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The Handbook

Law Firm Networks



Stephen J. McGarry

# The Handbook

# **Law Firm Networks**

## Stephen J. McGarry

President: AILFN

HG.org

Founder:

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### **Dedication**

This book is dedicated to the hundreds of thousands of professionals who work at firms that are members of a professional services network. As a result of the efforts of the founders, officers, directors, committee chairs, and individual professionals, clients now receive the highest quality and most cost-effective professional services in the world through independent firms. This book is also dedicated to the staff at each of the more than 170 law firm networks whose members have cumulative annual revenues of more than \$120 billion U.S. dollars and represent virtually every significant business on earth.

I would like to thank everyone with whom I have had the personal opportunity to collaborate in creating and building world-class network organizations, including Lex Mundi, World Services Group (WSG), and the Association of International of Law Firm Networks (AILFN).

Stephen J. McGarry

## **About the Sponsor**

AILFN is a new trade association owned by law firm networks that represents their common interests. AILFN has four purposes: (1) enhance the position and recognition of all networks in the legal market; (2) establish common principles to maintain standards of quality; (3) provide a forum for networks to exchange non-confidential information; and (4) negotiate agreements with vendors that can increase the efficiency and effectiveness of networks and their members. AILFN will have network members whose members have more than 200,000 attorneys in 5,000-plus offices and who cumulatively bill between more than \$100 billion U.S. dollars annually.



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## **2017 Introduction**

Stephen J. McGarry<sup>1</sup>

The first edition of this book was published in 2011 as *Professional Services Networks – The Future of the Accounting and Legal Professions*. It was completely updated and published in 2015 under the title: Law Firm Networks - The Future of the Legal Profession. The Handbook – Law Firm Networks has expanded on the concepts, the models and the practicalities of network operations. The Handbook's objective is to provide recipes for law firm network success in the ever changing legal market.

While the new edition covers many of the same subjects, networks themselves have undergone a tremendous number of internal and external changes. In particular, the formation of the Association of International Law Firm Networks (AILFN)<sup>2</sup> illustrates just how far we have come in such a short time. AILFN represents the common interest of all networks. It has increased the status of networks through its ability to directly market the network concept to more than 20,000 professionals. In the coming years, the network evolution will become a *revolution* as networks are recognized as the only model for global legal representation.

The rapid consolidation of the different models in the legal profession began only eight years ago with the recession. There has been a realization that the traditional integrated law firm cannot achieve global status or economically provide all of the services that clients require. A number of the largest law firms have sought to reconstitute themselves with a more flexible structure that recognizes cultural and economic differences in each market. Like the Big 4 accounting firms, they have adopted various network-type structures in which the local firms are independent entities. Since this umbrella entity is registered in Switzerland as an association, they commonly go by the Swiss name: verein. Recent changes in the market reflect that these composite models are showing signs of age.<sup>3</sup>

The traditional law firm networks have also changed; many are more than 20 years old. Though as entities they represent by far the largest segment of the legal profession, their relevance has been questioned.<sup>4</sup> Their membership is under attack by the vereins that can poach their members by offering a recognized

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Stephen McGarry, B.A., M.A., J.D., and LL.M. (Taxation), founded World Services Group (WSG), a multidisciplinary network, in 2002. As president he grew it to 150 firms that have 21,000 professionals in 600 offices in more than 100 countries. In 1989 McGarry founded Lex Mundi, the world's largest law firm network. As president he grew it to 160 law firms that today have 21,000 attorneys in 600 offices in 100-plus countries. These two networks represent 2 percent of all the lawyers on earth whose members bill their clients an estimated \$20 billion dollars annually. In 1995 he founded HG.org, one of the first legal websites. Today it is among the world's largest sites with more than 10 million pages and 1.3 million unique users each month who download almost 2 million pages. In 2015 McGarry initiated with the Association of International Law Firm Networks, or AILFN, an association of the leading law firm networks whose members will have more than 200,000 lawyers in 5,000 offices, billing clients \$120 billion dollars annually.

McGarry is admitted by exam to the bars of Minnesota, Texas, and Louisiana. In 2002 American Lawyer Media (ALM) published McGarry's treatise, *Multidisciplinary Practices and Partnerships*. McGarry has authored numerous articles on associations and international business transactions. His most recent publication, *Leaders in Legal Business* (2015), has been downloaded more than 5,000 times. Observations and opinions are those of the author and not of any organization or any member of an organization.

<sup>&</sup>lt;sup>2</sup> ASSOCIATION OF INTERNATIONAL LAW FIRM NETWORKS, http://www.ailfn.com (last visited Jan. 27, 2016). AILFN is a new trade association owned by law firm networks that represents their common interests. AILFN has four purposes: (1) enhance the position and recognition of all networks in the legal market; (2) establish common principles to maintain standards of quality; (3) provide a forum for networks to exchange information; and (4) negotiate agreements with vendors that can increase the efficiency and effectiveness of networks and their members. AILFN's members will have more than 200,000 lawyers in 5,000 offices, billing clients \$120 billion dollars annually.

<sup>&</sup>lt;sup>3</sup> Georgina Stanley, King & Wood Mallesons Europe in Crisis and the British Legal Awards – the Best of Legal Week Last Week, LEGAL WEEK, Nov. 28, 2016.

<sup>&</sup>lt;sup>4</sup> Norman Clark, *Does Your Network Deliver External Value?* WORLDVIEW BLOG (April 27, 2014), www.walkerclark.com/worldview-blog/previous-worldview-posts/123-does-your-network-deliver-external-value.html; Michael Hatchwell, *Legal Networks Should Not Be Considered Antiquated*, GLOBAL LEGAL POST (April 15, 2015), www.globallegalpost.com/blogs/management-speak/legal-networks-shouldnt-be-considered-antiquated-43962985/.

name brand.<sup>5</sup> Despite many firms' status as the largest in their states or countries, they are commonly referred to as mid-tier, second-tier, or even third-tier. It is these factors and others that have led to a number of the leading networks forming AILFN.

Throughout the book the accounting profession will be referred to as a reference point. They have been elevated to a higher position as a comparative model for the legal profession. Accounting networks and associations are already the future of the accounting profession. There are no large accounting firms that are not members of a network or an association of independent firms. This is very different from the legal profession, where more than 100 of the largest law firms do not belong to any network or association. As globalization continues, this may change through consolidation and by outside forces that will require membership. These factors and forces will be analyzed.

The clash and redefinition of models has produced issues in the legal profession beyond cosmetics. It affects how clients perceive those from whom they are purchasing services. This is not the case in accounting and consulting, where the Big 4 are networks of independent firms. Being a network has not limited their ability to provide services; on the contrary, two of them have annual of revenues of more than \$30 billion. The Big 4 are proud of their network status, referring to themselves as "professional services networks." In the legal profession, the traditional business model for being recognized has been the law firm. This is reflected in terminology, rankings, ethics, and the media. In the legal profession networks are still seen as being a less robust model than a law firm. As demonstrated by the Big 4, providing services through a network is no different than through an integrated firm. Network status does not detract from being a firm in terms of the broad definition.

Because each law firm or network is unique, the terminology has led to misunderstandings and mischaracterizations as to the nature of the various models. This has in a sense limited any discussion about innovation. For this reason the Handbook will analyze the fundamental structural components of the models for providing legal services, rather than focusing only the descriptions that have characterized firms in the past. In other words, the focus is on the operations and activities of the organizations. The network model itself has no limitations in terms of how it can be designed and operated, even with some systemic issues that are cultural and economic. It is simply a model reflecting that the members are independent legally and at the same time can operate as a cohesive unit, provided they are well managed and have a strategic direction. This is why networks are the ideal model for global business.

This book discusses in detail how networks function, either in their traditional form or with new models that are being developed. Underlying the analysis is the fact that global practice requires agility that is not inherent in large law firms. Agility is not possible with the command and control<sup>9</sup> of integrated law firms because economic and management challenges are effectively too great.

Professional services networks are already the future. The objective of this Handbook is to be a detailed guide to networks. Law firm networks seeking to go to the next levels in their evolution can use it as map. Of course, writing about something is very different than doing something. I hope my experience contributes to the enhancement of networks and benefits all of their clients.

<sup>9</sup> R. E. Miles & C. C. Snow, Organizations: New Concepts for New Forms, 28 CAL. MGMT. REV. 62, 62-73 (1986).

<sup>&</sup>lt;sup>5</sup> Julie Triedman, Dentons Ups the Ante in Global Growth Gamble, AMERICAN LAWYER, Nov. 3, 2015.

<sup>&</sup>lt;sup>6</sup> Accounting Networks and Associations, WIKIPEDIA, en.wikipedia.org/wiki/Accounting\_networks\_and\_associations (last visited Jan. 27, 2016).

<sup>&</sup>lt;sup>7</sup> Brian Dalton, *About Time Too....World's Biggest Law Firm Wants To Blow Up The Whole Am Law 100 Rankings*, PRACTICE SOURCE, practicesource.com/about-time-too-worlds-biggest-law-firm-wants-to-blow-up-the-whole-am-law-100-rankings/.

8 The assumption of the Company of the C

<sup>&</sup>lt;sup>8</sup> The common names are Big Law, Magic Circle, White Glove, Big 4, vereins, mid-tier, and other variations.

# **Networks in Perspective 2017**

## 2017 - The Global Legal Services Market

		Network	Law	Firms	Big Four l	Legal			
World Services Group (WSG)         19,000         Global         \$8.1 (est.)         2002         141         650         140         US           TerraLex         19,000         Global         (est.)         1991         155         300         162         US           World Law Group         19,000         Global         (est.)         1988         97         350         54         US           IR Global         17,300         Global         (est.)         2010         140         700         550         UK           MSI Global Alliance         14,607         Global         \$1.4         1990         100         n/a         24         UK           Pacific Rim Advisory Council         12,000         Global         (est.)         1980         n/a         450         145         US           SCG Legal         11,400         Global         (est.)         1990         145         450         145         US           General Group International         11,100         Global         (est.)         1990         145         25         460         Switzerland           Interlex         10,500         Global         (est.)         1990         17         350         8	Network, Law Firm and Big 4 Legal	Size	Туре			Jurisd's	Offices	Members	Registration
TerraLex	Lex Mundi	21,000	Global	\$10.5 (est.)	1989	160	600	160	US
World Law Group         19,000         Global         (est.)         1988         97         350         54         US           IR Global         17,300         Global         (est.)         2010         140         700         550         UK           MSI Global Alliance         14,607         Global         \$1.4         1990         100         n²a         254         UK           Pacific Rim Advisory Council         12,000         Global         (est.)         1990         145         450         145         US           Geneva Group International         11,000         Global         \$5.04         1995         n²a         655         460         Switzerland           Interlex         10,500         Global         (est.)         1991         134         254         45         US           ALFA         9,000         Global         (est.)         1990         70         300         80         UK           ALFA         9,000         Global         (est.)         1990         70         300         80         UK           ALFA         9,000         Global         (est.)         1990         70         300         80         UK <t< th=""><td>World Services Group (WSG)</td><td>19,000</td><td>Global</td><td>\$8.1 (est.)</td><td>2002</td><td>141</td><td>650</td><td>140</td><td>US</td></t<>	World Services Group (WSG)	19,000	Global	\$8.1 (est.)	2002	141	650	140	US
IR Global	TerraLex	19,000	Global	(est.)	1991	155	300	162	US
MSI Global Alliance         14,607         Global         \$1.4         1990         100         n/a         254         UK           Pacific Rim Advisory Council         12,000         Global         (est)         1984         n/a         n/a         24         US           SCG Legal         11,400         Global         (est)         1990         145         450         145         US           Geneva Group International         11,000         Global         \$5,04         1995         n/a         655         460         Switzerland           Interlex         10,500         Global         (est)         1991         134         254         45         US           ALFA         9,000         Global         (est)         1980         110         325         142         US           ALFA         9,000         Global         (est)         1990         70         300         80         UK           ALFA         9,000         Global         (est)         1990         150         320         152         US           Maltillaw         8,500         Global         (est)         1990         150         320         152         US	World Law Group	19,000	Global	(est.)	1988	97	350	54	US
Pacific Rim Advisory Council         12,000         Global         (est.)         1984         n/a         n/a         24         US           SCG Legal         11,400         Global         (est.)         1990         145         450         145         US           Geneva Group International         11,000         Global         \$5.04         1995         n/a         655         460         Switzerland           Interiex         10,500         Global         (est.)         1991         134         254         45         US           ALFA         9,000         Global         (est.)         1990         70         300         80         UK           ALFA         9,000         Global         \$4.5 (est.)         1990         70         300         80         UK           ALFA         9,000         Global         (est.)         1990         150         320         152         US           ALFA         7,000         Global         (est.)         1990         150         320         152         US           Meritas         7,000         International         (est.)         2001         100         n/a         110         US	IR Global	17,300	Global	(est.)	2010	140	700	550	UK
SCG Legal	MSI Global Alliance	14,607	Global	\$1.4	1990	100	n/a	254	UK
Seneva Group International   11,000   Global   \$5,04   1995   n/a   655   460   Switzerland   Interlex   10,500   Global   (est.)   1991   134   254   45   US   US	Pacific Rim Advisory Council	12,000	Global	(est.)	1984	n/a	n/a	24	US
Interiex	SCG Legal	11,400	Global	(est.)	1990	145	450	145	US
ALFA         9,000         Global         (est.)         1980         110         325         142         US           Multilaw         8,500         Global         \$4.5 (est.)         1990         70         300         80         UK           TAGLaw         7,900         Global         (est.)         1999         150         320         152         US           Meritas         7,006         Global         (est.)         1990         150         237         177         US           First Law International         7,000         International         (est.)         2001         77         n/a         67         Belgium           USLAW NETWORK         7,000         Regional         (est.)         2001         100         n/a         110         US           Dentons (verein) <sup>17</sup> 7,500         International         \$2,14         2012         47         150         n/a         Switzerland           US Law Firm Group (USLFG)         5,900         Regional         (est.)         1990         39         125         19         US           AbyOC         5,500         Global         (est.)         1990         110         150         89         Denmar	Geneva Group International	11,000	Global	\$5.04	1995	n/a	655	460	Switzerland
Multilaw         8,500         Global         \$4.5 (est.)         1990         70         300         80         UK           TAGLaw         7,900         Global         (est.)         1999         150         320         152         US           Meritas         7,000         Global         (est.)         1990         150         237         177         US           First Law International         7,000         International         (est.)         2001         77         n/a         67         Belgium           USLAW NETWORK         7,000         Regional         (est.)         2001         100         n/a         110         US           Dentons (verein) <sup>17</sup> 7,500         International         \$2.14         2012         47         150         n/a         Switzerland           US Law Firm Group (USLFG)         5,900         Regional         (est.)         1990         39         125         19         US           ADVOC         5,500         Global         (est.)         1990         110         150         89         Denmark           Association of European Lawyers         5,232         Regional         (est.)         1989         41         n/a	Interlex	10,500	Global	(est.)	1991	134	254	45	US
TAGLaw	ALFA	9,000	Global	(est.)	1980	110	325	142	US
Meritas	Multilaw	8,500	Global	\$4.5 (est.)	1990	70	300	80	UK
Total Continue	TAGLaw	7,900	Global	(est.)	1999	150	320	152	US
VSLAW NETWORK   7,000   Regional   (est.)   2001   100   n/a   110   US	Meritas	7,006	Global	(est.)	1990	150	237	177	US
Dentons (verein)   7,500   International   \$2.14   2012   47   150   n/a   Switzerland	First Law International	7,000	International	(est.)	2001	77	n/a	67	Belgium
US Law Firm Group (USLFG)         5,900         Regional         (est.)         1990         39         125         19         US           ADVOC         5,500         Global         (est.)         1990         110         150         89         Denmark           Association of European Lawyers         5,232         Regional         (est.)         1989         41         n/a         40         UK           Eurojuris International         5,000         Regional         (est.)         1989         40         650         630         Belgium           Globalaw         5,000         Global         (est.)         1994         100         170         94         UK           Interlaw         5,000         Global         (est.)         1982         70         120         66         US           International Lawyers Network (ILN)         5,000         Global         \$2.3 (est.)         1988         101         132         91         US           Legal Network International (LNI)         5,000         Global         (est.)         1988         101         132         91         UK           State Law Resources         4,900         Regional         (est.)         1994         n/a	USLAW NETWORK	7,000	Regional	(est.)	2001	100	n/a	110	US
ADVOC         5,500         Global         (est.)         1990         110         150         89         Denmark           Association of European Lawyers         5,232         Regional         (est.)         1989         41         n/a         40         UK           Eurojuris International         5,000         Regional         (est.)         1989         40         650         630         Belgium           Globalaw         5,000         Global         (est.)         1994         100         170         94         UK           Interlaw         5,000         Global         (est.)         1982         70         120         66         US           International Lawyers Network (ILN)         5,000         Global         \$2.3 (est.)         1988         101         132         91         US           Legal Network International (LNI)         5,000         Global         (est.)         2012         60         135         65         UK           State Law Resources         4,900         Regional         (est.)         1994         n/a         n/a         48         US           Mackrell International         4,500         Global         \$2.48         2005         30	Dentons (verein) <sup>17</sup>	7,500	International	\$2.14	2012	47	150	n/a	Switzerland
Association of European Lawyers         5,232         Regional         (est.)         1989         41         n/a         40         UK           Eurojuris International         5,000         Regional         (est.)         1989         40         650         630         Belgium           Globalaw         5,000         Global         (est.)         1994         100         170         94         UK           Interlaw         5,000         Global         (est.)         1982         70         120         66         US           International Lawyers Network (ILN)         5,000         Global         \$2.3 (est.)         1988         101         132         91         US           Legal Network International (LNI)         5,000         Global         (est.)         2012         60         135         65         UK           State Law Resources         4,900         Regional         (est.)         1994         n/a         n/a         48         US           Mackrell International         4,500         Global         \$2.48         2005         30         n/a         Switzerland           Baker & McKenzie (verein)         4,100         Global         \$2.54         1949         77	US Law Firm Group (USLFG)	5,900	Regional	(est.)	1990	39	125	19	US
Eurojuris International         5,000         Regional         (est.)         1989         40         650         630         Belgium           Globalaw         5,000         Global         (est.)         1994         100         170         94         UK           Interlaw         5,000         Global         (est.)         1982         70         120         66         US           International Lawyers Network (ILN)         5,000         Global         \$2.3 (est.)         1988         101         132         91         US           Legal Network International (LNI)         5,000         Global         (est.)         2012         60         135         65         UK           State Law Resources         4,900         Regional         (est.)         1994         n/a         n/a         48         US           Mackrell International         4,500         Global         (est.)         1989         135         142         76         UK           DLA Piper (verein)         4,200         Global         \$2.48         2005         30         n/a         Switzerland           Baker & McKenzie (verein)         4,100         Global         \$1.8         2013         50         n/a	ADVOC	5,500	Global	(est.)	1990	110	150	89	Denmark
Globalaw         5,000         Global         (est.)         1994         100         170         94         UK           Interlaw         5,000         Global         (est.)         1982         70         120         66         US           International Lawyers Network (ILN)         5,000         Global         \$2.3 (est.)         1988         101         132         91         US           Legal Network International (LNI)         5,000         Global         (est.)         2012         60         135         65         UK           State Law Resources         4,900         Regional         (est.)         1994         n/a         n/a         48         US           Mackrell International         4,500         Global         (est.)         1989         135         142         76         UK           DLA Piper (verein)         4,200         Global         \$2.48         2005         30         n/a         Switzerland           Baker & McKenzie (verein)         4,100         Global         \$2.54         1949         77         77         49         Switzerland           Norton Rose Fulbright (verein)         3,800         Global         \$1.8         2013         50         n/	Association of European Lawyers	5,232	Regional	(est.)	1989	41	n/a	40	UK
Interlaw         5,000         Global         (est.)         1982         70         120         66         US           International Lawyers Network (ILN)         5,000         Global         \$2.3 (est.)         1988         101         132         91         US           Legal Network International (LNI)         5,000         Global         (est.)         2012         60         135         65         UK           State Law Resources         4,900         Regional         (est.)         1994         n/a         n/a         48         US           Mackrell International         4,500         Global         (est.)         1989         135         142         76         UK           DLA Piper (verein)         4,200         Global         \$2.48         2005         30         n/a         Switzerland           Baker & McKenzie (verein)         4,100         Global         \$2.54         1949         77         77         49         Switzerland           Norton Rose Fulbright (verein)         3,800         Global         \$1.8         2013         50         n/a         Switzerland	Eurojuris International	5,000	Regional	(est.)	1989	40	650	630	Belgium
International Lawyers Network (ILN)         5,000         Global         \$2.3 (est.)         1988         101         132         91         US           Legal Network International (LNI)         5,000         Global         (est.)         2012         60         135         65         UK           State Law Resources         4,900         Regional         (est.)         1994         n/a         n/a         48         US           Mackrell International         4,500         Global         (est.)         1989         135         142         76         UK           DLA Piper (verein)         4,200         Global         \$2.48         2005         30         n/a         Switzerland           Baker & McKenzie (verein)         4,100         Global         \$2.54         1949         77         77         49         Switzerland           Norton Rose Fulbright (verein)         3,800         Global         \$1.8         2013         50         n/a         Switzerland	Globalaw	5,000	Global	(est.)	1994	100	170	94	UK
Legal Network International (LNI)         5,000         Global         (est.)         2012         60         135         65         UK           State Law Resources         4,900         Regional         (est.)         1994         n/a         n/a         48         US           Mackrell International         4,500         Global         (est.)         1989         135         142         76         UK           DLA Piper (verein)         4,200         Global         \$2.48         2005         30         n/a         Switzerland           Baker & McKenzie (verein)         4,100         Global         \$2.54         1949         77         77         49         Switzerland           Norton Rose Fulbright (verein)         3,800         Global         \$1.8         2013         50         n/a         Switzerland	Interlaw	5,000	Global	(est.)	1982	70	120	66	US
State Law Resources         4,900         Regional         (est.)         1994         n/a         n/a         48         US           Mackrell International         4,500         Global         (est.)         1989         135         142         76         UK           DLA Piper (verein)         4,200         Global         \$2.48         2005         30         n/a         Switzerland           Baker & McKenzie (verein)         4,100         Global         \$2.54         1949         77         77         49         Switzerland           Norton Rose Fulbright (verein)         3,800         Global         \$1.8         2013         50         n/a         Switzerland	International Lawyers Network (ILN)	5,000	Global	\$2.3 (est.)	1988	101	132	91	US
Mackrell International         4,500 Global         (est.)         1989 135         142         76 UK           DLA Piper (verein)         4,200 Global         \$2.48 2005 30         n/a         Switzerland           Baker & McKenzie (verein)         4,100 Global         \$2.54 1949 77         77 49         Switzerland           Norton Rose Fulbright (verein)         3,800 Global         \$1.8 2013         50 n/a         Switzerland	Legal Network International (LNI)	5,000	Global	(est.)	2012	60	135	65	UK
DLA Piper (verein)         4,200         Global         \$2.48         2005         30         n/a         Switzerland           Baker & McKenzie (verein)         4,100         Global         \$2.54         1949         77         77         49         Switzerland           Norton Rose Fulbright (verein)         3,800         Global         \$1.8         2013         50         n/a         Switzerland	State Law Resources	4,900	Regional	(est.)	1994	n/a	n/a	48	US
Baker & McKenzie (verein)         4,100 Global         \$2.54         1949 77         77         49 Switzerland           Norton Rose Fulbright (verein)         3,800 Global         \$1.8         2013         50         n/a         Switzerland	Mackrell International	4,500	Global	(est.)	1989	135	142	76	UK
Norton Rose Fulbright (verein) 3,800 Global \$1.8 2013 50 n/a Switzerland	DLA Piper (verein)	4,200	Global	\$2.48	2005	30		n/a	Switzerland
	Baker & McKenzie (verein)	4,100	Global	\$2.54	1949	77	77	49	Switzerland
Lawyers Associated Worldwide 3,500 Global (est.) - n/a n/a 105 US	Norton Rose Fulbright (verein)	3,800	Global	\$1.8	2013		50	n/a	Switzerland
	Lawyers Associated Worldwide	3,500	Global	(est.)	-	n/a	n/a	105	US
Club de Abogados         3,000         Regional         (est.)         1967         21         30         21         Brazil	Club de Abogados	3,000	Regional	(est.)	1967	21	30	21	Brazil

<sup>&</sup>lt;sup>17</sup> See appendix 6 for full discussion of vereins as Level 4 networks.

