

THE WORLD ACCORDING TO

Joe Andrew, global chairman of **Dentons**, talked to In-House Community co-director Patrick Dransfield during a recent visit to Hong Kong about the challenges of running the world's biggest law firm

JOE ANDREW

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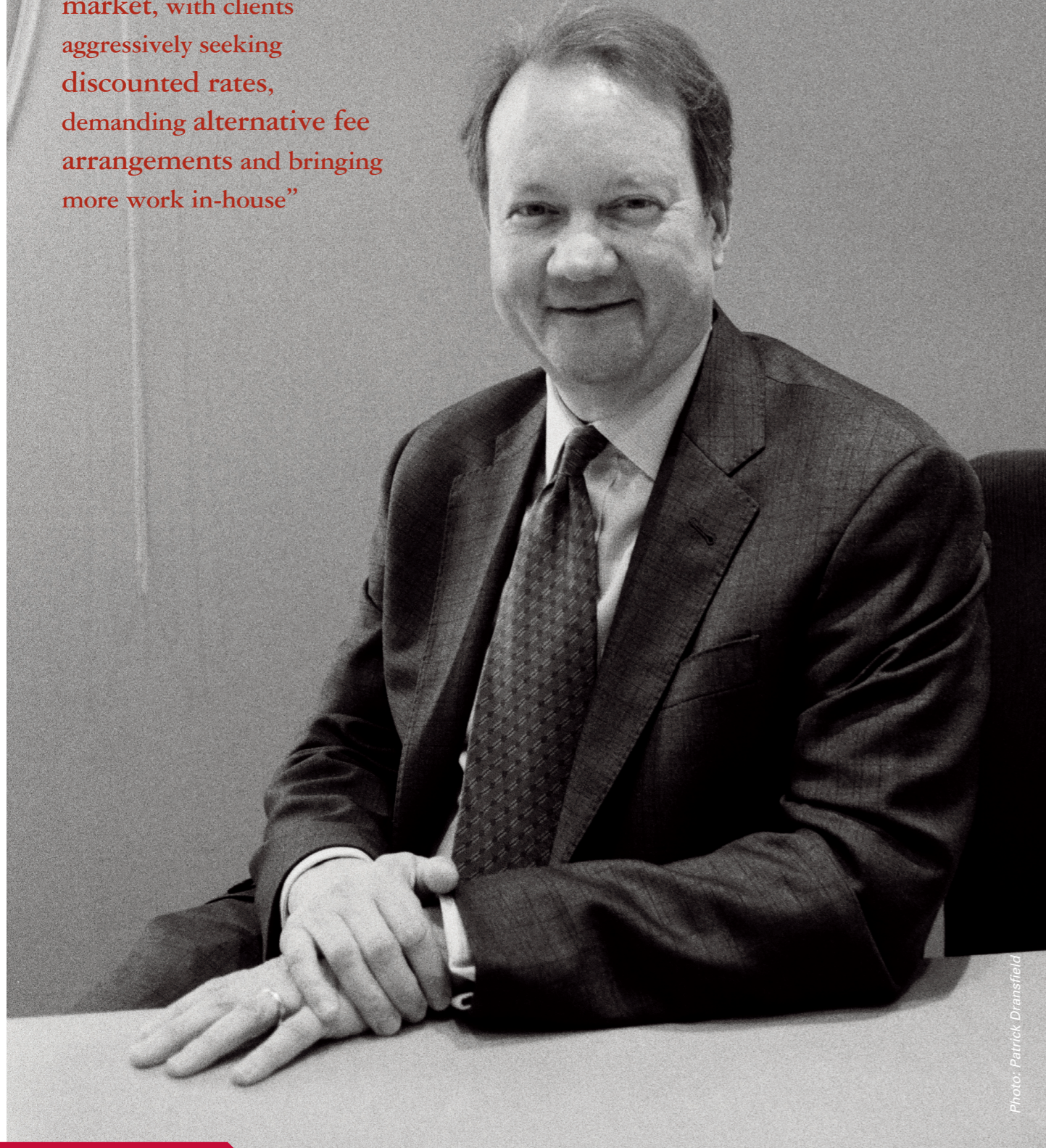


Photo: Patrick Dransfield

ASIAN-MENA COUNSEL: In your 30 years as a private practice lawyer, could you briefly sum up how you see the practice of law having changed and the factors that are driving these changes?

