

Legal Aid

As law firm networks grow more popular, even smaller practices can establish a global presence.

By Jennifer Wray

Don't get David Scott wrong: LexisNexis and Westlaw are great resources for information about, say, West Virginia law. "But what if my client has a suit in front of a judge in Albuquerque, and I want to know what the judge is like? The computer won't provide information that a local will know. I need someone who's on the ground in that place, who can give me real-world knowledge that I couldn't get otherwise," he says. "And there's the trust thing. I want to be able to turn to a firm I can trust. To know I'm going to not just a firm, but a good firm."

Scenarios like that are just one reason why Scott, an attorney with Luper Neidenthal & Logan, and his brethren are turning to law firm networks. Increasingly, firms are banding together in groups such as Meritas, Lex Mundi and the Law Firm Alliance. These relationships allow attorneys to get firsthand insight from colleagues across the country—or globe—while providing avenues for new business and professional development.

There are more than 200 legal networks worldwide, says Tanna Moore, president and CEO of Minneapolis-based Meritas, of which Luper Neidenthal & Logan is a member. "Some networks are just marketing networks; you pay your dollars for a Web site and seek inbound referrals," she says. Others, like Meritas, carve out working relationships between vetted, established law offices where attorneys can feel comfortable sending their clients—a practice known as an outbound referral.

Attorneys say this spirit of cooperation was driven by a confluence of factors, including the "new federalism" of the Reagan era, which shifted federal programs to the state and local levels, as well as globalization and a growing number of law firm mergers. The latter created a need for midsize firms in particular to find a way to compete with their larger rivals.

Kegler, Brown, Hill & Ritter was among 13 founders of the State Capital Group network, which has grown to roughly 150 locations worldwide since it was founded more than 20 years ago. "Our objective was to grow the practice without having to merge into a larger law firm, because we liked to keep the flexibility and proactiveness of a firm of our size," says attorney Martijn Steger, head of Kegler Brown's international business and mediation practices. "This was part of our strategy for serving our clients as their cross-border needs increased."

Network membership allows firms to "deepen their relationship with clients," Steger says. "Each member then has the same global reach for their clients as they grow and expand internationally, and the clients don't need to go to another law firm."

Law firms today “really have to have a global presence,” says Bob Ross, a Cleveland-based partner in Calfee, Halter & Griswold’s corporate merger and acquisitions group and chairman of its international transactions group. Calfee is a founding member of the Lex Mundi network.

“You can be a global law firm, and you can have offices around the world. But it’s expensive, and it’s hard to have assets everywhere,” Ross says. “Your other choice, on the opposite end, is to punt clients [to other firms], and you risk giving your business away.” By joining a network, “You have candlepower everywhere in the world, supported by local experts who are vetted, who are good, who you know, and they’re not out there to steal your clients. They’re out there to do good work, so you will send them more work.”

High Standards

Membership isn’t open to all comers. Highly regarded networks such as Lex Mundi, Meritas, ALFA International, State Capital Group and others pride themselves on setting a high bar. While there’s no secret handshake, member firms may be scrutinized periodically to ensure that they are active within the network and continue to be well-regarded by clients and colleagues.

Members of the Law Firm Alliance (LFA) must be AV-rated by Martindale-Hubbell and offer full-service business legal representation, says alliance Chairman Alan Starkoff, a partner with Schottenstein Zox & Dunn. “We also have someone we pay to vet those firms, to check their reputations locally as well as within our membership,” he says. “We have actually asked some firms to leave, where there was a service problem or a problem with responsiveness.”

Membership costs vary, based mainly on firm size and location. Meritas charges affiliates based on a per-market fee plus the number of lawyers; costs range from \$3,000 up to \$100,000 annually, Moore says. Lex Mundi’s fees are governed by firm size. Costs range from about \$5,000 to more than \$60,000, says Kathleen Pope-Sance, director of marketing and communications for the network. The LFA charges a flat fee to all of its members, Starkoff says.

