partner.’ If a nominated relationship partner is attracting such venom, some firms do indeed have a problem.

On the broader question of whether GCs anticipate giving more work to individual firms, the breakdown shows 36% expecting to give more work, 12% giving less and 52% remaining the same. The increase to decrease ratio of 3:1 supports the idea that beyond the growth in regulatory and compliance work, there is already a strong Brexit effect in play. However, there is a spectrum between the firm at one end, where 58% of clients expect to increase the work allocated, with none predicting a decrease; and the firm at the other end where only 16% of clients predict an increase and 26% predict a decrease.

Many firms have positioned themselves to advise clients with Brexit desks, teams and taskforces. But until there is greater clarity, relatively little can be done in terms of concrete advice. So what can firms do to maximise the volume of instructions in continuing advisory work? GCs have plenty of advice on the dos and don’ts. The most common pleas relate to fees: ‘Reduce fees’; ‘Reduce costs’; ‘Less cost’; ‘Lower fees’; ‘More flexible fees.’ Some firms are listening: ‘They are demonstrating a willingness to take cost into consideration.’

There is much evidence too that firms are very happy to give more work to firms that deliver: ‘The service they provide gives confidence to trust them with future legal matters’; ‘Attention to detail and they take the time to understand the needs of the client and then they deliver exactly what you need from them’; ‘Their client engagement strategy is targeted and focused. It’s not a general, catch-all approach which a lot of firms adopt.’

The satisfied comments continue: ‘We are extremely satisfied with the level of expertise and help that we have historically received’; ‘We will have substantial business in the UK and they are ideally positioned to do it’; ‘They provide an excellent, client-focused service,

which we should take advantage of’; and simply, ‘Good advice for a good price.’

But from the following diverse range of requests, made about different firms, it can be seen that adverse opinions are not isolated: some are manifestly falling far short of their universal claims to be attentive, responsive and in tune with clients’ business. Significantly, the comments below are made about firms that also attract some very positive responses from other clients:

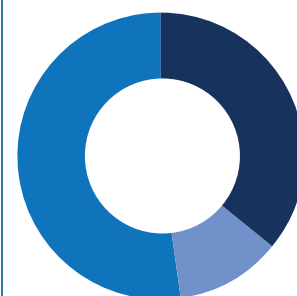
- ‘Make an effort on existing cases’
- ‘Be more commercial’
- ‘Tell us more about what they offer’
- ‘Show greater interest in our business; be proactive’
- ‘Present a more united approach/assist with technical training’
- ‘Keep showcasing capabilities of other departments’
- ‘Contact and communicate with us more, actually seem interested’
- ‘Make an effort to understand my business better’
- ‘Be more responsive and conscientious’
- ‘Just no real rapport and get-up-and-go on their part’
- ‘Listen to what has been asked and look at the bigger commercial picture’
- ‘Need to better understand our business and improve quality of work’
- ‘They need to up their game a little, past complacency’

Some of the longer answers reveal deeper problems: ‘Be proactive, show an interest in learning about our strategy and where we are headed’; ‘Respond more quickly to enquires. I have used the firm for many years now and latterly it feels that they are understaffed’; ‘Gain a better understanding of our key business drivers and the challenges we face’; ‘Increase resource, be more responsive and better communication. Show that they are interested in reviewing current arrangements to mutual benefit (rather than indulging in the status quo)’; ‘Partners could return calls on a regular basis and make you feel like they value you as a client.’

And perhaps the most damning of all, showing that one prominent firm is losing work through blatant apathy: ‘The lack of responsiveness when offered opportunities for new instruction, with the result that we go elsewhere.’

In the battle for uniform excellence, the larger the firm, the greater the challenge – with more potential for weak links or underperforming partners. There is no magic bullet to resolve this problem, particularly at a time when several firms have been growing quite rapidly. In a year that has seen firms significantly improving their overall collective performance in several areas, the best advice perhaps comes from one satisfied GC: ‘Keep plugging away.’

Would you give more work to your external law firms?