Joe Andrew: I think the three biggest changes I have seen during my career are the increased competitiveness of the legal market, the entry of non-law firm competitors in providing services that were traditionally the function of law firms and the impact that both of these developments have had on the traditional law firm economic model. The financial crisis of 2008 changed the legal marketplace from a seller’s market, in which law firms could generally assume each year’s revenues would be better than the last, to a buyer’s market, with clients aggressively seeking discounted rates, demanding alternative fee arrangements and bringing more work in-house. Prior to 2008, and accelerating since then, new technology and staffing companies entered the market and began selling services such as e-discovery, due diligence and project management directly to clients, delivering higher quality, lower cost services and undermining what had been traditional revenue sources for law firms. Consequently, the traditional economic and cultural model for law firms, with a select number of partners at the top of an organisational pyramid leveraging the work of a large number of associates, is fast being replaced and law firms across the world, including Dentons, are focused on transforming their operations to meet these challenges.

AMC: Putting yourself in the shoes of a potential client for a moment, Joe, what do you see as Dentons’ competitive advantage, firstly on an international basis and secondly in Asia and the Middle East?

JA: Clients want lawyers with deep practice experience, extensive knowledge of their business or industry and a deep understanding of the cultures and traditions of the place where the deal has to be done or the dispute has to be resolved. While no client needs 7,500 lawyers, as the largest law firm in the world, Dentons is simply more likely to have the one lawyer with the right experience in the right place by being able to choose from so many. Moreover, our polycentric approach, which embraces diversity and seeks combination partners who are ‘in and of’ the communities they serve makes Dentons more likely to have lawyers with an intimate knowledge of the legal and business cultures our clients seek. This is particularly true for Dentons’ capabilities in the Middle East and Asia. Dentons and its legacy firms have had offices in the Middle East for more than 50 years and they are now tied to market-leading global practices in vital sectors such as energy, natural resources, infrastructure and finance. In Asia, Dentons is now the largest global firm in the region, with more than 40 offices in China, as well as offices in Seoul, Singapore, Hong Kong, Papua New Guinea and Australia.

AMC: You describe Dentons as ‘polycentric’; what does that actually mean regarding client service? Is it possible to talk about a Dentons identity from so many divergent pieces? What is the cohesive glue that keeps the Dentons family together?

JA: In addition to lawyers who have the substantive experience to do a deal or resolve a dispute, clients want someone who also understands the culture of the region in which they operate. Polycentric is a term we use to describe a unique combination of attributes that distinguishes Dentons from other law firms. We have no flag, no global headquarters and no dominant culture. We do not ‘colonise’ new markets by sending representatives from the ‘home office’ because there is no one home office – every office is a home office. A commitment to this polycentric nature is what every Dentons lawyer, office and practice group has in common. We undertake significant harmonisation initiatives with every combination that stress client service in our operations, instead of rigid uniformity. That means clients experience seamless service across regions, practices and sectors, while still receiving the high quality, highly localised legal counsel that is our calling card. Most importantly, the firms that chose to combine together to form Dentons all share multiple cultural characteristics, such as high quality client service, or they would not have joined Dentons.

AMC: What particular challenges does a federation of law firms face in contrast to the traditional law firm structure of one partnership, one profit pool and one firm? Has your experience in the political arena assisted you in global law firm management?

