

Managing the Opportunities and Risks: Strategies for Law Firms in Emerging Economies

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As national economies emerge and distinct regional economies begin to develop, the legal profession faces new opportunities. The profession also must manage new, complex business risks. Some law firms will survive these challenges and use the new forces at work in emerging legal markets to build sustainable business success. Many more will not.

By understanding the dynamics of emerging economies and their legal markets, and by incorporating that understanding into well-informed, realistic strategies, any law firm can succeed.

This paper investigates the actual and potential impacts of economic development on the legal profession in Africa, with particular attention to the necessity for local and national law firms to execute business strategies that will maximize their ability to compete against formidable new entrants into their legal markets.

These challenges are similar to those that have been experienced by lawyers in emerging economies throughout the world. This paper also outlines practical strategies that lawyers have used in emerging economies to manage the risks and take best advantage of the opportunities for their clients. Their experience clearly demonstrates that a local or national law firm in an emerging country like Nigeria is not doomed to be swept aside by the large international law firms based in places like London and New York. Instead, strong national firms have a bright future as market leaders in emerging economies.

This is not to minimize the challenges. They are formidable. But they are also

manageable and, in some instances, can be turned into advantages.

The Walker Clark perspective

These conclusions arise from work by Walker Clark, LLC, business advisors with lawyers and law firms in more than 20 emerging countries worldwide. The firm was formed to provide world-class quality management advice to the international legal profession. Although the firm originated in North America, it has become an international professional services organization, with members in five countries in Europe and the Americas. Since 2002, Walker Clark, LLC, has developed a specialty practice among small and midsize law firms, especially those in developing countries. As a result, the Walker Clark international team has worked with more small and midsize law firms in more emerging economies than any other legal management consultancy.

That experience, and the research that the firm has conducted in support of it, has produced a counterbalancing set of observations about the lawyers and the emerging economies in which they practice.

Similarities and differences

The values and traditions that lawyers share across the countries and continents of the world are stronger and greater than the differences. The practice of law – whether as a solo practitioner, in a law firm, or as in-house counsel to a company or government agency – truly is different from any other business, and even from other professional services. These common values of the legal profession include:

- The paramount importance of a lawyer's duty to the client
- The realization that knowledge and service are the lawyer's only significant business assets
- Respect for the rule of law

The differences are important, too. Each region of the world has its distinct traditions, characteristics, and issues. Likewise, each country in a region – even neighbors with a history of close business ties – is distinct. These distinctions show up in the way that lawyers function within their respective societies.

Notwithstanding these important national differences, the experiences of other emerging regions have produced business risks, response strategies, and an intellectual frame of reference that could be useful for the legal profession in Nigeria or any other emerging African economy.

Economic characteristics of an emerging legal market

When a legal market begins to take off, at least these four signs quickly appear:

1. The country experiences sustained, substantial growth in Gross Domestic Product over a period of eight to ten years.
2. Foreign investment in national business operations increases substantially and steadily over the same period.
3. The nature of foreign investment begins to shift from extraction of raw materials to other local business operations, such as banking and telecommunications. Direct foreign investment in infrastructure increases sharply.
4. Local law firms increase their participation in significant functions in international business transactions.

When these four signs appear, strong impacts and challenges for the legal profession are imminent. In fact, in most emerging economies, they are already underway.

The emerging economies clearly are the engines of world economic and social development in the 21st century. By 2010, approximately half of the total value of the world's production of goods and services will come from developing economies. New names will appear on the list of the world's most important economies. Nigeria, for example, expects to be among the top 20 economies in the world by 2030, as measured by Gross Domestic Product.

Leadership in the international legal profession is also shifting to the emerging legal markets. In the International Bar Association, for example, a new generation of leaders, predominantly from emerging economies, are replacing the previous generation of IBA leadership, which was largely from the United Kingdom and northern Europe.

Drivers of change in emerging economies

Although it is still debatable to what extent, if at all, the world's economies have actually become globalized, at least nine distinct and validated drivers of economic development appear in the emerging economies in which Walker Clark has worked.