Network, Law Firm and Big 4 Legal	Size	Туре	Billings \$ Billions	Found ed	Jurisd's	Offices	Members	Registration
Legal Link	3,000	Global	(est.)	1	n/a	n/a	60	Switzerland
Primerus	3,000	Global	(est.)	1992	50	200	175	US
CMS Legal	2,800	International	1.0					
Herbert Smith Freehills	2,800	International	\$1.1					
King & Wood Mallesons (verein)	2,700	Regional	\$1.1	2012			n/a	Australia
Squire Patton Boggs (verein)	2,600	Global	\$1.3	2013	44	44	21	Switzerland
Hogan Lovells (verein)	2,500	Global	\$1.8	2011		40	n/a	Switzerland
International Alliance of Law Firms	2,500	International	(est.)	2000			50	US
PWC Legal Network	2,400	Global		2012	75	100	74	UK
Jones Day	2,400	International	\$1.716	1893			n/a	
Ally Law	2,300	Global	(est.)				61	US
Lexwork International	2,100	International	(est.)	-	n/a	n/a	41	US
KL Gates	2,000	International	\$1.1					US
Latham Watkins	2,000	International	\$2.226		14		n/a	
Lawnet Limited	2,000	UK	(est.)	-	n/a	n/a	62	UK
Freshfields Bruckhaus Deringer	2,000	International	\$1.922	1743			n/a	UK
Allen & Overy	2,000	International	\$1.924	1930	32	46	n/a	UK
Clifford Chance	2,000	International	\$2.12	1987			n/a	UK
White & Case	1,906	International	\$1.35					US
Sidley Austin	1,900	International	\$1.8	1886			n/a	US
Skadden, Arps, Slate Meagher & Flom	1,850	International	\$2.21	1948			n/a	US
Ashurst	1,800	International	\$1.7					UK
Linklaters	1,700	International	\$1.98	1838			n/a	UK
Kirkland and Ellis	1,700	International	\$2.016	1909			n/a	US
Garrigues	1,700	International	\$.8					Spain
Consulegis	1,600	Regional	(est.)	1963		150	40	Switzerland
Deloitte Legal Network	1,500	Global	(est.)	2012			n/a	UK
Alliott Group	1,500	Global	(est.)	1979	163		169	UK
E&Y Legal Network	1,100	Global	(est.)	2013			n/a	UK
KPMG Legal Network	1,000	Global	(est.)	2012			n/a	Switzerland

### **Definitions:**

*Network* – an association of independent firms that performs services under their own names.

Law Firm – an organization which operates under a common brand. This would include vereins which are organizations composed of independent firms. <sup>18</sup>

*Global* – More than 100 offices in 50 or more countries

International – More than 50 offices in 25 countries

**Regional** – an association with more than 70% is located in a region or a country (U.S.)

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<sup>&</sup>lt;sup>18</sup> A number of authors, consultants, academics have questioned whether a verein is a law firm or in simply a branded network. Mark A. Cohen, Interview with Lee Pacchia, <a href="https://www.youtube.com/watch?v=1LgmOQBaBrI">https://www.youtube.com/watch?v=1LgmOQBaBrI</a>, February 18, 2016, Michael Siebold, Are global law firms networks in disguise? The Lawyer, January 25, 2016, <a href="https://www.thelawyer.com/are-global-law-firms-networks-in-disguise/">https://www.thelawyer.com/are-global-law-firms-networks-in-disguise/</a>, Mark A. Cohen, Has the Legal Services Deck Been Reshuffled?, Bloomberg Law, February 10, 2016, <a href="https://bol.bna.com/has-the-legal-services-deck-been-reshuffled/">https://bol.bna.com/has-the-legal-services-deck-been-reshuffled/</a>, Douglas R. Richmond & Mathew K. Corbin, Professional Responsibility and Liability Aspect of Vereins, the Swiss Army Knife of Global Law Firm Combinations, 88 St. John's L. Rev. 917 (2014); see also Edwin B. Reseser & Martin J. Foley, Are Verein-Style Law Firms Ignoring Fee-Splitting Ethic Rules?, ABA JOURNAL, Oct. 1, 2013, <a href="https://www.abajournal.com/mobile/article/are\_verein-style\_law\_firms\_ignoring\_fee-splitting\_ethics\_rules">https://www.abajournal.com/mobile/article/are\_verein-style\_law\_firms\_ignoring\_fee-splitting\_ethics\_rules</a>.

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## **Law Firm Network Coverage 2017**



# Enlarge Map

#### All Law Firm Networks Statistics

**Total Law and Multidisciplinary Networks:** 150

Leading Networks (staffed with budget)

Global: 20 Regional: 15 Specialty: 8

Geographic Coverage Countries: 150 US States: 50

**Canadian Provinces: 10** 

#### **Cumulative Statistics**

Attorneys: 300,000+ Offices: 5,000

Revenues: \$125 billion USD Global Legal Market Share: ~20%

Member Clients: Virtually all significant businesses on earth

See network members by country, US states and Canadian provinces. Search members by name.



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## **Chapter 1 – Law Firm Networks**

#### What is a Network?

All businesses represent a pool of financial and human capital that creates a product or performs a service. This capital can be configured in an unlimited number of ways to achieve specific objectives for the service provider or manufacturer. In international professional services, the traditional delivery methods are operations by means of a controlled entity or membership in an association of independent service providers. These associations are commonly referred to as "professional services networks." Law firm networks are one type of professional services networks.

Professional service networks are primarily found in accounting and law. They may also be found in investment banking, insurance, real estate, and architectural services. Every profession that operates locally but has clients in multiple locations is a potential profession for a network. This book will focus on legal, accounting, multidisciplinary, and specialty practice networks. Today, members of these networks employ more than one million professionals and staff, and have annual gross revenues that exceed \$200 billion. In the legal profession revenues approach \$60 billion U.S. dollars.

In order to provide a broad perspective, the networks discussed will include well-known accounting networks like the Big 4. This will allow comparisons with the better-known law firm and multidisciplinary networks, such as Lex Mundi, World Services Group, TerraLex, and Meritas. Lastly, the Swiss association – verein – will be discussed, as it is used by seven firms to offer global legal practice through independent firms. In sum, all of the 170-plus existing law firm networks and associations will be evaluated.

The purpose of this book is to provide a broad overview of legal networks in 2017. It begins with their history. Reviewing how networks are organized provides insight as to how they are governed and operate. This begins with research and is illustrated by numerous examples in both law and accounting. In order for a network to be effective, it must develop an inter-network brand for its members. External branding can be equally important. Operations, governance, and branding have legal and regulatory consequences that must be evaluated. Networks are affected by other externalities, such as regulations, economic conditions, and technology. All have ramifications. Finally, the book predicts the future of law firm networks as the world changes even more.

Networks models are much more subjective than objective. While there may be different levels and management structures, their commonality is that they are *sui generis*. Each network model is unique, formed for different reasons, and there are various motivations. It does not matter whether they are a club of friends or a sophisticated organization with an intricate management structure. The members and potential members are attracted to structures in which they can pursue their own individual objectives under an umbrella. While networks clearly do have things in common, each must be viewed in its own unique context. A successful network is one that meets the expectations of all of its members.

Network organizations are defined by elements of purpose, structure, and process. <sup>19</sup> The purpose of a network is different than that of a company or professional firm in that it is limited to specific activities that will benefit its members and enhance its performance. The network's structure reflects the activities it seeks to promote and the underlying cultures of the members. Each accounting, legal, and multidisciplinary network will be different. The processes define how each network achieves its objectives.

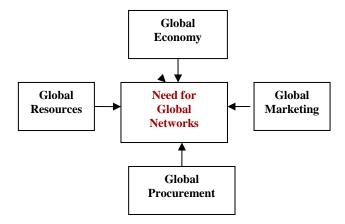
<sup>&</sup>lt;sup>19</sup> M. Van Alstyne, *The State of Network Organizations: A Survey of Three Frameworks*, J. OF ORG. COMPUTING (1997). "Sociologists argue that social patterns of human interaction transcend reductionist economic agendas: 'The pursuit of economic goals is typically accompanied by [such] non-economic [goals] as sociability, approval, status, and power... Economic action is socially situated and cannot be explained by reference to individual motives alone," citing Granovetter, *Problems of Explanation in Economic Sociology*, in NETWORKS AND ORGS. 471-490 (N. Nohria & R. G. Eccles, Eds.).

Networks are created around common specialized assets, joint control, and a collective purpose. The specialized assets reflect the defined activities of the network. Joint control of the assets necessitates collaboration among members. The collaboration is dependent upon a commonly understood collective purpose: A professional services network is neither a mere extension of the members nor only a support organization for independent professional services firms; it is an independent organization.<sup>20</sup> It is also a business and very different from professional associations such as the bar, accounting associations, and other associations whose membership is generally open to all qualified professionals.<sup>21</sup> The term "network" will be used throughout this book to describe these grouping.<sup>22</sup>

The common objective of a network is to create a framework that can allow the members to expand their services. Within the network they can operate to pursue their interests, which can include referrals, joint venturing, access to expertise, developing regional expertise, publishing articles for clients, branding, technical information exchange, market positioning, pro bono services, and more. The scope of these interests is defined not by the members, but by the network.

As alluded to, one of the major factors influencing the need for networks is the globalization of the economy. Supply and demand are no longer local. The price of commodities is affected by the weather halfway across the world or by demand in developing countries. Production takes place wherever the assets and human resources can most effectively deploy. Professional services providers must be able to reach out globally to represent their clients. Networks are the only practical method to accomplish these objectives.

Exhibit 1 – The Need for Global Networks<sup>23</sup>



From a theoretical point of view, networks are an effective model and a powerful system for enhancing services. The members and the networks are different parts of the resource equation for providing members seamless, high-quality, local, and global services. There is no real limit as to what can be accomplished

<sup>&</sup>lt;sup>20</sup> Id. at 8. Networks are "long term purposeful arrangements among distinct but related for-profit organizations that allow those firms in them to gain or sustain competitive advantage," citing C. Jarillo, On Strategic Networks, STRATEGIC MGMT. J. (1988) at 31-41; see also Strategic Alliances, Why Compete? Collaborate, WORLD EXECUTIVE DIG. (Oct. 1989) at 23.

<sup>&</sup>lt;sup>21</sup> Id. The network is a support association whose objectives are defined by the businesses it supports. It hold the registered commercial name that members are licensed explicitly or implicitly to use. See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

These regulations in the EU distinguish between a network and association. *Id.* 

<sup>&</sup>lt;sup>23</sup> See Jagdish Sheth, Strategic Importance of Information Technology, ADVANCES IN TELECOMM. MGMT., 1994, at Volume 4, 3-16; see also B.M. Gilroy, NETWORKING IN MULTINATIONAL ENTERPRISES: THE IMPORTANCE OF STRATEGIC ALLIANCES (1993); see also R. Gulati et. al., Strategic Networks, 21 Strategic Mgmt. J. 203, 203-215 (2000); see also Tim Turley, Winning in a Polycentric World, EY, www.ey.com/GL/en/Issues/Business-environment/Winning-in-a-polycentric-world--globalization-and-the-changing-world-of-business---Winning-ina-world-with-many-centers.

through a network when the network and its membership work with each other. This collaboration is at the heart of the network.

The respective strengths of the membership and the network for achieving specific tasks were well illustrated in a book by Cyrus Freidheim entitled "The Trillion Dollar Enterprise" (1999). In his book Freidheim evaluates many different types of networks. His premise is that every network has potential defined by the human, technical, and financial interests of its members. The book sets out some standards by which to measure the effectiveness of a network as a business model in expansion to local and global markets.<sup>24</sup>

The following charts illustrate how networks can effectively assist members in building a presence in all local markets as well as developing a global presence to meet their clients' needs. The charts distinguish between a company building internally, acquiring another company, or becoming a member in a network. The greatest strength of a network is that the member can have a local presence everywhere to serve clients. Network membership is equally as strong as building internally for global expansion.

Exhibit 2 – Expand Locally or Globally

Locally <sup>25</sup>					Globally <sup>26</sup>				
Exhibit 3	-3 * THE E	BEST WAYS TO	) BE LOCA	L. A.	Exhibit 3-1	♦ THE B	EST WAYS TO	BE GLOB	AL
Critical Capabilities	Build Internally	Acquisitions	Alliances	Network of Alliances	Critical Capabilities	Build Internally	Acquisitions	Alliances	Network of Alliances
Tailor to local requirements					Serve and have access wherever relevant		•		
Market, sell, distribute locally		•			Understand all my customers and markets				
Establish a distinct national image					Meet and anticipate	•	•	•	•
Be the local employer of choice				•	customer needs			•	•
Maintain local	1.1580 1 7.1				Provide best sourcing globally				
ownership, access to local funding, treatment as national			•		Understand issues with important impact on my				
Operate locally in each important market	0	0	•	•	business  Take and keep the lead in all important	•			•
Total	•	•	•	•	markets Total		•		•

Key: The degree to which a circle is filled reflects a given approach is able to meet the selected criteria.

For example, acquisitions fail to meet the ability to take and keep a lead in all-important markets, whereas a network fulfills that need.

The charts do not reflect the relative costs of internally developing a global business and those associated with developing the same business through leveraging network membership. For a company to internally develop a global and local presence takes decades and billions of dollars. For a professional services firm to start a network that will develop the same market penetration may take a decade and cost only millions of dollars. However, in a network these costs would be allocated among the full membership. The cost for future members to gain direct and immediate access to these resources is *de minimis*.<sup>27</sup>

<sup>&</sup>lt;sup>24</sup> Cyrus Freidheim, THE TRILLION-DOLLAR ENTERPRISE: HOW THE ALLIANCE REVOLUTION WILL TRANSFORM GLOBAL BUSINESS (1999).

<sup>&</sup>lt;sup>25</sup> *Id*. at 62.

<sup>&</sup>lt;sup>26</sup> *Id*. at 58.

<sup>&</sup>lt;sup>27</sup> See infra Chapter 3, History of Professionals Services Networks – Why Do They Matter?.

Networks do not practice a profession or provide the services that their members provide to their clients. They operate for the benefit of the members by supporting their operations. The network can combine the resources of the individual members without risking the loss of their personal identities or financial independence.

A network is more than a support organization or collaborative framework in which the members can meet clients' needs. It is an entity entrusted with a common corporate identity. The network name can represent a standard that is required of all its members. The *network*, not the members, owns the logo and brand.<sup>28</sup> Membership can create a global corporate identity. The objective of this identity is network participation that will translate into business for the individual independent members.

## Why Do Firms Join?

When asked why they joined, members usually state that they joined for tangible reasons: to receive referrals from other members, to have reliable firms to which they can refer, to maintain independence, to meet clients' needs, to retain existing clients by being able to provide services in other states or countries, and to obtain new clients in their market who know of the membership. They may also want to exchange knowledge that can reduce risks in firm operations<sup>29</sup> or gain access to other resources.<sup>30</sup>

They also join for intangible reasons. In today's world, change is a constant and is accelerating. Therefore, having access to other members can be important.<sup>31</sup> A network helps to reduce the degree of uncertainty by bringing together a greater number of specialized resources to work on a problem. Network members also reduce possible losses through burden sharing. Membership is a proactive way to profit from change and at the same time to conserve resources. Membership can enhance the prestige of the member by being associated with prestigious firms that the client is already using.

The purpose of a network is to create an organization that can provide for the tangible and intangible interests of each member. The benefits may be provided by the network itself, by other members within the framework of the network, or both.

Networks achieve these objectives in a way that is very different from corporate structures in which executives have command and control.<sup>32</sup> Networks emphasize reputations, commitments, and trust of each member.<sup>33</sup> In networks there is collaboration between members and the network's staff. Personal motivations

<sup>28</sup> See Banco Espirito Santo v. BDO Seidman International, in which the court discussed whether holding the intellectual property of the network was control of the individual members by the network. Banco Espirito Santo Int'l, Ltd. v. BDO Int'l, B.V., 979 So. 2d 1030, 1031 (Fla. Cir. Ct. 2008). For discussion of other issues of related ownership rights and control, see infra Chapter 6, Marketing the Network - Creating the Brand.

<sup>&</sup>lt;sup>29</sup> Van Alstyne, supra note 9. "A network both helps to reduce the degree of uncertainty by bringing a greater abundance of more specialized resources to bear on a problem and it reduces possible loss through burden sharing. Risk is roughly defined as the need to make decisions in the face of uncertainty. Beyond financial risk, it is variously defined as commercial risk (the chances of falling behind or finding a market niche), technology risk (the chances of investing in unproven technology or bringing it to market), and strategic risk (misapprehension of strategic concepts or venturing into unfamiliar markets." For some practical discussion of the theory, see Sophie Evans, A World of Choice, LEGAL WEEK, May 25, 2006, www.legalweek.com/legal-week/news/1173253/a-world-of-choice; see also Robert Ankeny, Alliances Provide Formal International Network, CRAIN'S DETROIT BUSINESS, Sept. 11, 2006, at 12; see also Heather Suite, Leveraging Referral Networks, LEXPERT, June 2013, at 69; see also Nick Jarrett-Kerr, International Alliances: How They Work, What They Deliver and Whether to Join, JARRETT-KERR, Dec. 5, 2012, www.jarrettkerr.com/blog/international-alliances-how-they-work-what-they-deliver-and-whether-to-join/.

<sup>&</sup>lt;sup>30</sup> Van Alstyne, supra note 9: "Network partnerships rely on synergy; together, collaborators earn more by pooling resources than they would earn acting independently."

<sup>&</sup>lt;sup>31</sup> Van Alstyne, supra note 9: "Competition and speed requirement are forcing an ever higher degree of local, regional and niche market responsiveness." See also T. Peters, Liberation Management: Necessary Disorganization for the Nanosecond Nineties 834 (1999).

<sup>32</sup> Command and Conquer, WIKIPEDIA, http://en.wikipedia.org/wiki/Command\_and\_control (last visited Jan. 27, 2016).

<sup>&</sup>lt;sup>33</sup> Don G. Rushing, Building the Virtual Law Firm through Collaborative Work Teams, ACCA DOCKET (Oct. 2001), kuchlerpolk.com/wpcontent/uploads/2014/03/accadocketarticle.pdf.

move the network development forward.<sup>34</sup> However, these same qualities of personal motivations can also impede development of the network.

## **Evaluating Networks – The Criteria**

Professional services networks are rarely evaluated using measurable terms. There are broad measures such as the development of the network, the complexity of the network, and the use of the network by its members. The result is that all networks appear to be the same when there are vast differences. A network like Deloitte with \$35.2 billion in revenue and hundreds of thousands of employees at its member firms is very different from Integra International with \$333 million in revenue and 604 partners. They are both networks and can be evaluated not only by comparison to each other but also by whether each has met its respective objectives of the members.

In this book, networks will be described using three different measurements: levels, dynamics, and internalities/externalities.

- a. Levels 1-4: describes the complexity and sophistication of a network. The level of the network will be determinative of the structure, governance, and issues the network faces in operations and governance.
- b. Network dynamics: how the network and members use the network to meet their objectives (referrals, joint ventures, marketing, etc.). Network dynamics reflect the different projects and activities of the network that involve the members therein. They are also reflected in the levels.
- c. Internalities and Externalities: internally meaning how members perceive the network, and externally meaning how the network is seen by the market in which it operates. Are its objectives and priorities the same? What does it do to market itself internally and externally?<sup>36</sup>

These descriptive terms will be applied to law and multidisciplinary networks. A three-dimensional image of each network should emerge as these criteria are applied to any network. For example, a new network could be already be a level 4 network and be well known in the market because it is a merger of two other very well-known networks.<sup>37</sup>

Understanding the status of a network demonstrates the potential and possibilities for that network. Evaluating a network in this way usually demonstrates how most members of networks under-employ the inherent power of their networks. The measurement of network qualities will also show how the network itself can increase its value to each member and provide clients seamless global services.