JA: Dentons is not a ‘federation’ but is one global firm. Like most global law firms it is organised as a *verein*, which, as you mention, maintains regional profit pools. But we go to market as one firm, providing high quality service in all of our regions and, unlike most of our global competitors, rewarding lawyers for collaborating successfully across regions, sectors and practices. In that way, we are more unified – economically, culturally and qualitatively – than many traditional partnerships. Every region enjoys the benefits of being able to offer clients based in their region a global range of services and they benefit from being able to secure new work, both domestically and from beyond their borders, that they would not have been able to capture by operating solely within their own region. So both clients and lawyers benefit from our ‘one firm experience’. As you can imagine, to head any organisation as large and diverse as Dentons requires political skills and people skills. I have spent a lot more time practising law than being in the political arena, but I have been able to apply what I learned in each field to the other, as have the team of leaders that makes Dentons so successful.

AMC: According to our own research* the appetite among billion-dollar company general counsel regarding a ‘one-stop-shop’ global law firm varies greatly in relation to which industry they are in. For example, over 80 percent of the energy/natural resources sector general counsel look for a single global solution. However, less than half of manufacturing-related general counsel are interested. Do you see a difference in how Dentons’ clients engage the firm according to industry?

JA: Our experience at Dentons has been that clients of all sizes and in all sectors view Dentons’ global platform as an asset. We

do not seek to represent every client in the world. Whether the percentage of companies that seek a global law firm is 80 percent, 50 percent or five percent, is not important to our strategy. In addition, almost all law is local, and Dentons is always a local firm as well as a global firm, further increasing clients' positive reactions to our firm. Initial client response to the original Dentons combination in 2013 was overwhelmingly positive and reactions to our continued growth have been enthusiastically received. Even if clients cannot take advantage of the full array of capabilities we offer today, they appreciate having those capabilities available to them because they hope to grow themselves. Even the smallest clients have a website and that automatically places them in a multi-regional, multi-national marketplace. Clearly some clients in some sectors are more likely to have international operations than in others – which is why the majority of our work does not cross a geographic border. The most important attribute for a law firm to have is to be able to provide the services a client needs wherever it needs them, whether they are local or international services. In that regard, I believe every client wants a law firm that can be a 'one-stop-shop' for not only their legal services but also their business challenges.

AMC: How much of a problem is the issue of conflicts at the moment? Do you foresee this as being an inhibitor of growth in the future?

JA: With no firm in the world having more than one percent market share, and even the largest firms in most jurisdictions having less than 10-20 percent market share, conflict problems are exaggerated by most observers. The fact is our experience has been that conflicts – existing or potential – have had no inhibiting influence on a firm's decision to join with Dentons. When we look for potential combination partners, one of our criteria is that we are similarly aligned in our client lists. To cite just one example, we look for firms that represent insurance companies, not sue them. In the rare instances where the existing clients of both law firms may pose a conflict, the issue is resolved prior to the combination.

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AMC: Numerically, the Dentons: 大成 merger brought an additional 3,000+ lawyers under the Dentons umbrella – by my reckoning almost half of the global total. However, according to recent Mergermarket numerical rankings and our own In-House Community survey, 大成 does not feature among the first or second tier firms. How is the Dentons China strategy playing out?

JA: Our combination with 大成 has been extremely successful both for our domestic Chinese clients and for international clients seeking to do business in China. The combination has established Dentons as the mostly widely recognised brand in China with more than 40 offices throughout the country, which is double our closest true competition. Most ratings focus only on the top two or three financial centres in the country and ignore the numerous sizeable markets elsewhere in China. As more and more companies and investors from all over the country look to international markets and opportunities, no firm is better positioned than Dentons to service those clients beyond China's borders.

AMC: How does your captive Nextlaw Labs fit into the Dentons mix of services?

JA: The innovations being developed by the award-winning Nextlaw Labs are integral to our strategy of growing the business, integrating the business and reinventing the business of law. We are currently developing and investing in new technologies – such as applications of artificial intelligence – that will not only help Dentons lawyers and professionals better serve clients but will also compete with the new types of non-law firm market entrants that I mentioned earlier. Nextlaw Labs is also working directly with some of our clients to develop technology solutions that we could then take to market on wider scale. We very much see Nextlaw Labs as a key way to maintain our competitive advantage today and into the future.

