

International Expansion – A Marketing Perspective

As more and more US firms are discovering that there is life outside the US they are actively expanding internationally with their own offices, alliances and best friend relationships.

This expansion produces real challenges for the marketing team as such expansion needs to be seen to be focused on the needs of current and future clients whereas in fact this is not always the case. In general law firms decide to expand internationally for four reasons:

1. There are limits to the growth of the domestic practice – the firm has reached a high level of domestic coverage and future growth may stagnate.
2. The clients base is increasingly international, as many existing clients now have very significant operations outside the US. Even before the sub prime crisis most major US investment banks earned a majority of their profit outside the US. Major US corporates are increasingly focused on the higher growth rates available in developing markets.
3. Our competitors are doing it: with over 100 law firms in London, many still coming, plus a wave of firms entering China and the United Arab Emirates, there are always plenty of firms who have beaten the path before you!
4. London (or wherever) is a good market for legal business. In the absence of any clear strategy the fact that your Chairman likes the relevant city may be enough to get an office there. Don't worry: you will not be the first or indeed the last firm to open for that reason!

From a marketing perspective, the office has to provide something of relevance to current and prospective clients. Understanding the needs of the client and their propensity to change advisers is key. Why would a client move from a firm of over 300 well-qualified and experienced lawyers who have been handling the client's work for over 20 years to a newly opened office of 20 lawyers of unproven track record? In addition, will the services that you are providing differentiate your firm from the local and foreign competitors already established there?

Of course a firm does not have to set up its own office. It may instead operate through an alliance or "best friend" relationship. These may, like any relationship, be public or private and at various levels of intimacy. Again, however, the key question to ask is how effectively can it service your existing and target clients.

The promotion of the firm's international capability needs to be consistent with the strategy and objectives for such a presence. The absence of such a strategy makes a coherent marketing approach almost impossible and risks merely being seen as a "me too" presence. It is also essential that a significant number of "home" based partners are bought in to and committed to the international expansion. These partners are key to promoting the new operation to the firm's existing and potential clients. If they are not committed then the venture will struggle and may ultimately fail.

Even with a clear and compelling story and with the necessary partner buy-in, success is not guaranteed. The offering has to be differentiated in the local market and be of relevance to the target client base. It is also important to appreciate that the approach to marketing the presence will be very different in various parts of the world. There are key cultural differences in every market that need to be understood. In some countries, especially in Asia, a personal relationship may need to be established and nurtured well before any mandates are awarded. In many countries your firm's name may have very little recognition (law firms forget that no truly global law firm brands have yet been established) so effort will be needed to explain your firm's credentials and expertise. Furthermore in some countries, advertising, brochures, cold calling and firm web sites may be prohibited or at least frowned upon. Understanding these sensitivities will be essential to the successful operation and development of a practice.

Of course, you will only be able to attract and retain good clients if you are able to attract good lawyers and support staff. The complexity of different work ethics, business and professional ethics and behaviour are confusing but if misunderstood can be extremely risky. Using the firm's international and domestic profile to attract and retain the staff that you need is very important for the success of your practice. These recruits will be key to the credibility of your offering and its status in the local market.

Dealing with this range of issues may appear daunting. However an understanding of the local environment and a clear strategy to establish a differentiated and compelling offering can and does bring results. Indeed many US firms that have adopted this approach have successfully developed significant practices even in mature markets. On the other hand, firms that just open an office in the hope that "if we build it they will come" risk disappointment and significant financial loss.

With law firms moving beyond more familiar locations such as London to China and the Middle East, the challenges of marketing this international capability will become more complex and demanding. However, for firms that move beyond the thinking that "home is best" and really strive to develop an internationally co-ordinated offering to the world's major corporate and financial institutions, the future has never been brighter.

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