

THE THING ABOUT ...

Recently, ASIAN-MENA COUNSEL's Patrick Dransfield photographed and talked to Stephen Kitts, Eversheds Managing Partner, Asia and put to him a series of questions on behalf of the *In-House Community*.

ASIAN-MENA COUNSEL: Putting yourself in the shoes of a potential client for a moment, Stephen, what is Eversheds' competitive advantage, firstly on an international basis and secondly in Asia? Which clients are served best by your firm?

Stephen Kitts: Client expectations of their lawyers are going through some dramatic changes and this is not a gentle evolution. The CFO of a Hong Kong global corporate recently told me: "the lawyers best wise up: the gravy train is about to end!" This is the new reality and the profession is being challenged by clients as never before. It happened in the US and UK over 10 years ago and it is now about to hit Asia. We are not concerned by the prospect of these changes – in fact we welcome them. It is a great opportunity for us to partner with clients to our mutual benefit.

The Eversheds vision is to be acknowledged by clients and competitors as "The global law firm that sets the standards". We take pride in our position as a positive market disruptor. Allied to world class legal advice, our value-added proposition for clients is innovation – in particular when it comes to client service and delivery. Our achievements in this field have been recognised by the Financial Times, which has ranked Eversheds in the Innovative Lawyers Awards for the past five years and again in 2015, when we won the Asia Pacific award for Innovation in the Business of Law.

Globalisation and technology are driving change around the world and, naturally, legal markets are subject to the same competitive pressures. General counsel and their teams are constantly being told to 'do more with less'. Responding to these demands means that law firms must deliver high quality advice across multiple jurisdictions in an efficient, cost effective manner - the holy grail for all law firms. This is very easy to say and extremely hard to achieve in practice! It happens to be a situation where Eversheds excels, and we have the evidence to prove it. Our approach is fundamentally different to the approach taken by other international firms. In fact, we are one of the few firms to have developed creative solutions that have shifted the entire market. Take for example our sole global legal adviser arrangement with Tyco. This model, which delivers global legal services for fixed fees, was revolutionary. We have now adapted that model and introduced a sophisticated, performance-based approach with other multinational clients including IATA and LyondellBassell. The launch of Eversheds Consulting and Eversheds Agile in Asia (more of which later), our proactive approach to project management (supported by professional project managers), client relationships and new product development are further examples of how we are changing the rules of the game.

STEPHEN KITTS

“The secret of our success is open, collaborative relationships and sharing of knowledge and opportunities across the entire firm. Good things happen if you encourage the right behaviours”

Businesses everywhere are seeking to boost productivity and improve efficiency. The impact of this change in the legal sector has been dramatic, with some organisations trimming their external panels from hundreds of firms to a mere handful. We are currently working with numerous clients, helping them to develop strategies to resource and manage their in-house teams and oversee the appointment of external counsel. As one senior partner at another firm said: “The problem with Eversheds is that you are spoiling it for the rest of us!” Only firms with a demonstrable record of responding to these challenges will survive and those that do will prosper. Amongst all of the international firms, technical excellence is a given and clients expect far more than just ‘black letter’ advice from their advisers. This is where Eversheds has a clear competitive advantage – we dare to be different.

Our successful pitch for the LyondellBasell global panel is an example of how we have met client demands for cost-efficient service. LyondellBasell is one of the largest plastics, chemicals and refining companies in the world and, during the panel process, Craig Glidden, the then chief legal officer, was quoted as saying that “Some [law] firms focus on substance, others focus on process. We want both.” Eversheds was able to provide LyondellBasell with a combination of legal and technical excellence, international experience and project management expertise. Our track record of combining innovative service delivery, high quality advice and global experience has led to panel appointments for Doosan Group EMEA, the South Korean Fortune 500 conglomerate and Veolia, the French multinational.

AMC: Currently the firm has four offices in Asia and has recently launched the Eversheds Asia Pacific Alliance. Can you describe Eversheds’ offering in Asia and how this fits together with the firm’s global capability? For example, what is the firm’s strategy for jurisdictions such as India where international law firms are essentially precluded from advising clients as to local law?

SK: We have offices in four of the key business centres in Asia – Beijing, Hong Kong, Shanghai and Singapore. Our Asia practice is full-service and covers all the major specialisms, including arbitration, banking, capital markets, competition, disputes, employment, private equity/M&A, projects and regulatory advice. Our clients include both multinationals and Asia-based organisations doing business in the region and globally.

Asia is a large and diverse market of over 35 countries with unique cultures, customs and legal and business frameworks. Many law firms find this complexity challenging but we see opportunities. Asia is also uncharted territory for many organisations that are seeking new growth opportunities. We view ourselves as commercial advisers, helping these organisations to address legal issues and guide them through unfamiliar business and social customs. We achieve this by providing our clients with an effective combination of ‘on-the-ground’ experience together with global teams of international experts.

