



Corporate Law – what is it good for?

The first in a series of ‘thought pieces’ on law firm strategy, business development and marketing by *Patrick Dransfield*.

“Because its purpose is to create a customer, the business enterprise has two – and only these two – basic functions: marketing and innovation.” Peter F Drucker, *The Essential Drucker*, Collins Business 2005.*

As I make the rounds, hardly a week goes by without one senior lawyer, usually from an international law firm, complaining to me about the lack of value attached to their firm’s services by clients in Asia. In point of fact, this illustrates a fundamental and universal challenge facing the legal industry, not just in Asia but on a global scale.

For those of you in Hong Kong fortunate enough to attend the plenary session of our recent Hong Kong In-House Congress, you will recall Robert Gazzi’s succinct analysis that, in terms of change management, the legal industry is in no way different from any other industry.

If we take Drucker’s precept of marketing as being one of the two

basic functions of a law firm’s business purpose, then marketing is failing the legal industry. Because? The aim of marketing, according to Drucker, “is to know and understand the customer so well that the product or service fits him and sells itself.”

As more and more foreign law firms open offices in China and Hong Kong, senior partners and marketing professionals need to address the basic question of: “What are the benefits of buying the services of sophisticated legal professionals?”

One can argue that the same value proposition needs to be addressed by a general counsel when interacting with his or her board: “What are the benefits to the business of having a fully empowered and functioning legal department within the corporation?”

What fits Asia fits the world. Annually, internationally-orientated law firms spend millions of dollars on marketing. But very little of this

marketing, in my opinion, addresses the basic purpose of the legal enterprise. Again, Drucker: “To know what a business is, we have to start with its purpose. Its purpose must lie outside the business itself. In fact, it must lie in society since business enterprise is an organ of society. There is only one valid definition of business purpose: to create a customer.” (sic)

What is needed is a clear articulation of the benefits of engaging sophisticated legal services from a law firm for the business enterprise, and by extension, society-at-large. I’d be grateful for any comments in the coming month.

Next month, I will look at the second of Drucker’s basic functions of the business enterprise: innovation.

Patrick Dransfield is the Publishing Director of Pacific Business Press. He has fifteen years of working alongside the legal industry, including eight years of working directly for international firms (Shearman & Sterling and White & Case, respectively) as Marketing Director, Asia-Pacific.

Details of a half day training course, “Business Development & Marketing for law firms”, created and hosted by Patrick, is available on request.

* Peter F Drucker (1909 – 2005) is considered by many to be the father of modern management; a social commentator and preeminent business philosopher who over a period of sixty years dedicated himself to analyzing issues relating to economics and society.

* The Future of the Legal Industry: Fundamental changes in organization, business models, fee structures, careers and service delivery’, presented at the 13th HK In-House Congress, moderated by Kirtee Kapoor, Partner, Davis Polk & Wardwell, Hong Kong Solicitors, and including Robert Gazzi, Partner, PricewaterhouseCoopers, Peter Siembab, Managing Director and Associate General Counsel, Global Corporate and Investment Banking, Bank of America Merrill Lynch; Huen Wong, past president of the Law Society of Hong Kong and Chairperson, Hong Kong International Arbitration Centre, and Nick Seddon, Managing Partner, Asia, Eversheds LLP.

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Patrick published the first legal investment guide to South Korea IFLR in 1999. Other innovations include: www.inhousecommunity.com; 'Bringing It All Back Home - Asia and the City of London', with The Law Society and Sir William Blair and John McLean OBE; The Shenzhen Greater Bay In-House Congress with CCPIT: 'In-House Community Executive Lawyers' Retreat' (with Richard Susskind OBE and Trevor Faure), 'The In-House Community Counsel Awards' (including Visionary Client Service Provider Awards), the bi-lingual legal novel 'A Corporate Journey to the West' ('企业西游记 : 成功并购在美国'); 'China Law & Practice Law Firm Directory' '98' (the first Chinese law firm directory); and 'IFLR Deals of the Year Awards' (the first legal Awards Ceremony in Asia),

Patrick is in frequent demand as a writer and commentator on the business of law and has been published by the Financial Times, Asia Law Portal and Asian-mena Counsel, among others. His speaking engagements include: International Bar Association ('Law Firm Management Committee' IBA Seoul 2019), Management Events Corporate Secretary Forum, PSMG, the Shanghai Bar Association, ICON, Fudan and Hong Kong Universities and In-House Community events on various subjects including marketing, business culture, personal and business development and the needs of in-house legal teams. He is included in the 30 people to watch in the business of law in Asia 2019 by Asia Law Portal: <https://asialawportal.com/2018/12/30/30-people-to-watch-in-the-business-of-law-in-asia-in-2019/>

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