These are no longer visionary predictions. They are facts of economic life, which are shaping and changing the nature of business in most of the world. Being part of the new business reality for clients, they also become realities for business lawyers.¹

1. Advances in technology have continued to advance exponentially.
2. Investment in science and technology is now more important to sustained economic development than investments in plants or equipment.
3. Investment in human capital has become the major element in capital formation, not investment in land, facilities, or natural resources.
4. Information technology has become the main engine of economic growth, having replaced natural resources and manufacturing.
5. Consumption of energy and primary raw materials per unit of manufactured goods continues to decline, due primarily to technology and environmental considerations.
6. Production is increasingly knowledge-based, rather than based on labor or natural resources.
7. An increasing proportion of knowledge is privately owned and in forms that traditionally have not been adequately protected by intellectual property laws.

¹ This outline is suggested by the excellent discussion of these factors with respect to Africa generally, and Nigeria specifically, by B.J. St.-Matthew Danial, *The Nigerian Economy in the 21st Century* (2006) <http://www.onlinenigeria.com/economics/?blurb=498>.

8. Information technology and, especially, advanced, low-cost telecommunications, have quickened the pace of internationalization of finance and trade and created markets that never close
9. Environmental management has shifted from government regulation and enforcement to a market-driven realization that environmental protection is good business.

These driving factors in a rapidly changing world economy should prompt lawyers in emerging economies to consider these two questions:

1. To what extent are we integrating these nine drivers of economic development into the business of our law firms?

These factors apply to law firms as well as other businesses. The impact of information technology and communications technology have been particularly powerful shapers of what clients expect from their lawyers. Law firms in emerging economies are also investing more in their human capital, by improving legal knowledge and practical business skills, in order to remain competitive against larger, better-resourced law firms entering their markets.

2. Are we helping our clients to function in the economy of 2010 and beyond, or for the economy of 1980?

Client surveys conducted by Walker Clark and almost every other reputable consultancy clearly establish that clients view “understands my business” as one of the most important indicators of quality in the delivery of legal services.

As economies emerge, “understanding the client’s business” means that law firms must also understand the factors that drive the new economy in which clients must operate. This sometimes means that a lawyer must advise the client to pass up immediate financial gain in favor of investment to produce better and more sustainable long-term results.

Do we have the courage to urge a longer view in an era that often appears to be focused exclusively on short-term bottom-line results?

This is not as easy as it seems. There is a deeply engrained belief

among most business lawyers that their function is to help the client achieve what he or she wants to achieve. The business lawyer's job is not to say "no," but to show the client how to achieve desired goals. In the new emerging economies, business lawyers must be prepared to advise against perfectly legal, but short-sighted, transactions that ignore the new rules governing the economy and could ultimately produce failure.

Indeed, one of the characteristics of emerging economies is the evolution of the role of the business lawyer from being little more than a scribe and legal researcher to that of a trusted business counselor, who can apply the law to the rapidly changing market conditions to which most clients must either adapt or perish.

In short, business success for lawyers and clients alike – in some cases, even business survival – today depends on mastery of these nine drivers of the emerging world economy. We need to recognize and apply them in our own firms. We also need to remain constantly mindful of them in our advice to clients..

Impacts on the legal profession

Although there is some variation among countries, Walker Clark, LLC, has observed five major impacts of economic development on the legal profession. They are present, to varying degrees, in each emerging economy in which our firm has worked. Each of these impacts produces a need for business lawyers to change the way that they manage their practices.

They are presented with this caveat. Successful execution of management strategies is highly firm-specific. Therefore, each of the typically successful strategies suggested in this paper must be customized to the client base, substantive legal expertise, and professional culture of each firm. Does it make good business sense for our country, our culture, our clients, and our business?

Rapidly changing needs and service expectations

Globalization raises the bar for everyone.

Multinational clients frequently introduce challenging new levels of expectations with respect to client service, in areas such as partner availability, fast response, and error-free documentation, and around the clock service delivery.