Legal networks also apply the exclusivity principle to geography. Some groups may admit one affiliate per metropolitan area, while others permit only one per state or country. Lex Mundi has more than 160 member firms worldwide, including 45 in the United States and Canada. “It’s not just the Chinas, the Japans, the Italys. It’s Lebanon, Peru, the Grand Caymans, Chad,” Ross says. “It’s one of the most connected networks, one of the largest, and our affiliates are typically one of the leading firms in their particular community. Everyone is up for vetting every eight years, and they will throw people out if they are not good.”

At State Capital Group, the review process for potential members takes a year. “There are some very high standards ... because our first priority is serving our clients with the highest-quality legal services,” Steger says.

Happy Clients

For most firms, a network's greatest value comes not in landing new work from fellow members, but in making outbound referrals to someone clients can trust.

Pete Rosato, a Columbus-based partner in Calfee's litigation group, recalls a case where a client was involved in a disagreement about the quality of a product imported from Thailand. "There were disputes over whether the product had met certain standards, and whether the other party should have to pay. We needed information about the manufacturing, and access to the facility. To go to Thailand would have been expensive," Rosato says. "And there was also a language issue—we needed English-speaking lawyers who could also speak Thai."

Through Lex Mundi, Rosato tapped a Thai affiliate for help. Both Calfee and the client were happy. "They expect the level of service that they've been accustomed to in dealing with your firm," Rosato says. "In our particular network, they're getting to use their same counsel and they're getting the same level of service they get normally—their dispute is just several thousand miles away."

Steger says the success of networks comes "in knowing each other well, in having immediate access to each other." At 9 p.m. on a recent Friday, Steger received a call from a client. The publicly traded company "had an issue in another country, and they needed help over the weekend. I immediately sent an e-mail [to the affiliate there], and I had a reply back within 30 minutes, late on a Friday night, linking me to the appropriate lawyer in that law firm, who made himself available to me over that weekend. That's a huge value there."

Kegler Brown client inVentiv Health puts a high value on the firm's affiliation with State Capital Group, says Jennifer Myers, senior vice president of integration operations in inVentiv's Westerville office. "They're so well-rounded, and I think sometimes people think you have to be paying an insane amount of money to a New York law firm to get this kind of service," she says. "Could I just go on Google to find a firm? Sure, but it's an unknown commodity." Kegler Brown, on the other hand, has not only been able to answer her questions, but to anticipate issues she might not have considered, such as providing cultural tips on safety and business. "They go way over and above the call," Myers says.

ALFA International encourages members to send clients to one another, but does not require them to do so. "It's a very loyal organization. If we have a case in another jurisdiction we can't handle, we will generally refer a client to another AFLA firm," says Jeff Brown, a managing partner with Crabbe, Brown & James.

Unfortunately, says Ross, not all legal transactions—even within a network—go smoothly. He once had a client who wanted to do work in Moscow. Lex Mundi did not have a Moscow-based affiliate, but an affiliate had offices in the city, so Ross made a referral. "They did a really bad job, and the client let us know. I called our affiliate, who called the client and said that there was no charge," he says. The affiliate also referred Ross's client to another firm. "Sometimes, the network polices itself. The bottom line is my clients need to be happy, and I have a much better

chance if I know the person,” Ross says.

Return on Investment

While the ability to make outbound referrals gives firms an edge in retaining clients, inbound referrals allow attorneys to make some extra money for their employer. Scott became a member of the exclusive Million Dollar Advocates Forum (for attorneys who have won \$1 million-plus verdicts or settlements) thanks to a multimillion-dollar case he landed through the network. The case generated nearly seven figures in fees for his firm. “So for us, Meritas is paying for itself,” Scott says. Ross says Calfee’s Lex Mundi tab “more than pays for itself in referrals.”

That sentiment is echoed by Vince Lodico, partner-in-charge of ALFA International membership at Crabbe, Brown & James. Lodico, whose practice includes defense work for the trucking industry, says it’s not unusual for another firm to seek Crabbe’s help. “My phone will ring in the middle of the night with a call to be a part of an investigation or to arrange medical care—in fact, it’s happened in our law firm three times in the last five months,” he says. “We had a very large case referred to us by our Los Angeles affiliate that one of our partners helped work on for over a year.”