The Eversheds Asia Pacific Alliance (EAPA) is another example of our innovative approach to the challenges of doing business in Asia Pacific. EAPA consists of over 20 law firms covering 41 different jurisdictions, including Australia, India and Malaysia. There is nothing new about ‘relationship’ firms, but the EAPA is a very different concept. All members must undergo a full due-diligence and sign service level agreements committing them to operate to Eversheds standards of service delivery, fees and client management. The key difference with our approach is that the client has a single point of contact at Eversheds, regardless of how many jurisdictions are involved. We also underwrite the risk of the advice, no matter where it is given. This keeps everything simple for the client – one engagement letter, one invoice and one accountable relationship.

A great example of how we brought this model to life was for IATA. This organisation had a number of specific requirements in Asia, including consolidation and control of services, cost control and transparency, consistency, management efficiencies and quality, compliance and risk. We adapted our Tyco model and designed a unique performance-based fee arrangement that allowed IATA to measure us against specific performance measures including responsiveness, communication, efficiency, legal expertise and quality. IATA would then adjust our fees accordingly. Our success in achieving these objectives can be assessed by the fact that we are IATA’s sole adviser in 57 jurisdictions across North Asia and Asia Pacific. Jeffrey Shane, the IATA General Counsel said “Our goal is to be at the forefront of the legal industry in terms of service delivery and Eversheds’ ability to implement this unique framework, allowing the consolidation of our legal services, helps us to achieve this ambition”. This is a real illustration of how we align our clients’ interests with our own – positive disruption in action!

In common with all foreign firms, Eversheds is not licensed to operate in India. The benefit of EAPA is that our clients have the certainty that the service they receive from our Indian firms is exactly the same that they would receive from the 55 Eversheds offices across our network. In this way, our Indian relationship firms become an extension of our global proposition. We are now the exclusive advisers to a number of clients in India, including IATA.

AMC: Eversheds is recognised as one of the leading innovators in the legal sector – what does this mean practically speaking for clients and potential clients in Asia?

SK: I mentioned earlier that the legal sector is going through a period of major change and general counsel are increasingly impatient with the status quo. A few weeks ago in London I had lunch with the senior GC of a global investment bank. We spent some time discussing the challenges she faces in her role, including budgets, staffing, regulatory change and the general increase in demands placed upon her time and that of her team. She commented afterwards that the solutions we offered were fundamentally different to those of other firms. The reason for this is that we understand the business of law in a way that other firms simply do not grasp.

Last month I presented a report to the general counsel of a major financial institution. This report reviewed the Asia in-house team structure and made recommendations on how to improve efficiency and maintain service levels at a time when workloads are increasing. This is an example of how, through Eversheds Agile, our contract lawyer business, and Eversheds Ignite, our legal outsourcing service, we are changing the market. We are pioneering the move away from a traditional legal service model towards a structure that is aligned to what clients actually need. Through Agile and Ignite we provide the skills and experience that enable our clients to be successful while giving us the opportunity to develop long-term relationships with the in-house teams.

Eversheds is an exciting and dynamic alternative to the more established firms. This is particularly the case in Asia where the markets have yet to feel the impact of the changes that have occurred in the UK, US and Australia. As the Head of Asia I spend much of my time speaking to clients around the region. One comment that I hear repeated time after time is that external counsel are unable, or unwilling, to change. Indeed, a colleague who recently joined us from another international practice told me that the partners at his old firm were actively resisting any move away from hourly rates. The contrast with Eversheds could not be more stark. For example, we introduced the concept of fixed-fee contracts in 2008 with Samsung and Akzo Nobel! Since then we have signed similar deals with a number of other global clients including Tyco and IATA. If you get

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it right, alternative fees (or appropriate fees as they are now described) can be very cost-effective for clients and improve profitability for the law firm.

What others consider to be innovative is now ‘business as usual’ for Eversheds. We have been doing it for years. The exciting part of my job is implementing these ideas in Asia, and showing clients that there are alternatives to the ‘old ways’.

AMC: How do Eversheds Agile and Eversheds Consulting fit into the Eversheds offering in Asia?

SK: Agile and Consulting play a vital role in promoting the Eversheds brand in Asia. There are many high quality international firms working in the region and, as a relatively new entrant, we have to find new ways to demonstrate our expertise. Both Agile and Consulting are extensions of our core business and they enable clients to experience the Eversheds ‘difference’.

Organisations around the world are changing the rules as they respond to competitive pressures. For example, many businesses now only recruit to cover 70-80 percent of their peak demand and use temporary services for high demand periods such as end-of-month processing or short to medium-term needs such as a major investigation. Eversheds Agile is now fully operational in Hong Kong and Singapore. It provides clients with experienced resources during periods of high activity or headcount ‘freezes’. There is clearly a real appetite for such a service – during our first week of operation in Hong Kong we placed three lawyers with international financial institutions.

Eversheds Consulting is a good example of how we have developed creative solutions to the business challenges facing the in-house community. Our consultants provide general counsel and their teams with a range of services, including strategic planning, legal team transformation, risk and compliance control, HR services and technological solutions. Again the feedback from clients is positive. To quote another general counsel, Eversheds is talking a “fundamentally different game from other law firms”.

AMC: How does Eversheds address the crucial issues of compensation and profit centres on an international basis to ensure a seamless service for the firm’s clients?