Client loyalty becomes much more competitive in emerging economies. For many types of transactions, industry-specific knowledge shifts from being a competitive advantage to a basic criterion for selection of a law firm. The demand for industry knowledge and specific understanding, in detail and depth, of the client's business motivate the growth of in-house law departments. In some emerging economies, the corporate law departments become the largest "law firms" in the country.

Here are some examples of typically successful responses to changing client needs and service expectations:

Strategy: Invest heavily in learning more about the client's business.

One of the strongest client-relations techniques is to make significant investments in learning about the client's business in detail. Although this sometimes involves significant commitments of lawyer time and attention – and sometimes not insignificant expense – it usually produces very large returns on that investment.

Examples:

- Assign associates (and, in some extremely high-value matters, partners) to work at the client's location, frequently in the same office spaces as in-house counsel.
- Conduct "reverse seminars," during which senior business managers from the client organization brief lawyers from the law firm concerning company structure, internal business processes, and current business issues.
- Send lawyers to graduate-level business school or technical courses that are relevant to the client's industry or to issues in matters in which the firm is acting for the client.
- Serve as members or non-voting advisors on client boards and internal management committees.

Strategy: Conduct "new conversations" with clients concerning business strategy and service quality issues.

Successful commercial lawyers in emerging economies learn that, in addition to frequent and responsive communications about the subject matter of cases and transactions, they must also engage in two types of conversations that are new for most of them.

The first is a strategic discussion, not about specific cases or transactions, but about the goals, challenges, and opportunities that are driving the client's business. This is part of an "understand the client's business" strategy; but it is also an important client relations discipline in its own right.

The second is a "quality conversation." How well are lawyers meeting the clients' needs and expectations? What indicators do the clients use to assess – even if only informally – the level of service quality delivered by their lawyers? How can lawyers improve performance in each of these areas?

Examples:

- Strategic interviews of executives and senior managers in the client organization
- Formal client satisfaction surveys
- End-of-matter quality reviews and interim progress reviews

Powerful new competitors

When new clients enter a market, new law firms are almost sure to follow.

Even if they never establish a physical presence in the country, foreign law firms retain control of high-value legal work that many of the local firms could perform as well as – and in some cases, better than – the foreign firms. Even more challenging, the foreign law firms usually can qualify as powerful competitors in an emerging legal market without any significant local investment or overhead

The foreign firms are formidable competitors. They must not be underestimated. They frequently have well-established, close client relationships, which can be very difficult to dislodge. They have reputations that connote, usually accurately, well-developed internal systems and high levels of quality assurance. With professional staffs that can

be ten or twenty times that of the largest local firm, they also present an image of almost unlimited capacity to do large, complex jobs.

Notwithstanding the large shadows that foreign firms can cast on an emerging legal market, there are a significant number of local or national firms that compete very successfully for high-value work from multinational clients. It is not easy work.

It requires crystal-clear marketing to foreign clients, often indirectly through the same large foreign firms that enter the market at competitors. Local and national firms may be hampered by professional responsibility restrictions on client solicitation or advertising, which might not apply to foreign firms.

Challenging the big foreign firms also usually requires an intense focus on internal productivity and making the best use of the resources that a firm has. Most emerging-market law firms feel that they are at a disadvantage in terms of work capacity. In some cases, this is true. Nonetheless, emerging-market law firms can level the playing field through business process improvement and performance management techniques. These can produce dramatic improvements in productivity and work capacity, without any significant increase in resources.

Meeting the challenge also requires patience to overcome national and cultural stereotypes -- and even blatant racial prejudice -- which still influence law firm selection decisions in some foreign businesses.

Despite these obstacles, local and national law firms can strengthen their competitive position in emerging markets, even in the face of well-resourced competition from excellent foreign lawyers.

How do they do it? Here are some examples:

Strategy: Build a stronger law firm.

First and foremost, local and national law firms in emerging legal markets should concentrate on building the internal structures and management processes that increased competition and higher client expectations demand. Foreign clients have greater confidence in the capabilities and reliability of firms that appear more like institutional business entities than like overgrown family firms or a group of professional friends sharing office expenses.

