

Making networks work

Are you gaining the maximum benefit from your network? The referral and support alliance of your dreams is not achieved by accident. CHRIS HINZE draws on his experience marketing major international groups and outlines essential management practices to ensure network membership is not just a name, but a dynamic force

There are a host of reasons for having a network and whether you set one up or inherit one, it is critical for its members to know what they are part of and for there to be discussion about whether it is an appropriate strategy or set of goals for the organisation. Is it a source of referral work – and that's all? Is it there to give a sense of community? Is it to provide firms with the ability to say that they are part of an international alliance? The discussion process helps identify the reasons why firms are involved and begins the process of forming a consensus view and a coherent way of behaving. Along the way, some firms will disagree and they may leave. That's fine but it should be part of a considered process rather than because the network hasn't achieved anything.

Strong and well-managed networks should be able to survive the departure of some of its members. If a network is just a way for one firm to create relationships that are really for its own benefit then it is more akin to a captive referral arrangement than a true network of equals. There are a number of alliances in existence that fit this model

and they are certainly successful, but if the lead firm decides to close the network then that forces the remaining practices to leave as well or create something different – a potentially time-consuming and expensive process. It helps to formalise the network's structure, even if only through creating a basic memorandum of understanding for everyone involved in it, about what membership requires of participants. Other more sophisticated options include creating a central entity that is independent of the firms in the network to handle the membership, administration and specific intellectual property such as the name and/or brand and jointly developed resources or services. Such an entity is also very useful for handling centralised purchasing of some items for the benefit of network members or for acting as a point of quasi-independent adjudication for members when occasional disputes occur – for example over what might be a fair and equitable method of sharing fees on particular client engagements. If the central entity has a small administration team – such as a network director plus some specialist business development and secretarial support – who can report to an executive committee made up of leaders from the larger member firms, then the burden of running the network can be removed from individual firms and they can instead concentrate on building profitable business relationships.

A network lives or dies on the quality of its client service. It lies at the very heart of the willingness of its members to refer clients to each other around the world. There must be absolute confidence in the quality of the work that will be carried out, so there should be clear protocols for client service across the network and procedures in place for members to follow if they feel that other members are not delivering what is expected of them. Such things operate sometimes at even the most basic levels. Arthur Andersen had consistent templates around the world for particular

types of work – such as a set of statutory accounts – so that when the request went out to 25 countries for that information from some 100+ subsidiaries, the partner in charge would receive material that all looked and felt the same. Each of the firms was independent, but they worked to common standards that made life easier.

It is also important to get people together on a regular basis. If representatives from the member firms can meet once a year for an event then that is a tremendous benefit. Such functions enable the lawyers to share information about what is going on in their market. It enables them to engage in skills training events and to share experiences around particular client matters or industry sectors. All in all, it helps build a sense of community across the network, which in turn reinforces elements of trust and a willingness to refer precious clients across it. As well as an annual event it's worth seeing if it is possible to bring firms together on a regional basis six months before or after. It serves the same purpose as the yearly function, with all the same benefits plus a sense of continuing momentum, but is less expensive and time consuming. It is very easy to put together meetings of practices in Europe, North America, Latin America and parts of Asia where travelling time can be minimised. It is also extremely worthwhile for lawyers in the same practice groups (such as mergers and acquisitions; intellectual property; employment law; antitrust/competition law) to create subgroups focused on client development and knowledge and to meet, at least by conference call, every six months.

As important as cross-firm practice groups are cross-firm client teams. These are essential to ensure efficient referring and high service levels. Either face to face or through teleconferencing or web-based conference, it is worth the effort involved to keep the client teams across the network connected on a regular basis. This needs to be facilitated with well-designed and managed

agendas so that the members are able to pool their knowledge and expertise of the relevant legal issues and personalities to enable provision of a better service. Many clients, especially when they are also directly involved, can be very appreciative of their lawyers keeping in contact with each other, sharing ideas and best practices. The general counsel can brief all their firms, or those working on the same matters around the world, at one time rather than piecemeal and it demonstrates the additional value that the general counsel is receiving from your network rather than your competitors.

Bringing together lawyers from around the region or the world for joint training on either technical skills (eg European Union competition law and procedures) or business and management skills (eg managing financial performance in a law firm or creating client development programmes) creates additional opportunities to build relationships and trust. Such network-wide joint training events can also be more cost-effective than creating lots of different national programmes. Sharing knowledge around the business operations of the firms themselves can be equally valuable. Gathering and providing financial performance benchmarks from across the network regarding levels of billable hours, recovery rates, attorney attrition rates – all gathered and reported either anonymously or on a named basis – helps member firms get a better understanding of their own performance and identify aspects for improvement or areas where some firms are significantly better than others and may have experiences that can be shared for the benefit of all.

A number of providers of information and materials to the legal profession are willing to offer 'bulk' purchase deals. Either acting through some form of central network entity or through a virtual consortium it is possible to negotiate centrally far better terms than by acting individually. Such purchasing can be

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more akin to a buying club and can cover many topic areas such as directory listings, precedent and case note sharing, access to deals databases, software, hardware and even insurance.

One extremely useful thing to do is involve junior partners, associates and key support staff in the network. Give them a role to perform and it becomes a very real part of their career development. It avoids creating the perception that the network is just a plaything of a few senior partners within the firm but instead is seen as being in the long term strategic interests of the practice. There should be opportunities across the network for the secondment of lawyers from one practice to another, either on the basis of a straight swap or as part of a much wider pooling of secondment openings. Such arrangements – as well as cross-border training – help members offer their people wider career development and better reasons to stay with their firm. Encourage support staff to get to know opposite equivalent numbers to help in the sharing of knowledge and best practice.

You should also strive to create a reputation, brand and voice for the network itself. It should have some form of distinctive face in the market, so that clients can see it as something tangible.

By investing in shared marketing activity – such as hard-hitting thought leadership – across borders, the network starts to look and feel like a real business. Adopting a shared and distinctive look and feel makes it much easier for members to start to present themselves as being allied (while avoiding exposing themselves to perceived joint liability) and therefore better able to serve their clients. The network as a whole, as well as its individual members, should be able to talk with its own voice about the benefits it brings to clients and the quality of its people and work. Such communication – whether direct to clients or through third parties such as the media – continues to reinforce a perception that the network is strong, successful and dynamic. Utilise the website for the network to showcase the best quality work possible. Make it a single port of call for partner biographies and use it to highlight critical legal issues. Once the network website is solidly built then members can adopt the same design and format for their own countries, sharing some of the electronic infrastructure and resources (such as a common database of partner biographies), while retaining independence.

Successful networks are vibrant and are kept going by a good flow of client work between participants. The continual promotion of the network through the use of case studies, deal lists, positive client comments, ongoing news about developments at member firms, joint proposals to potential clients, as well as expanding the work done for existing clients, are all essential mechanisms for making the network deliver on its promise. Networks are in a strong position to deliver valuable insights regarding best practices and trends in the law to their clients. The more the network can become embedded into the market activity of its members, the more relevant it becomes and the easier it is to pin-point the value added by it. ■