More	32%
Less	14%
The same	54%

‘[Brexit] will increase the workload on the legal team and distract them from their core activity, due to new legislation.’

GC Respondent

Conclusion

The traditional law firm is a specialist retailer: it sells only one service. No matter how excellent its quality, any reduction in demand leaves it potentially vulnerable. Manifestly, the firms identified as Best Legal Advisers do an excellent job in delivering not only the best quality service, but are also the most attentive to their clients' needs and good at understanding how and where their business operates.

But from the data underpinning this report, wider challenges exist, not least that client demand is changing. The inexorable rise of legal departments has led to flat or falling demand in their use of external law firms. Short term, Brexit will certainly provide a boost as will diverse regulatory and compliance work. However, the increased revenues of many firms often mask a harsh reality: they have been partly driven by increased hourly rates rather than by increased hours.

There is an added dimension – shrinking demand for law firms does not directly equate to shrinking demand by clients. Their needs continue to increase and they are spending more money on legal services, just not on law firms. The main beneficiaries are insourcing, legal technology, procurement professionals and alternative service providers.

Some firms have responded to the changes in demand for alternative fee arrangements and fixed fees, which is borne out by increased satisfaction in perceived value. Others clearly have a way to go in delivering better value: charging higher fees to a rapidly evolving client base is unsustainable, long term. The same can apply to some firms that target economies of scale by going for growth or opting for defensive mergers as their future business strategy.

To increase their appeal, if firms want their clients to spend more money with

them, they ultimately need to widen their range of services to satisfy the broader demands of what clients want to buy. Some of the best-rated firms are already doing this – responding to match the buying patterns of their clients, diversifying their offering and reducing their cost base through competitive pricing, fixed fees, enhanced and diverse technology, process improvements, legal analytics, legal outsourcing, offshoring, nearshoring and a range of other initiatives.

The BLA findings are unambiguous: quality and value continue to be the twin engines of success. If these cannot be guaranteed, then the machine will grind to a halt. Quality should be the easy part if you have enough skilled lawyers. Providing better value requires a more acute focus on what clients want, how it is best delivered and at what cost – always seeing things through the prism of the client. It is therefore surprising to see how many clients comment about deficiencies in understanding and especially in relationships.

If partners have the right people skills and ask the right questions, then improving relationships with, and understanding of, clients should be relatively easy problems to put right. If not, then maybe they should no longer be partners. From the evidence of this survey, de-equitising a handful of poor-performing partners might benefit some firms.

For law firms to address the much wider issues of technology, alternative service providers and an ever more sophisticated and demanding client base, they need to ensure that every engine is firing on all cylinders.

As the speed of change accelerates in the next few years, the Best Legal Advisers have to be ready to meet the challenges ahead.

“ The BLA findings are unambiguous: quality and value continue to be the twin engines of success. If these cannot be guaranteed, then the machine will grind to a halt.”



**Legal Week Intelligence is the independent research division of Legal Week,
part of the ALM Media group of leading business publications.**

For over 10 years, Legal Week Intelligence has conducted research for global and national law firms, companies and vendors as a group or individually, under strict Market Research Society guidelines, on generic and industry specific topics. Research can be in the public domain or form part of a confidential project for individual clients on a bespoke basis. Over the years, we have reached out to thousands of associates, partners and general counsel.

We advise business leaders on their critical issues and opportunities including strategy, marketing, operations and technology. We work with leading organisations across the private, public and social sectors. We have deep functional and industry expertise as well as breadth of geographical reach.

In all cases, Legal Week Intelligence benefits from access to the industry expertise of Legal Week editors and journalists, a dedicated research & analysis team and the global reach of ALM Media and its affiliates. This enables our clients to improve the quality of their decision-making by providing them with reliable data, robust analysis and actionable advice.

We focus debate on the most important and pressing issues using scalable research products and a flexible multi-media output. Furthermore, we emphasise the conversion of our information into actionable advice and we strive to leave businesses stronger after every engagement.