What are the most successful firms in emerging economies doing to manage this new, intense competition? Here are some examples”

- Formalize, document, and improve the firm’s governance, capitalization, and management structure.
- Introduce formal business planning at the firm-wide and practice group levels.
- Develop policies and procedures to manage succession in the partnership.
- Improve delegation and quality assurance practices.
- Introduce performance management structures such as individual performance goals and formal performance evaluations, including peer reviews of partner performance.

Strategy: Develop a marketing strategy based on differentiation.

How is your law firm different from the dozens of firms – both local and foreign – competing for the same work in your market?

Even in jurisdictions with strict limits on formal marketing, differentiation is the cornerstone of an effective marketing strategy. What is the compelling case for a client to choose your firm over the many other excellent lawyers and law firms providing the same services? Firms that cannot state this case can never emerge from the “pack.”

Firms that claim to be “full service” have special challenges. Not being as large as the international firms or the largest national firms, it is hard for them to present a credible argument that they have the resources and staff needed to deliver a full range of legal services at international standards of quality. Often the “full service” capability is only “one lawyer deep.” Firms who actually do offer a broad range of services sometimes find that, while acknowledged to be good in many practice areas, they are great at none of them. This makes it difficult for them to stand out in emerging markets, where professional excellence and high standards of service deliver are also emerging.

Differentiation can be a frustrating intellectual exercise, especially when there are no obvious differences. This explains why most law firm web sites in emerging legal markets usually say essentially the same thing:

- We are a leading law firm.
- Our lawyers are experts in everything.
- Our local and international connections are first-rate.
- We do high-quality work.
- We are committed to your success.

On the other hand, the inability to differentiate a firm – even after long, intensive, creative thought and analysis – can suggest a more fundamental need to rethink and restructure the firm’s practice mix and service delivery premises.

Examples:

- Offer a service or area of expertise that is unique in the market or “virtually unique” (*i.e.*, delivered at a level of expertise or service quality that is so high that, as a practical matter, no other law firm can match it).
- Differentiate based on the clients whom the firm serves, supported by unrivalled breadth and depth of knowledge about the clients’ business sector.
- Differentiate based on the personnel and expertise in the firm (*e.g.*, the firm has more lawyers with advanced degrees from leading universities in North America or Europe).
- Differentiate based on the nature of the services offered (*e.g.*, the firm acted in more than half of all cross-border mergers and acquisitions in the past three years).

- Differentiate based on service quality (e.g., satisfaction guaranteed or the client may unilaterally reduce the fee).

Strategy: Build close international professional relationships.

Foreign competitors can also be valuable referral sources. Local and national law firms in emerging legal markets are sometimes surprised at the eager reception they receive when they call on partners in law firms in major legal centers, such as Frankfurt, London, Madrid, New York or Paris.

Usually one of the best ways to open doors in foreign firms is to provide timely information in depth about legal or business issues that are important to major clients of the foreign firm. While it is unrealistic to expect a flood of referrals and local counsel instructions as a result of a visit, an emerging-market firm can greatly enhance its credibility and “top of mind” presence in a foreign firm by presenting itself as a reliable, well-informed guide to doing business in the home jurisdiction.

As one partner in a Magic Circle firm in London said, “When one of my clients asks me if I know a good firm in [another country], it is too late for me to start looking.”

The international firm’s ability to retain and develop its relationship with a major multinational client depends, in no small part, on its ability to manage the client’s legal affairs in remote, emerging economies and to engage top-quality firms as local counsel.

Successful firms in emerging economies also understand that one of the costs of development and maturation of the legal market is reduced tolerance for sloppy legal work. Instead of forming the foundation for a future relationship with the foreign client, an unsatisfactory first experience can disqualify the firm from future work.

In the words of a partner from a law firm in Central America, “When working with a big international firm, we have only once chance to do it right.”

Examples:

- Be active in an international law firm network, especially in regional groups within the network
- Maintain a high profile in local business organizations, such as industry groups and chambers of commerce.
- Treat foreign referral firms as your clients.
- “Sell your jurisdiction, then sell your firm.”

Strategy: Improve the prominence of the firm and its lawyers in national and international publications.