“Several times a month, we will find we need counsel outside the U.S. to assist a transaction, to do due diligence,” Ross says. “Last night was Finland, and I’m in the middle of doing a transaction where I’m using an affiliate in Quebec and one in the United Arab Emirates for Dubai. The message is, it’s a global world. Networks have value, and if a network is good, it gets used.”

In January, eight LFA members worked on a collective solicitation for health-care-related legal work. While they don’t yet know if the pitch was successful, Starkoff says the effort could be a model for future collaboration. “National and international companies are now looking at smaller or midsize firms to handle their work, basically because we can offer the same services at reduced rates because our overhead isn’t as high,” he says.

Professional Support

Beyond referrals, networks also provide professional and educational support. Some, including Meritas and Lex Mundi, require firms to provide short consultations to fellow members who have general legal questions. “It’s a fantastic program,” Scott says. “If a Meritas affiliate contacts us, we have 24 hours to get in touch with them and offer up to a half-hour of free advice.” Recently, Scott contacted a West Virginia firm to ask a question about liquidations. “I could do the same with our affiliate in Kuala Lumpur,” he says.

Ross says free advice is one of Lex Mundi’s most frequently used perks. In Ohio, that may entail calls to and from lawyers in Indiana, Michigan, Georgia or Missouri who have questions about severance pay laws in a particular state, or how many signatures are needed for a deed. “You can talk about things, because you know you’re not going to compete with them,” Brown says.

All networks host regular membership gatherings, but some go so far as to mandate attendance. Crabbe, for example, is obligated to belong to ALFA International practice groups, and to have a partner and a client attend meetings, Lodico says. “We get to meet not only our own clients, who we may not have met with in person, but we get to meet potential clients, too.”

Starkoff says such face time provides attorneys with a “high degree of comfort” when referring clients. The LFA requires firms to send an attorney and marketing employee to its biannual meetings. “Most firms send the same lawyer or lawyers, so we develop close personal relationships,” he says. “Some meetings are drudgery—these are events that we look forward to.”

Meritas also offers online forums organized by practice area, so members with legal questions from Algeria to Zagreb can get feedback. “Say I have a question about an obscure law,” Scott says. “I can post the question, and it goes to every other member of that discussion forum.”

Network members also turn to one another for advice on such issues as how to market themselves, or how to best alert clients to a partner’s death. “There is a great pool of knowledge in the way these firms handle their business,” Scott says.

Some networks have more extensive perks. In addition to hosting single- and multiday seminars, ALFA offers teleseminars that focus on issues impacting in-house counsel and managers. Lex Mundi has a “free office” policy under which members are asked to make available (within reason) offices, conference rooms, telephones, fax machines and secretarial support to fellow members. Also, Pope-Sance touts: “We’re the only network that has a full-time professional development person. We’re helping our firms develop their own in-house development training, and we also put on development training for our members.”

Personal Touch

Proponents say network membership extends beyond the value of legal advice, referrals and annual meetings. Often, firms provide special services to one another as a result of their familiarity with and relationships in their respective communities. For instance, Ross says, an international affiliate may be able to help clients find a supplier in Taiwan, or a sales agent in Brazil. “The law firms know people, know your industry,” he says.

Sometimes, members can help with what Ross calls the “silly things,” too. He has struck up a friendship with a Lex Mundi member in Shanghai who has gone the extra mile to arrange airport pickups for visiting clients or babysitters for children who accompanied their parents to China. When Ross went to Shanghai with former Cleveland Cavalier Donyell Marshall on a team trip, Ross’s local friend gave them a personal tour of the city. “It’s really a great network for businesses to help clients when they are just coming to a new place,” he says.

Myers had a similarly positive experience when paperwork problems arose after an employee from inVentiv's New York office went to live and work in Germany. "Martijn [Steger] hooked me up with the right person," she says. "So there was an attorney on the ground, ready to hand-hold her through her work application. One call solved the problem."

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