

GARRETT'S

Monsieur 'Big': the return of the French connection

Arthur Andersen's hierarchy has dispatched Patrick Bignon, one of its top international partners, to rescue an ailing Garretts. But can the Parisian advocate resuscitate a firm that this year has lost 11 partners in as many months? BY PATRICK WILKINS

Garretts, the London and regional law firm founded by Arthur Andersen in 1993, was once the fastest growing commercial practice in the UK.

With the ability to recruit high-level lawyers from major City firms such as Freshfields and Baker & McKenzie, it had ambitions two years ago to merge with a large City practice. The grand plan was for it to become the key English law arm of a world-wide network, which already includes Dundas & Wilson in Scotland and the prestigious Madrid firm Garrigues.

Today, six years after the start of the experiment, Garretts finds itself far from that powerful vision. In turn, Arthur Andersen's ambition to be one of the top ten global firms by the 21st century looks equally flawed. It's leading Australian practice continues to lose key partners (four have left in as many months) and even its Spanish crown jewel, Garrigues Andersen, strains as partners succumb to the lure of tradition-

al law firms such as Freshfields and Clifford Chance.

Bluntly, the threat Arthur Andersen once posed to traditional lawyers in the UK and global markets is rapidly dying. In a complete reversal of fortunes, leading City firms no longer talk of a new and serious competitor in Andersen and Garretts, while small and regional firms now pick up disillusioned partners instead of losing them.

Exodus

The exodus of Garretts partners (see table) is directly traceable to 1998 when merger talks with Simmons & Simmons and then Wilde Sapte failed. A total of 16 partners have left in 21 months. This year the firm has lost 11 partners, six of whom have transferred to Addleshaw Booth & Co and three to Dibb Lupton Alsop. Several more have their CVs on the market and by next April, at least another six are expected to have left the firm.

The defections have clearly shaken the confidence of

Andersen's hierarchy. Head of global law, Alberto Tirol, and European chief, Xavier de Sarrault, have concluded that without a strong UK firm, their network of some 1600 lawyers in captive firms around the world is in danger of being weakened.

But in context, Andersen perceives the defections more as an irritation than a crisis. Nonetheless, the rapidity of partner movement is the principal reason why they have dispatched Patrick Bignon, managing partner of Paris firm Archibald Andersen to London. Their belief is that in introducing a more European level of thinking into the development of Garretts, the rot can be stopped. The irony for Bignon is that six years after he founded Garretts with ex-3i general counsel Colin Garrett and then returned to Paris, the French connection has been once more found to be necessary.

Bignon, whose new job requires him to live in London, will attack the problem of Garretts on a micro and a macro level.



Mark Jones, Addleshaw Booth & Co

The micro assignment is the simpler. It involves a new recruitment drive and a rebranding of Garretts as Andersen Legal. The recruitment drive has already begun and will be administered by Garretts' managing team of Peter Ridley, Chris Campbell and Neil Cochran of Dundas & Wilson. The rebranding is more long term, but follows hot on the heels of KPMG's world-wide rebranding as KLegal, and the birth of Landwell, the new name for all PricewaterhouseCoopers' law firms, including Arnheim, Tite & Lewis in the UK.

The macro assignment is the more difficult. Using the London component of Garretts, Bignon must restore the credibility of all the other Andersen Legal firms, many of whom are privately dissatisfied that the English law cornerstone - essential to any

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aspiring global law firm – has still not been built. When they joined the network they did so because of the vision of a fully international firm.

Now, like the partners leaving Garretts, they are sceptical about whether the network they joined can ever be taken as a serious player. Simply put, in spite of its power, money, history and guile, Andersen has failed to deliver the City firm upon which all else depends. And it is here that Bignon's challenge will be tested. For hardly a strategic partner in any of the 25 top firms in London is likely to want to repeat the mistakes of Wilde Sapte. The merger talks cost the City firm dearly in partner defections. As a vastly depleted practice it has had to content itself with finding a refuge for its international ambitions in the arms of Denton Hall.