Many multinational clients are unaware of the expertise and capabilities of emerging-market lawyers and law firms. Interviews of in-house counsel and other executive decision makers in multinational companies, conducted by members of Walker Clark, LLC, over the past ten years, strongly suggest that this is a major obstacle to engaging foreign firms directly, rather than through the company’s home-country law firm.

Reading press releases and articles about law firm participation in major international transactions, one sees a distinct trend. Five to ten years ago, almost all of the press releases described how the lead counsel on a deal was a large, well-known firm in North America or Europe. If local firms were mentioned at all, they were usually described as “local counsel” or “assisting with respect to local law.”

As local and national law firms improve their market position in emerging economies, the press releases have begun to change subtly. For example, the local law firm is now frequently described as lead counsel with a partner from a foreign firm “advising with respect to New York law” or “advising with respect to English law.”

This subtle change in the way that press releases are written documents the progress toward a very important goal for emerging-market law firms. How do law firms achieve it?

Examples:

- Write press releases in the local language and publish them in the local press and in regional law-related publications, such as *Latin Lawyer*.
- Write and distribute guides on commercial law and regulatory issues in the home jurisdiction and distribute them to multinational companies
- Publish articles on topics of interest to multinational clients in international industry publications and publications targeting in-house counsel, such as *Corporate Legal Times* (USA), *Latin Counsel*, and *Asian Counsel*.
- Increase partner presence as speakers in regional and international legal conferences.

Brutal competition for legal talent

One of the most reliable indicators of an emerging legal market is an increased competition for the country's most talented young lawyers. In some emerging economies, even the best-regarded local firms report associate attrition rates as high as 80% after four years.

Talent "gravity wells" develop. Economic growth frequently prompts the growth of in-house corporate law departments and in government regulatory agencies. They often can offer law firm associates initial salaries that are significantly higher than what law firms pay. It is small wonder that the most talented young lawyers are drawn toward them.

The competition for talent is even more ferocious in countries with a tradition of young lawyers working for four or five years in an established law firm and then leaving to start their own practices.

The "free agency" of legal talent has become an ordinary risk of doing business in an emerging or matured legal market. Some firms take the short-sighted position not to invest in professional development and mentoring, and to use their young lawyers as

disposable assets, “who are probably going to leave the firm in any event.”

“Why should we train our future competitors?” is how one law firm partner expressed it.

There may be some degree of realism to this approach, but it is also self-fulfilling. The better approach is to invest in young talent, and then work very hard to protect that investment. Poor retention rates do not have to be a fact of life in emerging-market law firms.

Strategy: Offer a compelling professional case for the most talented lawyers to join and remain in the firm.

Although money is often cited by associates – and even some partners – as the reason for leaving the firm, this is only the easily-articulated surface of a complex number of professional satisfaction factors. High salaries will attract the best lawyers in the market; but law firms must get beyond money if they are to retain them. A strategy of participating in an endless upward spiral in compensation has no positive effect on retention.

What keeps talented lawyers in law firms? Walker Clark focus groups and interviews of hundreds of firm associates – in both matured legal markets and emerging one – demonstrate that unsatisfactory compensation is relatively important.

Five factors – none of them involving money – almost always appear in the top five motivations for associates to remain at their current firm. The order in which these five factors appear vary from firm to firm; but each of these is almost always among the top five.

- The opportunity to work with, and learn from, a partner who is expert in his or her field of practice
- The opportunity to develop legal knowledge and skills
- A reasonable balance between professional life and personal life

- The opportunity to handle legal matters of increasing importance and professional challenge
- The opportunity for direct contact with the firm's top clients

This is not to discount compensation as a factor in the retention of top legal talent. Unsatisfactory compensation can be the catalyst that prompts a lawyer to leave the firm when he or she perceives some or all of these top five retention factors as weak or missing. Also, when a lawyer's total cash compensation falls below the 25th percentile in the range of compensation for similar lawyers in the same legal market, dissatisfaction with compensation can frequently overcome satisfaction with these five retention factors. Otherwise satisfied lawyers will leave the firm entirely for economic reasons.

