

BIGNON DE KEYSER

DEDICATED TO THE LEGAL INDUSTRY

PERFORMANCE
NEWSLETTER

JANUARY 2017

BEST WISHES FOR A PROSPEROUS 2017

We wish you a wonderful 2017. A year where you will find the energy to realize your ambitions and adapt your business to future trends impacting the legal industry. We remain available to help you successfully navigate through these. Feel free to have a look at some of our recent views in this Performance Newsletter as well as our entirely renewed website .

LOOKING FOR PARTNERS WITH PORTABLE BUSINESS ?



“We want to recruit partners with portable business”. This is the phrase that we have probably heard most when asking managing partners how they wish to grow their firm in certain markets or areas.

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GOING DIGITAL IS JUST BUSINESS AS USUAL

Over the holiday season I found some time to read through a series of interesting books and some “saved up” articles on the legal industry and the digital age. After reading through some of it I realized that it felt somehow as a déjà-vu as I remembered the doom and bust messages from leading authors such as R. Susskind claiming the gradual commoditization of legal services already back then in 2006.

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RESTORING CONFIDENCE BETWEEN MANAGEMENT AND THE PARTNERS ...



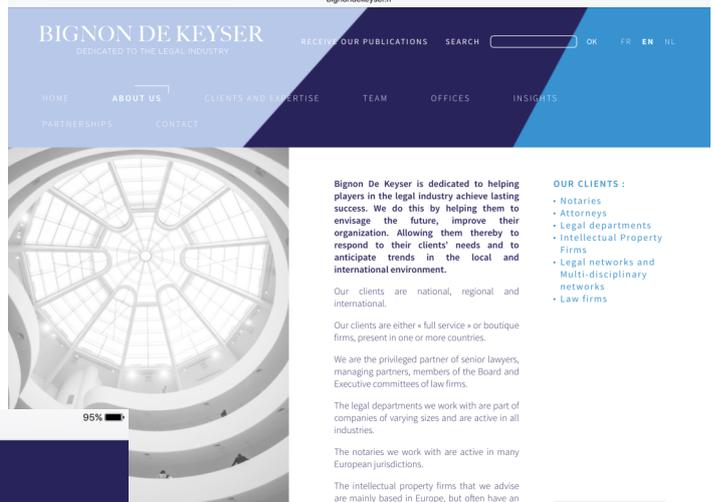
From observing the multitude of crises that have taken place in many law firms, I have noted more and more frequently over the last few years – for those who know them – misunderstanding or even open criticism by the partners of those in charge of managing their firm.

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VISIT OUR NEW WEBSITE

We wanted to benefit from this news letter to highlight our new website with enriched content and our grouped knowledge and articles on the legal industry

www.bignondekeyser.com



Our values

- INDEPENDENT RECOMMENDATIONS
- SHARING OF KNOWLEDGE WITH OUR CLIENTS
- BRINGING QUALITY IDEAS AND SOLUTIONS THAT REALLY MATTER
- CONFIDENTIALITY AND DISCRETION
- COMMITTED AND CLOSE TO OUR CLIENTS

<p>CONTACT</p> <p>Bignon De Keyser Paris 31, Avenue des Champs-Elysées, 75008 Paris Tél : (+33) (0)1 58 36 00 60 Fax : (+33) (0)1 58 36 00 68 E-mail : contact@bignondekeyser.com</p>	<p>Bignon De Keyser Brussel Avenue Louise 523, B-1050 Bruxelles</p> <p>Bignon De Keyser Antwerp E. Van Dijckkaal 5, B-2000 Antwerpen Tel : +32 2 669 97 47 Fax : +32 2 627 52 68 E-mail : contact@bignondekeyser.com</p>	<p>SOCIAL</p> <p>RECEIVE OUR PUBLICATIONS Email <input type="text"/> OK</p> <p>SOCIAL MEDIA </p>	<p>STRUCTURE OF OUR SITE</p> <p>ABOUT US CLIENTS AND EXPERTISE TEAM OFFICES INSIGHTS CONTACT LEGAL NOTICE</p>
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Patrick BIGNON

