

## **BEWARE EXPERTS IN SELF-PROMOTION**

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Published: Jan 19, 2003

Whatever your industry, the chances are that the number of law firms selling themselves as sector specialists has increased enormously in recent years. Never before, it seems, have businesses had so much industry expertise on call.

But not everyone is convinced by the lawyers' pitch. "They shamelessly market themselves as experts in different industry sectors, depending on the latest business trends," says a partner at one of the big City law firms. "When they realised they could make a fortune out of the sports industry, there were suddenly hundreds of sports lawyers, claiming a specialism on the back of a single client. When the dotcom boom happened, there were huge numbers of e-commerce experts."

Many businesses are equally sceptical. The problem for the client is how to distinguish lawyers with genuine industry specialisms from those who are merely adept at repackaging themselves in response to the latest fad.

The legal profession has traditionally been backward when it comes to marketing. Even when the Law Society's restrictions on advertising and promotion were lifted in 1990, law firms were slow to take advantage of the new opportunities. But by the mid-1990s, the idea of self-promotion had gained ground and some firms started to organise themselves around industry sectors.

Among these early movers was Nabarro Nathanson, the property law firm, which set up a centre for law and business in Sheffield that is still operating today, focusing on heavy industry sectors such as mining, manufacturing, waste and structural engineering.

It was soon followed by others. Today most commercial practices have multidisciplinary groups of lawyers that focus on particular industries. Clifford Chance, for example, the world's largest firm, has eight industry groups focusing on sectors such as healthcare, food and retailing, transport, and energy and utilities. Laurie Robertson, head of corporate business development at Clifford Chance, says: "These groups are a way in which the firm can gather expertise in an industry sector and funnel it towards specific clients. In highly regulated industries, it allows us to offer cutting-edge advice."

Many clients, however, are wary about the rise of industry groups. In-house energy lawyers, for example, are choosy buyers of legal services. Paul Baddeley, assistant general counsel at BP, says he is dubious of firms marketing themselves as energy specialists with no sustained energy experience. Robin Baxter, legal director at energy company Kerr McGee, echoes this sentiment. "I would be sceptical of people claiming a real ability in oil and gas when the reality is that they have only done a couple of jobs for Shell," he says.

At Exxon Mobil, the legal team tries to keep more than 90 per cent of its commercial legal work in-house. Most energy companies take a similar approach. As with a few other sectors, such as telecommunications

and healthcare, most of the top industry specialists are to be found working in-house - and are expert at weeding out private practice pretenders.

Patrick Somers, former general counsel at Transco and now a partner in law firm Hammond Suddards Edge, says there are some general rules that legal purchasers can apply when assessing a law firm's sector expertise.

"You have to ask yourself a series of questions," says Mr Somers. "Have you heard of these lawyers as specialists before? What are the lawyers offering? Are they simply trying to gain sector experience at your expense? Last, you can give them small pieces of work to try them out."

True specialists have to "live and breathe" the sector. They have to know the unwritten methodologies of work in that sector, how to deal with the regulatory bodies and the people who operate the levers of influence. "It's like speaking a foreign language," Mr Somers says. "To be fluent, you have to know the colloquialisms." He recalls often seeing lawyers making basic mistakes during his time at Transco: "They would come into a beauty parade and refer to our interest in some part of the world which we had sold six months before. Or they would refer to parts of the business which we had divested."

As the role of the in-house lawyer has broadened, it has become harder for firms to market their industry sector capabilities without a proper record to back up their claims. In effect, they are having to prove their expertise to lawyers who have themselves become experts.

Most buyers of legal services are unimpressed with the multi-disciplinary groups that the law firms put together. Usually only one or two partners provide the in-depth expertise, generally gained from being in-house themselves. Clients' interest, says Mr Somers, tends to be focused on these individuals: when they change firm, more often than not their clients will follow.

Some of the big corporate firms such as Slaughter and May have avoided establishing formal industry groups, although they have lawyers who are expert in different sectors. They expect their lawyers to be able to handle different clients and to know all about any given client's business, regardless of their previous experience of the industry. This, they say, makes them more versatile.

However, many law firms believe their industry groups are beginning to pay off - both for the client and as a business development tool. Certainly within highly regulated industries a consciously co-ordinated approach from a law firm can result in a more efficient service.

Mike Goetz, a partner at White and Case, says: "[As] a lawyer, you actually get less bang for your buck being an industry specialist. But in a heavily regulated industry such as telecoms or energy, there are benefits for the clients and the lawyers to have everyone with the same speciality in one team." One crucial question to ask a firm touting its lawyers as industry specialists is how long they have been working together as a team. If the industry group has been set up for a decent period of time, the chances are that the group will be able to offer the client a real understanding of the industry. Mr Robertson says Clifford Chance's sector groups "have really begun to motor over time".

With more companies facing cost pressures over outsourcing legal services, the ability to instruct competent sector specialists can be a cost saving. Although their hourly rate may not necessarily be cheaper, the genuine ones should achieve practical and economic efficiencies in the long run.