<sup>&</sup>lt;sup>34</sup> ADAM SMITH, THE WEALTH OF NATIONS (1776): "Man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favor, and show them that it is for their own advantage to do for him what he requires of them ... It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest" (Today this would be called engagement marketing); *see also infra* Chapter 6, Marketing the Network – Creating the Brand.

<sup>35</sup> Phillip Smith, Top 35 Networks 2013: New Markets, Opportunities, Threats, ACCOUNTANCY AGE (July 2013),

www.accountancyage.com/aa/feature/2280064/top-35-networks-2013-new-markets-opportunities-threats; see a detailed list at Top International Networks, Associations and Alliances, ACCOUNTANCY AGE, www.accountancyage.com/digital\_assets/6839/All\_int\_charts\_2013\_v2.pdf.

<sup>&</sup>lt;sup>36</sup> See infra Chapter 6, Marketing the Network – Creating the Brand.

<sup>&</sup>lt;sup>37</sup> PwC would be such a network. It was formed in 1998 with the merger of Price Waterhouse and Coopers and Lybrand. *See* PwC, CORPORATE HISTORY, www.pwc.com/us/en/about-us/pwc-corporate-history.jhtml.

## Chapter 2 – Law Firm or Network? Market Perceptions and Operations

The best way to make this determination is to objectively analyze the different models for providing legal services from the perspective of their underlying market perceptions, their common characteristics, and their activities. (For a detailed analysis of the Verein, see Appendix 6)

In professional services, the external market perception is very important. It is how a model is understood by those practicing and providing services to the legal profession. It does not necessarily reflect the exact legal status of the organization. It also may not reflect how clients view the models. The clients' perspective may be that they want access to lawyers and firms who can access multiple resources. They may be concerned about how their lawyers are able to manage those resources when providing service. Market perceptions can be very different than the actual legal and operational status.

#### **Network and Association Status**

While the lines are not precise, below are some of the elements that distinguish the various models contrasted with similar models in the accounting profession

Exhibit 3 – Legal, Ethical, Operations, Management, and Branding Status

	Big 4 Network	Legal Verein (network)	Law Firm Network	Law Firm
Members operate under a	Yes	Yes, with	No	Yes
common name		exceptions		
Share profits	No	No	No	Yes
Conflict of interest rules apply	Yes	Yes <sup>45</sup>	No	Yes
Members pay management	Yes	Yes <sup>46</sup>	Yes	No
fees or dues				
Local management has full	Split	Yes <sup>47</sup>	Yes	No
authority				
Operations integrated	Yes	Yes	No	Yes
Command and control	Yes	Semi-local	No	Yes
management		autonomy		
Global practice groups	Yes	Yes	Yes	Yes
Vicarious liability	No	No	No	Yes
Common joint marketing	Yes	Yes	Some/No	Yes
Common tax liability	No	No	No	Yes
Business plan	Yes	Yes	Yes	Yes
Known as network	Yes/No	No	Yes	No
Referred to as network	Yes	Sometimes	Yes	No
Exclusive Referrals	Yes	Yes	No	No

<sup>&</sup>lt;sup>45</sup> In a recent case, the chief administrative judge of the U.S. International Trade Commission held that Dentons was a law firm for conflict of interest purposes. *See* Mark A. Cohen, *Denton's Disqualification and Legal Advertising: Stir But Don't Shake*, BLOOMBERG BNA, July 21, 2015, https://bol.bna.com/dentons-disqualification-and-legal- (This was preceded by a case alleging a conflict of interest against Dentons).

<sup>&</sup>lt;sup>46</sup> Julie Triedman, *Rift Among Rainmakers Complicates Dentons' Mexico Deal*, The American Lawyer, May 19, 2016, http://www.americanlawyer.com/id=1202758141767/Rift-Among-Rainmakers-Complicates-Dentons-Mexico-Deal#ixzz4Bwa1qQra: "Soria noted that the deal to become part of Dentons .... did not seem onerous. His office in Mexico City would be required to send 2 percent of its annual income to the firm's global management as overhead, plus 23 percent of inbound referral fees."

<sup>&</sup>lt;sup>47</sup> Supra note 2: "Dentons promised complete freedom on compensation, hiring and other decisions, as well as a steady stream of inbound referrals."

This analysis shows that a law firm network is very similar to the accounting association. The vereins have common characteristics of accounting networks such as the Big 4, BDO, and Grant Thornton. It is at this point the discussion should focus activity levels. This will further delineate the differences.

#### **Network and Association Levels**

Each network is different in its structure and sophistication. <sup>48</sup> Some networks are informal groups of selected firms that have organized for



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very limited reasons. At the other extreme are networks that have dozens of professionals and staff who work for the network. The Big 4 firms have hundreds of employees who manage the network, and the executives are very much separated from the members. <sup>49</sup> In these networks there is the authority to terminate members, hire staff, and establish procedures and rules for providing services. <sup>50</sup> An analysis of professional services networks must account for these different models.

There are four network and association levels.

Level 1 networks are informal clubs. One or several individuals who have an interest in organizing the network usually head them. Some clubs are referred to as "best friends" networks that, as a rule, may not have a website, do not list their friends, and are generally secretive because the members may also have other "best friends" who are not part of this club. The group may meet several times a year. Each member pays his/her own expenses, since a Level 1 network has little or no budget. Based upon a review of websites, it would appear Level 1 networks would include: (1) Club de Abogados, <sup>51</sup> (2) UniLaw, <sup>52</sup> (3) Southern Law Network,<sup>53</sup> and (4) Arab Legal Network.<sup>54</sup> There are no known networks in accounting that can clearly be labeled Level 1. The accounting profession requires networks that are more developed so they can assist the clients.

Level 2 networks are more formal and have a budget, a small administrative staff, a website, a brochure, and annual meetings. They are generally volunteer networks where the staffs of the members themselves are the principal support of the network. The network will have a two-dimensional website to advertise the network

<sup>&</sup>lt;sup>48</sup> Van Alstyne, supra note 9, quoting D. M. Brock: "Networks have develop in a particular pattern. They first start out as individual professional practice autonomously. The power resides in the professional experts and managers administer the facilities to support the professionals made collegially. At this level change is slow and strategy is formulated consensually. This model evolves to the managed professional business. Business values become the norm and professional management takes over. In the case of a true global network this is necessary to reach its objectives"; see also D.M. Brock, The Changing Professional Organization: A Review of Competing Archetypes, 8 INT'L. J. OF MGMT. REV. 3, 157-174 (2006); see also D.M. Brock & M.J. Powell, Radical Strategic Change in the Global Professional Network: the Big Five 1999-2001, 18 J. OF ORG. CHANGE (2005); see also Philip Smith, Networks Survey: Global Risk, ACCOUNTANCY AGE, Nov. www.accountancyage.com/aa/feature/1748284/networks-survey-global-risk: "(T)he survey found three distinct structural models for trans-national organizations: an international association of independent firms coordinated by a separate legal entity; an integrated international partnership; and a national practice with subsidiaries in other jurisdictions. By far the most popular form of organization was the association model. And within this model three discernible categories of associations whose boundaries are not clear-cut can be identified by their capacity to exercise governance and control and in relation to operational policies and characteristics.

<sup>&</sup>quot;The three categories fall within the framework of a broad correlation between relevance, extent of trans-national activity and referrals on the one hand and size of association budget, shared resources and degree of interaction, coordination and integration between member firms on the other. The majority of associations were at the lower end or middle range of the correlation."

<sup>&</sup>lt;sup>49</sup> See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

<sup>&</sup>lt;sup>50</sup> This authority can create vicarious liability issues as to whether network members are independent or whether the network controls them. See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

<sup>&</sup>lt;sup>51</sup> CLUB DE ABOGADOS, www.clubdeabogadosibero.com (last visited Jan. 28, 2015).

<sup>&</sup>lt;sup>52</sup> UNILAW, www.unilaw.org (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>53</sup> No website available.

<sup>54</sup> Arab Legal Network, www.lasportal.org/en/legalnetwork/Pages/default.aspx (last visited Jan. 29, 2016).

to the members and third parties. Based upon a review of websites, it would appear Level 2 networks would include: (1) PRAC,<sup>55</sup> (2) USLFG,<sup>56</sup> and (3) American Counsel Association.<sup>57</sup> Based upon a review of websites, it would appear Level 2 networks would include: (1) EuraAudit,<sup>58</sup> (2) GMN International,<sup>59</sup> (3) Integra International,<sup>60</sup> (4) Rödl & Partner,<sup>61</sup> and (5) KS International.<sup>62</sup>

**Level 3** networks are formal and institutional structures that generally are more than 10 years old. The annual budgets can be quite substantial, up to many millions of dollars. The networks are formal businesses in their structure, governance, and operations, and have institutionalized member programs that have been executed over a number years. Level 3 networks have staffs that undertake projects beyond meetings, practice groups, and network publications. Their website may be three-dimensional, allowing for interaction among members. The network will have extensive internal relationships with practice and industry groups, an intranet for its members, and common documentation and advertising materials. These networks promote themselves both internally to members and, to some extent, externally to non-members. What separates a Level 3 network from a Level 4 is the scope of activities. Based upon a review of websites and knowledge of the networks, Level 3 networks in the legal profession would include: (1) Lex Mundi, (2) World Services Group, (3) Meritas, (4) TAGLaw, (5) SCG Legal. In the accounting profession, based upon a review of websites, it would appear Level 3 networks would include: (1) Praxity, (9) (2) Crowe Horwath International, (3) RSM, and (4) Baker Tilly.

**Level 4** professional services networks are found primarily in accounting and, to a limited extent, in the legal profession. While Big 4 are technically and legally networks, <sup>73</sup> their operation resembles that of any large corporation. They have a very significant external brand and are most often viewed as seamless corporations, which they are not. Many of the large accounting firms — beyond the Big 4, BDO International, and Grant Thornton International — are at Level 4 or seeking to become Level 4 networks. If vereins in the legal profession are networks, they aspire to be Level 4 networks with full integration of their members.

<sup>&</sup>lt;sup>55</sup> PACIFIC RIM ADVISORY COUNCIL, www.prac.org (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>56</sup> UNITED STATES LAW FIRM GROUP, www.uslfg.com (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>57</sup> AMERICAN COUNSEL ASSOCIATION, www.amcounsel.org (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>58</sup> EURAAUDIT INTERNATIONAL, WWW.euraaudit.org (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>59</sup> GMN INTERNATIONAL, www.gmni.com (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>60</sup> INTEGRA INTERNATIONAL, www.integra-international.net (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>61</sup> RÖDL & PARTNER, WWW.roedl.com (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>62</sup> KS INTERNATIONAL, www.ksi.org (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>63</sup> A two-dimensional website is one that contains information about the network and members, and may allow for registration at meetings. It could be described as an online brochure. A three-dimensional website is interactive and is modified as users utilize the website. It incorporates new content based upon other existing content. It can anticipate and adapt to all of the individual users. It is a "social network" in which members can communicate, form teams, manage transactions, and otherwise interact among themselves. There is only one network in professional services that has a three-dimensional website: see WORLD SERVICES GROUP, www.worldservicesgroup.com (last visited Jan. 29, 2016). See also Ernan Ronan, Megatrend #4: Consumers Demand Three-Dimensional Website Experiences, THE HUFFINGTON POST, Dec. 6, 2010, www.huffingtonpost.com/ernan-roman/megatrend-4-consumers-dem b 792794.html.

<sup>&</sup>lt;sup>64</sup> LEX MUNDI, www.lexmundi.org (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>65</sup> WORLD SERVICES GROUP, www.worldservicesgroup.com (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>66</sup> MERITAS, www.meritas.org (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>67</sup> TAGLAW, www.taglaw.com (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>68</sup> SCG LEGAL, www.statecapitalgroup.com (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>69</sup> PRAXITY, www.praxity.com (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>70</sup> Crowe Horwath, www.crowehorwath.com (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>71</sup> RSM, www.rsm.global (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>72</sup> Baker Tilly International, www.bakertillyinternational.com (last visited Jan. 29, 2016).

<sup>&</sup>lt;sup>73</sup> See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

<sup>&</sup>lt;sup>74</sup> The auditing function of accounting firm requires a high degree of regular interaction among members of the network. This seamless service is effectively mandated by the SEC. The rules of accounting and auditing are established by the Office of the Chief Accountant. It works with the Financial Accounting Standards Board to define the Generally Accepted Accounting Principles (GAAP) with the Public Company Accounting Oversight Board to develop audit requirements, and with the International Accounting Standards Board to promote International Financial Reporting Standards.

The following table illustrates the distinguishing elements of each level.

## **Exhibit 4 – Summary Four Levels of Network Development**

	Level 1	Level 2	Level 3	Level 4
Common description	Club	Network or Association	Network	Accounting Network Law Verein
Examples	Club de Abogados	PRAC, USLFG, and American Counsel Association	TerraLex, Lex Mundi, GGI, ILN, Multilaw, MSI, WSG, TAGlaw	Big 4. Law firm vereins (Baker McKenzie, DLA)
Relative size of firms	Mixed	Some with large firms like PRAC, World Law Group. Most with small and midsize firms	Mixed (SCGl, TerraLex), members all among largest (Lex Mundi and WSG); midsize (Meritas)	Large firms in each country in the case of accounting. In law anchor firms are large but many members are smaller.
Website	No	Yes – directory	Yes – directory, interactive, member- focused	Yes – directory, interactive, third-party focused
Budget	No	Yes – up to \$500,000	Yes – up to \$8 mm	Yes – \$8+ mm
Staff	No – part-time help	Yes – usually 1 or 2	Yes – 6 to 30	Yes – more than 30+
Publications	No	Brochure	Brochure and member publications. Publications directed to possible clients	Brochure and member publications
Meetings	Semi-annual meetings	Annual meeting and regional meetings	Annual meetings, regional meetings, practice group meetings	Annual meetings, regional meetings, practice group meetings
Professional education	No	No	Yes – can be quite extensive <sup>75</sup>	Yes
Membership is strategic	No	No – focus is exclusively or primarily internal to network	Yes – internal and external marketing functions	Yes – very strategic for each firm
Corporation	No	No	Yes – independent corporation owned by members.	Yes – potentially multiple corporations
Board of directors	No	Yes – may be called advisory board from membership. Board memberships do not change.	Yes – succession plan	Yes
Executive committee	No	No	Yes	Yes
Staff	No	Yes – staff operates at the requests of members.	Yes – staff responsible for all operations. CEO leads.	Yes – staff responsible for all operations. CEO leads.
Board of General Counsel Advisors	No	No	Some	Yes
Member extranet	No	No	Yes – some high technical	Yes
External marketing materials	No	No	Yes – considerable in many different formats.	Yes – coordinated throughout network
Brand name use by Members	No	Referenced on website of members	Yes – prominently displayed on website,	Brand name in firm name or is firm name

 $<sup>^{75}\</sup> Joanne\ Harris, \textit{Law Firm Networks: Distance Learning}, The\ LAWYER, Sept.\ 2,\ 2013,\ www.thelawyer.com/news/people/education-and-training/law-firm-networks-distance-learning/3008615.article.$ 

	Level 1	Level 2	Level 3	Level 4
			some letterheads, and business cards.	
Event sponsorships	No	No	Some small events	Yes – golf, auto races, etc.
Research grants	No	No	No	Yes
Awards to non- members	No	No	Some – student writing contests, pro bono	Yes
Trade publication advertising	No	No	Yes	Yes
Business magazine advertising	No	No	No	Yes
Television advertising	No	No	No	Yes
Foundation	No	No	Some	Yes

It is, however, very important to note that the models are equal in one sense: They reflect the needs of each member at any given time. A small Level 2 network can be just as successful as a Level 4 if it meets the needs and expectations of its members and a more sophisticated model is not needed or desired. A higher-level network that does not meet expectations will not be successful simply because of its higher level.

#### The Disclaimer - the DNA of a Network

A Level 3 or 4 network is a legal entity in which independent law firms seek to demonstrate to clients their relationships with other firms in order to provide services. This is important because the entity itself does not provide legal services. This requires that the member firms either demonstrate adherence to common standards or create the impression that they operate as one entity under a common brand. There is inherent tension between the marketing of the relationships and the need to maintain independence so as not to incur vicarious liability or violate ethics rules. <sup>76</sup> Operational independence means that the network must be able to define the relationships among members in terms of their common interests. The networks can easily blur their relationships.

How does one recognize a network? Every network from PWC to Lex Mundi uses a "network disclaimer." The legal profession's new Swiss associations also each have a disclaimer even though they profess to be law firms. The network disclaimer of PWC<sup>77</sup> states that the network members are independent firms that do not practice jointly and are not responsible for the negligence of another member. It further states that the network does not practice a profession or otherwise provide services to clients of the network's members. From the concept of independence found in the disclaimer, the foundation of both network operations and governance is laid.

These legal disclaimers found on a website may be in contrast to marketing efforts that leave the impression or seek to demonstrate uniform standards of brand quality. In the accounting profession, this duality has led to the regulatory distinction between networks and associations.<sup>78</sup> In the legal profession, the term "network" has no statutory definition. This can lead to the confusion between what law firms are and what networks are. For example, Lex Mundi and TerraLex are clearly recognized as networks. Clifford Chance, Jones Day,<sup>79</sup> or

 $<sup>^{76}</sup>$  See infra Chapter 8, Networks and the Technology Revolution.

<sup>77 &</sup>quot;PricewaterhouseCoopers' and 'PwC' refer to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL). Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way." PWC SOUTH AFRICA, www.pwc.co.za/en/index.jhtml (last visited July 25, 2015).

<sup>&</sup>lt;sup>78</sup> See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

<sup>&</sup>lt;sup>79</sup> The Value of a True Partnership, JONES DAY, www.jonesday.com/atruepartnership/.

Morrison & Foerster are law firms in which the partners share profits, expenses, and liabilities. There is no disclaimer.

Does the disclaimer of the seven Swiss associations (Dentons, DLA Piper, Hogan Lovells, Norton Rose Fulbright, Baker & McKenzie, King & Wood Mallesons, and Squire Patton Boggs) make them networks?<sup>80</sup> Let's look at some examples of their disclaimers so that the reader can determine their status.

On their website DLA Piper refers to itself as a law firm<sup>81</sup> but at the same time denies it is a partnership. "[W]ords or phrases such as 'firm', 'law firm' or 'international legal practice' are for convenience only and does not imply that all or any of such entities are in partnership together or accept responsibility for the acts or omissions of each other."<sup>82</sup> In a Google search for Dentons, it describes itself in the search results as a "global law firm." In the legal notice on its website, it is a global legal practice providing client services worldwide through its member firms and affiliates, "each of which is its own Legal Practice."<sup>83</sup> Similar disclaimers are found in Hogan Lovells, Anorton Rose Fulbright, Baker & McKenzie, King & Wood Mallesons, and Squire Patton Boggs. These disclaimers or legal notices seem to parallel those of the Big 4 accounting firms that are clearly and proudly networks. It would appear that the opposite is true for the vereins who want to be law firms.

Being a law firm allows the vereins to be evaluated in the media as integrated organizations. At the same time the verein provides the benefit of being an organization that grows quickly.<sup>89</sup> The inherent public relations value to be ranked as among the largest law firms is immeasurable.<sup>90</sup> By referring to their recruiting efforts as "mergers," the impression is created that the member firms are integrated and each has a global practice. Some commentators see them as merely extending the network to other independent firms.<sup>91</sup> The only difference may be their intent, at a future point, to become a fully integrated firm.<sup>92</sup>

<sup>&</sup>lt;sup>80</sup> Defined in *Newsweek* as "a German word meaning association, club or network." Lynnley Browning, *Legal Swiss Cheese*, NEWSWEEK, Dec. 15, 2014, www.newsweek.com/legal-swiss-cheese-291745.

<sup>81</sup> For detailed discussion, see Appendix 6. See DLA PIPER, www.dlapiper.com (last visited July14, 2015).

<sup>82 &</sup>quot;The use of the name 'DLA Piper' and words or phrases such as 'firm,' 'law firm' or 'international legal practice' is for convenience only and does not imply that all or any of such entities are in partnership together or accept responsibility for the acts or omissions of each other." DLA PIPER, LEGAL NOTICES, www.dlapiper.com/en/us/footer/legalnoticespage/ (last visited July 14, 2015).

<sup>&</sup>lt;sup>83</sup> "Dentons is a global legal practice providing client services worldwide through its member firms and affiliates.....each of which is its own Legal Practice. Salans FMC SNR Denton Group (a Swiss Verein) does not itself provide legal or other client services." DENTONS, www.dentons.com/en/legal-notices (last visited July 14, 2015).

<sup>&</sup>lt;sup>8</sup> "Hogan Lovells' or the 'firm' refers to the international legal practice that comprises Hogan Lovells International LLP, Hogan Lovells US LLP and their affiliated businesses, each of which is a separate legal entity." HOGAN LOVELLS, www.hoganlovells.com/legal-notices/ (last visited July 22, 2015).

<sup>85 &</sup>quot;'References to 'Norton Rose Fulbright', 'the law firm', and 'legal practice' are to one or more of the Norton Rose Fulbright members or to one of their respective affiliates (together 'Norton Rose Fulbright entity/entities'). That reference does not imply that the Norton Rose Fulbright entities are in partnership together, nor that one Norton Rose Fulbright entity accepts responsibility for the acts or omissions of another." NORTON ROSE FULBRIGHT, www.nortonrosefulbright.com/legal-notices-and-disclaimers/ (last visited July 14, 2015).

<sup>&</sup>lt;sup>86</sup> "Baker & McKenzie LLP is a member firm of Baker & McKenzie International, a Swiss Verein, with other member law firms around the world. In accordance with the common terminology used in professional service organizations, reference to a 'partner' means a person who is a partner, or equivalent, in such a law firm. Similarly, reference to an 'office' means an office of any such law firm." BAKER & MCKENZIE LLP, www.bakermckenzie.com/disclaimers/ (last visited July 14, 2015).

<sup>&</sup>lt;sup>87</sup> "King & Wood Mallesons refers to the network of firms which are members of the King & Wood Mallesons network and their associated service companies." KING & WOOD MALLESONS, www.kwm.com/en/legal-notices (last visited July 14, 2015).