T + 33 (0)1 58 36 00 60
M + 33 (0)6 09 55 45 32

Paris

31, avenue des Champs-Elysées,
75008 Paris

Steven DE KEYSER

M + 32 494 57 15 05

Dirk MAERTENS

T + 32 2 669 97 47
M + 32 475 300 576

Brussels - Antwerpen

Louizalaan 523 Ave. Louise
B 1050 Brussel-Bruxelles

Ernest Van Dijckkaai 5
B 2000 Antwerpen

GOING DIGITAL IS JUST BUSINESS AS USUAL

I had only entered the legal industry in 2005 that after a career of 15 years as a consultant in various industries on client relationship management and organizational transformation, where the use of IT had helped bringing benefits and value instead of the downturn of businesses. Nevertheless back in 2005 I was amazed by the limited use and investment in IT tools by law firms. In fact many legal industry articles and opinion makers such as the above mentioned author definitely seemed to confirm that the legal industry was lagging behind and risked being erased all together by newcomers or by artificial intelligence. I could not agree with many of their gloomy conclusions except that the use of IT would increase as law firms increasingly started to rethink their strategy by putting their clients first.

The use of IT has effectively increased in many law firms since 2006. The impact of using IT tools has mainly been driven by client's needs and by the need to become better in servicing these client. Most importantly however it has been changing how law firms work and interact with their clients.

Recently there is a lot of talk about law firms going digital and of digital disruption in the legal industry. In the eyes of many senior lawyers and in house counsel the perception continues that this is only about technology or IT tools. Think about the use of tablets, smartphones, cloud services for access to documents and collaborative working tools. Fewer of them think of going digital as looking for new ways of engaging with clients and prospects, and only a small number think of it as reviewing the way law firms and legal departments will do business.

We think all these definitions hold some truth in them. In fact if you wish to prepare for going digital you will actually need to look at all three of these at the

same time.

If we look at what digital transformation has actually meant for most of the professional services firms it came down to this: identifying new ways of growth for their business through connecting with their clients in meeting their shifting needs and more so their increasingly evolving expectations in the context of new technology and digital outlook of this new era. As a result most professional services firms have become more agile, faster in taking decisions, more connected and more profitable.

So, a law firm going digital should focus on unlocking new or more value for its clients, not for the firm itself. So how can you prepare for this?

If value is the starting point then one could focus on ensuring that value is created in all client experiences with the firm, the other option could be that you deliver value by being leading edge in your legal domain, and last but not least value can be created by organizing your firm or legal department to be highly effective and efficient in its client service delivery. These are known strategic choices and going digital offers some fantastic new angles on them.

So this leads me to the conclusion that going digital or digital disruption is indeed really not just about IT tools but it is about identifying what you want to do as a law firm and how you wish to interact with your client in this new context of digital tools in an ever more connected world and an increased number of ways to get your services delivered to your clients.

So what should you consider to do if you wish to engage on a digital step up ?

First, you should revamp your internal tools and systems to create connectivity, deriving useful data and insights on clients and understand who in your firm is

driving growth, this implies that you wish to work together on clients as a firm.

Secondly, you should invest in business development aids and ensure that you push content rich publications through digital and traditional channels. This will ensure you reach out to your clients and prospects with relevant content

And finally, if you are bold enough, evaluate which of your services can already be digitized such that you can lower costs or consider those services that will benefit from technology to provide improved client experiences. This will engage your knowledge management processes and search technologies but more so push you to think who else you can cooperate with to deliver a better client experience.

All three steps do imply a focus on processes and by default it will lead you to thinking of how to become more lean as a law firm. However that is a topic entirely of its own whether you go digital or not.

My learning from this is that there is nothing revolutionary about going digital for the legal sector, similar as moving away from paper, hence, as with all tools and challenges, the adoption is gradual as an evolution. Keep your eyes open and as in the past year be prepared for change after serious evaluation of your strategy and the new threats and opportunities in the market. Simple but hard , hence business as usual.

*Dirk
Maertens*



LOOKING FOR PARTNERS WITH PORTABLE BUSINESS



Steven De Keyser

“We want to recruit partners with portable business”. This is the phrase that we have probably heard most when asking managing partners how they wish to grow their firm in certain markets or areas.

