International Alliances:

By Nick Jarrett-Kerr

There are a great many international networks and alliances from which to choose: Martindale Hubbell lists over 100 law firm alliances. Of these, there are 14 "large" networks with more than 100 law firm members and a further 13 that count between 50 and 100 members. Many of these networks enjoy some highly reputable law firms as their members: Chambers Directory of Global Lawyers lists 46

How they work, what they deliver, and whether to join

Sheltering under the global umbrella of a leading network or alliance has long been a favoured option for independent law firms. It gives them the best of all worlds by maintaining their own autonomies, their own brands and their distinctive identities at the same time as appearing to be part of something a lot bigger.

networks with members that have achieved Chambers rankings.

A number of smaller networks can be described as "niche," either by geography (*e.g.*, US Law is for U.S.-based firms only, CIS Leading Counsel Network is for firms in Commonwealth of Independent States countries only, Lexicon is for European firms only) or by specialty (*e.g.*, the Environmental Law Network).

Many of the bigger networks are focused on larger law firms and sizeable clients. Examples include Lex Mundi with 160 member firms (all of which are ranked in Chambers), Meritas with nearly 180 members, Interlaw with 116 members, and the State Capital Law Group with 145 members.

REJECTING INTEGRATION

Until about five years ago, many of the leading alliances were actively trying to persuade their members to integrate more closely under their network brands, to provide variants of a federated law firm structure in order to compete with the larger global firms.

We have found, however, that almost universally, networks and alliances seem to have abandoned such strategies in favour of a more supporting and collaborative model. There are two main reasons for this.

First, many independent law firms do not want to appear to be openly competing with global firms, because they rely on those firms to refer local work to them. A network brand that might make the independent law firm look like a branded federal firm prejudices both their fiercely guarded independence and their ability to draw referral work from large law firms. As one senior network manager told us, "Many of our firms work with the global elite and international business firms and prefer not to be seen as directly competing with these firms."

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Secondly, feedback from larger commercial clients has tended to indicate that the clients are neither taken in nor overly impressed by umbrella brands; they quickly perceive the independent firm that lies under the umbrella.

STANDARDS AND STRENGTH

However, what does seem to impress commercial clients is the existence of enforceable high standards and increased bench strength. Accordingly, many networks have concentrated their firepower on helping member firms differentiate themselves in their markets, by increasing their geographical footprints as well as by providing increased capabilities and greater team strengths.

Work on the network brand has tended to concentrate on developing "badges of credibility" by helping member firms to distinguish themselves through the prestige of membership, in terms of perceived quality standards and service consistency.

As Tanna Moore, President and CEO of Meritas, recently told us: "We did explore developing common proposals and deliverables with both our members and our client advisory board. [We] found that clients want to drive the common format, not have the firm or Meritas drive the format of those deliverables.

"If there is a coordinating firm, the client would provide the instruction on deliverable and the firm would provide project management," Ms. Moore explained. "There was no perceived value in Meritas doing this. Our client input is from our Client Advisory Board, which is composed of 10-12 General Counsel-level clients.

"That being said," she added, "we are in the early stages of success with shared business development efforts that are coordinated by a Client Relationship person at Meritas HQ. We are not pursuing any new 'clients,' but rather building on current relationships of our members who have clients with expanding needs."

NETWORK CHALLENGES

Networks do, however, generally suffer from five main areas of challenge which impede their progress and development.

1. Strong Relationships

Collaboration works best when professionals get to know and trust each other. In networks that meet infrequently, the relationships tend to be held by a small group of individuals within each member firm.

This issue does not disappear in a large international firm, but well-led firms devote a huge amount of resources and effort to the development of inter-office relationships. There is often no leadership capability or mandate within networks to ensure similar relationship-building.

2. Consistent Standards

Imposing agreed-upon standards within a network is far from easy. Many networks have become frustrated by their lack of success in introducing or imposing consistent quality service standards, common formats, and standardised documentation on their members.

Hence, greater efforts have recently been made towards enforcing higher overall quality and consistency. To support this, many alliances now have rigorous systems for evaluating member performance, supported by professional development initiatives aimed at enhancing members' ability to

offer exceptional client service and by offering "best practice" resources to foster excellence.

3. Diverse Views Within the Membership

Within any network, there tends to be a group which wants to move the network to a more federated and heavily branded organisation in which the name of the network would appear above or in addition to the member firm. The argument is that a seamless operation gives a better perception of size and standing.

Working against that, many network firms are fiercely independent and see the network as supportive to their own brands and reputation. There are no rights or wrongs here, but widely divergent views within the network can lead to fractious relationships.

4. Different Pace of Development and Size

Many networks were created several years ago: the founding of international alliances was particularly popular during the last decade of the twentieth century. Early and founding members in different jurisdictions have often developed at different speeds both in terms of growth and size and in relation to their specialties and core clients.

This has led to some networks with huge disparities in capability, bench strength and critical mass among members. The larger firms then start to refer work to other firms with similar dimensions.

5. Funding

It is expensive to support a bigger and better brand, as well as to secure consistency of standards, better internal relationships and deeper skills. Many networks are not sufficiently funded by their members to enable this to happen. Indeed, many network members already complain about the price of subscriptions even where the annual dollar or euro membership subscription remains a four-digit sum.

The creation of a federated platform would in particular require a large budget well outside the scope of most alliances; many strategic projects may also be too expensive. In looser alliances, there is a temptation to build the membership base as fast as possible to secure additional membership subscriptions, preferring quantity over quality.

LESSONS FOR ALLIANCES

First, try to avoid a crisis of identity. If there are differing preferences between loose-knit and tight-knit, try to gain consensus on the type of network which is needed.

Secondly, based on a consensus that hopefully has been obtained on the sort of network that the alliance wishes to remain or develop, agree upon some measurable strategic goals for the support of members, the forging of a strong competitive position, and the development of client and business propositions.

Thirdly, it is essential to reach consensus on and establish some quality standards for the admission of new members and, more importantly, for the expulsion of firms that do not match up to agreed levels of service and specialty quality.

And finally, agreement should be reached about a selection of strategic objectives or initiatives designed to meet the network's overall strategic goals. •

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