SK: Eversheds is a ‘one pot’ business. Our strong financial platform enables us to invest in, attract and retain high quality talent. These are the essential pillars from which we drive our success.

The other key element of our culture is collegiality. Teamwork and mutual respect are embedded in the firm. Every single fee-earner, from the Senior Partner to trainees, is assessed against a balanced scorecard of five measures – behaviour, clients, people, profit and strategic value. We appreciate the importance of encour-



aging the right behaviours. Only in this way can we build a profitable, sustainable business that provides partners and staff with a satisfying, stimulating work environment.

This holistic approach also means we can acknowledge the contribution that partners make to the global business. For example, our Beijing office has recently been mandated on a number of deals for major Chinese clients, including Beijing Gas, China National Nuclear Corporation (CNNC), China National Petroleum Corporation and Sinopec. Much of the work will be handled by Eversheds teams outside China, including in Europe, the Middle East and the UK. However, we would not have been instructed unless we had a strong, credible offering in Beijing. It is a genuine team effort – and our lawyers are rewarded for the right behaviours. The secret of our success is open, collaborative relationships and sharing of knowledge and opportunities across the entire firm. Good things happen if you encourage the right behaviours.

AMC: On Training: Our belief is that successful training is to produce lawyers who can be at the top of their game, where knowledge of the law and a profound grasp of professional ethics and integrity, as well as the necessary commercial acumen to be your own boss, are embedded in the DNA. Do you subscribe to the above and how does Eversheds attempt to accomplish the above? Is personal happiness for stake holders in Eversheds something the firm considers?

SK: I agree with each of these statements. I have worked at Eversheds for almost 30 years and I know the value that every partner places on our collegiate culture. The partnership is of one on this point and we will not allow for any compromise.

The firm is focussed on ensuring that partners receive the training and support they need to achieve their personal goals while at the same time successfully leading their teams. The firm's commitment to these values is demonstrated by the Eversheds *Accountable Leaders Programme*. This course is led by Professor Ashish Nanda of Harvard Law School, and all partners attend residential courses on a variety of topics including leading culture change, disruptive innovation and change management. We then cascade these ideas to the lawyers and support teams. Everyone has a contribution to make – no one is the fount of all knowledge.

AMC: What keeps you awake at night?

SK: Not that much. I have learnt over the years that if you work hard, and treat others with decency and respect, then most issues will be sorted.

There are some things you cannot control – like your children's exam results! That is very stressful although provided you are satisfied you have created opportunities for them and given support when needed it should turn out alright – it is just like running a law firm!

AMC: Being a relative 'new comer' to the Asia market generally and the China market particularly, are there any significant recent successes that you wish to share?

SK: Aside from the successes in Beijing that I mentioned earlier, we continue to grow in Greater China and across Asia. In recent

months we have recruited a number of new partners, including Jennifer Van Dale, one of Hong Kong's leading employment lawyers. Charles Butcher is a senior M&A and private equity partner who joined our corporate practice in mid-2015 while Jae Lemin, an experienced finance and energy lawyer, joined us as a partner in January 2016. We will be making announcements of other senior appointments over the coming months.

Significant new matters include acting for the Hong Kong Competition Commission on the first competition law case to come before the Hong Kong courts. Our global energy and projects teams are also advising CNNC and China Development Bank on the £25 billion Hinkley Point C nuclear station in the UK.

While we may be a relative newcomer in Asia, our successes are being acknowledged in the market. We recently won the *ASIAN-MENA COUNSEL TMT Team of the Year* award. We also received the *FT Innovative Lawyers in Asia* award for our work with Goldwind, the largest manufacturer of wind turbines in China. Goldwind appointed Eversheds as their sole global external counsel on a deal broadly equivalent to the Tyco model. We believe this is the first Chinese company to sign up to such an arrangement – a ground breaking deal.

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?

SK: I am a naturally competitive person and love playing sport, whether it be golf, tennis or running. I have just returned from New York after running my tenth marathon (and my personal best of sub-four hours). I like the personal challenge, whether it is work or play. How do I do it? I get up early! There is plenty of time in the day to do things – best not to seek excuses!

Stephen Kitts is the Managing Partner, Asia of Eversheds, and has been since February 2013. Eversheds is one of the world's largest corporate law firms with over 55 offices in 35 countries. The firm has led the way in changing the face of legal services and provides a service that meets the needs of global businesses. It provides consistent quality service to clients wherever they are in the world, based on its project management approach. In Asia, Eversheds has offices in Hong Kong, Beijing, Shanghai and Singapore.

Kitts joined Eversheds in Nottingham in 1987, having qualified as a solicitor in England and Wales previously that year, and has been at the firm ever since. He became a Partner in 1994, Head of Corporate, East Midlands in 1998, UK Head of Banking in 2000 and Head of Company Commercial, Central Region in 2002, before moving to Asia with the firm in 2012 when he was seconded to the firm's Hong Kong office.

Kitts is an international M&A lawyer and was awarded Dealmakers Corporate Lawyer of the Year in 2008, 2009, 2010 and 2012. He is also a member of the General Committee, British Chamber, Hong Kong.