

Going global

BY JENNIFER MCPHEE

In the age of mergers, news of legal giants gobbling up their competitors and opening up offices in far-flung places has left Canada's medium sized go-getters looking for ways to stay competitive without signing on the dotted line.

As the world continues to shrivel, firms that deliver advice to the corporate world are increasingly chasing the same globally minded clients, and many firms are joining legal networks as a way of extending their reach beyond their local borders.

Legal networks vary from loose alliances of friendly firms who promise not to steal each other's clients, to slightly more formal networks with an administrator and a nominal membership fee. Then there are the larger networks that charge thousands of dollars in annual fees, but differentiate themselves by investing in infrastructure, maintaining quality standards, and building a brand.

Lex Mundi, Meritas, State Capital Group, Visalaw International, and World Services Group are some of the more established by-invitation-only legal networks that do extensive research before carefully selecting one firm per jurisdiction — usually by province, state, or country — in order to minimize competition. The idea is that you're linked to the best of the best, and seem larger than you are because you're connected



There is more than one way to skin a cat and law firms looking to branch out beyond their borders without making a hefty investment to build a global or national law firm are turning to the growing number of legal networks. They come in all shapes and sizes and provide regional and local law firms and their clients with a window into the world of business and legal advice.

to firms around the world — even in distant places where Canada's mega-firms don't have offices.

er part of the world can have its challenges. "It's not a seamless pass-off. But if clients are comfortable knowing (the

nual meeting which members are expected to attend it doesn't take long with only 136 members before you know someone from each of the member firms and they know you," he says. "It's quite different from blindly using a legal dictionary."

State Capital has member firms located in North America, Europe, South and Central America, the Caribbean, Asia and the Pacific Rim, and Africa and the Middle East.

Where a firm is located and the state of the local economy will impact the flow of inbound referrals generated through a network. The Winnipeg-based firm Thompson Dorfman Sweatman LLP — a founding member of Lex Mundi — has referred clients to firms in 37 countries, and receives the occasional inbound referral. However, the firm often continues to work with clients after referring them to a firm in another jurisdiction, says managing partner P. Michael Sinclair.

"There's a willingness to have lawyers in the home jurisdiction continue to be involved in the transaction," he says.

Toronto-based Minden Gross LLP joined Meritas 13 years ago because it needed a Rolodex of leading firms in other places — but the alliance also contributes much to the mid-sized firm's bottom line. The firm considers Meritas a client — a very good client. For the past five years, Meritas has ranked in the firm's top 10 clients (last year it ranked second; this year it will rank fifth or sixth) based on the amount of business that flows in through referrals or because the corporate world comes calling due to the firm's membership in Meritas, says partner Kenneth Kallish. He will become the organization's second Canadian chairperson this April.

Another benefit of alliances is that the reduced competition allows for the free exchange of knowledge, expertise, and advice between top legal minds at meetings and conferences, as well as on an informal basis. For example, members of networks often send out e-mails when they need hard-to-find information or advice. Meritas members provide each

For more information...



Lex Mundi	www.lexmundi.com
Meritas	www.meritas.org
State Capital Group	www.statecapitallaw.org
Visalaw International	www.visalawint.com
World Services Group	www.worldservicesgroup.com

Meritas is a global alliance of 170 mid-sized independent commercial law firms in 60 countries, including nine Canadian firms spanning 10 provinces and one territory. Meritas recertifies member firms every three years, and follows up with referred-to clients, and then posts each member's quality and cost ratings on its web site.

Like any club worth its exclusiveness, Meritas won't hesitate to politely show you the door if you no longer meet its standards. "We terminate probably one or two firms a year," says Meritas president and CEO Tanna Moore.

Both network officials and member firms say the main advantage of membership is being able to help clients find the right, reliable expertise when they are doing business outside of the firm's jurisdiction. By maintaining strict quality controls, the network effectively does your due diligence for you, so firms can refer clients back and forth without the gnawing fear that a client will return with a disaster story. "An alliance has to show some value to the client," says Michael Short, vice-president of the legal consulting firm, Hildebrandt International. "And the quality piece is often where the rubber hits the road."

And because many legal networks are comprised of firms that are indigenous to their jurisdiction, members are referring clients to firms that not only have the local legal expertise, but also have community and political connections where your client is doing business.

Still, Short says passing off a client to a whole new team of lawyers in another

firm) is part of an alliance with quality controls, they may be more receptive to that pass-off even if they have some internal recommendations to use somebody else in that area."

