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Global firms should worry more about brand experience than single profit pools

The rise in international mergers over the past two years has raised a number of interesting issues about the way in which law firms can best service clients on a global basis.

One of the more introspective questions asked by some in the profession is whether these unions are real mergers or not. If we take merger to mean the sharing of profits from a common pool on a global basis, the answer clearly is no. However, if the measure of a merger is the effective delivery of a unified brand and consistent client experience, a different yardstick applies.

It is clear that a full financial union is generally not on the agenda. The use of Swiss Verein structures which retain the independence of member firms – such as at DLA Piper, Hogan Lovells, SNR Denton and Squire Sanders Hammonds – has called some to question the veracity of the organisations so formed.

The Swiss Verein is not, of course, new to global professional services

organisations. Baker & McKenzie and, until 31 July 2010, Deloitte Touche Tohmatsu, are examples of firms that have long operated under this legal structure.

The key issue defining success for these new organisations is not how they share profit *per se* but whether their ability to generate sustainable growth in overall profit terms to the benefit of all member firms is improved as a result of the union.

The drivers for this will be factors such as the articulation and delivery of a consistent brand experience, leveraging the combined client bases of the antecedent firms and actions to open up, through joint efforts, new markets that would have been impossible previously.

What makes such things possible goes much more toward shared vision, common strategy, aligned cultures and the acceptance of a converging operating model for service delivery than any arbitrary single profit pool. These are the ways in which a client will judge the reality of any

business operating under a single name and set of brand promises.

It is also interesting to observe that this new class of global law firm is positioned to service the ongoing top-end commercial needs of international corporates. While M&A transactions will clearly feature in their service mix, they are fundamentally relationship firms.

This means that consistent service delivery, across their full geographic footprint, is a strategic imperative if they are to develop clients to use the wide range of legal services on which their economic model depends.

We can all think of firms that meet the criterion of a single profit-sharing system but fail miserably to operate as a unified business in every other sense. Contrast this with a global organisation delivering a consistent brand experience and there can be no doubt as to which any client would regard as a 'real firm'. **MP**

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