As Nigel Knowles, managing partner of Dibb Lupton Alsop says: "There is a general disillusionment about Andersen's failure to deliver the dream which all the Garretts recruits were sold when they joined. They thought there would be a quick tie-up with a City firm."

Mark Jones, managing partner of Addleshaw Booth & Co, believes the problem goes deeper. "Lawyers," he says, "are simply unlike accountants. They will never be able to mix regardless of any ethical considerations. They are individual, objective thinkers and difficult to manage. When I send out a memo to all our partners on something we are going to do, at least 50% of them will bounce back an e-mail asking why. Bloody-mindedness is in their nature – they would not be lawyers otherwise."

This incongruity is likely to be at the forefront of any future firm even considering a merger with Garretts.

Another will be the referral

process which has never been a total success. Former lawyers say one reason for the onset of disillusionment with the firm was that the lawyers regularly gave Andersen work, but little ever came back from auditing and management consultancy partners.

At Garretts in Leeds, for instance, many complained that this reluctance led to billable hours being well below the normal. Arthur Andersen and Andersen Consulting partners simply carried on with their old referral arrangements to other law firms when Garretts partners had expected exactly the reverse.

Bignon, therefore, has his work cut out for him on two fronts. Lawyers on an individual level are disillusioned. And firms themselves are wary of both the draconian management style of

Andersen, and the failure to receive a steady work flow of interesting assignments outside volume employment contract and other human resource issues. This would exacerbate the problem of a merger.

Granted, with Dundas & Wilson and Garretts now achieving collectively over £50m in fees, the work is there. But a calculation dividing that by number of fee earners soon proves that much of it is low margin and uninteresting work.

But Andersen and Bignon are unlikely to find all of this depressing enough to call it a day in London and let Garretts implode.

On the contrary morale at Andersen Legal, says Bignon, is high. In early October more than 300 partners from Andersen's law firms around the world held their first ever global meeting in Barcelona to plan future integration and strategy. Bignon claims the firms are still behind the vision. The facts tell a different story.

Targets identified

Like all top Andersen partners Bignon retains the dogged belief that everyone has a price. Although he does not say it out loud, it is easy to read his vision that one day Andersen will land the City firm it desires. Furthermore, they may not have to wait until the next recession. Having lived for 20 years with Andersen, and for the past seven through the acquisition, decline and rebirth under a new banner of the Parisian firm, Archibald & Co, the dogged Bignon knows full well how to identify prey for the voracious Andersen bear.

Among all the high performers in *Commercial Lawyer's* Annual Report of the top 100 UK law firms, there was a handful who had failed to keep up with the growth in profitability of the rest. They must re-focus.

Vulnerable to the persuasive powers of Arthur Andersen, it is absolutely certain that if Bignon – known to his friends as 'Monsieur Big' – will already have identified them. ■

Table showing the number of partners who have left Garretts in the past two years.

Date	Garretts Partners	To
Oct 99	Frank Suttie – Leeds Head of PFI	Addleshaw Booth
Oct 99	Ian Akitt – Leeds Head of Banking	Walker Morris
July 99	Stephen Devlin – Manchester Head of Corporate	Dibb Lupton Alsop
June 99	Dean Copley – Leeds Head of Property	Addleshaw Booth
June 99	Paula Dillon – Property Partner	Addleshaw Booth
May 99	Sean Lippell – Leeds Senior Partner	Addleshaw Booth
May 99	Andrew Kay – Leeds Head of Corp	Addleshaw Booth
May 99	Simon Pilling – Corp Partner	Addleshaw Booth
May 99	Mike Sleath – Leeds Head of Prop.	Left law
April 99	Robin Koolhoven – Commercial and Property Partner	Wright Hassall & Co
Feb. 99	Adrian Watson – Partner	Dibb Lupton Alsop
June 98	Julia Chain – Managing Partner	One2One
Nov. 98	Peter Richards – Carpenter – Head of Banking, UK	Rowe & Maw
Jan 98	Mark Turner – IT Partner	Herbert Smith
Jan 98	Mark Hill – Head of Yorkshire IP group	Dibb Lupton Alsop