

‘Stop assuming we will give you work and pay us more attention’ - clients on their best (and worst) law firm experiences



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17 December 2015

Clients demand quality from their advisers, but also want to feel valued, finds Legal Week's

Best Legal Adviser survey

Some spend hundreds of million a year on legal services, while many more expect to increase their expenditure next year rather than reduce it. For the money they spend, quality matters: 95% of them rate service delivery and legal advice as the most important factors. But when it comes to value for money, more than a third are dissatisfied.

They are the general counsel and heads of legal departments in 900 companies surveyed by Legal Week Intelligence for the Best Legal Adviser Report (previously known as the Client Satisfaction Report).

Total annual expenditure on external law firms by FTSE 100 companies surpasses £25bn, so it's no surprise that the report includes feedback from a number of respondents whose annual legal spend exceeds £100m.

The overall average is £11.8m per GC, spread across a diverse range of sectors, with financial services (22%) being the largest single component. Thirteen of the UK's 15 largest companies and eight of the world's 10 largest investment banks are represented in the survey, which generated feedback on nearly 400 law firms.

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What is surprising is that 27% of those surveyed expect to increase their legal spend next year compared to 19% who believe it will decrease, with the majority (54%) anticipating that it will remain unchanged.

Fuelled largely by a resurgence in business activity and the swelling burden of increased regulation, this predicted increase is good news for law firms. It comes despite the widespread perception that many GCs are hoping to make future cuts in their external legal spend.

Value proposition

James Collis, managing partner of Ashurst (*pictured*), summarises the received wisdom: "It's the proverbial more for less challenge: general counsel are being put under increased pressure internally to deliver a greater value against an increasingly complicated regulatory and jurisdictional legal framework. So they're deferring that pressure, quite understandably, onto their legal advisers."



Shoosmiths chief executive Claire Rowe echoes the point: "The key message coming from our in-house lawyer client base is very much about needing us to do more for less - they want better value. They are being targeted through their board to see a better utilisation of their legal spend."

An additional pressure, as recorded in respondent comments in the Best Legal Adviser survey, is that some law firms have failed to update their client service delivery model by offering lower fees alternative or fixed fees, and by implementing more efficient internal procedures.

Notably, several firms that have performed well in the report are praised by respondents for "their competitive pricing", "being very good on price" and "delivering magic circle quality from good lawyers, including ex-magic circle, at lower prices".

Contrast these comments with what one GC says, witheringly, of the firm he has used most often: "This is a magic circle law firm with great lawyers. The problem is that they can tend to farm out very junior lawyers on some deals, and they really don't have the experience to do the work, or give us the confidence that they know what they are doing."

Quality is king

The bottom line? Cost may be an aspirant prince, but quality is still king.

The premium placed on quality by GCs is reinforced by the survey findings. At the heart of the survey are a series of questions designed to reveal which aspects of legal advice delivery are most important to GCs. The respondents were then asked to rate the firms they instruct against those same 12 criteria, thereby revealing the extent to which their advisers are meeting their expectations.

What distinguishes a law firm is no longer just quality of legal advice, but how they manage the entire process of providing

that advice



The respondents value quality of service delivery and quality of legal advice most highly (95%), followed closely by communication and responsiveness (94%). Next most important is 'commercial approach and understanding of my business' (90%). In each case, there is a gap of 11%-13% between importance and the average overall satisfaction rating for law firms recorded in the survey (see table, below).

These findings suggest that, although significant, fee pressures and the relentless search for added value are not quite as important as the quality of advice and service delivery. Nevertheless, value is where most dissatisfaction arises.

While there are comparable gaps between importance and satisfaction for fee arrangements (81% vs 68%) and billing practices (81% vs 68%), value for money shows a much greater difference: 87% of respondents regard value for money to be important, just 63% are satisfied with their law firms' performance. This satisfaction gap of 24% is by far the greatest in the survey.

Managing relationships

Intriguingly, there is just one category where law firms are significantly exceeding client expectations: partner-level contact. While 62% of respondents regard this aspect of legal advice as important, 79% are satisfied.

Partner-level contact is inherently expensive and while GCs are unlikely to complain if they have too much - especially as responsiveness is so important to them - they are likely to take a dim view if value for money - a more important criterion - suffers.

This illustrates the fine balance law firms must tread when grappling with the many demands of their advisers.

When asked how law firms can gain more work, the most common response is: "lower fees". Or, as one survey respondent, says: "In this environment pricing is the key mantra."

According to Robin Saphra, group general counsel at Colt Group (*pictured*): "What distinguishes and differentiates a law firm is no longer just quality of legal advice, but how they manage the entire process of providing that advice.



"That's not just about the initial engagement. It is also about how they negotiate and set the fees, the transparency around the fees they give you, and most importantly, about the communication on the matter while they are managing it and the tools they use to do that."

Breaking new ground

In this context, much is written about law firms' use of innovation, which manifests itself in myriad forms for the benefit of clients. The Best Legal Adviser survey respondents have plenty to say on the subject.

"Be innovative and continue to provide commercial solutions," advises one respondent. "Be more innovative in instructions and cost: they charge a lot of money for sending an email, they cannot break it down," says another. "They know my business well and are able to give legal advice from a commercial perspective, but they are not innovative enough," says a third.

Law firms are keen to take up the challenge.

Innovation is one of the key strategic aims at DWF, where managing partner Andrew Leatherland points to his firm's 15squared initiative, which focuses on developing innovative, technology-driven solutions to support clients.

"It's the ability to take legal services and provide a product solution to clients," he explains. "Understanding our clients so we can identify an issue for them and then find a way of using technology to provide a solution and link that with our service delivery platforms."

