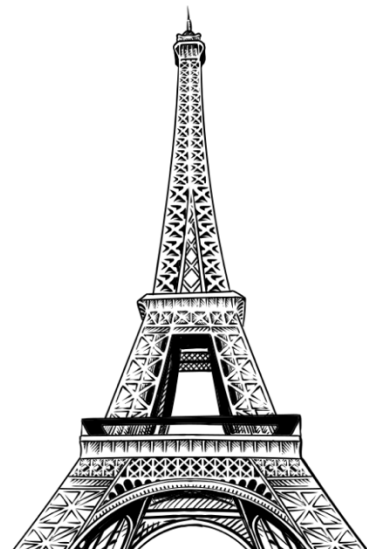


Our report from Paris

Recapping some of the highlights of
the IBA Law Firm Management
Committee programming



The following items recap a few of the wonderful programs put together by the Law Firm Management Committee at the 2023 annual conference in Paris.

Reports from Paris

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ESG: Are Law Firms Taking it as Seriously as Clients and Talent Want?

A report from Robert F. van Beemen of Dicke Röell Breedveld and Zulon Begum of CM Murray LLP

The following are findings from the November 1 program " ESG: Are Law Firms Taking it as Seriously as Clients and Talent Want?"

- There are different stages of the ESG engagement at law firms: EU firms usually more advanced than US or Rest of the World (of course with exceptions of boutique firms)
- ESG as a legal practice is more in focus at the moment than law firm's own ESG performance (so-called responsible business)
- Clients include more and more criteria / questions on ESG when selecting law firms
- Until clients de-select law firms who are not in line with their own values, most law firms are moving very slowly
- When law firms and their clients talk openly then they can achieve great things. Clients can obviously help make the first move, but law firms can get on the front foot and talk to their clients about what they are doing and would like to do in the ESG space and invite clients to engage with them – those that are interested will. Be brave!
- A general consensus that there is now a requirement for all lawyers, whatever their specialism to be ESG aware (e.g. knowing enough to be

able to talk confidently with clients about ESG matters, being able to identify ESG risks and opportunities for clients and know where to turn to (whether in their own firm or elsewhere) for in-depth expertise where needed).

-Typically, firms are adopting a cross-departmental approach to establishing their ESG practice, recognising that it pulls on a breadth of expertise, but there's no one-size fits all.

- Firms should be careful about how they present their ESG offering and strategy being able to "walk the walk" is crucial and clients increasingly ask questions about internal structures and initiatives.

- Likewise, talent coming through will increasingly ask questions about the ESG client offering, internal professional development on ESG matters and the firm's own ESG practices and policies. With regard to the latter, there was a lot of emphasis on living the policy. It's no longer just a tick-box exercise - clients and talent want to see law firms staying true to their word and acting on their ESG policies.

Small/Medium Law Firms - Creating Sustainable Profitability

A report from Mikko Kontturi of Aurora Law, Eric Baijal of BBM Solicitors and Dragan Dameski of DDK

Law Firm Management Committee: Profitability is the most important thing for small and medium law firms, but you should look at it and strive for sustainable profitability. Sustainable profitability can be defined as continuous profitability in a longer perspective and resisting overall swings in profitability during the different operating years. What comes to profitability and sustainable profitability there is no "one size fits all solution" for small and medium law firms. However, there are six distinctive factors that can lead to better profitability in all small and medium law firms; pricing, productivity, realization, cost management, compensation and leverage.

From the pricing perspective operating in a small and medium law firm model can lead to significant advantages. One should however keep in mind that offering the cheapest price is not necessary the best option for

the sustainable profitability. In fact low price itself is not the decisive factor from the client perspective but the value and small and medium law firms can use this as their value proposition. Additionally small and medium law firms with lower overhead costs can be more agile to offer also alternative fee structures that clients are interested and that can end up being in the end even more profitable than traditional hourly rate. In order to measure productivity one thing that is essential is the data available. Data should be used when making the adjustments to the client intake, assignment processes as well as billing leading to better profitability. From the data perspective all measures whether or not ending up to the bill should be registered to obtain information about the allocation of time used in the law firm.