<sup>&</sup>lt;sup>88</sup> "Squire Patton Boggs is the collective trade name for an international legal practice, the practicing entities of which are separate and distinct law firms and other entities. Squire Patton Boggs International Association (a Swiss Verein) does not itself provide, directly or indirectly, any legal or other client services." SQUIRE PATTON BOGGS, http://www.squirepattonboggs.com/footer/legal-notice (last visited July 14, 2015).

<sup>&</sup>lt;sup>89</sup> Bruce MacEwen, *Norton Rose Fulbright: a Merger, a Combination, or Trying to Have It Both Ways?*, LEGAL WEEK, Oct. 15, 2014, www.legalweek.com/legal-week/blog-post/2375816/norton-rose-fulbright-a-merger-combination-or-lawyers-trying-to-have-it-both-ways.

<sup>&</sup>lt;sup>90</sup> This practice has been criticized by integrated law firms as not reflecting the true nature of the firms. See Matt Byrnes, K&L Gates' Kalis Renews Attacks on Swiss Vereins, The Lawyer, www.thelawyer.com/firms-and-the-bar/kl-gates-kalis-renews-attack-on-swiss-vereins-in-video-interview/3003318.article; see also Ed Shanahan, The Am Law 100: Grand Illusion, The Am Law DAILY (May 2, 2011), amlawdaily.typepad.com/amlawdaily/2011/05/grandillusion.html; see also Tony Williams, Advance of Global Verein Firms, WORLD SERVICES GROUP, September 2014, www.worldservicesgroup.com/presentations/928/928\_2.pdf.

<sup>&</sup>lt;sup>91</sup> Priyanka Bhat & Vaidehi Shankar, *Unholy Bond - Insight into the Swiss Verein Structure*, NSLR BLOG, May 15, 2015, nslrblog,wordpress.com/2015/05/02/unholy-bond-insight-into-the-swiss-verein-structure/; Natasha Bernal, *What's the Deal With... Dentons Merging* 

Lastly, there are now the Big 4 and BDO in the legal market outside of the United States. <sup>93</sup> Their legal practices come under the general umbrella of networks of independent firms, large numbers of which have their own legal practices. They can operate as the accounting and consulting services operate through centrally coordinated activities but as independent firms. Their expansion to law represents the adaptability of networks to create an organizational structure by combining existing units to offer new services.

So what is a law firm network? Up until recently, from the perspective of law firms, many of these points may have been distinctions without a difference. Today, it appears that the legal system is beginning to hold "networks" to different standards. The Swiss associations have been held accountable as law firms because they say they are law firms. 94 In Europe, accounting firms that are part of networks are also accountable even though each member is independent. 95 Both Swiss associations and accounting networks have the same legal status as a law firm as to liability and conflicts of interest. However, from a marketing perspective, these are not mere distinctions; being a verein creates some advantages over the traditional law firm network where the members are clearly independent but lack a recognizable brand. This affects how the network is perceived and how it is evaluated in the market.

Until these two issues are resolved, they impact the marketing of networks internally to members and externally to clients, the media, and the global legal profession as seen from the client's perspective. They also affect the legal status of networks. However, in the end, this may not be relevant when the analysis is of the underlying model themselves, rather than the self-serving characterizations.

with 21 Firms? THE LAWYER (June 22, 2015), www.thelawyer.com/home/insight/whats-the-deal-with-dentons-merging-with-21-firms/3036205.article.

<sup>&</sup>lt;sup>92</sup> Given the history of the accounting profession and ethical considerations, some have doubted that this will occur. See Sheth, supra note 12.

<sup>&</sup>lt;sup>93</sup> Mark A. Cohen, *By Stealth or By Storm? The Big Four and the Legal Market*, LEGAL MOSAIC, June 22, 2015, legalmosaic.com/2015/06/22/the-bigfour-legal-market/; *see also Attack of the Bean Counters*, THE ECONOMIST, March 31, 2015, www.economist.com/news/business/21646741-lawyers-beware-accountants-are-coming-after-your-business-attack-bean-counters.

<sup>&</sup>lt;sup>94</sup> In a recent case, the chief administrative judge of the U.S. International Trade Commission Court held that Dentons was a law firm for conflict of interest rules. *See* Mark A. Cohen, *Denton's Disqualification and Legal Advertising: Stir but Don't Shake*, BLOOMBERG BNA, bol.bna.com/dentons-disqualification-and-legal-advertising-stir-but-dont-shake/ (This was preceded by a case alleging a conflict of interest against Norton Rose Fulbright). *See also* MacEwen, *supra* note 76.

<sup>&</sup>lt;sup>95</sup> See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

## Chapter 3 – History of Networks– Why Does They Matter?

Networks of professional services firms date to the 19<sup>th</sup> century with correspondent banks. In order to secure assets, banks established networks and internal regulations for the transfer of funds. These networks were the first organizations that operated independently of the members. The network established a set of common standards with an organization that applied these standards for the benefit of members and clients. 96 The correspondent banking system also represented the first form of a global structure that prevails today.

In the last 25 years, the trend toward networks has been accelerated by a number of factors including (1) globalization, <sup>97</sup> (2) competition, (3) client regulations, and (4) the need for access to information. It is simply impossible for a single professional services firm to be in every market where their clients require services.<sup>98</sup> Network membership addresses each of these environmental factors. As an alternative structure, members can have access to offices in every city in the world. They can compete against the much larger entities and address the myriad of new regulations affecting their clients. Access to information is essentially unlimited.

The networks themselves are a reflection of the professions in which they are found. In professional services, the principal of client-driven networks was first applied to accounting firms and later was extended to the legal profession. The accounting networks reflect the clients' needs for audit services in many different states and countries. The legal networks reflect the fact that large law firms with offices in other states or countries sought to seduce the clients of local firms by offering their more extensive services. The members need a network to be able to offer the same level of services. An organized and well-managed network is the best option for independent firms.

Networks are, however, more than organized structures in which members can service clients. They are entities separate and distinct from the members. In this sense networks can establish a recognizable internal and external brand for their members.<sup>99</sup> Internal branding of a network instills confidence in it and its members. Externally branding a network can increase the actual price of its services by distinguishing its brand from those of its competitors. 100

Today there are more than 170 legal networks<sup>101</sup> and more than 40 accounting networks.<sup>102</sup> Their sizes range from multibillion-dollar global networks, such as the Big 4, to small specialist associations. 103 Both face similar issues. Each must translate a model into concrete results for members and their clients. To see how this is done, it is necessary to look at the different levels of development of individual networks.

<sup>96</sup> CORRESPONDENT BANKS, www.svpco.com/payment\_services/check\_image\_exchange/connect/001591.php (last visited Jan. 30, 2016).

<sup>&</sup>lt;sup>97</sup> Harvard Law School Center on the Legal Profession reported in the Am Law Global 100 that U.S. law firms had 10 percent of their lawyers based outside of the U.S., as compared to 26 percent of the non-U.S. firms. The U.S. firms averaged five offices. HARVARD LAW SCHOOL, www.law.harvard.edu/programs/plp/pages/statistics.php#sotflf (last visited Jan. 30, 2016).

<sup>98</sup> C. Silver, Globalization and the U.S. Legal Market in Legal Services - Shifting Identities, 31 L & POLY IN INT'L BUS. 1127-29 (2000); Rachel Baskerville & David Hat, Globalization of Professional Accounting: The Big 8 Entering New Zealand, (University of Exeter, Dept. of Accounting, Working Paper, 2006), available at http://hdl.handle.net/10036/29637; see also H. A. Perera et. al, Globalization and the Major Accounting Firms, 13 AUSTRALIAN ACCOUNT. REV., 27, 27-37 (2003).

<sup>&</sup>lt;sup>99</sup> See infra Chapter 6, Marketing the Network – Creating the Brand.

<sup>100</sup> M. Firth, Price Setting and the Value of a Strong Brand Name, 10 INT'L J. OF RES. IN MARKETING 381, 381-386 (1993).

<sup>&</sup>lt;sup>101</sup> See infra Appendix 2.

<sup>102</sup> Philip Smith, Top 40 Networks 2015: The Survey, ACCOUNTANCY AGE, July 9, 2012, www.accountancyage.com/aa/analysis/1776670/top-35networks-2013-the-survey.

<sup>103</sup> Networks and associations of accounting firms are unusually ranked by the cumulative revenues of all of their members. They can be ranked by total staff, professionals, and partners.

## **Accounting Networks – Setting the Standard for Networks**

"The accounting profession in the U.S. was built upon a state-established monopoly for audits of financial statements." Accounting networks arose out of the necessity for public American companies to have audited financial statements for the Securities Exchange Commission (SEC). For more than 70 years, the SEC has continually sought for greater coordination and consistent quality in audits everywhere in the world. Networks were the logical model to address these requirements. They expanded outside of the United States, since financial results had to be audited wherever a company conducted business. In the U.S., the Public Company Accounting Oversight Board (PCAOB) regulations provide for inspection of non-United States firms. Without a network with common standards and internal means of communications, conducting the required audits would not be possible. 106

There were other profession-based factors that favored the growth of accounting networks. As a result of competition for the audit work, consolidation was inevitable. These include the fact that a network can establish a brand. A brand establishes the credibility of the network and allows the individual members to charge more. <sup>107</sup> Creating a brand is very difficult when all of the members of a network are providing essentially the same services.

Being a network member establishes that the firm is part of a large group. Additionally, the larger the firm, the more likely it will be invited to render auditing engagements. A large organized network allows for spreading the costs in order to price competitively. Ultimately, size is the only real means of differentiation that is readily available on accounting firms to assure clients that they can do international work. 108

Networks also reflect the clients' needs for seamless worldwide services because they are more efficient and cost-effective. This was clearly illustrated by Freidheim. <sup>109</sup> From the perspective of the accounting firm, a global regulated organization with consistently applied standards significantly reduced the risk. However, increasing the size of the networks can enhance legal liability risks <sup>110</sup> and quality control issues that have not been resolved. <sup>111</sup>

With these factors in play, some networks continued to grow; others remained in a stasis position. Individual members of networks began to offer other services related to accounting. These services included forensic accounting, business appraisals, employee benefits planning, strategic planning, and almost anything

<sup>108</sup> Rachel Baskerville & David Hat, Globalization of Professional Accounting: The Big 8 Entering New Zealand, (University of Exeter, Dept. of Accounting, Working Paper, 2006), available at http://hdl.handle.net/10036/29637, citing Greenwood et. al., Biggest is Best? Strategic Assumptions and Actions in the Canadian Audit Industry, 10 REVUE CANADIENNE DES SCIENCES DE L'ADMINISTRATION 308-322 (1993).

<sup>&</sup>lt;sup>104</sup> W. E. Olson, *The Accounting Profession in the 20<sup>th</sup> Century*, THE CPA J. (July 1999).

<sup>&</sup>lt;sup>105</sup> For the history of accounting networks, see MARK STEVENS, THE BIG SIX (1991); see also Stephen A. Zeff, How the U.S. Accounting Profession Got Where It Is Today, 17 ACCOUNTING HORIZONS 189-205 (Sept. 2003); see also. H. Lenz & M. Schmidt, Das Strategische Netzwerk als Organisationsform internationaler Prüfungs- und Beratungsunternehmens – die Entwicklung zur "Global Professional Service Firm", in J. ENGELHARD & E.J. SINZ, KOOPERATION IM WETTBEWERB. WIESBADEN 113-150 (1999); see also J. Klaassen & J. Buisman, International Auditing, in COMPARATIVE INT'L ACCT. (Chris Nobes & Robert Parker Eds., 6<sup>th</sup> ed. 2000); Michael Barrett, et. al., Globalization and the Coordinating of Work in Multinational Audits, 30 ACCT., ORGS. AND SOC'Y 1, 1-24 (2005).

<sup>&</sup>lt;sup>107</sup> Van Alstyne, *supra* note 8.

<sup>&</sup>lt;sup>109</sup> Freidheim, *supra* note 14, for a discussion on the history of networks.

<sup>&</sup>lt;sup>110</sup> See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

<sup>&</sup>quot;In some respects, the nature and structure of the industry today is more likely to hamper than help in that process (quality control). Specifically, we noted the geographic dispersion of the Big Four's accountants, the many different cultures in which they practice, and the many legal systems to which they are subject. All of these factors make it extremely difficult to maintain uniform audit and performance standards. Participants also voiced concern about the characteristic organizational structure of a Big Four firm, an amalgam of partnerships with separate legal identities operating under the same brand name. While it may be unrealistic to demand that each such confederation of partners become a single partnership, we believe each firm can do far more to raise standards and levels of expertise at each of these related partnerships globally." *The Future of the Accounting Profession*, THE 103RD AMERICAN ASSEMBLY, 10 (Nov. 13-15, 2003) www.iasplus.com/resource/americanassembly.pdf.

associated with financial parts of the client's business. 112 The network's structure easily accommodated these services and their geographical expansion. 113

As the Big 8 consolidated to the Big 6 and then the Big 4, new networks naturally developed to emulate them. BDO and Grant Thornton were the earliest followers. Networks were then developed to serve midmarket companies and private businesses. New networks also sprang up as an extension of a single accounting firm in the same way the Big 8 were formed. New structures were created to further extend the networks.

The largest accounting networks adopted trade names that each member used. The names of the original firms that became part of the networks were lost and replaced with trade names. For example, Price Waterhouse joined with Coopers & Lybrand to become PricewaterhouseCoopers, which became PWC. The perception was created that these networks were more than networks, but single entities rather than completely independent firms. This was never the case. The result was that the Big 8 concept was established, which separated the eight firms from all other accounting firms, which have consolidated to the Big 4.

Another factor in the development of networks in accounting was the AICPA's prohibition of advertising. While the largest firms indirectly advertised their services, the small firms complied with the rules and believed advertising to be unprofessional. Additionally, midsize firms were de facto restricted from advertising simply because of limited budgets. They could not create a brand that was able to compete with the one established by the Big 8. The Federal Trade Commission lifted the advertising restriction in the 1970s. 114

In the 1990s, the large accounting firms reached another ceiling in the services they made available to their clients. Having reached their natural limit on growth with more than 90 percent of auditing for public companies, the Big 6 branched out to become multidisciplinary in legal, technology, and employment services. Since the essential infrastructure was in place, it was thought to be relatively simple to incorporate other services into the existing network. As a network, it was natural to create independent entities in other professions that themselves could be part of the network. The method and structures varied from firm to firm.

When the Big 6 began its expansion to the legal profession, it was met with fierce opposition from law firms and bar associations. Commissions, panels, and committees were established by legal and accounting firms to argue their positions. Government agencies were enlisted. For more than five years the debate escalated. This movement ended abruptly with the fall of Arthur Anderson as a result of its association with Enron. Sarbanes Oxley followed, which appeared effectively end this trend. This has not been the case in that the networks have reemerged outside of the U.S. with PWC boasting more than 2,000 attorneys in 75 countries. This expansion into consulting has not gone unnoticed by accounting regulatory bodies.

<sup>112</sup> See DELOITTE, www.deloitte.com/view/en\_US/us/siteMap/index.htm, for a list of services that Deloitte LLP offers.

<sup>&</sup>lt;sup>113</sup> Aharoni, *Internationalization of Professional Services: Implications for the Accounting Profession*, in BROCK ET AL., RESTRUCTURING THE PROFESSIONAL ORGANIZATION (1999). The internationalization process continues; *see also* Adam Jones & Simon Rabinovitch, *Accounting: Stalking the Big 4*, FINANCIAL TIMES, April 16, 2013, at 9, discussing the development of very large indigenous accounting firms in China.

<sup>&</sup>lt;sup>114</sup> American Inst. of Certified Public Accountants, 113 F.T.C. 698 (1990).

<sup>&</sup>lt;sup>115</sup> Stephen McGarry, Multidisciplinary Practices and Partnerships, AMERICAN LAWYER MEDIA (2002); see also CIARÁN HANCOCK, MASTERS OF THE UNIVERSE: A NEW WORLD ORDER IN ACCOUNTING AND CONSULTING (1998); see also Benito Arruñada, Non-Audit Services: Let an Informed Market Decide, 4 ACCOUNT. 63 (1998).

<sup>&</sup>lt;sup>116</sup> However, one study indicated that revenue was increased. *See* Liz Fisher, *International Accountancy Networks Survey: Sarbox Boosts Revenues Across Globe*, 135 ACCOUNT. 26 (June 2005), at 26-29. Additionally, Sarbanes Oxley has not limited firms from providing non-audit and non-accounting services outside of the United States.

<sup>&</sup>lt;sup>117</sup> See PWC Legal Network, http://www.pwclegal.co.uk/ (last visited Feb. 1, 2016); see also Deloitte Legal, www.deloitte.com/view/en\_US/us/Services/tax/global-business-tax/global-legal-services/ (last visited Feb. 1, 2016); see also E&Y Legal www.ey.com/Publication/vwLUAssets/EY\_Corporate\_Law\_Services\_brochure/\$File/EY-Corporate-Law-Services.pdf (last visited Feb. 1, 2016); see also KPMG Legal, www.kpmg.com/cee/en/services/tax/legal-

Accounting networks are now facing a new challenge that goes to the heart of the image that firms wish to project to clients. The perception has been that the Big 4, Grant Thornton, and BDO are single entities that perform services around the world for clients of this single entity. As a result of court cases discussed in Chapter 5, this has introduced significant liability issues requiring the networks to distance themselves from the perception of being a single entity.

Other issues relate to imposed regulations that require the "networks" to define whether they are "associations" of independent firms, or are more integrated networks operationally and financially. This has implications regarding vicarious liability where members could be liable for the negligence of another member. Self-definition as a network or association will affect whether there are conflicts of interest. Accounting scandals have again focused on the fact that the Big 4 has a near monopoly on audits of public companies. Networks are demanding regulations to require that auditors rotate and include the smaller networks in this rotation. The demands also request that mid-market firms be able to participate to break up the monopoly of the Big 4. These developments are discussed in Chapter 6 in detail.

Today there are 54 accounting networks whose members' cumulative revenues range from \$25 million to \$31.5 billion. 119 The top 25 networks have cumulative revenues of \$166 billion. 120

### **Law Firm Networks – The Competitive Challenge**

There were two distinct and different reasons for developing networks in the legal profession. The first was internationalization, which became globalization. Law firms simply needed international connections. The second was expansion of a number of large United States firms to become "national." Smaller firms or firms with a niche practice required this same expertise in other states.

Internationalization of the legal profession began much later then in accounting. <sup>122</sup> There was no real need because, unlike the accounting firms that conducted worldwide audits, law firms in each country were able to deal with client matters. This changed in 1949 when Baker & McKenzie began to expand to non-United States markets in order to assist U.S. clients that were expanding overseas following World War II. <sup>123</sup> The first step was establishing correspondent relationships with firms outside of the United States. This was necessary in that many countries would not permit a law firm to operate without a local name. <sup>124</sup>

Internationalization was slow to start because the legal profession was much more restrictive than accounting in allowing foreign firms to enter and practice in their countries. There were rules requiring that the names of the partners be present in the name of the firm. As a firm expanded, it began to use its name when possible in as many countries as commercially feasible. The objective was the same as in accounting: to establish a

services/pages/default.aspx (last visited Feb. 1, 2016); see also BDO LEGAL SERVICES,

www.bdointernational.com/Services/Advisory/Other/Legal-Services/Pages/default.aspx (last visited Feb. 1, 2016).

<sup>&</sup>lt;sup>118</sup> Michael Cohen, PCAOB to Focus on Accounting Firms Growing Consulting Practices, ACCOUNT. TODAY (Nov. 23, 2013),

http://www.accountingtoday.com/news/PCAOB-Focus-Accounting-Firms-Growing-Consulting-Businesses-68855-1. html.

<sup>&</sup>lt;sup>119</sup> See Accounting Associations and Networks Directory, AMERICAN INSTITUTE OF CPAs (2012),

www.aicpa.org/Research/External Links/Download able Documents/Firm Association Services.xls.

<sup>&</sup>lt;sup>120</sup> Smith, supra note 89. See also Liz Loxton, Global Ambitions: a Modest Rise in Fee Income Marks a Year of Consolidation for International Networks and Associations, ACCOUNTANCY LIVE (July 2011), www.ggi.com/mm/Accountancy\_Magazine\_Ranking\_2011.pdf.

<sup>&</sup>lt;sup>121</sup> James R. Faulconbridge et. al, Global Law Firms: Globalization and Organizational Spaces of Cross-Border Legal Work, 28 Nw. J. INT'L L. & Bus. 455 (2008).

<sup>122</sup> Richard L. Abel, Transnational Law Practice, 44 CASE W. RES. J. INT'L L. 737 (1994).

<sup>&</sup>lt;sup>123</sup> See HISTORY OF BAKER & MCKENZIE, www.bakermckenzie.com/firmfacts/firmhistory/ (last visited Feb. 1, 2016); see also John BAUMAN, PIONEERING A GLOBAL VISION: THE STORY OF BAKER & MCKENZIE (1999).

<sup>124</sup> This rule still applies in a number of countries like Brazil where the Baker McKenzie members uses their own respective firm names. See Keep Out – Brazilian Lawyers Do Not Want Pesky Foreigners Poaching Their Clients, The Economist, June 23, 2011, www.economist.com/node/18867851?story\_id=18867851&fsrc=rss. The same applies to India. See Margaret Taylor, Ashurst Seals Best-Friends Deal with India Law Partners, The LAWYER, July 15, 2011, www.thelawyer.com/1008640.article.

brand and attract clients to it. The downside was that the legal profession looked down at the Baker & McKenzie model. Baker & McKenzie was pejoratively characterized as a franchise by its competition. <sup>125</sup> The forces of the international community converged in the late 1980s. U.S. and English firms began establishing branches in the primary commercial centers. This new competition in local markets had the immediate effect of forcing local firms to evaluate alternative ways of providing services to their international clients.

Law firms, like the accounting firms, were looking for new markets. The difference was that U.S. law firms focused internationally on a niche market. In the 1970s, it was financial services. This was followed by expansion to serve clients in manufacturing. The result today is that more than 100 United States law firms have offices outside of the United States. However, the reality is that internationalization is very limited among U.S. law firms — among the largest 100, the average is five overseas offices. The difference was that U.S. law firms a firm of the largest 100, the average is five overseas offices.

