



“Technology brings the opportunity for more freedom for the individual lawyer”.

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CHANGE MANAGEMENT

by Curt A. Canfield

TODAY, EUROPEAN FIRMS ARE IN TRANSITION; IN SOME RESPECTS, THEY ARE AT A CROSSROADS. The Americans and the English, under the camouflage of globalisation are encroaching upon their shores, their marketplace and their natural resources - their lawyers - by offering the lure of fast-growth, high technology and relatively high profits per partner.

As an American management consultant who has been working with European firms and corporate law departments for over five years, it has been somewhat distressing to see European firms getting swallowed up by Anglo-Saxon firms. Yet it has been encouraging that there have also been several larger Continental firms turning down English and American merger offers and holding their own in the marketplace.

This article is addressed to those firms that are transforming themselves just as much as their Anglo-Saxon counterparts, but on their own terms. The result of this transformation is fascinating history, and it bodes well for the practice of law, in particular, and the human condition, in general.

MANAGING CHANGE THROUGHOUT THE UK AND EUROPE

OVER THE LAST FIVE YEARS, I have seen Elite making inroads in the UK and in Europe. The difference has been interesting. In Britain, there has been hardly any change at all. On the Continent, however, the evolution has had a dramatic effect, most notably the new “Globalisation Release” and the multilingual (French only now supplied) capabilities. Both of these were brought on by Continental firms that persisted in their need for US software to meet the nuances of a European market. To its credit, Elite met their demands.

What does this have to say to the Continental firms? It says that there are elements of Anglo-Saxon software that can be made to fit European firms on the surface level. More fundamentally, it says that change is inevitable and the wise Continental firm would take stock of those changes, plan how it will address those changes (or, likely, have them made for them) and then make them fit their needs in a changing world – deliberately and rationally rather than reactively and under pressure.

Three major changes

I've seen three major changes that have more to do with growth and sophistication than with “Anglo-Saxism”:

- (1) Firms are growing and, as they do, they are experiencing greater demands for sophisticated business management;
- (2) Technology is becoming more pervasive in the practice of law, making it, on the one hand, more expensive and, on the other hand, more critical; and,
- (3) Corporations are becoming globalised and their clients are looking for the best representation at the most reasonable cost. Just as some American mid-size firms have changed to meet the needs of the marketplace and are starting to find their niche in the global market, so can firms in Continental Europe.

Let's take each of these changes in turn.

Business management

The need for sophisticated business management is now more pressing than ever, yet lawyers are reluctant to yield control. This reluctance extends from visionary strategic planning to daily operational, hands-on management tasks. Unfortunately, there are few individuals who do not practice law who understand the market for legal services. This is beginning to change in Europe, and it would be a step in the right direction for the larger law firms to form an association of legal administrators, modelled after the successful organisation in the United States, to help promote the sharing of knowledge amongst these individuals so they can become a credible resource.

What may also help convince firms of the value of a professional business manager is a calculation of “lost revenue” resulting from lawyers spending their time on management. Typically, the lawyers most involved in internal management are the best and the brightest. This means that your best lawyers are not selling, servicing or otherwise building bonds with clients. Firms may discover that freeing up lawyer time more than offsets the cost of a professional business manager.

The technological challenge

The second challenge is the more complicated one – technology. It is in transition both in terms of the hardware and software and in its application as well. This is a whole new field of endeavour for most firms, which requires new skills to effectively manage it and apply it. Taking an historical perspective, the transition to new digital technology (networks, PCs, wireless devices) is not so different than the transition we went through in adopting the telephone, to fax and to voice-mail; it is just faster and more pervasive. This requires the firm to plan effectively and manage its realisation. This is another argument for change number 1, but more importantly, it signals a return to viewing the firm as a unified whole.

As far as re-engineering the practice or management of law, technology remains a new tool for the average working lawyer. This is despite the fact that many firms deployed the technical tools and yet retained many of the paper and manual systems that were already in place. New tools provide an opportunity to implement new methods. Without the proper orientation and application, technology can, in fact, be counter-productive. In many firms today, US and UK alike, the new technology co-exists with old tools, old processes and old organisation structures. Adopting new technologies effectively means redesigning the processes and infrastructure needed to exploit them and, concurrently, ceasing the old processes that they are to replace. These changes must be done on a firm-wide basis if they are to be effective.

Technology brings the opportunity for more freedom for the individual lawyer (more access to more clients and to more information), but with it comes the challenge of more organisation and a need to work with some semblance of underlying standards.

The global perspective

The first two changes must be addressed before change number 3 – globalisation – can be considered. Better business management, coupled with new technology, new processes and the organisational structure to address them, will allow the firm to be more efficient and reach a broader range of clients looking to do business in their particular geographic location or area of law. Several of our mid-size clients did exactly that. They were regional US providers that concentrated on one or two key national clients in a successful effort to win the lion's share of the national business. They did this by improving their management and technology. One was a real estate practice that automated certain transactions and the related documents for a fixed fee that cost the client less and yielded the firm a

higher margin. The other was an intellectual property firm that achieved similar results, but with higher leverage through the use of para-legals and administration to capture the data electronically. They addressed the key client and then went out to successfully seek out others.

Change is the only option

This brings us back to the start of this article and the evolution of Elite on the Continent. Several firms started the selection and implementation process with a strong business plan and the necessary organisation in place. They did not take an Anglo-Saxon product and all its “cultural baggage” with it. They insisted on – and would not implement the system without – these changes.

The changes in the market for legal services are bigger than any one cultural influence – they mirror the changes in society that, while taking many different forms across the world, have been accelerated by new technology, new processes and organisational structures. Everyone has different ways of rising to meet those challenges, but history has shown that those who refuse or cannot change will not survive and thrive.

A strategy for success

It is an excellent time for Continental firms to keep their eyes open, to selectively choose from that which has worked for firms elsewhere and, above all, to retain their unique identity and build on their distinctive strengths. This paper has tried to outline a strategy for doing so. The challenges laid out above are somewhat serial in their approach. It starts out with strong business management, leads to firm-wide implementation of a business plan and ends with actively embracing existing - and hopefully, new - clients.