

# 'Firms that make the right decisions now will be on the starting blocks the minute the economy starts to recover'

As principal of Jomati Consultants, **Tony Williams** uses his vast experience of the legal profession to help law firms manage themselves more effectively. He shares his insights with Jonathan Watson

**TONY WILLIAMS** is an expert on leading law firms through difficult times. As managing partner of the world's largest law firm, Clifford Chance, he launched a major review of international operations which led to mergers in New York and Germany. At Andersen Legal, where he was worldwide managing partner, he was in charge of winding up the company's UK practice – a role he fulfilled so well

that he was named lawyer of the year by UK magazine *The Lawyer*. He now runs Jomati Consultants, where he provides strategic advice to senior and managing partners, heads of legal and practice area heads. He is a good person to have on your side in a crisis.

Williams has seen a great deal of change in the industry since he first joined more than 25 years ago. 'Many people believe that the legal profession

has not changed much, and in many ways it hasn't,' he says. 'But when you look at the size, the international scope and complexity of the firms, they are now dramatically different. The profession has gone from firms of perhaps a couple of dozen partners to mega-businesses operating worldwide.'

Another key change is the increasing willingness of clients to shop around for the best deal. 'In the past, you

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might have clients for whom you had acted for a very long period of time. You were almost their exclusive lawyer. Clients are now much more demanding, and rightly so. They are more likely to choose the right horse for the right course.'

There has also been an explosion in the numbers of people joining the profession and an explosion in the amount of money they expect to earn. 'Income expectations used to be quite modest 25 years ago,' Williams says. 'Now lawyers expect to be among the top earners of any profession.'

Williams's main piece of advice for managing partners dealing with the current downturn is to keep a calm head. 'It's not a time to panic,' he says. 'During the downturn, law firms can position themselves for the upturn. They can pull away from their competitors and develop a new profile much more successfully than they can during boom markets, when all firms are growing at a great rate. While they should obviously be cautious, there are great opportunities in this sort of period for firms that are cohesive and well run.'

### Lessons of experience

Williams describes his experience at Andersen Legal as 'the classic nightmare'. He has the unfortunate distinction of having run the largest law firm dissolution in the UK to date. 'I'm not sure whether someone will take that title from me in the next few years – I will not be too unhappy to give it up!' he says. 'I've seen what this kind of work is like in practice and it's very draining. It's a very difficult exercise to manage.'

However, if he had to go through the process again, he would not do things any differently. 'I had a very good group of partners with me, and we were able to bundle up the firm into various parts and move them to a range of other firms around the market. It was an extremely tense, fraught time. I hope firms won't get to that stage and the advice I'm giving them at the moment is designed to make sure they don't.'

At Clifford Chance, Williams saw the importance of looking at rationalisation strategically and avoiding knee-jerk decisions. 'Firms should not just cut x per cent of their people simply because revenue is off by x per cent,' he says. 'It takes a long time to get and retain good lawyers. Managing partners need to look hard at all the people in their firm and consider whether they still expect them to be there in three years' time. Some might need to be gently eased out.'

Cash flow is the main concern of those who are seeking advice from Jomati at the moment, says Williams. 'I've been quite disappointed at the number of firms where things like forward cash-flow projections, month-by-month for the next 18 months or so, have not been carried out rigorously enough,' he says. 'Cash is one of the most important things in this sort of period.'

Williams stresses that managing partners will need to make good use of their communication skills as they negotiate the difficult times ahead. 'They need to communicate with everyone in the firm about what they are doing and why. People are intelligent. Be honest with them and don't spin. It's not just about sending emails; it's about getting people together and visiting offices so you can talk to everyone.'

Looking ahead, Williams expects the retirement of the baby boomer generation of lawyers to have a big impact on the profession. 'You have some quite major transitions coming up,' he says. 'People who have had responsibility for major client relationships, possibly for 10 or 20 years, will have to hand those relationships over to others. That will be both an opportunity and a threat. Clients will demand greater value and greater transparency from their lawyers and that will almost certainly result in overall costs coming down.'

Also looming is the issue of how much process engineering can be used in the legal sector and how much outsourcing can be carried out. 'If that's the sort of thing your clients

are used to, then they will expect you to have considered it,' says Williams. 'You cannot just say it does not apply to law. People tend to deny they do commoditised work, which is nonsense. Of course they do. You only have to look at the quality of the research that some of the investment banks get done in India. It's absolutely central to their business – they wouldn't say the work they did was commodity work.'

Although Williams admits the billable hour will play a big part in the legal sector for some time yet, he also believes there will be much more fixed pricing. 'The legal profession has been able to avoid change because hourly rates are effectively a cost-plus billing mechanism,' he says. 'The construction industry and the defence industry used them for many years and made excellent profits. When those markets changed to fixed-price contracts, there was massive consolidation and massive change. Will the same happen in law? Possibly not on the same scale, but it could be very substantial.'

### Planning ahead

Williams believes that future areas of growth should include IT. 'While online trading may not have exploded in the way that people said that it would in 1999-2000, it has been growing in importance. Buying over the internet is getting bigger and bigger. The whole issue of online communities of one sort or another will also continue.'

Areas he thinks may suffer include litigation. 'We've seen a bit of a trend prior to the downturn towards mediation, and that's developing significant traction among corporate clients,' he says. 'In this sort of downturn, will they continue with that or will they revert to the tried-and-tested litigation route?'

Williams's main concern is that law firms prepare themselves for the time when the current crisis has passed. 'Firms that make the right decisions now and get themselves in the proper position will be on the starting blocks the minute the economy starts to recover,' he says. 'Others will still be deep in the bunker.' ●