The New York and London firms that opened offices at first did not generally practice local law, so the regional firms were protected and received referrals on local matters. This also changed as the number of branches increased and the firms indigenized. With the advent of legal advertising, U.S. firms could now market their services in the U.S., and as a result indirectly began to market themselves in each of the countries in which they had offices. The local bars had severe restriction on their own firms that were not lifted until very much later. The local partners and associates were required to be citizens and to be admitted to the bar where they practiced. The local firms became concerned when foreign firms began to meet these criteria. The result was a need for local firms to band together. Networks became tools to compete against the much larger intruders to address this expansion. The first networking of local firms was primarily the result of the invasion by London and New York firms.

The first international networks, called "clubs," generally consisted of 10 firms in different countries. <sup>131</sup> The typical format consisted of holding several meetings a year among managing partners to discuss management and market-related issues. They were secretive networks <sup>132</sup> because the members feared losing business from other firms if they knew of these clubs. On the other hand, many did not hesitate to advertise to their clients that they had foreign connections and correspondents. Today the clubs are commonly known as "best friend's networks." Examples are Leading Counsel Network <sup>133</sup> and Slaughter and May. <sup>134</sup>

The clubs evolved into networks in the 1980s.<sup>135</sup> The networks were not as secretive and even published directories, materials, and brochures.<sup>136</sup> The members met annually; some focused on specific practices, such as litigation,<sup>137</sup> while others were more generic. Because networks were not thought of as strategic models,

<sup>130</sup> Christopher Brown, Europe's Law Firms: the Next 10 Years, INT'L FIN. L. REV. (Sept. 1984), at 23; see also Wayne Green, Law Firms Linked to Serve Clients Around the Globe, INT'L FIN. L. REV. (July 10, 1990), at Section 2, pg. 1.

<sup>&</sup>lt;sup>125</sup> A review of major legal publications shows virtually no articles or discussion of networks or developments in networks. Unlike in accounting, there is no reporting of new members of networks, loss of members, marketing activities, etc. When a large firm loses a single partner, this is reported.

<sup>126</sup> Carol Silver, *Globalization and the U.S. Legal Market in Legal Services – Shifting Identities*, 31 LAW & POL'Y IN INT'L BUS. 1093, 1127-29

<sup>&</sup>lt;sup>127</sup> Am Law 100, AMERICAN LAWYER MAGAZINE (May 2011).

<sup>&</sup>lt;sup>128</sup> HARVARD PROGRAM ON THE LEGAL PROFESSION, www.law.harvard.edu/programs/plp/pages/statistics.php#sotflf (last visited Feb, 2, 2016).

<sup>129</sup> Bates v. Arizona, 433 U.S. 350 (1977).

<sup>&</sup>lt;sup>131</sup> The Secret World of Clubs, INT'L FIN. L. REV (April 1985), at 20. The first known club was the Club de Abogados, which had members in Latin America and Spain. There was also a sister club called the Club de Abogados Europeo.

<sup>&</sup>lt;sup>132</sup> There were no directories. Periodically an article might appear on the networks.

<sup>133</sup> See James Swift, Nine-Strong CIS Legal Network Gets off the Ground, THE LAWYER, Nov. 16, 2009, www.armeniandiaspora.com/showthread.php?197623-Nine-Strong-CIS-Legal-Network-Gets-Off-Ground.

<sup>134</sup> See SLAUGHTER & MAY, http://www.slaughterandmay.com/where-we-work.aspx (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>135</sup> See Jensen Rita Henley, Networking: the Future of Law Firms? NAT. L. J., March 7, 1988, at 9; see also Robert Denney, Law Firm Networks Form for Varying Purposes, NAT. L. J., Aug. 21, 1989, at 22; Larry Smith, Can Global Networks Help Firms Face International Challenge, OF COUNSEL LEGAL PRACTICE REPORT, March 6, 1989, at 5; see also Frances Gibb, Think Link, Say the Sharing Firms, THE TIMES, Feb. 21, 1989, at 11.

<sup>136</sup> See INTERLAW, WWW.interlaw.org (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>137</sup> ALFA was one of the first networks in the legal profession. As such, finding information about the network and members was very difficult. Today this is not the case. *See* ALFA INTERNATIONAL, www.alfainternational.com (last visited Feb. 2, 2016).

the membership selection process was not particularly rigorous.<sup>138</sup> Many of the networks that were innovators in the 1980s reached Level 2 and had no intent to develop beyond this level. This is evident by the fact that their membership over several decades has not increased, their websites contain no information, their governance depends on the same individuals, and their operations are limited.

In 1989 when Lex Mundi was formed, it represented a new development of networks as a business.<sup>139</sup> It established objective criteria for membership. It was the first network in which each member had to be among the largest and most established firms in a state or country. It was a business that provided members with many alternatives to expand their resources. It was a network organized around a home office with staff rather than a staff being assembled after the network was established. While different from the accounting network, the concept was that of an entity that provided services to members and should also have an established brand. Unlike earlier networks in which all activities are internal, 50 percent of the activities were external.<sup>140</sup> The staff, board, councils, and members collaborated to achieve the objectives. The list of internal and external activities reflected approximately 30 different items.<sup>141</sup>

Other networks like TerraLex<sup>142</sup> and Meritas<sup>143</sup> soon followed with a similar business-based model. These networks were not secret and operated also as businesses. Their stated objective was to create a branded alternative to the large United States and English law firms that had expanded into their countries. All of them have many of the features of Level 3 networks.

U.S. national networks also developed in the 1980s. The first was American Law Firm Association, <sup>144</sup> which was a network that focused primarily on insurance litigation. The second was State Capital Group, <sup>145</sup> which began as a national network of firms that had government affairs practices. To qualify for membership, the firms needed to have a former governor at the firms. Both of these networks became international, changing their names to SCG Legal and ALFA, respectively.

The same national expansion exists in other regions. For example, there are 80 European-centric networks. Some cover most of Europe, while others focus on a specific region like the Nordic or the CIS. In Canada national firms have gradually opened offices in most of the provinces. Canadian firms that did not agree with this strategy have joined the better-known networks. In Canada there is a clear demarcation between the two approaches. <sup>146</sup>

Dentons,<sup>147</sup> DLA,<sup>148</sup> Hogan Lovells,<sup>149</sup> Norton Rose Fulbright,<sup>150</sup> Baker & McKenzie,<sup>151</sup> King & Wood Mallesons,<sup>152</sup> and Squire Patton Boggs<sup>153</sup> — the Swiss association verein<sup>154</sup> is not something new but is

<sup>&</sup>lt;sup>138</sup> This selection process is reflected today in the networks that have firms with a wide range of sizes, i.e. small firms in locations where there are firms that are three and four times the size. *See* TERRALEX, www.terralex.org (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>139</sup> Maireed Keohane, Virtual Advocate, Steve McGarry, the Brains Behind Lex Mundi, EUR. LEGAL BUS., Nov. 1999, at 14; see also Stephen McGarry, Practicing Law in the 21<sup>st</sup> Century Will Require Affiliations, LEG. MGMT., May-June 1994, at 34; see also Stratton, Captive Law Firms v. Global Legal Networks: The MDP Inquiry Continues., 82 TAX NOTES 26-40 (Jan. 4 1999); see also Wikipedia. LAW Firm Networks & ASSOCIATIONS, en.wikipedida.org/international\_law\_firm-networks\_and\_association (last visited Feb. 2, 2016); see also Nick Jarrett-Kerr, International Alliances: How They Work, What They Deliver, and Whether to Join, JARRETT-KERR.COM, Dec. 5, 2012, www.jarrett-kerr.com/blog/International-alliances; see also Liz Wiehl, How Small Firms Compete Amid the Giants, N.Y. Times, Nov. 10, 1989.

<sup>140</sup> Lex Mundi is the network that has spent the most to become "The Leading Association of Independent Law Firm."

<sup>&</sup>lt;sup>141</sup> See infra Chapter 5, Governance of Networks and Operations.

<sup>&</sup>lt;sup>142</sup> TERRALEX, *supra* note 125.

<sup>&</sup>lt;sup>143</sup> MERITAS, WWW.meritas.org (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>144</sup> ALFA International, *supra* note 124.

<sup>&</sup>lt;sup>145</sup> C. E. Yandle, *New Law Firm to be Based in Raleigh*, RALEIGH POST, July 18, 1989, at 1; *see also* STATE CAPITAL LAW REVIEW GROUP, www.statecapitallaw.org (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>146</sup> See infra Appendix 3.

<sup>&</sup>lt;sup>147</sup> See DENTONS, www.dentons.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>148</sup> See DLA PIPER, www.dlapiper.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>149</sup> See Hogan Lovells, www.hoganlovells.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>150</sup> See NORTON ROSE FULBRIGHT, www.nortonrosefulbright.com (last visited Feb. 2, 2016).

essentially no different than any other corporate association.<sup>155</sup> The only difference is that a law firm has simply adopted the network model. This may using a Swiss association versus a U.S. corporation like Lex Mundi or World Services Group. It may only be a better way to brand the organization as different.

Baker & McKenzie, which was founded in 1949, adopted the verein in 2004. There are now seven Swiss vereins in the legal profession, the others forming after 2009. Like other networks, the corporation allow the members to be independent. Strategy, marketing, technology, and other operations can be integrated. This may result in substantial cost savings. The open issue is whether there is a marketable increase the quality of services beyond those provided by the independent members of non-branded networks.

The Swiss associations have positioned themselves as one firm for statistical purposes in most rankings in publications such as The American Lawyer, The Lawyer, Law360, etc. Much larger non-branded networks with more than 15,000 attorneys are not included in these rankings. The vereins make every effort to use these rankings for the purposes of marketing. For example, Dentons has made it a point with the Am Law 100 to dispute their criteria for rankings, going so far as creating a website devoted to their argument. 158

Networks can also be organized by entrepreneurs that use the network model to provide services. Examples include TAGLaw, <sup>159</sup> ISFIN, <sup>160</sup> First Law International, <sup>161</sup> and others. In these cases the firms are not member/owners but pay fees to the organizer who manages the network on behalf of the firms. In some instances this means that professional services are being provided by the network administration themselves, which appears to be the case with First Law International. In these types of networks the law firm member may sit on an advisory board to assist in setting the direction of the network.

<sup>&</sup>lt;sup>151</sup> See Baker & McKenzie, www.bakermckenzie.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>152</sup> See King & Wood Mallesons, www.kwm.com/en (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>153</sup> See SQUIRE PATTON BOGGS, LEGAL NOTICE, http://www.squirepattonboggs.com/footer/legal-notice (last visited Feb. 2, 2016): "Squire Patton Boggs is the collective trade name for an international legal practice, the practicing entities of which are separate and distinct law firms and other entities. Squire Patton Boggs International Association (a Swiss Verein) does not itself provide, directly or indirectly, any legal or other client services."

<sup>&</sup>lt;sup>154</sup> SCHWEIZERISCHES ZIVILGESETZBUCH [ZGB], CODE CIVIL [CC], CODICE CIVIL [CC] [CIVIL CODE] Dec. 10, 1907, SR 210, RS 210, art. 61 (Switz.).

<sup>155</sup> See Appendix 6 See Chris Johnson, Vereins: The New Structure for Global Firms, THE AMERICAN LAWYER, March 7, 2013; see also Nick Jarrett-Kerr & Ed Wesemann, Enter the Swiss Verein: 21st-Century Global Platform or Just the Latest Fad?, EDGE INT'L, www.edge.ai/2012/10/enter-swiss-verein/

<sup>&</sup>lt;sup>156</sup> Edwin B. Reeser, Are Verein-Style Law Firms Ignoring Fee-Splitting Ethics Rules?, ABA J., Oct. 1, 2013.

<sup>&</sup>lt;sup>157</sup> See Matt Byrne, K&L Gates' Kalis Renews Attack on Swiss Vereins in Video Interview, THE LAWYER, March 25, 2013, www.thelawyer.com/firms-and-the-bar/kl-gates-kalis-renews-attack-on-swiss-vereins-in-video-interview/3003318.article; see also Peter Kalis, The Am Law 100: Grand Illusion, AM LAW DAILY, May 2, 2011.

<sup>&</sup>lt;sup>157</sup> Natasha Bernal, What's the Deal with Dentons Merging with 21 Firms?, LAWYER 2B, June 22, 2015, 12b.thelawyer.com/whats-the-deal-with-dentons-merging-with-21-firms/.

<sup>158</sup> See Gavin Broady, Dentons Takes Out Anti-AmLaw Ad as Ranking Feud Heats Up, LAW360, May 11, 2015 www.law360.com/articles/654458/dentons-takes-out-anti-amlaw-ad-as-ranking-feud-heats-up; see also Brian Dalton, World's Biggest Law Firm Wants To Blow Up The Whole Am Law 100 Rankings, ABOVE THE LAW, June 17, 2015 abovethelaw.com/2015/06/worlds-biggest-law-firm-wants-to-blow-up-the-whole-am-law-100-rankings.

<sup>&</sup>lt;sup>159</sup> See TAGLAW, www.taglaw.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>160</sup> See ISFIN, www.isfin.net (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>161</sup> See First Law International, www.first-law.com (last visited Feb. 2, 2016).

Law firm networks are not all organized by law firms; some have been organized by corporations. <sup>162</sup> The DuPont Legal Network, <sup>163</sup> for example, was established by the corporation in 1992 to first consolidate its outside counsel but then to generate internal efficiencies by creating a network to which all of the outside counsels were members. Additionally, networks can be organized by corporations for other purposes such as to offer pro bono services. Thomson Reuters <sup>164</sup> has organized such a foundation, which selects law firms for membership that add prestige to its network. It matches experienced firms to work together on projects. The motivation of the firms is to establish new contacts at no financial cost. By working on pro bono cases, the firms may make contacts that lead to new paying clients.

## **Multidisciplinary Networks**

The foundation of multidisciplinary practice began when the Big 6 reached their natural growth limits. Accounting, auditing, and tax could generate only a finite amount of revenue for the Big 6. Their concept was simple: use the extensive list of clients to market non-traditional accounting services such as legal, recruitment, risk management, technology, consulting, and more. The objective was to bring these non-traditional services "in-house" by using the time-tested network model. The Freidheim graphs clearly illustrate the advantages of the alliances model.

The expansion could easily be financed using revenue from the traditional services. The initial focus was on the United States, which represented the largest potential market for these services. The non-traditional services were then expanded outside of the United States using the model that had been so successful with traditional services. In Europe and South America the bar rules were not as developed as in the United States and therefore did not restrict this expansion.

The accounting firms were initially very successful in creating these alternative businesses. Soon a number of Big 6 firms had multi-billion dollar technology consulting businesses. Other services were more difficult to bring in-house. Some, like legal services, demanded a different approach because of ethical considerations, so law firm networks were established under the umbrella of the Big 6.

The result of this expansion was a backlash by the legal profession, which saw the threat of the accounting profession subsume the legal profession with its vast resources. The American Bar Association established committees and taskforces to address the issue, but the problem spread outside of the United States, first to Europe and then to other countries where lawyers were not protected from this new foreign competition.

There was, however, a fatal flaw in the multidisciplinary concept of the Big 6. The raison d'etre of the Big 6 was to audit pubic companies. Each service provided to an audited client contained an inherent conflict of interest. This conflict could not have been better illustrated than by the perfect storm created by Enron. The additional services that Arthur Anderson was offering created a conflict in their role as the auditor. Multidisciplinary networks by the accounting firms were DOA; the final nail in the coffin was Sarbanes-Oxley, which meant that the accounting firms had to divest their consulting practices.

<sup>164</sup> See TRUSTLAW, www.trustlaw.org (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>162</sup> See DUPONT LEGAL NETWORK, www.dupontlegalmodel.com (last visited Feb. 2, 2016); see also Competitive Advantage Through a Legal Network: an External Lawyer Review – One Year On, MANAGING PARTNER, Oct. 13, 2003, www.managingpartner.com/feature/business-strategy/competitive-advantage-through-legal-network-external-lawyer-review-%E2%80%93-one-y.

<sup>163</sup> Don G. Rushin et. al., Building the Virtual Law Firm Through Collaborative Work Teams, ACCA DOCKET, Oct. 2001, kuchlerpolk.com/wp-content/uploads/2014/03/accadocketarticle.pdf: "Why did DuPont Legal create a virtual law firm? What is the payoff? We believe that significant competitive advantages flow to a company that can build a team consisting of inside counsel and members of outside law firms and various service providers, such as accountants, jury consultants, and document management specialists, who have the skill sets required by a legal matter and who are capable of working smoothly and effectively together. Such a team would be dedicated to the company's interests and knowledgeable about the company's business and case-handling processes. Through shared technology, members of such a team could easily communicate."

This may not have been the case. PWC has established a 2,400-attorney network covering 75 countries. It has also recently acquired Booz & Company, a multinational consulting firm, to expand its services. The other Big 4 with BDO have followed suit. The multidisciplinary network model was not dead. If the member firms were themselves independent, there was no prohibition to having a multidisciplinary network. This was recognized by the ABA.

Today there are 10 multidisciplinary networks outside of the Big 4. The largest is in legal and accounting. World Services Group (WSG), Geneva Group International, and MSI International are Level 3 networks with a highly developed technology that creates complete transparency. WSG is the largest group with almost 20,000 professionals.

## **Specialty Networks – Boutiques**

Specialty networks have arisen as separate and distinct models from the general legal, accounting, and multidisciplinary areas that cover a wide range of industries and practices. While the other networks have developed practice and industry groups, the specialty networks have focused on a single industry or practice. Today there are 41 specialty networks. The primary networks are in tax, employment, intellectual property, insurance, and immigration. These networks are generally Level 2, primarily because this level meets the needs of the members.

The specialty networks are mainly focused on the legal profession; however, several of the specialty networks are themselves multidisciplinary. Specialty networks tend to be Level 2 if the focus of the practice does not allow for a large budget that is necessary to promote the network. The networks are internally focused because only specific practitioners participate in them.

One network has been created as a network of small boutique firms in a wide range of specialties. Each member has access to the specialties of the other boutiques firms. In this way the network is a general network. Each of the boutiques that have the same practices also has their own boutique practice networks.

#### The Future

With more than 170 networks already in existence, law firm networks are here to stay; the issue will be their status. Today networks in the legal profession do not have the same level of respect that is found in the field of accounting. The reason could be that the large New York and London firms were the first to proactively globalize. The networks were more of a reaction to this globalization rather than an organized proactive strategy. Perhaps legal networks were originally tarnished because they originated as clubs or even franchises in reaction to other development.

However, this is perception is about to change, because many of the elite law firms are themselves also searching for more flexible model. The Big 4 have now organized their own legal networks under the umbrella of their existing accounting and consulting networks of independent firms. As these models are better understood, the lines between a network and a law firm may blur.

The verein is a model that permits the firms to use the same brand name and have similar attributes as accounting networks such as the Big 4.<sup>165</sup> However, the verein firms may be closer to having independent firms than the market perceives.<sup>166</sup> The fact they may not share revenues but do share expenses raises other issues.<sup>167</sup> The use of hyphenated names or the country retention of the previous name in the country, unlike

<sup>&</sup>lt;sup>165</sup> *Id*.

<sup>&</sup>lt;sup>166</sup> Dentons absorbed Dacheng in November of 2015, almost doubling in size. Dacheng itself is a group of independent firms that were not fully integrated. Yun Kriegler, *Dacheng: We're Not Grown Up Enough to Merge – Yet*, THE LAWYER, May 2, 2014, www.thelawyer.com/analysis/behind-the-law/the-leadership-interview/dacheng-were-not-grown-up-enough-to-merge-yet/3020112.article?adfesuccess=1.

the Big 4, raises issues as to the strength of the brand. While is easier to add new firms, the model makes it also easier for firms to leave since the loyalty may continue to the merged firm. Unlike the accounting firms, which clearly are understood to be networks, the vereins want to continue to project the appearance of being law firms. It may be difficult to have it both ways.

The vereins' expectation is that the "Big 5" or "Big 10" law firms would emerge with them as the leaders. If this were the case, they would be solidified in that position as leaders. However, given their relatively small size, when compared to the traditional law firm network, the reverse may be true as technology and market segmentation propel these networks to the forefront. What could do this?

Networks to date have been largely reactive rather than proactive. A new organization known, AILFN (Association of International Law Firm Networks) is changing this. AILFN is a trade association owned by law firm networks to represent their common interests. AILFN has four purposes: (1) enhance the position and recognition of all networks in the legal market; including the importance of *Independent Business Law Firms* (IBLF) which represent 20 percent of all legal business; (2) establish common principles to maintain standards of quality; (3) provide a forum for networks to exchange non-confidential information; and (4) negotiate agreements with vendors that can increase the efficiency and effectiveness of networks and their members. AILFN will have network members whose members have more than 200,000 attorneys, in 5,000-plus offices and who cumulatively bill over \$120 annually. This is approximately 20 percent of the commercial legal services market on earth.

How does AILFN change the equation? It does so by providing a common platform to communicate to clients the effectiveness and efficiency of networks. With new technology, this communications changes the dynamics of marketing discussed in Chapter 6. Through <u>Locate Law Networks</u> and <u>Requests for Qualifications</u>, AILFN has changed how networks are found and how individual lawyers are selected. This technology will be combined with measurable quality standards. The result will be a new transparency.

Given the IBLF represents 20 percent of the legal business services market, the vehicle for communicating the advantages is already apparent.

Is the world coming full circle?<sup>169</sup> What is changing is that these models are being understood for what they are: delivery systems for legal services. Each has their inherent strengths and weaknesses as models. The question is why the traditional law and multidisciplinary network model is different from the international law firm, and also distinguishable from the verein and the Big 4. It is up to each of four alternatives to make these distinctions and demonstrate their respective values.

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<sup>&</sup>lt;sup>168</sup> ASSOCIATION OF INTERNATIONAL LAW FIRM NETWORKS, www.ailfn.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>169</sup> See Johnson, supra note 142, www.americanlawyer.com/PubArticleTAL.jsp?id=1202591158156&slreturn=20130815192228; see also Ed Shanahan, The Am Law 100: Grand Illusion, THE AM LAW DAILY, May 2, 2011, amlawdaily.typepad.com/amlawdaily/2011/05/grandillusion.html. Peter Kalis, managing partner of KL Gates, argues that some firms in the Am Law 100 should not be ranked because they are not law firms but Swiss vereins. Apparently, any form of non-traditional management is not acceptable in the legal profession. See Staci Zaretsky, Bow Before the Global 100, the Top-Grossing Law Firms on the Planet, ABOVE THE LAW, Oct. 1, 2013, abovethelaw.com/2013/10/bow-before-the-global-100-the-top-grossing-law-firms-on-the-planet/ (DLA Piper and Baker & McKenzie, who are numbers 1 and 2, are vereins).

