

# Comment

## → The road ahead

After the shock of the global financial crisis, Europe's law firms must adapt or die, writes Charles-Henri de Pardieu



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The turmoil caused by the global economic crisis following the collapse of US investment bank Lehman Brothers in September 2008 pushed the entire financial system to the brink of disaster.

Banks and law firms had to reconsider their business models as they were no longer able to maintain the same level of activity as had been conducted during the years before the crisis. Indeed, the financial meltdown brought to the forefront long standing issues with these business models that had been lurking below the surface for some time and was catalyst for change at all professional services firms.

For instance, we learned in 2009 that independent law firms were arguably better placed to resist the financial crisis than some of the UK and US global giants. The European independents have positioned themselves in this way through the wide diversity of their activities, as well as their strong presence in domestic markets, and in so doing have provided a premium over global firms. Moreover, the inherent flexibility of independent law firms – owing to their size and fee structures – also increased their ability to resist the financial crisis.

### Strong networks

Independent law firms have demonstrated their ability to move quickly and attract new clients. They have lived through several financial crises in the past and built a strong network of personal relationships with other law firms that share common views.

Although it is difficult to predict what 2010 will bring, the experience of last year is a good indicator of expectations. If the main lesson from 2009 is the importance of providing clients with added value – which they have come to expect – then the goal of law firms in 2010 should be the search of new methods to meet those expectations.

The dramatic impact on the law firm business model of the recession should be considered a point of no return, regardless of

the future level of activity – it must be seen as providing a fresh start for independent firms. Accordingly, law firms will need to initiate and develop a number of changes. Primarily, they should focus on crucial areas such as human resources, client relationships and technology.

### 2010 goals

Implementing these changes will be crucial to meeting the goal of 2010: to maintain a high level of quality, while distinguishing between sophisticated and commoditised legal services, as nowadays, clients are no longer willing to pay the same level of fees for both. Therefore, a distinction will need to be made between the intellectual contribution of a lawyer's advice and the related ancillary services.

In addition – and perhaps most importantly – law firms will need to cultivate relationships between themselves and their clients, in particular in-house counsel and their legal departments. Those relationships should be based on mutual co-operation, transparency, trust and loyalty, and which at all times should take into account the respective contributions of both parties.

As the European legal landscape evolves, it is vital that practitioners are not only well informed, but also that they have a platform for discussion and debate. *The European Lawyer* magazine enters 2010 preparing to celebrate a decade of reporting and commenting on Europe's independent law firm sector – as well as continually promoting and supporting the Continent's legal profession in all its guises.

Readers will have noticed that at the end of last year this magazine was comprehensively redesigned to provide a more cohesive approach to that task – both in the printed format and online. It is consciously broadening its appeal to provide more in-depth coverage and analysis of Europe's rapidly growing in-house sector.

And the magazine is also expanding its content in relation to the important subject of practice management. In a rapidly-changing legal world – one in which clients are increasingly sensitive to efficiency issues – practice management should be top of the agenda at independent and global law firms alike. We know the magazine's editorial staff is committed to providing practitioners with the powerful tool of information.

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