AMC: For any prospective managing partners out there, can you sum up the case for joining the Dentons family? Which countries and jurisdictions are you wishing to add to the Dentons global foot print?

JA: The case is easy to make. Dentons was founded as a law firm that would connect top-tier legal talent to client opportunities around the world without having a headquarters that dictates how lawyers should practise in each market. We combine with truly talented law firms that understand how to succeed in their market and therefore learn from them, rather than dictate to them, on how to best serve clients. This polycentric approach is not only best for the firms who see the virtue of a global platform without having to change their own leadership, culture, traditions and way of practice, but also best for the clients. If you are a forward looking law firm seeking to gain global capabilities, combining with Dentons will not only allow you to follow your clients across borders but it will also help you serve them even better at home. Our strategy is to continue to grow our practices and sector experience in the current markets we serve, as well as to enter new markets where clients need our services. We want to expand our

capabilities in Seoul and find quality combination partners in Japan, Malaysia and Indonesia. When regulations permit, we are also very keen to enter India. In other regions, we will continue to expand in the Middle East, Latin America and the Caribbean, and deepen our presence in Africa.

AMC: Where do you see the firm in five years?

JA: There are talented lawyers everywhere in the world and there are high-quality clients everywhere in the world. Wherever there are talented lawyers and quality clients, Dentons seeks to be in and of those communities. Everything from our current initiatives, such as Nextlaw Labs and the Nextlaw Global Referral Network, to future plans for additional services to clients and technology innovations are all designed to be important components of being the law firm of the future – one that remains polycentric, global, client-focused and innovative.

AMC: What is your hinterland (i.e. what are your interests outside of the firm)? How do you control your time so that you can pursue them?

JA: Fortunately, my wife and children are all global citizens who have lived in more than one country and love to travel, so they enjoy my frequent flier miles. As you know, as someone who is interested in politics, culture, art, architecture and food and wine, I have the best job in the world. Not a day goes by that I don't learn something wonderful and fascinating about a different place, a different culture or a different tradition.

Endnote

• 'ASIAN-MENA COUNSEL White Paper: *What General Counsel of Billion Dollar Companies truly want from External Counsel*. The White Paper includes original research drawn from a community of 320 General Counsel and Heads of Legal from billion dollar companies and institutions in Asia and the Middle East. For more information email: patrick.dransfield@inhousecommunity.com

Joe Andrew is the Global Chairman of Dentons, the largest law firm in the world with more than 7,500 lawyers in 140 locations across 58 countries. An accomplished and highly regarded corporate lawyer, Andrew may be best known for his role as chairman of the Democratic National Committee (DNC) in the US from 1999 to 2001.

As Global Chairman of Dentons, Andrew is the architect of Dentons' global strategy. He represents Dentons with clients around the world, key strategic partners, business and government leaders and other external groups. Central to his work has been his vision for the law firm of the future, which includes Dentons' growth, integration and reinvention, such as Nextlaw Labs and the Nextlaw Global Referral Network.

Andrew has practised corporate law for nearly 30 years, focusing on mergers and acquisitions of regulated companies. He has represented many Fortune 1000 companies in negotiating acquisitions, spinoffs, financings and corporate governance disputes.

Andrew is also an entrepreneur, a published author, a frequent speaker on political and demographic trends and a current and former leader of several non-profit organisations. He is the founder of a socially responsible mutual fund, a biotech consulting firm, a cleantech company and numerous non-profit organisations. In addition to his corporate legal background, he is a leader and speaker on the future, focussing on rule of law, corporate social responsibility, socially conscious investing, historic preservation, and architecture.

Andrew is a graduate of Yale University, where he was a Scholar of the House, and The Yale Law School. He is married to former US Ambassador Anne Slaughter Andrew and has two college age children.

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In addition to our Antitrust & Competition Special Report, the next issue of Asian-mena Counsel will feature a graphical look at the new spectrum of legal services available to counsel across the region.

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