

US firms in London: still lessons to learn

Gripes about the perils of working for American law firms on this side of the pond have been doing the rounds in London circles for longer than most of us can remember. The horror stories of ludicrous hours, eat-what-you-kill cultures and lack of commitment to Europe are, for the most part, old-hat myths perpetuated by English lawyers who really should know better.

That said, and it's important not to make sweeping generalisations here, there continue to be major US players entering the City on a regular basis, and as the market matures, the horror stories only change, they don't go away. And some of them, it has to be said, have merit.

So where are US firms in London going wrong nowadays, and what can be done about it? The last year has seen a number of high-profile partners deserting hard-won jobs at the UK operations of some pretty sizeable American practices, in favour of a return to the relative safety of the English partnerships they know, and more importantly, understand. Just look at Mark Saunders, the corporate partner who left Dewey Ballantine for Berwin Leighton Paisner, and Mark Pinder who made the move from Gibson Dunn & Crutcher to Bird & Bird.

The biggest mistake made by American law firms in London these days is, in my experience, not the micro-management that they are famous for, but rather a lack of engagement with their English operation. Despite a reputation for ludicrous attention to billings and a constant need for performance data, in fact where a lot of US partnerships are going wrong is in their communication with their colleagues over here.

All too often, a managing partner of the London operation is entrusted with reporting back not only on the progress of the office, but also on the performance of all the individuals involved. Whilst that works fine for some firms, we have seen numerous instances recently where partners in the UK felt their voices weren't being heard, and aside from their billings, no recognition was given to their contribution to the growth of the office, which often includes a crucial marketing and recruitment effort in addition to the day job.

It is vital, then, that the leaders of all law firms, be they English or American, endeavour to build institutional links with their lateral hires in overseas outposts from day one. The compensation system can obviously play a part, and here lockstep arguably does serve a purpose, but really encouraging proper communication and a culture of cross-selling is a crystal clear requirement that is consistently overlooked.

The hiring of a partner outside of head office should always involve individuals not just from the location where the partner is joining, but from across the firm. Operations like Latham & Watkins are notoriously good at this, because they require a new arrival to meet with future colleagues in up to 10 offices across the US before they are voted in. Others put the attention into integration once someone comes on board, like Berwin Leighton Paisner. There a group of individuals will be assigned responsibility for a lateral as soon as they get on board, and will work with them to make sure they are cross-selling and genuinely working as part of the team.

The temptation to line-manage and devolve power to the leader of your office is obvious and alluring, but law firms are partnerships, and if Londoners don't feel like they are important to the bigger machine, they'll soon start looking for somewhere else where they will.

At the same time, the adequate, consistent and transparent measurement of performance is needed, and billings are not enough when it comes to judging the work of a partner building a fledgling business in a new market for the firm.

Similarly, there should be a warning signal when American law firms claim they are not looking for partners with followings. That can be the line from firms either starting new offices, or adding new practice areas, where they are confident that they have the clients stateside just queuing up to use them in London.

Well, shock horror, that isn't always true, and I would advise anyone who is attracted by the term 'service partner' to be realistic about the long-term expectations. Frequently, even those partners that are told they don't need to bring books of business arrive to find that the US referrals are not materialising, and the Americans are asking why the partner didn't come in with clients of his own.

It is true that some firms will not require a book of business of a lateral these days, particularly when they are starting new practices, and it is rare that such things can be quantified or guaranteed anyway. But any partner joining a US law firm needs to accept that simply being a brilliant lawyer is not enough, and you will ultimately be expected to generate your own work in the local market.

Otherwise, not only do you run the risk of isolation, but if, as mentioned above, the internal communications are not what they should be, there is a real threat that your efforts in London will be overshadowed by the number-crunchers in the US wondering what you are contributing. Even before the Americans start raising eyebrows, it can feel uncomfortable sitting in a City office without work coming through.

What's more, the opposite is sometimes the case as well, and can be just as big a problem. I have come across plenty of partners who join US firms on the understanding that they will service referrals, only to build such significant English practices in their own right that they run into opposition from the States because they are not available when called on.

So my advice to partners considering joining American law firms is to be aware that conditions can change, and don't rely on referral business for all of your billings. A top tip is to thrash out a joint business plan either before or immediately after joining, so that it is transparent and on record exactly what is expected by both sides.

It is outdated and unhelpful to suggest that all American law firms are the same in either their behaviour or their strategic objectives; in fact, nothing could be further from the truth. But as more and more come in to the market, or seek to grow their operations here, there is no doubt that there is a common thread not necessarily in their ambitions, but certainly in their mistakes.

The two things to remember before you sign up: be sure that you will have direct communication with the States, and preferably regular trips. And if they say they want a service partner, take the term with a serious pinch of salt, and be prepared for every eventuality.