

Developing International Business



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Networks gain ground as a valid strategic option for going global, says Ernestine McKay of Ius Laboris.

Global alliances are no longer required to wait in the wings while their Magic Circle colleagues scoop the trophies on the glittering international stage. They have quietly come of age, gaining ground with clients to the point that they are becoming known brands in their own right. So what exactly is the secret to making membership of these legal clubs such an attractive alternative? Creative marketing combined with good execution certainly has an important role to play.

It is a truth universally acknowledged that a single firm in possession of good clients must be in want of international capabilities. Ambitious firms have to deliver effective cross-border services to retain clients. An international capacity also helps recruit high calibre lawyers.

In the 1990s a number of mid-sized law firms, primarily in Europe and the US, responded to this challenge by setting up fledgling international referral networks, rather than acquiring operations in multiple jurisdictions. In 2000, a few specialist associations started to appear, many of them initially launching their services across one global region. Cross-border alliances brought more differentiation to a crowded market place, effectively offering clients greater choice. By 2005 there were over 100 multi-disciplinary and specialist groups. Today, that number has grown to around 140 worldwide. As legal affiliations enter their third decade of business and the competition to win international work intensifies, larger firms looking to consolidate are using their 'best friends' relationships as a valuable negotiating tool.

The most successful associations have focused on a small number of key elements – creating niche cross-border practice groups, building brand reputation and expanding geographical spread. This success can often be acquired without having to create a super size central infrastructure or expose partners to unacceptable financial risk. Recent trends, however, show that as networks advance, many are expanding their central teams to help drive success more effectively. If firms want to understand the benefits of membership, they first need to recognise that this business model has unique strengths and weaknesses. It also represents distinct opportunities and threats in the external market but these tend to resemble those faced by the large global firms since their clients generally emerge from the same industries. >





Instant access benefits

Joining a well-run network promises a set of lucrative assets that can take years to gain from the more traditional approach to growth through acquisition. The list includes relaxed professional relationships built up from years working closely together on cross-border business, higher levels of entrepreneurial leadership, the ability to accelerate executive decision-making without the consensus often required in a partnership structure, immediate geographical spread, authentic domestic know-how and brand reputation in multiple jurisdictions, experienced marketing and knowledge resource prepared to contribute their support from member firms worldwide.

Room for improvement through effective marketing

As with any new business venture, the start-up costs of a legal affiliation have to be planned well in advance. Insightful marketing investment can have a huge impact on the success of the group.

When networks first started, there was little understanding of the investment required in business support, compared to the cost of logistics and administration. Management needs to allocate a realistic budget to marketing and business development initiatives, not least to launch the association with a clear market proposition. Equally important is the hiring of a high calibre central marketing team, especially with strong brand management experience. In the initial phase, well-rounded in-house skills are invaluable to launching a global brand proposition that will complement potent domestic brands. Hiring senior marketing resource will also help establish the authority needed to mandate consistent brand practice. Persuading members to adopt a unified corporate identity can take years of concentrated effort. Market segmentation is another area that tends to be overlooked in the rush to open doors for business. Clients will respond far quicker to international services that are presented to them in easily understood international practice and sector groups. This creates a vital source of market differentiation during the early stages. Another area that cross-border customers will insist on is consistent service delivery worldwide. It's important to establish clear quality criteria that set high service standards and to continue to refer to them to manage any ongoing performance issues. These criteria also support the due diligence process during member recruitment. Quality has to be managed effectively to deliver the genuinely seamless service that global firms have built their reputations on.

And finally, marketing should maintain a regular events programme that includes management time to develop the business strategy. Alliance membership is not the day-to-day priority of members. Leadership often finds it more effective to discuss longer-term planning face-to-face, in contrast to the regular administrative tasks that can be conducted remotely by email, phone and video conference.

Key steps when building up marketing operations within a network

- Differentiate the association's services by catering for global niche markets. Segmentation and targeting are critical, especially where start-up resource is limited.
- Focus on a few well-chosen projects and set clear priorities with tangible deliverables. A common mistake in the first couple of years is to try to tackle too many projects.
- Allow time to persuade your audiences of the benefits of the network approach. It's easier to communicate the concept of a globally integrated firm than the mystique of an alliance.
- Adjust the marketing and BD focus to the short-term to establish a set of basic communication tools as a foundation for the development of a more formal function.
- Integrate marketing planning with the association's operational infrastructure to be able to agree realistic timeframes around the key objectives.
- Hire savvy, professionally qualified marketing resource to help the organisation move up the learning curve quicker. There will be no ready-made, operational infrastructure or marketing legacy in place. If you're tempted to transfer an internal lawyer or secretary into a start-up marketing role, be sure to equip them with specialist training.
- Apply innovative online tools and multi-media campaigns to develop market profile and gain the competitive edge at a more accelerated pace than through traditional methods. The more astute alliances are quick to seize the opportunity to develop their websites as a public knowledge portal and secure high search engine ranking results.

Planning for successful network membership

Having looked at how marketing management can improve the benefits provided to members, there are some critical activities that will help participants reap greater rewards from their membership:

- Align the firm's internal marketing strategy and timeframe with the international objectives of the alliance. It's essential to generate awareness of the cross-border goals and objectives within member firms as a foundation for shared marketing activity in external markets.
- Invest time and effort in getting to know other member firms' strengths and weaknesses. If the internal relationships work, the business ones will run more smoothly too.
- Build external relationships with key intermediaries and clients alongside member firms who provide similar specialist services. Recognise the benefits of working with teams who have built up complementary practice or sector group expertise in their domestic markets. Take the time to understand their ability to meet client expectations in local jurisdictions.
- Take advantage of members' shared cross-border expertise to win share in specialist new and emerging markets. It's often these niche areas where a nimble association can take the lead and enter the market quicker than a colossal global firm.
- Create a brand proposition that reflects the uniqueness of the network. A strong brand is the key defining element when marketing to new clients. Firms that learn to leverage the potential of a global brand within a large network create far more impact in local markets.
- Invest in training. Improving the cross-border legal knowledge, business development and project management skills of the younger, fast-track lawyers in member firms increases their active contribution to the network in general, and in particular to referral generation, as well as helping keep them loyal to their firms.
- Team up with members whose client portfolio and marketing culture share common ground with your firm. Good network relationships are based on a compatible perspective across many areas of the business, including marketing and BD.

Ernestine McKay is Quality and Special Projects Manager with Ius Laboris, the top global human resources lawyers alliance. She previously held marketing and BD management positions at Clifford Chance and Sidley Austin. She is a network specialist, having worked with some of the world's largest legal and accountancy affiliations, GTI, Multilaw and CMS. She has first-hand experience helping members manage their international expansion and develop cross-border business in established & emerging markets.