Lawson Lundell LLP, which has offices in Vancouver, Calgary, and Yellowknife, accepted an invitation to join World Services Group — an association whose members are among the top providers of professional business services with 130 member firms representing more than 200,000 clients worldwide — in 2004 because the western Canada-based firm wanted to develop a stronger network of firms where its clients, particularly in the mining industry, were expanding.

"I look at it as something that helps our clients and I guess indirectly that helps us," says managing partner Brian D. Fulton. "Sophisticated clients are not tied to sticking with one firm everywhere. They want the best firm in whatever jurisdiction they're in. This is something that allows us to help clients in that respect."

Since joining State Capital Group several years ago, lawyers at Wickwire Holm in Nova Scotia rarely pull out legal directories anymore, says senior partner Carl Holm, noting that some of the A-list lawyers in these types of directories are either no longer practising or dead. Instead, they rely on the association's high-quality member firms to handle their out-of-jurisdiction work and give them the straight goods about using other firms in surrounding areas where no member firms exist.

"As there is an annual and semi-an-

other with 30 minutes of courtesy advice, and members allow clients to use this service as well.

Members of a newly formed, worldwide alliance of independent, boutique immigration law firms, Visalaw International, help each other navigate complex laws in other countries and keep abreast of recent developments through the organization's list-serve.

"The marketplace now demands that we, as lawyers, be at the forefront of developments in many jurisdictions, not just one," says the organization's Canadian member Sergio Karas of Karas & Associates in Toronto.

Lex Mundi, an association of 160 mid-to-large firms, hosts several conferences each year, and has 29 practice groups aimed at helping members stay on top of their specific practice areas. The network also hires a professional development director to act as a consultant to member firms and oversee training courses at the organization's training institute in Monterey, Calif. The network has also put together an advisory committee, consisting of general counsel at multinational companies, which serve as a sounding board to the organization's board of directors and provides advice at one conference each year.

"What I've seen is an organization that is intent on improving itself and its members each year, says Sinclair. "For me, that's one of the most important aspects of belonging because it forces you, it forces the members, to keep up."

He was particularly impressed with the network's *pro bono* program described at a recent conference where members assist burgeoning charities around the world. "It's not solely an organization devoted to its own self-interests, but one that really tries to put in practice the highest goals of the legal profession," says Sinclair.

Though Lex Mundi bills itself as the world's leading association of independent law firms, its roster of members includes national law firm Blake Cassels & Graydon LLP. The tier-one firm holds two memberships (Ontario and Alberta) although it has offices in two other provinces as well as offices in New York, Chicago, London, England, and Beijing.

Increasingly law firms are no longer compartmentalized into specific geographic areas so competitive tension exists even in legal networks, says Short. Sometimes a firm assigned to a certain jurisdiction has an office in another member's jurisdiction. "It's not easy to draw those boxes and lines in certain areas and say this is where you're allowed to practice. . . . There's nothing to

stop the client from saying 'I'm going to make a change.'"

"We can't keep the competition away," says Lex Mundi's marketing and communications director Kathleen Pope-Sance, "but we try to minimize it by having one member for each jurisdiction."

Burnet Duckworth & Palmer LLP, the Calgary-based firm that ranked first in *Canadian Lawyer's* 2006 survey of mid-sized firms in western Canada, is one firm bucking the legal alliance trend. The firm was approached by a reputable alliance four years ago, but after a brief discussion at a committee meeting, opted not to join, says managing partner Harry Campbell.

The busy firm already has informal referral relationships with non-competing firms and wasn't convinced the alliance would bring in the type of work they're after, says Campbell. And, among other reasons, they didn't want to feel obligated to refer work only within a certain circle of members. But, he

adds, they didn't give the idea very much thought at the time.

"There was really no support for it, not that it's necessarily a bad idea," he says. "It's kind of like you go in and you're shopping and you're looking at a car, and it looks pretty nice, but there's not enough to drive you to buy that particular vehicle. We couldn't get enough excitement about it to close it."

Those who are looking to join a network may discover the choice spots in the most coveted networks are taken. Even in less formal networks, there may be a pre-existing relationship that prevents a firm from joining; however, quality firms hoping to join a by-invite-only alliance, should consider putting its name on an informal waiting list in case a spot opens up. Although, notes Short, "It's not a guarantee sign-up sort of deal."

However, more alliances will likely form in the coming years, as it becomes increasingly important for firms to share advice and expand their sphere of influence. "If you don't have tentacles leaving your own jurisdiction, no matter your size, you're going to fall behind your competitors," says upcoming Meritas chair Kenneth Kallish. 