## Chapter 4 – Organizing a Traditional Law Firm Network

Traditional law firm networks were organized out of the self-interests of the organizers to acquire resources and contacts.<sup>170</sup> They were first established by firms and companies based upon their needs to serve clients or be competitive.<sup>171</sup> Ultimately all networks began with individuals who saw the benefits of the model and pushed forward. These individuals saw a common need that was not being fulfilled by their existing organizations. Alternatively, they were not able to participate in other organizations, so they sought to develop new ones. Others did not see joining an existing organization as being interesting. The result is 44 accounting networks and 170 legal and multidisciplinary professional services networks.

Organizing a successful network is a challenge. It is a complex mixture of professionals, self-interests, cultures, competitive pressures, finances, and other considerations. Whether a network is actually successful will usually not be determined until five to six years after the process of organizing a network has started.

This section will begin with an evaluation of the fundamentals of establishing a network. The second part will review how accounting, legal, multidisciplinary, and specialty networks have been established.

## Why Form a Network Rather Than a Hierarchical Corporation?

Networks are formed in response to perceived needs of those organizing them. There are three types of primary categories: first mover networks, second mover networks, and followers (i.e., we did not take the opportunity to join a network, so now we have to create our own).

The first mover networks are established when a specific need cannot be fulfilled by an existing network and generally can be traced to one individual. For example, Meritas<sup>172</sup> was started by Leon Steinberg, who saw the need for mid-size firms to have a network. In accounting, the first movers were the Big 4. In the legal profession, the first movers were the Club de Abogados, <sup>173</sup> Interlaw, <sup>174</sup> and ALFA International. <sup>175</sup>

The first mover has certain advantages; it also has disadvantages that make organizing the network more difficult. The advantage is one of green fields, as first movers can select whomever they like. Other advantages include that the expectations of members are lower; they can be more innovative because the concept is new.

There are disadvantages, one of them being that there are no models from which to draw examples. It may be difficult to describe the network and how it operates. First movers may not see all of the parts of the association's potential. They can be locked into a format that does not reflect the full effectiveness of the system. The first mover may adopt a form of corporate governance that does not permit succession.

<sup>&</sup>lt;sup>170</sup> REDEJUR, www.redejur.com.br/en/historia.php (last visited Feb. 2, 2016; see this for a description of the process of organizing a network).

<sup>171</sup> Network organizations can evolve out of personal or small group ties: "Many of the arrangements ... commonly found in the publishing, fashion, computer software, construction, and entertainment businesses, are among individuals, independent production teams, or very small business units."

Citing Powell, *supra* note 35; *see also* Walter W. Powell, *Neither Market Nor Hierarchy: Network Forms of Organizations*, 12 Res. IN ORG. BEHAVIOR 295, 293-330 (1990).

<sup>&</sup>lt;sup>172</sup> See MERITAS, www.meritas.org (last visited Feb. 2, 2016); see also James Swift, Well Connected – Network and Associations, THE LAWYER, Sept. 13, 2010, at 25.

<sup>&</sup>lt;sup>173</sup> See Club DE Abogados, www.clubdeabogadosibero.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>174</sup> See Interlaw, www.interlaw.org (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>175</sup> ALFA INTERNATIONAL, *supra* note 131.

The second movers are those that have seen what their competitors are doing. Because the first mover network is exclusive (i.e., only one member in each jurisdiction), there is no opportunity for other firms to join. The only alternative is to start another network that, as is the case with a first mover, has its advantages and disadvantages. The advantage is that the idea has been developed and proven by other networks. This reduces the cost to organize because the example has already been established. The disadvantage is that the pool of potential members has been reduced. This makes it much more difficult to organize the network.

Second movers attract a different type of organizer. For example, some of the second mover initiators were consultants who started networks as commercial operations. These groups generally have not been successful as independent member-focused networks for the reasons set out in the discussion of operations. Other second mover networks have been organized by firms in a manner similar to the accounting networks. This fact has implications in its operations and governance. The second mover networks are considered by firms in a manner similar to the accounting networks.

The third type of non-mover networks is established by firms that are unable to join another network, have not been invited to join one, or simply feel that they would prefer doing it themselves.

In each profession there are those who do not join. Some literature has dealt with the fate of non-movers in the accounting profession in New Zealand.<sup>179</sup> The non-mover networks find it difficult to recruit members. Many of the firms that did not join networks simply went out of business.

Organizing a successful network can take up to six years from startup to full operations. It generally takes about two years to organize the first members. The next two years are spent refining the group and adding new members, and the following two years are spent implementing the basic plan. When the initial organizers are no longer in leadership positions, the network can be determined to be operational. The members will ultimately determine whether the venture was a success.

## Organizing a Network - Preliminary Plans and Considerations

Developing a network has four phases: (1) pre-organizational plan; (2) implementation of the plan; (3) start-up; and (4) enhancement and refinement. Developing the checklist for organizing a network is not particularly complex. However, going from Phase 1 to Phase 4 can take tens of thousands of hours and millions of dollars.

Phase 1 begins the process with the pre-organizational plan. The organizer(s) needs to get as much information as possible about potential members and their existing arrangements. This information may be very difficult to obtain if the network is to be global. One method of collecting information may be to do a survey of potential members related to the network.<sup>181</sup> The survey results will not only assist with the needs of potential members but also identify possible people to participate in the organization process.

The plan must clearly define the purpose of the network. While one person or company<sup>182</sup> is usually responsible for taking the initiative, ultimately a network can only be established by a committee of potential members. Each member of the organizing committee needs to be an individual who believes in the

<sup>&</sup>lt;sup>176</sup> PRIMERUS, www.primerus.com (last visited Feb. 2, 2016); see also Advisory Board Members, TAGLAW,

www.taglaw.com/index.php?option=com\_content&view=article&id=1330&Itemid=100009 (There is no board of directors but an advisory group).

<sup>&</sup>lt;sup>177</sup> See infra Chapter 5, Governance of Networks and Operations.

<sup>&</sup>lt;sup>178</sup> See supra Chapter 3, History of Professional Services Networks – Why Do They Matter?.

<sup>&</sup>lt;sup>179</sup> Rachel Baskerville & David Hay, Globalization of Professional Accounting: The Big 8 Entering New Zealand, (University of Exeter, Working Paper, June 2007) http://hdl.handle.net/10036/29637.

<sup>&</sup>lt;sup>180</sup> At this stage a long-term strategic plan would be developed to move the network ahead. The issue is that the network may have institutionalized to such a degree that a strategic plan is disruptive.

<sup>&</sup>lt;sup>181</sup> This technique was used in organizing World Services Group. A survey was conducted of 300 law firm managing partners' attitudes toward multidisciplinary practice.

<sup>182</sup> Rushin, *supra* note 150.

fundamental purpose of the network. This is easily discerned if they are willing to invest a nominal amount of money and time to meet and participate in the organizing of the network.

Resources that are available need to be identified. They consist of human, physical, and financial capital. The sequence of their deployment and use is part of the plan. Information is key in both the planning and execution phases. Information will continue to play a vital role in the transformation from an organizational process into an actual network.

One key type of information is the assessment of the organizers and potential members. As in any group of firms and individuals, there are different levels of commitment: those who are natural leaders; <sup>183</sup> those who want to be part of the development but not too committed; and those who will fully commit only after the work has been done. The most important part is the commitment of the organizing group and the original members. If there is no strong and uniform commitment, the network may not be formed. If formed, it will not function for the benefit of the members. The initial success of a network is not measured by business referred, cost savings, access to resources, or other benefits of membership, but rather by the commitment of its members and organizers. This commitment must be maintained for several years until the network is fully launched and each of its functions is implemented.

Commitment requires a consensus on some fundamental questions: Why are we creating a network? What is the purpose of the network? Who is responsible? How much is it going to cost in time and money? How will the network be financed? Who will be the members? How will they be selected? Who will manage the network? Where will the network be in one year, two years, three years, etc.? Ownership of the corporation needs to be defined. The members will own most networks. Level 3 and Level 4 networks are generally Delaware corporations, EEIGs, 184 or Swiss vereins, 185 although other combinations can be used. 186 The leadership functions must then be defined along with the bylaws. The plan should be dynamic and flexible since it is not possible to anticipate every factor.

The most important element is defining the organizing processes. For example, how is the organizing committee going to attract potential members? How are they going to continue to attract buy-ins among potential members? How are they going to manage expectations during the process? What are the defined outcomes of the process that will lead to the actual formation of the network? What are the materials that are going to be presented to potential members?

Members need to be selected. The easiest way to select members is to use the contacts, i.e., the personal relationships of the organizing committee. The problem is that these contacts may not meet the standards that were established when the organizing committee discussed membership. For this reason the standard (objective and subjective) must be clearly understood by the committee members. They may even be written into the bylaws.<sup>187</sup> They should be objective so that they can be easily determined. A lack of standards causes

<sup>&</sup>lt;sup>183</sup> The DuPont network described the different types of individual and how they work in the network environment. "Team players are people who can control territorial instincts and 'play well with others.' Lone rangers do not make good team members. Team players also bring different skill sets and personality traits to the collaboration. We believe that the legal department must take the following steps: Choose people who are good tool users. Professional competence is crucial, but is an assumed attribute. The team members must also be facile with the adoption and use of new technology and work processes; Choose good communicators. People who are effective networkers generally make better team members. People who seek to control access to information as a means of acquiring power rather than sharing it for mutual advantage generally make poor collaborators. Choose smart risk takers. Team members who are willing to intelligently assess and take risks and who are willing to share in the rewards and penalties associated with those risks are preferred team members. Choose trustworthy team members. Participants who are honest, loyal, reliable, and open are more effective in collaborative work groups than those who lack one or more of these attributes." *Id.* 

<sup>&</sup>lt;sup>184</sup> Kirsty Wright, United Front, THE LAWYER, September 5, 2011, www.thelawyer.com/united-front/1009054.article.

<sup>&</sup>lt;sup>185</sup> A verein is a Swiss business form that DTT alleges is legally distinct from its member organizations. *See Jeffries v. Deloitte Touche Tohmatsu Int'l*, 893 F. Supp. 455, 457 n.1 (E.D. Pa. 1995). "Verein" means association, society, club, or union. CASSELS GERMAN DICTIONARY 662 (1978); *see also* LANGENSCHEIDT'S DICTIONARY OF THE ENGLISH AND GERMAN LANGUAGES 1163 (6th ed. 1970); *see also* Johnson, *supra* note 142.

<sup>&</sup>lt;sup>186</sup> See PRIMEGLOBAL, primeglobal.net/content/past-present-future-0 (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>187</sup> World Services Group Bylaws, Article 4, Section 2:

many different problems among the organizers because they may want to invite their friends, which in a business network creates short- and long-term issues.

The objective standard should be that the invited members meet certain prescribed conditions. These can be size of firm, certifications, length of practice, type of client, locations, or other factors relative to this particular network. If a network is to be successful it must enforce with the standard with each new member.

A measure of subjectivity allows for flexibility. The subjective criteria are similar to those set out for the network organizers themselves. Do the potential members believe in the concept? Will they participate as a firm or as individuals? Are they committed to a long-term relationship? Even if a firm meets the objective criteria, failure to meet the subjective criteria will weaken the network.

The process is not complete just because the organizing committee has identified the potential members. The next part of the process is for the organizing committee to determine the optimal methods for reaching out to the potential members. This process goes beyond making contacts; it is about arranging meetings to develop more than a skeleton of the organization. This is not something that is done in a day, week, or month. Networks are not created instantly; they require a lot of work. There are specific steps that need to be taken based upon the fact his is a human endeavor. Anyone participating should anticipate that the process would be quite long.

Members will join a new network only if all are able to provide input. The organizers must provide continual feedback, including meetings with potential members, and circulating drafts of documents such as the bylaws. The potential members must be engaged in the process. This will require that organizational meetings be held to get the input of potential members. The information gathered will be used to adjust the objectives, plan and other elements of the network. Organizers must create a dialogue. There should be several meetings of the organizing groups to assure complete buy-in.

The process of organizing a network costs money. The organizers need to finance the potential network unless they are going to pay for it themselves. One method is to have an interested potential member pay a fee to reserve his/her state or country when the network is established. A treasurer can be nominated to hold the funds. If they decide not to join, the money can be returned. Payment of the nominal amount will focus their interests in the network.

It is very important to continue to define expectations throughout the process. The reason this is necessary is that a tremendous amount of energy has built up during the organizing process. All the potential members

- (a) Objective criteria for membership
  - Present size of candidate firm relative to competition in the same sector in the relevant market; and
  - Reputation of candidate firm in the relevant business community for quality services. This can be measured by
    memberships in other networks, history of the firm, consistent expansion and awards and recognition or ranking in
    international guides, or such other criteria as determined by the Board.
- (b) Subjective criteria for membership
  - The presentation meeting was well attended by candidate firm;
  - Candidate firm expressed interest and reasonable expectations;
  - Candidate firm had done their due diligence on WSG;
  - Candidate firm followed up in a timely manner;
  - Candidate firm was responsive to requests for information;
  - Candidate firm recognized that membership is long-term;
  - Candidate firm felt that the fees were reasonable;
  - Candidate firm would contribute to the long-term development of WSG; and
  - Such other criteria as determined by the Board

have different points of view, having interpreted the network from their own perspectives. The fact is that the organization is new; during the initial launch period the results may not meet expectations.

A Phase 2 startup in a Level 3 network can last up to two years. It is at this stage that strangers who were not involved in the organizing process are brought into the organization. New individuals must be viewed from the perspective that, in several years, they will be the leadership of the network. The organizers must be willing to begin the process of relinquishing control of their objective to reach a Level 3 network. <sup>188</sup>

The start-up phase begins with the first official meeting of the members at large. At that meeting the leadership should be chosen from the organizing committee, as they are the most familiar with the network. The committee will have a good idea as to others who wish to be active. While activity and interest are two criteria, another may be the stature of the individuals because the organization will continue to seek new members. A number of subjective assessments need to be made, such as the terms of office and positions for the organizing committee.

Phase 3, refinement and enhancement of the network, begins immediately but is generally completed when the network is able to successfully pass through the first generation of leadership and into the second generation.<sup>189</sup> This is important because it is tangible evidence that the network is open to new ideas. If the network can transition to the new leadership and at the same time expand membership, internal activity, and an external brand, the network process can truly be called a success.

## Organizing Networks – Accounting, Law, Multidisciplinary, and Specialty

**Accounting networks** are unique because of environmental factors. They are the prime means for U.S. firms to expand, both nationally and internationally, and to consolidate resources. Additionally, as a result of regulations, they represent a means to acquire business. <sup>190</sup> A review of accounting networks reflects that there are more than 40 networks. These networks account for approximately 5,000 accounting firms. <sup>191</sup> Organizing a new network would be difficult since the number of firms available is relatively limited and the size of firms is comparatively small.

There is limited growth potential for any of the networks outside of the Big 4. The firms that compose Grant Thornton and BDO are very stable. The next largest networks already incorporate some very large regional members, so they will not be admitting other members for states that they cover with branches. <sup>192</sup> Additionally, because many of the accounting networks originated from one firm, <sup>193</sup> there is tension when large firms are asked to brand themselves under the name of the founding member. The result is that they may form their own network.

In accounting, a "network" is now distinguishable from an "association" under rules established by the International Federation of Accountants (IFAC)<sup>194</sup> and the European Union. In networks members are integrated operationally and financially and would be characterized as Levels 3 and 4 networks, as defined in

<sup>192</sup> See RSM, Praxity, and Baker Tilly networks.

<sup>188</sup> Level 2 networks, which may wish to become more sophisticated, remain at Level 2 because the founders will not relinquish or share control.

<sup>&</sup>lt;sup>189</sup> See infra Chapter 5, Governance of Networks and Operations.

<sup>&</sup>lt;sup>190</sup> Executive Director Jon Lisby told the International Accounting Bulletin that Kreston's plan to be classified a "network" is motivated by a desire to make firms more cohesive and profitable with the ultimate aim of becoming part of the top 10. "It's driven by profit," Lisby explained. "We wanted to be in a position where our members win more work, can serve more economically and efficiently, and as a consequence make more profit. A[t the] moment we don't win enough work because of the differences in perception between an association and a network." *Kreston International Plans to Become a Top 10 Network*, INT'L ACCT. BULL., Oct. 23, 2009, www.internationalaccountingbulletin.com/news/category/mid-tier/57.

<sup>191</sup> See infra Appendix 3

<sup>&</sup>lt;sup>193</sup> Baker Tilly, Moore Stephens, and Russell Bedford International are examples of English firms that expanded internationally by recruiting firms that would use their name. This creates tension when the larger members firms want to have their own names or a neutral name. This occurred to Moore Rowland, who saw its members create a new network called Praxity in 2007. See About Us, PRAXITY, www.praxity.com/about-us/Pages/About-Us.aspx (last visited Feb. 2, 2016); see also infra Appendix 2, for a list of networks that have neutral names.

<sup>&</sup>lt;sup>194</sup> INTERNATIONAL FEDERATION OF ACCOUNTANTS, www.ifac.org (last visited Feb. 2, 2016).

Chapter 2. Accounting associations are Levels 2 networks in which members are more independent. These would be Level 3 and Level 4 networks. The distinction is discussed later in the book. 195

Today, organizing a new accounting firm network (or association) would be very difficult. Mergers of networks have taken place. <sup>196</sup> Networks composed of firms that have broken from one of the existing networks have formed a new network. <sup>197</sup> This would allow Level 2 networks (associations) to become Level 3 networks. Recruiting new members would be difficult in that most mid-to-large firms already belong to one or more networks. The separation between the Big 4 and other networks makes the barriers to organizing a network very high. The networks' development process is now almost exclusively internal as they consolidate their memberships.

**Law firm networks** are not as difficult to organize for several reasons. First, there are a lot of law firms of different sizes. In each city, state, and country there are firms with similar practices and related interests. The practice areas for law firms are much broader. This may be the reason why there are more than 170 networks. 199

That said, there are very few networks being organized. The law firm networks have limited growth potential for a number of reasons, the first being that the larger ones are essentially complete, having become global. Many of the large-firm networks have opted not to expand and to maintain their status as Level 2 networks. They have designated their branch offices as members of the network. Also, one of the benefits of network membership is having access to resources. Smaller firms do not have the same need for this access in other jurisdictions.

Today, new Level 1 networks would serve no purpose. This is because of the number of bar associations — such as the American Bar Association, International Bar Association, Inter Pacific Bar Association, etc. — that serve this purpose for small firms. Organizing a Level 2 network is very difficult given the number of other networks. Membership in someone else's network is not attractive. A Level 3 network can no longer be organized because one element is external branding, and the market is already saturated with networks.

**Multidisciplinary networks**<sup>201</sup> and the related market represent the greatest opportunity for new networks because there are few already in existence. As a result of the proliferation of networks, organizing one that is multidisciplinary may mean bringing firms belonging to a single professional group into a new network that will create fresh relationships. New relationships and ways of doing business are attractive. In this sense the multidisciplinary network is in competition with both of the other networks to find its niche. The downside is that multidisciplinary networks are still first-mover networks. There is not a lot of precedent.

**Specialty networks** are the easiest to organize in that there are almost an unlimited number of individual professional or boutique firms in specific practices from which to choose.<sup>202</sup>

In addition to going down the checklist found above, all the network organizer needs to do is locate the appropriate specialists. In this case, the process of asking members for recommendations is acceptable. There

<sup>&</sup>lt;sup>195</sup> See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

<sup>&</sup>lt;sup>196</sup> Fidunion International and Polaris International merged on June 1, 2011 to become one of the largest accounting networks. *Past, Present & Future*, PRIMEGLOBAL, primeglobal.net/content/past-present-future-0 (last visited Feb. 2, 2016). IGAF Worldwide then merged with Polaris to become Prime.

<sup>&</sup>lt;sup>197</sup> Praxity is a network established by members of Moores Rowland. *See Participating Firms*, PRAXITY, www.praxity.com/participating-firms/Pages/FirmDetails.aspx?firm=426 (last visited Feb. 2, 2016).

<sup>198</sup> HG.org list out 70 practices with 250 subcategories. HG.org, www.hg.org/practiceareas.html (last visited Feb. 2, 2016).

<sup>199</sup> See infra Appendix 2.

See supra Chapter 3, History of Professionals Services Networks – Why Do They Matter?.

<sup>&</sup>lt;sup>201</sup> See infra Appendix 6.

<sup>&</sup>lt;sup>202</sup> See infra Appendix 8.

are many organizations, such as Martindale-Hubbell, Chambers, Best Lawyers, and Super Lawyers that rank specialists. A de facto quality standard is easily established.

One example of such a specialty network is IMMLAW, <sup>204</sup> which is a network of 17 firms with immigrations practices. Another example is Taxand, which is a more formal network of tax practitioners. <sup>205</sup> The firms are the members, but the tax department or section is the operating part of the network.

The rationale for developing a network may be limited because of the vast number of specialty organizations, such as the International Trademark Association, European Employment Law Association, and countless others. They can fill the need for reliable contacts.

The complications from limited growth potential arise not from the formation but from the operations. A specialty network is usually made up of individuals and can therefore have a large turnover. As a result governing the networks can be very difficult. Technology has made this much easier.

#### Other Professional Services Networks – Client-Centric Networks

Networks are not necessarily limited to professional services firms. For example, a number of companies have formed networks in which they are the driving forces. The company establishes the rules and policies. Members of a network have a monetary interest in being members from the perspective of receiving referrals from both the organizing company and the firms that are part of the network. If a company wishes to form a network of its outside counsel, DuPont has set the standards, which are available to any company. Another recent example of a company forming a network is Carillon, <sup>206</sup> which formed a network for outside counsel.