Accountable registering of measures is also the key to improve billing process as on an average 10% of the work done is never registered, 10% of the work done is never billed and in total average of 72,9% of the work is actually billed from the client. With the data law firm can make the necessary decisions what type of work is the most profitable and thus should be done and what is not. This enables the law firm to allocate the resources efficiently and profitably. In a small and medium law firms it is essential to concentrate the limited resources to the best clients and some kind of client selection strategy should be seen as necessity for firm success. However too narrow client base and not taking the client diversity into account is especially from a small and medium law firm viewpoint risk as fast changes in world surrounding us can lead to critical cashflow problems in case the firm is keeping "all the eggs in one basket" as we saw during the covid pandemic.

Cost management is also one thing to consider in small and medium law firms in order to increase sustainable profitability. As the biggest costs for a law firm are employee compensation and office facilities there are opportunities to increase profitability especially from the facilities perspective as small and medium law firms can operate in a more cost-efficient way than their big law peers. From the compensation perspective it is not only about the current compensation, but you must also consider the possible unwanted changes in the office staff. Even if the law firm is well managed, total costs for an unplanned loss of a fee earner can be equivalent to up to six months compensation so it is essential to keep the people in the small and medium law firms happy. Talent investments, talent attraction and talent retention are key elements for successful and

sustainable profitable law firm. New generations of work force entering the law business set up their own terms how they want to work and claims for better work life balance, healthy work culture and fair compensation can be achieved more easily in a small and medium law firm environment. People are the essential element of a law firms and that is also the case in small and medium law firms. The ongoing changes, because of the fundamental changes in the ways of working as well as the generation changes, can open up new business and growth opportunities for small and medium law firms. Keeping an eye on the market and to be able to react on the changes in it are things to consider when defining long term strategy for small and medium law firms. Sustainable profitability is as one of the panelist put it a "Rubik's cube" and there are many major and minor factors to be taken into account for small and medium law firm leaders. A good starting point for this journey is to change the mindset towards more business minded approach instead of traditional artisan profession approach.

Social Media: The Part it Plays in Law Firm Strategy

Report by Deborah Farone of Farone Advisors

On October 30, a panel including Paul Marmor of Sherrards Solicitor, Olga Mack of Lexis Nexis , Helen Burness of Saltmarsh Marketing, and Sneha Ashktikar Roy of Jus Mundi and Jus Connect, joined me to talk about the role that social media plays in law firm strategy. "Social Media: The Part it Plays in Law Firm Strategy," was a session that involved essential content and valuable insights delivered with the excitement of a gameshow.

Here are some of the highlights.

For individual lawyers who want to build a profile and brand, consistency on social media, whether remarking on someone else's post or sharing your own insights, is essential. Not everyone in your audience will see every post so you need to continue to show up and be a recognized voice on the platform.

Consistent value from law firms who post and individuals, is a must. Too many "I am honored to be included..." types of posts will lose your audience. Keep thinking, what insights am I offering through this post? What value am I adding to the conversation?

Consider your firm's brand and your own prior to posting on social media. Platforms like LinkedIn are vehicles that reach inhouse counsel and referral sources. Utilize your efforts wisely. Think about LinkedIn in three ways: making connections, communicating a message and remaining in touch with those who matter to you.

Empower your lawyers and legal professionals with the proper tools and training so that they can amplify your brand and be part of the social media solution.

Be wary of being simply a firm cheerleader, promoting the firm's posts without adding value or comments.

Consider which one of the social media personalities you represent, the firm cheerleader, the self-promoter, the creative, or the value-adder. (Hint: the value adders have it right!)

Do Clients Fit into Strategy?

A report from Sverre Tyrhaug of Thommessen

According to a recent survey, conducted by the strategy committee of the 50% of law firms do not involve clients in the development of their strategic plans. The panel discussed if we, as law firms, are doing enough to integrate our clients' perspectives into our strategic planning and, in doing so, truly are delivering what the clients need now and going forward.

Views were a little divergent on whether we are indeed taking into accounts our clients views in our strategic plan, but with consensus that we are all indeed client centric.

Obtaining the view of clients, by having them interviewed on behalf of the firm by previous GCs was thought a good approach.

Following clients abroad was considered important, also through good law firm relationships abroad, and for some also going international by setting up offices in new jurisdictions to cater for important clients.

Future trends considered were clients increasing demand for ESG focus, client selection (countries, Industries, types of assignment) and also the need to improve our use of data, automation and AI.

The panelists were: Adam Emmerich (Wacthell), Deborah Finkler (Slaughter & May), Georgia Dawson (Freshfields), Anders Carlberg (Dittmar), Tiziana Sucharitkul (Tilleke & Gibbins) and Orla O'Connor (Arthur Cox, and as moderator Sverre Tyrhaug (Thommessen).