Susan Bright, Hogan Lovells' regional managing partner for the UK and Africa (*pictured*), explains in strategic terms what innovation means at Hogan Lovells.



"It's about inspiring an innovative spirit in all of our people," she says. "That means in everything they do, they are thinking: How could I do this differently or better? How could I engage with my clients in a better way? What could I produce for them that would be more innovative? Whether that's on a particular piece of client work or engaging in thought leadership."

Slaughter and May practice partner David Wittman comments: "We try to bring a business-focused yet creative approach to all our work - the combination of which constantly drives us to find innovative solutions to the most complex of legal problems. That will always be the most important thing and our challenge is do this better year after year."

He points to "the rise of FinTech as an area that we find exciting and illustrative of the need to continually look for new areas to apply our legal skills".

Speaking for many of his counterparts, Jonathan Blair, managing partner at Bond Dickinson, adds "Artificial intelligence is most likely to have the biggest impact on the legal sector within the next five years."

Respondents' views on specific aspects of innovation are more polarised. For some it is important for others, not at all. In the three areas covered by the Best Legal Adviser Report, the ratios for important vs unimportant are as follows: automation (30% vs 26%); e-billing (29% vs 30%); and alternative low cost centres (25% vs 35%).

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Daniel Toner, general counsel at Spire Healthcare, says: "I don't like any of them [automation/e-billing/low cost centres]. For Toner, innovation means something quite different again. "I like [my law firms] to come up with great ideas and add value," he says. "I don't want them to be just a legal adviser; I want them to be a commercial adviser too. For example, CMS spotted a litigation opportunity, which they went and explored, and did £10,000-£15,000 worth of work at their own expense to see if we had a case. They got the gig as they spotted an opportunity."

At RPC, director of brand and talent Clint Evans explains that much of his firm's innovation "comes more from being initially attuned to what clients are looking for, and what they're really trying to get out of their legal services, and then being innovative around that". It's an incremental process. "There are small gains achieved through being more creative," he says.

Room for improvement

Whether through opportunism, competitive pricing or consistent quality, close analysis of the report data reveals that some significant re-apportionment of work between firms lies ahead, as GCs seek better value.

Although most firms achieve a positive net balance, with GCs expecting to spend more rather than less with them, there are extremes: several firms score highly with more than 50% of GCs planning to spend more with them against only 5%-10% spending less. Conversely, a handful stand out as the picture is reversed: only around 10% of GCs expect to spend more with them while up to 45% expect to spend less.

The GCs' comments are suitably telling. On the positive side, among firms expected to win more business, many receive praise for the quality of their legal advice, punctuated by the liberal use of 'excellent' and 'very good'. Global reach and uniform high standards are also frequently highlighted.

More incisive remarks include: "It's just their sheer enthusiasm to win work, they are very keen to impress." "Breadth of relevant experience: their knowledge and understanding of our business." "They have a committed approach, they have very easy access, and accessible advice that we can follow and understand."

A somewhat different impression is created elsewhere. When asked how firms could win more work, excluding lower costs, the greatest single deterrent is lack of engagement.

"They should stop assuming we will give them work. They need to be hungrier," says one GC. "Understand my business, including growth trends and invest in the relationship," suggests another.

“ As put bluntly by one GC about his magic circle firm: 'They are somewhat arrogant'

The advice flows thick and fast: "Be more collegiate. Be more proactive." "Focus on sectors in which we operate." "Get to know the key people in our business." "Introduce business opportunities to us." "Pay us more attention." "Showcase what you do." "Keep in touch more, invite us for seminars on specific legal topics."

These are but a few examples of respondent feedback. For so many GCs to comment adversely about the absence of a proper relationship and inadequate understanding by their lawyers is surprising. Not only do they feel taken for granted, but some law firms seem to break the first rule of any business: know your customer.

Despite several notable exceptions, there seems to be an inverse relationship at play: some of the largest firms are more often seen as impersonal, less willing to engage, and more complacent compared to their mid-sized counterparts. Or, as put bluntly by one GC about his magic circle firm

"They are somewhat arrogant."

To enhance their future prospects, GCs offer plentiful advice to law firms: "We need them in some areas but they need to lift their game to get more work." "Provide more value added and innovative services, this could increase our exposure to other practice areas"

Absence of cross-selling is not uncommon, as another GC says: "There is a lack of joined-up thinking. While we have a good relationship with the corporate department, other departments might not realise the relationship exists."

Inevitably, much effort is invested by law firms in their top 30 or top 50 clients, which routinely provide the lion's share of their revenues.

But in doing this, the law of unintended consequences can apply: smaller clients who could become bigger clients miss out. This is perhaps best articulated by one GC who says: "I sense that we are not a big enough client for them to really get their attention."

While many firms should be justifiably pleased with the feedback from their clients, some others might do well to add more value. Remember the words of the song: just try to keep the customer satisfied.

Importance versus satisfaction

Criteria	Importance ▲	Satisfaction	Difference
Quality of service delivery (reliable, practical, dependable service including consistency across network)	95	84	-11
Quality of legal advice	95	85	-10
Communication and responsiveness	94	81	-13
Commercial approach and understanding of my business	90	78	-12
Value for money	87	63	-24
Billing practice/transparency	81	68	-13
Fee arrangements (including alternative fee structures and fixed fees)	81	68	-13
Partner-level contact	62	79	17
Value added services (including seminars, legal briefings and secondments)	52	53	1
Automation (document assembly, deal rooms, matter management)	30	25	-5

The Legal Week Best Legal Adviser report will be published in January. For further information, or to purchase a copy of the report, email lara.rosenthal@incisivemedia.com or call her on +44 (0)20 7316 9864.