<sup>&</sup>lt;sup>204</sup> IMMLAW, www.immlaw.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>205</sup> TAXAND, www.taxand.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>206</sup> MANAGING PARTNER, *supra* note 149 (for a description of how a corporation organizes a network).

# **Chapter 5 – Governance, Finance and Network Operations**

In traditional law firm networks, governance and operations will define the stature and overall quality of the network. They are joined because the nature of the network is to create a structure in which members can pursue their personal interests. In attaining these interests they benefit themselves, the other members, and the network itself. Governance and operations issues overlap because governance of the network can have a significant influence on the efficiency the network.

This chapter will analyze governance and operations from the point of view of their interactions. It will not analyze the governance of the integrated vereins since they operate closer to the command and control model of a law firm.

They do have similar issues because the individual firms are independent and the partners may not be partners of the verein.

#### Governance is defined as:

[t]he set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. In contemporary business corporations, the main external stakeholder groups are shareholders, debtholders, trade creditors, suppliers, customers and communities affected by the corporation's activities. Internal stakeholders are the board of directors, executives, and other employees. Corporate governance is a multi-faceted subject.<sup>207</sup>

Governance in a network is different than corporate governance.

Network governance constitutes a 'distinct form of coordinating economic activity' which contrasts and competes with markets and hierarchies. As such, governance networks distinguish themselves from the hierarchical control of the state and the competitive regulation of the market in at least three ways: In terms of the relationship between the actors, governance networks can be described as a 'pluricentric governance system' as opposed to the 'unicentric system of state rule and the multicentric system of market competition.' In contrast to state rule and competitive market regulation, governance networks involve a large number of interdependent actors who interact in order to produce public purpose. In terms of decision making, governance networks are based on negotiation rationality as opposed to the substantial rationality that governs state rule and the procedural rationality that governs market competition. Compliance is ensured through trust and political obligation which, over time, becomes sustained by self-constituted rules and norms.<sup>208</sup>

Law firm networks are also different from other forms of network collaborative efforts in a number of ways. As stated, their objectives are to support the business interests of their independent members. They can also

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<sup>&</sup>lt;sup>207</sup> Corporate Governance, WIKIPEDIA, en.wikipedia.org/wiki/Corporate\_governance; see also A. DIGNAM & J. LOWRY, COMPANY LAW (2006) (for an overview of the different theoretical perspectives on corporate governance).

<sup>&</sup>lt;sup>208</sup> Network Governance, WIKIPEDIA, en.wikipedia.org/wiki/Network\_governance; see also K. van Kersbergen & F. van Waarden, Governance as a Bridge Between Disciplines: Cross-Disciplinary Inspiration Regarding Shifts in Governance and Problems of Governability, Accountability and Legitimacy, 43 Eur. J. of Pol. Res. 143, 171 (2004); see also Fritz W. Scharpf, Games Real Actors Play: Actor-Centered Institutionalism in Policy Research, (1997); see also K. Nielsen & O. K. Pedersen, The Negotiated Economy: Ideal and History, 11 Scandinavian Pol. Stud 79, 101 (1988).

act for their own self-interests.<sup>209</sup> The network itself has vast inherent authority and can require members to comply with agreed-on policies. Members, as professional firms, are subject to government and professional regulations. Professional services networks are subject to these same regulations. As organizations of professionals, members have strong feelings on how the organization should be governed, operate, and function because they are professionals.

Networks can be extraordinarily complex in a global environment that may include as many as 100 different countries. They involve many different cultures and different ways of conducting business. Operating such an organization is challenging because members may lack experience in other regions of the world. Their expertise is in their local market. The networks must take into consideration all perspectives in the governance and operation processes.

The goals of networks' governance and operations are to achieve certain standards for the members. The standards to attain the goals, according to Freidheim, are innovation, achieving the value propositions for members, maximizing operating performance, the development of process, developing talented people, and expanding the capabilities of the members. Friedheim illustrated the capacity of a network for achieving each of these elements.<sup>210</sup>

Exhibit 5 – Setting Standards through Operations<sup>211</sup>

Exhibit 3-2 & Th	IE BEST WA	YS TO SET W	ORLD STA	NDARDS
Critical Elements	Build Internally	Acquisitions	Alliances	Network of Alliances
Innovation				
Value Proposition				
Financial and Operating Performance				
Processes				
People				
Capabilities				
Total	•	•		

Key: The degree to which a circle is filled reflects a given approach's ability to meet the selected criteria.

For example, the highest standards for process development will be when a member builds internally. This is because the member has full control over the processes.

Networks, on the other hand, expand members' capabilities because they are able to draw in resources of other members.

Acquiring businesses is the least effective method for establishing high standards because the purchased company is only being absorbed.

Governance and operations issues are clearly more linked. The reason why a network is unable to develop the best processes is because the network members do not have authority over one another. The control of the

<sup>211</sup> Freidheim, *supra* note 14.

<sup>&</sup>lt;sup>209</sup> It is important to note that network governance and operations issues are tied together in professional services networks. Members of a network are members in order to promote themselves to other members. By working together and contributing their resources, they benefit themselves. *Smith*, *supra* note 24

<sup>&</sup>lt;sup>210</sup> See supra Chapter 1, What is Professional Services Network?

process is the motivation of each member's self-interest. This is not conducive to designing a process when each member has his/her own reason for action. Increasing capacities is better in a network because the network expands the resources that are actually available. Governance and operations must be balanced against each other to achieve the standards and objectives of the members.

Governance's objective is to provide an efficient method to meet the expectations of each independent member. This section will deal with governance of Levels 2 and 3 networks, in that Level 4 networks are in fact governed like hierarchical management structures.<sup>212</sup>

This section's format will first set out the theory and literature — found in excerpts from an extremely comprehensive article by Michael Van Alstyne<sup>213</sup> entitled "The State of Network Organizations: A Survey of Three Frameworks" — that are the foundation of network governance. This article sets out three different perspectives on networks — computing, economic, and sociological — to evaluate all types of networks. While not directly discussing professional services networks, Professor Van Alstyne's observations provide insight to professional services networks. The second part of each section will provide remarks on professional services networks in the context of Van Alstyne's general observations.

#### Governance

#### Theory and Literature:

The underlying basis for a professional services network is mutual collaboration to achieve results from which the members benefit. However, "[n]etworks are complex entities whose operations and governance are tied together. Mutual trust and economic interests determine governance structures." Members are willing to concede control to meet their self-interests. Network governance itself is also not able to create trust unless it relinquishes authority. Therefore, "[n]etwork governance is very different from the command and control model used in hierarchical organizations." Trust arises out of the interface and interaction of the members with the leadership of the governing bodies. It does not come from a command and control model common in hierarchical organizations.

Networks are about creating interaction among professionals through governance structures. This is particularly complex because "[m]embers tend to judge actions for consistency with identity, using peer pressure to sanction behaviors apposite of group norms: the nail that sticks up is the one hammered down."<sup>216</sup> The governing bodies define the structure in the context of the environmental realities. "Groups then benefit organizations through coordinating joint activities, promoting specialization, and facilitating organizational learning."

Because network organizations as societies are burdened with identity maintenance activity, relationship building, power seeking, and politics influence its actions. They constantly engage in attempts to control the social construction of boundaries and at the same time, via integration mechanisms, to penetrate these boundaries. Aside from

<sup>&</sup>lt;sup>212</sup> See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

<sup>&</sup>lt;sup>213</sup> Van Alstyne, *supra* note 9.: Van Alstyne sets out with great precision the characteristics of networks from three different perspectives. Additional information that related to legal and accounting professional networks have been added to illustrate a number of Van Alstyne's observations and conclusions. *See also* J. C. Jarillo, *On Strategic Networks*, 9 Strategic Mgmt J. 31, 41 (1988); *see also* J. C. Jarillo & J. E. Ricart, *Sustaining Networks*, Sustaining Networks, 5 Interfaces 82, 91 (1987); *see also* H. Thorelli, Networks: Between Markets and Hierarchies, 7 Strategic Mgmt. J. 37, 37-51 (1986).

<sup>&</sup>lt;sup>214</sup> Van Alstyne, supra note 9, citing Powell; see also Walter W. Powell, Neither Market Nor Hierarchy: Network Forms of Organizations, 12 RES. IN ORG. BEHAVIOR 295, 293-330 (1990); see also C. Sabel, Mobius-Strip Organizations and Open Labor Markets: Some Consequences of the Reintegration of Conception and Execution in a Volatile Economy, SOCIAL THEORY FOR A CHANGING SOCIETY 23-61 (P. Bairdieu & J. S. Coleman, Eds. 1991).

<sup>&</sup>lt;sup>215</sup> R. E. Miles & C. C. Snow, Organizations: New Concepts for New Forms, 28 CAL. MGMT. REV. 62, 62-73 (1986).

 $<sup>^{216}</sup>$  Van Alstyne, supra note 9.

collective productivity, however, groups concern themselves with identity maintenance where recognition, fear of shame, and peer pressure play a role. (*Author's Note: This is very different from hierarchical arrangements because the members have their own self-identities.*)

Governance strategy must assure communications, be consistent with long-term objectives, and offer collective solutions for global problems. Consensus building is a key part. Shared control in network organizations leads to more consensus management which tends to increase "buy-in" among employees affected by new decisions. Participatory involvement of committees and line management in the process of setting strategy increases group member acceptance of and responsibility for final recommendations.<sup>217</sup> The upside is higher levels of commitment to the network. Sharing control almost always involves investment inefficiencies.<sup>218</sup>

As the network evolves into business with both formal and informal internal structures, it will adopt and modify governance structures. The success of the structure and management will determine the success of the network. They will effectively set the natural limits for growth and development.

<u>Governance – Applications to Professional Services Network</u>. The significance of governance issues will vary by the level of network and type of member firms. They will also vary by the size of the network, i.e., the number of members, and the geographic coverage of the membership. This section will focus on Level 2 and 3 networks since Level 4 networks often have corporate type structures and corporate authority to command and control their members.

Level 1 networks are almost too informal to have governance issues. The simplest networks are without staff and have few organized activities. Dues structures, if they exist, cover essential costs. An informal association is created by a group of "best friends." There is no organization other than the relationship between these friends. The contact among the members is usually at an annual get-together and/or by way of referrals. There is little knowledge of the association of the members. A staff person at one of the firms usually administers the network. The governance issues are simply related to the personalities of those involved. Since the network is not organized, there are no real costs associated with a malfunction of the governing process.

Governance issues are first found in Level 2 networks. As seen in Table 1, the size of the budget and scope of the activities are going to create governance issues. In addition, since a number of Level 2 networks are international, there are some additional issues involving culture and business practices. For example, different cultures have different attitudes toward payment of fees. While timely payment of dues is expected, it is not uncommon to have members from different regions perennially pay late under network standards. This creates a conflict between the governing body and the members.

Because Level 2 networks are commonly composed of comparatively small firms, the firms have a lot in common. There is a general consensus on the purposes, goals, and objectives of the network. The scope of the activity is defined and restricted by the amount of funds available. The combination of these factors makes governance of Level 2 networks relatively straightforward.

Integration, 94 J. of Pol. Econ. 691, 719 (1986).

Van Alstyne, supra note 9, citing R. Howard, The CEO as Organizational Architect: An Interview with Xerox's Paul Allaire, HARV. Bus. Rev. (Sept.-Oct. 1992); see also T. Peters, Liberation Management: Necessary Disorganization for the Nanosecond Nineties 834 (1992).
 Van Alstyne, supra note 9, citing S. J. Grossman & O. D. Hart, The Costs and Benefits of Ownership: A Theory of Vertical and Lateral

The directors have a more hands-on role in Level 2 networks. They may be responsible for recruiting new members. There may also be a finance committee, website committee, marketing committee, and others. Members who have an interest in these areas run the committees. The committees may use the resources of member firms or may also hire outside professionals. This would usually be the case in the design of a website.

Because many of these networks are international and have a significant number of members, they also have a full-time staff person. This person takes direction from the directors and chair, and is responsible for the website, annual meetings, and, perhaps, practice groups. There are generally no significant external marketing efforts.

An example of Level 2 networks governance is Interlaw.<sup>220</sup> The network does not reflect any leadership, policies, rules, or other information on its website about the actual governance of the network. The World Law Group<sup>221</sup> lists its officers and directors. The presidency of the group rotates back to a former president who was elected by a member firm and has been out of office for five years. This would indicate that there is no succession plan. Additionally, since there have been virtually no new members in 10 years, it strongly suggests that the group has no intention of developing into a Level 3 organization. The corporate governance function is indicative of this perspective. While Club de Abogados<sup>222</sup> is the oldest network, the website lists no responsible individual. The same member has held the secretariat function for more than 20 years.

Governance issues in Level 3 networks are more complex because each of the limiting factors described in Level 2 disappears. Level 3 accounting networks are more refined than Level 3 legal networks. For example, the members of a Level 3 legal network are usually large firms in their respective states and countries. As large firms, they have complex national and international practices. The firms may have branch offices that compete with other offices' members. The size of the firm means that significant efforts must be made for awareness. The Level 3 networks are usually global. Cultures and different ways of performing professional services need to be taken into consideration. The members of large firms will have other relationships. The network will have an external interest in promoting itself to the profession, businesspersons, associations, and others. Simply stated, Level 3 networks are global businesses that are governed accordingly.

A collaborative relationship between the members, board, executive committee, and full-time professional staff is the hallmark of a Level 3 network. In a Level 3 organization the board functions as a board would function in any business. Their role is advisory. The board adopts broad policies that the executives are responsible for implementing. They advise on broad strategies and decide on members, the overall budget, dues, and other assessments. An executive committee composed of board members and the professional staff is responsible for general operations. The staff is responsible for recruiting, marketing, accounting, and other business services.

If one looks at a website, it is fairly easy to determine which networks are Level 2 and Level 3 if the governance is clearly set out. For example, on the TerraLex site, <sup>223</sup> there is a chairman, a chair-elect, regional directors, and directors at large. Each has been assigned a specific task and responsibility. The chief operating officer is the chairman, who is from a member firm. An executive director supervises the staff. This is in contrast to Meritas, <sup>224</sup> which has a professional staff of 12. The title of the CEO is president, and there is a member board.

<sup>&</sup>lt;sup>219</sup> Membership, Lawyers Associated Worldwide, www.lawyersworldwide.com/join\_law/membership\_criteria/ (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>220</sup> INTERLAW, *supra* note 161.

<sup>&</sup>lt;sup>221</sup> THE WORLD LAW GROUP, www.theworldlawgroup.com (last visited Feb. 2, 2016).

<sup>&</sup>lt;sup>222</sup> CLUB DE ABOGADOS, *supra* note 160.

 $<sup>^{223}</sup>$  TERRALEX, supra note 125.

<sup>&</sup>lt;sup>224</sup> MERITAS, supra note 159.

The best-known legal network, Lex Mundi,<sup>225</sup> is another example of a Level 3 network. The development of this organization illustrates both the governance and operations issues of a start-up network. After two years of organizing, 82 potential members were offered the opportunity to subscribe to the network on May 1, 1989. They all joined. From inception until the first annual meeting, the organizing committee had to draft bylaws, nominate board members, and organize the meeting. At each step of the process, the potential members were asked to participate.

The six organizing committee members had to select the specific terms of directorship, ranging from one to four years. Officers would be from among the organizing committee. Lex Mundi from the beginning was to have a full-time president who was also the CEO. The officers elected for a one-year term were chairman of the board, chair-elect, secretary, and treasurer. While there could have been some dispute, everything worked out

Nominating 10 new members of the board who had not previously been on the committee was more difficult. Selecting these members who were completely new to the organization would shape the organization over the next four years and beyond. Careful consideration had to be given to each person, the firms of which they were members, and their term of office. It was firmly decided that future board members must come from members who had not already been represented on the board.

Having members from prestigious firms worked in two different and opposite ways. The prestige of the firm would attract new members. On the other hand, these firms were the most reluctant to either join or create a strong organization. The solution was to appoint members from the prestigious firms for short terms. This allowed them to have in the following year's board members who wanted to be more proactive.

As a new network, the first annual meeting and first board meeting were approaching in September of 1989. The decision had to be made for the locations. The meeting itself was held in a castle 40 miles outside of Strasbourg where the International Bar Association was also meeting. The location was chosen because the Europeans were concerned that someone would find out they had joined a network. While not a governance issue per se, it was the type of issue the organization's governing body had to regularly confront as the organization went from a startup to Level 3 network.

Developing the final governance structure will continue for the life of the network. A network will continually amend policies and procedures as it grows. Responsibilities will be assigned and reassigned depending upon external factors. Bylaws will be clarified as they are applied to actual situations that arise in all networks. The board will confront issues of network transparency.

Governance can also enhance the network's reputation. Formation of an advisory committee of general counsel members will help to introduce new ideas to the network. Lex Mundi, for example, began this in 2002 and has had more than 15 general counsels participate; they attend the Lex Mundi meeting and board meetings and are typically effective speakers.<sup>226</sup> These contacts can lead to other resources, such as the Lex Mundi Foundation,<sup>227</sup> that are supported by the corporations of the advisory board. It may also lead to opportunities with other associations, such as ACC, where the advisory members also serve.

Level 3 accounting networks are far more developed than Level 3 legal networks because many accounting networks have as their objective to compete with the Big 4 for upper-end mid-market clients. They also must comply with regulations to which law firms are not subject. Legal networks, therefore, may have adopted many of the structures found in accounting networks but have not advanced as far.

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<sup>&</sup>lt;sup>225</sup> LEX MUNDI, supra note 51.

<sup>&</sup>lt;sup>226</sup> Advisory Council, LEX MUNDI, www.lexmundi.com/lexmundi/Client\_Advisory\_Council.asp (Meritas has a similar board). See Meritas, supra note 159.

<sup>&</sup>lt;sup>227</sup> LEX MUNDI PRO BONO FOUNDATION, www.lexmundiprobono.org/lexmundiprobono/default.asp (last visited Feb. 2, 2016).

In the case of Levels 2 and 3 multidisciplinary networks, governance poses distinct issues because of the different services that are involved in the organization. While lawyers and accountants may have the same clients and similar operational and marketing issues, their approaches are very much different. Accountants tend to be more practical, while lawyers tend to be more long term. However, this is not always the case in that accountants clearly understand the need for networks more than lawyers do.

Governance issues are very different in the DuPont Legal Network.<sup>228</sup> In 1992, DuPont established its own internal legal network. Unlike other companies that use different law firms, DuPont's objective was to create an actual organized network. The law firms would develop personal relationships with one another through meetings and other organized events. The objective was cost-effective and efficient representation because the firms knew DuPont as well as one another. Today the collaboration has gone beyond networking to promotion of the firms to other possible clients.

In this network, the client determines governance. While monetary rewards are always important, so are recognition and participation. Although DuPont can control the network, it is not in its best interests to fully do so. It is preferable to delegate some governance responsibilities to the member firms. This delegation can be found in other legal networks that have been organized by consultants.<sup>229</sup>

## **Network Operations**

On the surface, networks appear relatively simple to operate. There are members who pay dues or otherwise finance the operations, and there are activities in which members can participate. However, it is not that easy. This section will first evaluate the theories that are applicable for operating the network. It will then assess the practical considerations of doing so.

Operating a network poses a series of challenges, beginning with the fact that a network functions by example. As discussed in the governance section, a network is not an organization over which a person or small group has dominion. Networks are collaborative, not subject to command and control. Members attend meetings because they see other members attending. They publish articles in the network publications because other members publish.

If one steps back farther, in the broader context the professional services networks operate by controlling information. In a network, members make decisions individually based on general information that is available. This is different from a hierarchical organization where information distribution is more limited and sent to specific individuals. Creating an environment where information flows to its members is the key to a successful network operation. Professor Van Alstyne describes this below.

#### *Operations – Theory and Literature*

Operations of a network are different from other business entities. As collaborative ventures, they must provide information and educate members.

A successful network must educate the members on the use of the network. Unlike businesses that have economic interest networks which effectively store information, the networks are made up of independent organizations. Establishing institutional knowledge

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<sup>&</sup>lt;sup>228</sup> DUPONT LEGAL NETWORK, supra note 149.

TAGLaw has an advisory board, but the network is owned by a management company for its alliances. *Advisory Board*, TAGLAW, www.taglaw.com/index.php?option=com\_content&view=article&id=1330&Itemid=100009 (last visited Feb. 2, 2016).

is much more difficult. The role of information is that much more important. The importance of information assets to network organizations<sup>230</sup> raises important questions about managing information resources. Theories of organizational learning provide a framework by breaking information management into acquisition, distribution, interpretation and memory.<sup>231</sup>

The first two describe the processes of obtaining and sharing information respectively. Sharing is important not only for completeness of access but also for generating new information. Interpretation is the process by which shared information acquires meaning and becomes translated into shared maps, frames, or schema. Organizational memory describes the storage of information for ready access and future use. 232

More learning may then be said to occur when information is shared more broadly, when more numerous and varied interpretations are developed, when different organizational members comprehend each other's interpretations — even if their own interpretations differ — and when latent information is recognized as potentially useful and stored. More learning does not necessarily imply a larger organizational action set, however, since this can add constraints to behavior as well as new options. In monitoring itself, an organization can also engage in single-loop learning by successively comparing itself to its governing policies and adjusting for mismatches, or it can engage in double-loop learning by examining and changing its governing values.<sup>233</sup>

In networks the interaction (of members) runs laterally as much as vertically. Communication between people of different ranks tends to resemble lateral consultation rather than vertical command [and] omniscience can no longer be imputed to the head of the concern.<sup>234</sup>

The other distinguishing characteristic is that lines of ownership and of group identity, i.e. boundaries, become ill-defined. This in turn affects operations. This includes the edge between the network firm and its markets and even the edges of different functions within the firm.<sup>235</sup> The need for boundary-spanning communication intensifies with more ambiguous roles and objectives.<sup>236</sup>

#### Operations – Application to Professional Services Networks

The operative word in networks is collaboration. Merriam-Webster's Collegiate Dictionary defines collaboration as

(1) the state of having shared interests or efforts (as in social or business matters). Synonyms are affiliation, alliance, collaboration, confederation, connection, cooperation,

<sup>&</sup>lt;sup>230</sup> Van Alstyne, supra note 9, citing P. Drucker, The Coming of the New Organization, HARV. BUS. REV. (1988); see also Walter W. Powell, Neither Market Nor Hierarchy: Network Forms of Organizations, 12 Res. IN ORG. BEHAVIOR 295, 295-330 (1990); see also S. L. Jarvenpaa & B. Ives, The Global Network Organization of the Future: Information Management Opportunities and Challenges, 10 J. OF MGMT. INFORMATION SYSTEMS 25, 25-57 (1994); see also Gerard Cliquet, Economics and Management of Networks: Franchising, Strategic Alliances and Networks

<sup>&</sup>lt;sup>231</sup> Id., citing G. P. Huber, Organizational Learning: The Contributing Processes and the Literatures. 2 ORG. SCIENCE 88, 88-114 (1991).