Examples:

- Reinforce that mentoring is a critical professional duty for every partner. Reward partners who do it well; but demand that every lawyer do it consistently.
- Develop and document formal career management plans that set out clear requirements and expectations for advancement to partnership.
- Ensure that individual performance goals promote professional development, continuing legal education, and advanced university education.
- Hold frequent meetings between associates and partners, both individually and in groups, to discuss associate needs and expectations for professional development.
- Include associates in meetings with major clients, when appropriate.
- Participate with other law firms in conducting local and national salary surveys, where permitted by law and professional custom.

Critical need for stability and reliability in the business, legal, and regulatory environments

The experience of every emerging economy since 1945 demonstrates that sustained economic development is impossible without a strong, reliable legal and regulatory foundation. The most successful experiences have occurred when lawyers play a leading role in designing and shaping legal and regulatory regimes and in applying them to the special traditions, characteristics, and needs of the business community. This attracts new multinational clients and stimulates the international growth of national ones.

In short, the legal profession leads – rather than follows – emergence and growth in the national economy.

Strategy: Work with national and regional law societies and bar associations to modernize commercial law and regulatory structures.

One of the most highly valued services that an emerging-market law firm can deliver is to build confidence among potential investors that the risks of doing business in the country are reasonable and manageable. Even the longest-established, best-regarded law firm will be unable to attract new foreign clients if the legal, regulatory, and judicial systems appear to be irrational, unpredictable, or corrupt.

Examples:

- Promote and participate in the harmonization of commercial law among jurisdictions in the region
- Establish reliable and attractive structures and processes for cross-border dispute avoidance and resolution.
- Participate in international chambers of commerce.
- Develop professional relationships with in-house lawyers in regulatory agencies.

Strategy: Establish and market a strict anti-corruption policy.

Law firms in emerging economies are increasingly taking a common position against bribery, money laundering, and other forms of business corruption. One of the most effective methods has been for individual law firms to advise their clients that the firm will not engage in illegal practices, even if they have traditionally been condoned in the business community.

These efforts are more than just self-serving differentiation of a firm from its competitors. It also broadcasts a clear message from the legal profession in an emerging economy to potential investors and clients that standards of acceptable business behavior no longer condone corrupt practices.

Examples:

- Offer industry-specific advice and training to client organizations on the home jurisdiction's anti-corruption laws and regulations, regardless of any traditional practice of non-compliance in the local business community.
- Include anti-corruption policies and provisions against money laundering in each engagement letter.

Economic responsibility

Equal opportunity is essential to sustainable economic growth. Without it, emerging economies risk a downward spiral as they exhaust their human capital. One of the most important leadership roles for emerging-market law firms is the promotion of economic responsibility.

The phrase *economic responsibility* is preferable to *social responsibility*, which some emerging-market law firms use to describe their support of educational, welfare, or charitable efforts in their home countries. In some countries, *social responsibility* carries political connotations, which can distract attention from the underlying economic challenges to growth. *Economic responsibility* focuses on the critical link in emerging

economies between equity in economic opportunity and sustainable long-term growth.

Economic responsibility transcends partisan politics. It is an economic necessity in emerging economies and a critical economic interest for any law firm that wants to secure its long-term business success.

The old investment model of “exploit, extract, and exit.” which characterized much of the economic development of the 19th and 20th centuries, can leave a country in worse shape than before the investment. Although some individuals and institutions will profit, the country is usually left without the social and economic infrastructure needed to sustain long-term growth. This is one explanation of why some economies, particularly in Africa, have failed to emerge on their own, notwithstanding many decades of foreign business activity within their borders.

Emerging-economy performance is retarded by what the World Bank characterizes as “inequality traps.”² Inequalities in economic opportunity, education, health care, and social mobility tend to reproduce themselves from generation to generation. Even in jurisdictions with *de jure* equality of opportunity, decades or even centuries of exclusion and discrimination may render these legally-enunciated “opportunities” and “rights” meaningless and unenforceable for most people. They continue to suffer from no realistic opportunity for the education needed to function above a subsistence level; they continue to have almost no access to health care; and they continue to be excluded from any meaningful role in the political process.