There is of course a clear logic behind that approach. Partners with portable business have demonstrated that they can develop and manage a nice client portfolio. In addition, bringing along business and clients is attractive from a financial perspective as the monetary investment will be limited. Good business logic, no ?

Yes and no.

We would never recommend a firm to recruit a lateral partner who has not developed a considerable book of business in his or her previous firm. Indeed, we are of the view that a “partner” level player needs in all circumstances have demonstrated his or her capacity to attract, retain and/or develop clients and client relationships. Ideally all three, but at least two of those. Someone with the partner title, but no substantial client relationships nor overseeing a reasonable book of business, simply does not meet the minimum partner level standard. In very exceptional circumstances there may still be reasons to recruit such a person, but these will need to be very convincing and well documented.

So the lateral candidate needs to have business, but should it be portable ?

That question depends on what kind of firm you are building. If you want to be a firm that houses stars and are very good at doing so, you will want to attract these stars with portable business. You will build a firm that is known for its stars and quality of them.

However, if you wish to build a firm with a strong brand name, recognized culture, embedded values and a coherent team approach across specializations and potentially geographic borders, you will want to think twice. Indeed, by rewarding people for bringing business that is portable, you are giving them the message that their most valuable asset is the portability of their business. In fact you are saying to that partner that there is one thing he or she should hold on more than anything else : his or her clients. With such an attitude, the star will integrate in his or her new firm, but the integration will be focused on making sure that he or she can leverage as much as possible on the new firm to strengthen his or her relationship with the client. That partner will not be keen to introduce other partners to the client on a strategic level, will not invest in broadening the client, will want to keep control of anything that is delivered to the client,... Behavior that is very much in conflict with some firms’ desire to build more business with existing clients and to promote more team behavior.

Stars that realize their portable business determines their value will also be more keen than others to learn and know how much they are really worth in the market. In our view they are more vulnerable to being hired away by headhunters.

Lateral hire partners with business, for sure, but portable ? Think twice and be sure about the kind of firm you wish to build. Ask your clients what they expect from your firm. Whatever the answer, you will always want to attract partners that have demonstrated their capacity to build, maintain and develop a substantial business, but you may be very happy to hear that they do not want to bring that business along to your firm....

RESTORING CONFIDENCE BETWEEN MANAGEMENT AND THE PARTNERS ...



Patrick Bignon

From observing the multitude of crises that have taken place in many law firms, I have noted more and more frequently over the last few years – for those who know them – misunderstanding or even open criticism by the partners of those in charge of managing their firm.

The race for profitability – the desired goal in a difficult, increasingly competitive market – and the constant quest for operational efficiency often lead those in charge of management to:

- Too much quantification, to the detriment of quality and sharing;
- Measuring and comparing individual performances rather than encouraging teamwork;
- Processing to the point of stopping the fluidity of information;
- Formalising to the point of discouraging any initiative outside the formal framework.

There are numerous examples:

- Too many controls;
- Too much reporting;
- Too stringent sanctions;
- ...

For the partners, their rejection of this type of management leads to a lack of discipline faced with cumbersome organisations and excessive procedural constraints with numerous problems being observed, such as, for example:

- Strong individualism and resurgence of the principle of “everyone for himself”;
- More frequent absenteeism at meetings;
- Late answers to requests;
- Systematic denigration of those in management positions.

This is why it is now time, in many firms, to restore confidence between those in charge of their management and the partners.

When management is too often built on defiance and making sure that lawyers do exactly what is expected of them, it without doubt limits value creation in a lot of firms at a time when they have to cope with a transforming market in which the ability to take initiative is essential.

Beyond the rejection of what they see as over-attentiveness to the financial aspects, which often causes anxiety among the partners and creates a bad atmosphere in law firms, this lack of confidence in one another in fact reveals:

- A problem of leadership:
 - ◆ With a lack of clarity by management in “**saying what they are going to do**”;
 - ◆ And also actions or decisions that do not fit in with “**doing what they say**”;
- A lack of a vision/project enabling the firm to mobilise and federate the partners;
- A problem of efficiency in the organisation set up with insufficient clarity of the respective roles and of the allocation of responsibilities;
- Finally, clearly, a problem of interpersonal relationships between the partners with the need to improve communication in order to bring down the barriers and boost collective thinking.