This is a matter for serious concern. The World Bank reports that, except for India and China, the gap between wealthy and poor widened in the twentieth century in every country on the planet. Less than a decade into the new century, that gap is widening even faster, even in developed countries such as the United States and the United Kingdom.

Moreover, the gap between affluent economies and poor ones has also widened in every measurement, but most alarmingly in infant mortality and life expectancy. In some countries, life expectancy has actually decreased over the past twenty years.

² *Equity and Development*, World Bank, 2006: available at <http://www.worldbank.org>.

To be assured of sustainable growth in the 21st century, an emerging-market law firm should invest in economic responsibility by promoting initiatives to broaden economic, social, and educational opportunity in their home jurisdictions.

This is not merely philanthropy or humanitarian concern. It is business common sense. Economic responsibility is the rising tide that, by raising the level of economic level in a country, can also raise the financial performance of the law firms that operate in it. By investing in economic responsibility, an emerging-market law firm invests in its own future.

Some of these are direct investments, such as when a law firm sponsors a home for abused children in a poor neighborhood of their city. These are very important initiatives. However, emerging-market law firms must not overlook other, indirect forms of investment, which some firms are too timid to make. These are indirect, in the form of commercial persuasion and business advice to their clients to encourage them to seek economically responsible courses of action in their investments and transactions in the emerging economy. Often it is the law firm in places like São Paulo, Lagos, Santo Domingo, or Jakarta that is in the best position quietly to persuade their clients that the old exploitative strategy of foreign investment will no longer bear fruit.

Where should an emerging-market make these investments? Our experience and observation strongly corroborate the ten areas outlined by the World Bank.

1. Early childhood health care and development
2. Schools, including improved access to university education and improved quality in legal education
3. Health care
4. Government “safety nets”
5. Taxation, especially through broad-based taxes on consumption, rather than steeply progressive taxes on personal income
6. Equitable justice systems orientated to access, rather than exclusion, of traditionally disadvantaged or disempowered people and institutions
7. Improved access to land, usually through rental subsidies and purchase assistance, rather than mandatory redistribution

8. Improved access to infrastructure (energy, transport, telecommunications)
9. Improved access to financial markets, including alternative financial sources such as Islamic banking and microbanking
10. Improved labor standards, rather than exemptions for foreign-owned businesses

The critical element

Through all of this far-ranging discussion, it is easy to overlook what is perhaps the most important characteristic of emerging legal markets: the leadership role of law firms.

New clients entering emerging economies expect more than excellent legal services from local law firms. They also greatly value the ability of the emerging-market law firm to serve as a reliable guide to the jurisdiction and its business environment.

Strong national law firms, committed to economic responsibility and sustainable growth, could be one of the most important factors in the long-term growth and development of an emerging economy. The success of strong national law firms and emerging economies are inextricably linked.

About the author



Norman Clark is one of the founding principals of the international legal management consultancy of Walker Clark, LLC.

His consulting practice specializes in issues of business strategy, marketing, and performance of law firms and corporate and government law departments in emerging economies worldwide.

Norman Clark's 30-year career as a lawyer included experience as a trial lawyer, trial judge, law professor, and senior manager of legal services on a global scale, including the management of an 800-lawyer legal services organization in 50 locations on three continents. He has been a full-time business advisor to the legal profession for the past 12 years, and, in that capacity has advised clients in law firms, as well as corporate and government law departments, in more than 30 countries on five continents.

Mr. Clark is a sought-after speaker for major conferences of professional associations and organizational retreats. His speaking appearances have included the International Bar Association, American Bar Association, the Caribbean Commercial Law Workshop, the European Company Lawyers Association, Lex Mundi, Meritas, the Nigerian Bar Association, World Services Group, InterLaw, and Terralex.

Mr. Clark's academic credentials include Bachelor of Science, Juris Doctor, and Master of Law.

Among his many professional affiliations, he is the senior vice chair of the Law Firm Management Committee of the International Bar Association. In 2003, he was elected a Fellow of the College of Law Practice Management.