<sup>&</sup>lt;sup>233</sup> Id., citing Chris Argyris & Donald A. Schon, Organizational Learning: A Theory of Action Perspective (1978).

<sup>&</sup>lt;sup>234</sup> Id., citing P. Attewell & J. Rule, Computing and Organizations: What We Know and What We Don't Know, 27 COMM. OF THE ACM 1184, 1184-

<sup>235</sup> Id., citing W. E. BAKER, THE NETWORK ORGANIZATION IN THEORY AND PRACTICE, NETWORKS AND ORGANIZATIONS (1993): "The chief structural characteristic of network organization is the high degree of integration across formal boundaries." <sup>236</sup> *Id.*, citing R. G. Eccles & D.B. Crane, *Managing Through Networks in Investment Banking*. 30 CAL. MGMT. REV. 176, 176-195 (1987).

hookup, liaison, linkup, partnership, relation, relationship, tie-up, union (2) the work and activity of a number of persons who individually contribute toward the efficiency of the whole. Synonyms of collaboration are: cooperation, coordination.<sup>237</sup>

Collaboration requires that information be available to everyone in the system. How do networks work to create collaboration?

In the case of a Level 1 network, the operations are handled on a volunteer basis. There may be a small bank account for funding a meeting. Members pay their own way to the meetings and make their own travel arrangements. The website is generally outsourced and information is basic.

Level 2 operations tend to be larger in membership. This requires a full-time person to operate and maintain the group. Level 2 networks will generally be actively recruiting new members. The members themselves would do this.

Level 3 networks have a considerable fulltime staff. Meetings are varied: annual, regional, by practice, and individual. The website is a representation of the membership, and the staff conducts recruiting with the collaboration of all members.

## Financing the Network

The degree of collaboration in a network is dependent on how much money is available. Finances would include the members' time and out-of-pocket expenses, as well as the network's expenditures. Revenue will be needed to hire a staff to coordinate activities and programs. A network will need funds to operate. While a Level 1 network has no appreciable revenue, a Level 3 can be a multi-million dollar operation. How do networks generate funding?

The majority of the revenue will come from annual dues paid by all members. Some funds will be generated from meeting registrations, which can become self-financing. There may be other revenue sources.

The first question is who sets the dues. In Level 2 networks that do not have a formal organization structure or specific long-term objectives the dues may be set be the agreement of all members. The effect is to keep the dues relatively low based upon the social factors described in the governance section. In Level 3 networks, the board of directors sets the dues.

If dues are the basis for financing the networks they must do so in an equitable manner, and they must be the same for all members. Setting the amount requires significant evaluation — too low will choke the network's ability to provide benefits; too high will establish a perpetual cost-benefit analysis at the time the firms renew their membership. How are dues established?

The first question is: What is the purpose of the dues? The approach by some members is to be very conservative, having a "let's wait and see" attitude. This will likely mean that nothing will happen in the network. Dues should be set out so that they always meet the expectations of the members.

In an international organization there will be members that are very well off and those from poorer countries. Some may want to distinguish between the two circumstances. This would be a mistake since there is no way to differentiate one small country from another. Additionally, the practices will vary from country to country. In many small countries top professionals are able to bill clients at levels close to international standards. This is clearly the case of the international law firms and the Big 4.

<sup>&</sup>lt;sup>237</sup> MERRIAM-WEBSTER'S COLLEGIATE DICTIONARY (1999).

One alternative is to have an objective standard. In the legal profession this commonly is the number of attorneys. In some networks this may be the number of partners. In others it could be everyone who is an attorney. The network must also be able to monitor the dues itself. This is straightforward in the legal profession, since law firms typically state the number of lawyers on their websites and in many publications.

Another method would be the firm's annual turnover. For accounting firms, this is the best because they are used to reporting income to their networks. The income would reflect the ability to pay. The accounting networks annually report their total cumulative incomes and have the figure for each member.

A referral fee could be another source of revenue. When the referring firms send business to other network members, they get a small percentage of the total fee. The network would also get a percentage. In the accounting profession it is permissible for the networks to charge a referral fee. This is not permitted in law firm networks, as various bar regulations prohibit referral fees.<sup>238</sup>

Setting the dues will revolve around establishing a budget. For a network to be successful, the dues must be sufficient to operate it. This will be dependent upon the consensus established by the organizing committee and with the initial members. It is important that the amount not be set too low, as that will affect the activity level. On the other hand, dues may be perceived by others as being too high and run the same risk of losing members.

Periodically, dues must be increased to expand the network and its activities. The key to any increase is communication, which is part of the overall strategy of keeping members informed. Awareness of network events, meetings, developments, new projects, seminars, and the many other items discussed in this article will easily justify such an increase.<sup>239</sup> If, however, there has been a lack of communication, a dues increase will be met with resistance.

Meetings are a source of both revenue and expenses; the key is establishing a strategic balance between them. The meetings may be "pay as you go," so that each member absorbs the actual costs plus administrative fees. This is always the case in Level 1 networks. Networks may encourage participation by subsidizing meetings from the general dues on the premise that if the registration fee is modest, more members will attend. As the network matures, meetings may become a profit center.<sup>240</sup>

Meetings provide tremendous exposure for the hosting firm to other members in the network. Hundreds of network members will be coming to the host's city where they will meet the partners and associates. Most networks will charge a sponsorship fee to the hosting member. The sponsorship fee should be set at a number that reflects the exposure that the member firm will receive.

(b) A lawyer shall not give anything of value to a person for recommending the lawyer's services except that a lawyer may (1) pay the reasonable costs of advertisements or communications permitted by this Rule; (2) pay the usual charges of a legal service plan or a not-for-profit or qualified lawyer referral service. A qualified lawyer referral service is a lawyer referral service that has been approved by an appropriate regulatory authority; and (3) pay for a law practice in accordance with Rule 1.17; and(4) refer clients to another lawyer or a non-lawyer professional pursuant to an agreement not otherwise prohibited under these Rules that provides for the other person to refer clients or customers to the lawyer, if (i) the reciprocal referral agreement is not exclusive, and (ii) the client is informed of the existence and nature of the agreement.

<sup>&</sup>lt;sup>238</sup> ABA Section Rule 7.2 – Advertising

<sup>&</sup>lt;sup>239</sup> See supra Chapter 2, Law Firm or Network? Market Perceptions and Operations – Table 1.

<sup>&</sup>lt;sup>240</sup> M&A INTERNATIONAL MID-MARKET FORUM, www.mergers.net/index.php?id=m\_and\_a\_mid-market\_forum (last visited Feb. 4, 2016).

A large enough organization can create sponsorship opportunities. In order to get sponsors, the network must be able to show the potential sponsor the benefits they will receive. These may be set out in a brochure. <sup>241</sup>

One additional issue is present in the legal profession. It is common for law firms to belong to more than one network. At each step of the development process, they are being compared to other networks. This includes not only activities, but also the costs. As a network moves from Level 2 toward Level 3, it must consider the activities of other networks.<sup>242</sup>

Level 4 networks are full-scale operations financed by the members who may contribute part of the income to maintain the network. A professional independent staff operates the networks. The board sets its goals and objectives, with the actual operations carried out by an executive group with a large full-time staff.

#### **Network Staff**

The staff's function in a professional services network will depend on the origin of the network, its current objectives, and whether the network is Level 2, 3, or 4. Level 1 networks do not have staff since the members contribute staff on a voluntary basis to organize any event.

Level 2 networks that are founded by individual law or accounting firms tend to have staff that would be described as non-strategic and functional. The staff reports to the chairman who is an attorney or accountant at one of the member firms. The staff person is purely support in nature rather than strategic. Board members may become involved and be responsible for such activities as website design, technology, and/or recruiting. Many of the activities are outsourced. Meeting planners may do meetings. The staff is usually located in the offices of one of the members.<sup>243</sup>

Networks that are formed for strategic reasons have a staff that collaborates with the board and members. There may be many staff at the network.<sup>244</sup> Level 3 networks have five to 25 full-time staff members. Meritas<sup>245</sup> and Lex Mundi<sup>246</sup> have listed the different types of staff members on their websites. Persons who are not practicing attorneys or accountants generally formed these networks. They are Level 3 networks, which operate as a business to meet members' objectives. In these networks the title of the CEO may be "president," and he or she operates within the framework established by the board. In a Level 3 network, the staff is responsible for marketing strategy (within the confines of the budget), website maintenance, recruiting, and general operations of the network. This is done on a collaborative basis with the executive committee, board, and the members each assuming their different roles. The network recognizes the strengths and weaknesses of each of the parties in the network. Level 3 networks have staff in their own offices rather than in the offices of their members.

The staff is important for other reasons. It is the repository of the history, policies, and rules of the network. With the executive committee, the staff strives for a consistent approach to issues. The chief operating officer and the chair enforce the rules.

<sup>&</sup>lt;sup>241</sup> LEX MUNDI'S SPONSORSHIP PROGRAM.

www.lexmundi.com/lexmundi/Corporate\_Sponsorship\_Program.asp?SnID=2082162550 (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>242</sup> See supra Chapter 2, Law Firm or Network? Market Perceptions and Operations. – Table 1

<sup>&</sup>lt;sup>243</sup> See United States Law Firm Group, www.uslfg.com/executivedirector.cfm (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>244</sup> See Phillip Smith, Networks Survey: Global Risk, ACCOUNTANCY AGE (Nov. 2008) www.accountancyage.com/print\_artice/aa/feature/1748284/networks-survey-global-risk.

<sup>&</sup>lt;sup>245</sup> MERITAS, WWW.meritas.org (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>246</sup> Contact Us, Lex Mundi, www.lexmundi.com/lexmundi/Contact\_Information.asp?SnID=2082162550 (last visited Feb. 4, 2016).

Level 2 networks will have a very professional administrator. These networks rely on volunteer expertise by the marketing department at member firms. Technology is likely to be 100-percent outsourced. This is in contrast to a Level 3 network where the staff will have advanced degrees in management, marketing, training, technology, and human resources.

## Groups in a Network – Practice, Industry, and Regional Groups

Networks are composed of internal groups that may be informal or formal. As formal groups emerge in a network, the structure is defined and clarified. The formal groups reflect the evolving structure of the network. The purpose of groups is analyzed below.

## *Groups – Theory and Literature:*

A group theory of social behavior suggests that groups — associations of two or more people influencing one another through direct communication over time — benefit individuals by "providing information resources, emotional resources, and identity support."247

Groups then benefit organizations through coordinating joint activities, promoting specialization, and facilitating organizational learning. Aside from collective productivity, however, groups concern themselves with identity maintenance where recognition, fear of shame, and peer pressure play a role. Members tend to judge actions for consistency with identity, using peer pressure to sanction behaviors apposite of group norms: the nail that sticks up is the one hammered down. Japanese companies pursue extra-curricular group activities to socialize to enhance this. <sup>248</sup>

Networks have a very different model when it comes to authority as discussed in the governance section. The networks are based upon extensive collaboration and information sharing.

Decentralizing authority reduces the number of hierarchical ranks and increases responsibility among those who were not previously decision makers. With better decision support, the rank of a person required to make a decision becomes less important. Joint control tends to accompany "empowerment," meaning that individuals receive information about their own and the organization's performance, they are rewarded for performance, they possess the skills required to perform, and they are granted decision authority.<sup>249</sup>

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<sup>249</sup> Van Alstyne, supra note 9, citing S.L. Jarvenpaa & B. Ives, The Global Network Organization of the Future: Information Management Opportunities and Challenges, 10 J. OF MGMT. INFO. SYS. 25, 25-27 (1994).

250 Van Alstyne, supra note 9, citing L. M. Applegate et. al, Information Technology and Tomorrow's Manager, HARV. BUS. REV. (1988), at 128-136.

<sup>&</sup>lt;sup>247</sup> Van Alstyne, supra note 9, citing T. Finholt & L. S. Sproull, Electronic Groups at Work, 1 ORG. SCIENCE, 41, 41-64 (1990).

authority. Not surprisingly, this can win autonomy by losing unanimity and purchase participatory buy-in at the cost of political bail-outs.

Shared control in network organizations leads to more consensus management which tends to increase "buy-in" among employees affected by new decisions. "Research suggests that hierarchical design dampens employee motivation because individuals are likely to be more committed when they have participated in a decision, and much less enthusiastic when they have been ordered by superiors to undertake a particular task."<sup>251</sup> Participatory involvement of committees and line management in the process of setting strategy increases group member acceptance of and responsibility for final recommendations.<sup>252</sup>

Local agents are not only better positioned to gather information on specific local conditions, but vested with decision authority and ownership of the result; they are also more likely to look for problems and opportunities.

#### *Groups – Application to Professional Services Networks*

Professional services networks by nature organize themselves into groups. They are a natural outgrowth of any human organization. People want to associate with others who share their interests. In professional services networks it is straightforward to identify groups because the professions are self-defined. The groups in networks are parallel to those found in professional associations like the American Bar Association or the AICPA. In law firms, one finds practice groups such as intellectual property, litigation, environmental, real estate, etc. In accounting networks, the groups are tax, audit, and financial consulting. In multidisciplinary networks the operative groups would be by industry rather than by practice.

Today's technology has created different types of groups. The purpose remains essentially the same: to share information and create relationships. However, technology can extend the sharing of this information. The networks can create an extranet for collaboration. They can also create an internal networking system similar to LinkedIn.com. In the short term, this technology is realistically only available to Level 3 networks.

A network can leverage a member's participation in other organizations and associations that do not compete with the network. For example, international attorneys belong to the IBA. They are members of both a firm and the network. Providing these attorneys the opportunity to meet as a de facto group reinforces the network and its membership. This is done without cost in either time or money.

Groups in a network, however, can create internal issues that require management. A poorly organized group will detract from the network. As with any human endeavor, groups can become cliques. The groups may seek to operate independently of the network. For example, they may arrange their own meetings independent of the network. This can have a significant negative impact on the network.

There can be timing conflicts when members have to decide to attend the regional meeting or a group meeting. The groups may seek to have a member host a meeting, thus precluding that firm from hosting a regional or annual one. The groups may decide they no longer need the network to achieve their own objectives. This increases the power of the group leaders in that they can now make all decisions.

<sup>&</sup>lt;sup>251</sup> Id., citing W. W. Powell, Neither Market Nor Hierarchy: Network Forms of Organization. 12 Res. IN ORG. BEHAV. 295, 295-336 (1990).

<sup>&</sup>lt;sup>252</sup> Id., citing R. Howard, The CEO as Organizational Architect: An Interview with Xerox's Paul Allaire, HARV. Bus. Rev. (Sept.-Oct. 1992) at 107-121; see also T. Peters, Liberation Management: Necessary Disorganization for the Nanosecond Nineties 834 (1992).

<sup>&</sup>lt;sup>253</sup> See Calendar of Events, TERRALEX, www.terralex.org/calendar/View (last visited Feb. 4, 2016).

Groups are also the source of future leadership in the region or on the board of directors. Fostering the groups increases the internal activities. On the reverse side, group leaders may decide after volunteering that they no longer want to be active but are embarrassed to resign. The group leadership function needs to be managed. This can mean an annual orientation and retreat for group leaders so they better understand the objectives of the network and know their fellow group leaders.

#### Meetings in Networks – Annual, regional and practice area

Virtually every network has an annual meeting, the purpose of which is to bring professionals together on a personal level to learn about each other. Relationships may start on the Internet, but human beings need to be able to meet in person. Personal relationships are the cement that holds the network together. They are an investment in the future of the network.<sup>254</sup>

Meetings have three principal purposes. The first purpose is to develop inter-personal relationships. If the network is going to be successful, the members must have a high level of trust. Trust can only be developed if the members meet in person, so meetings are indeed an investment.

The second purpose is moving the network forward in its development. By meeting for a specific purpose such as organizing a project, the members are able to work with one another. This increases trust. More importantly, the project has group ownership. The project could be something tangible like a publication or something more intangible like a regional meeting. Each member is assigned tasks and asked to collaborate with other members.

The third purpose is to complete the vision of the network. Each meeting generates additional building blocks on which the network can expand. When all the meetings and interaction are combined, the network begins to take shape. The investment is justified by the contacts that are made at the meetings.

While the purpose of the meetings is the same, the dynamics have changed over the last 15 years as a result of the Internet. Webinars, podcasts, and video streaming have all become possible.<sup>255</sup> The impediment is not the cost but the time it takes to arrange these seminars. The issues also involve efficiency. Not all of this technology is utilized by all groups.

Even though networks have three purposes, how these purposes are implemented will depend upon the network's level of development. It cannot be expected that a Level 1 network will develop relationships in the same way a Level 3 network does.

Meetings are free in Level 1 networks. Each participant pays his/her own way. Given that Level 1 networks tend to be small, the conferences are held at the offices of one of the members. Meetings represent one of the largest costs to both the network and the members. The relationships are already personal because the Level 1 network is a club.

Meeting planning is first required in Level 2 networks. The leadership must decide who should participate. This will depend on whether it is the principal contacts, practice groups, administrative personnel, or others.

Network – Creating the Brand.

DuPont Legal Model, DuPont, www.dupontlegalmodel.com/building-the-virtual-law-firm-through-collaborative-work-teams/ (last visited Febr. 4, 2016): "DuPont Legal has expended great effort since the formation of the Network to bring together lawyers and other service providers working on DuPont matters. Frequent face-to-face meetings of alliance members are essential to developing relationships of trust. Annual and mid-year meetings of the Network have successfully woven the fabric of these relationships, as have additional opportunities for a wider group of interested lawyers to get to know one another through practice group or special interest group meetings. The result is that members of the Network now know one another well. They have developed good professional relationships and, in many instances, strong personal friendships as a result of this association."

255 See infra Chapter 6, Marketing the Network – Creating the Brand.

In Level 2 organizations, one finds different types of meetings. However, because they are Level 2 networks, the meetings are not particularly complex. A meeting planner at one of the member firms can easily organize them.

Level 3 network meetings represent the full range of meetings: member-to-member meetings, practice groups, industry groups, meetings at other events, regional meetings, and annual meetings. All are different in their organization, attendance, and outcome. Each level serves a different purpose in promoting members and the network.

The annual meeting is common to all networks. The networks have direct costs, such as hotel, audiovisual, meals, promotional materials, printed materials, travel, staff, and more. The members will incur meals, lodging, and related expenses. Depending on how the meetings are organized, the members will pay registration fees and perhaps incidental entertainment costs. A global meeting of 100 professionals can have direct costs to the network of more than \$100,000 and indirect costs to members (travel, meals, hotel, etc.) of more than \$300,000.

Level 2 networks' annual meetings are larger and may take place over more than one day. Because the networks are organized around a very small support staff, the meetings are usually held at the offices of one of the members. The subjects covered are typically specific topics dealing with the particular profession. There may be a registration fee to cover some of the costs.

Several hundred participants may attend a Level 3 network annual meeting in hotels or convention centers. There is always a registration fee. The meeting may cost several hundred thousands of dollars. While the meeting panels cover topics of interest in the profession, annual meeting sessions may include more general subjects of interests such as the economy, politics, technology, etc.

Regional meetings are common in Level 2 and Level 3 networks. The purpose of the regional meetings varies from network to network. In some networks the purpose is to introduce and develop regional relationships. In others, an additional purpose is to bring all members who have an interest in the region together irrespective of whether they are actually part of the network.

In the case of a meeting limited to the regional members, it may have more of an organizational focus. The subjects discussed are the interests in the local region as distinguished from other areas, and how the members can collaborate, refer business, and exchange information.

Practice groups are commonly found in Level 2 and 3 networks.<sup>256</sup> The objective is to address the needs of specific individuals for developing relationships. They may have independent meetings or ones held in conjunction with the annual meeting. Practice groups may also invite clients to attend, thus using them as a marketing tool.<sup>257</sup> By building on these interests, the entire network is strengthened.

Not all of the time is devoted to the network itself. The network can bring together panels on subjects or speakers to address the issues of the day, practice area issues, or issues in management of professional firms. In professional services networks, particularly at Levels 2 and 3, the attendees are professionals involved in the management of the firm. Panelists of members are also useful in discussing best practices. The panels can save firms considerable money for those who are trying some new technology.

<sup>&</sup>lt;sup>256</sup> INTERLAW, *supra* note 161.

<sup>&</sup>lt;sup>257</sup> ALFA International, Staying Ahead of the Curve: Practical Guidance, Updates, and Strategies for Insurance Professionals, ALFA INTERNATIONAL (2013), www.alfainternational.com/filebin/events/2013\_Insurance\_Brochure.pdf.

Paid speakers are rare in networks because of the number of experts who have an interest in getting in front of the network members. They may be management consultants, vendors, management from other networks, etc. Some will cover their own costs; others expect reimbursement. It is important that any reimbursement be specified in the engagement letter so there is no confusion.

Large networks can leverage the relationships their members may have in other networks. Meetings of professional associations like the American Bar Association, AICPA, IFA, and many others occur throughout the year. The networks can host events at these other meetings where network members will already be in attendance.<sup>258</sup> Large networks have members attending many other events throughout the year. Many of those professionals do not know one another because they practice in the offices of different members. A network can tie an event to the other meeting. In this way, professionals have the opportunity to meet other professionals who are in the network.

Network meetings are financed in many different ways. Financing will depend on the type of meeting, the type of network, and its membership. The three primary types of revenue are registration fees, member sponsorship fees, and third-party sponsorship fees.

The network must decide the level of the event. There are networks that host strictly five-star events, which are very costly. A registration fee will be quite high. In addition to the registration fee, the network will have to take into consideration hotel, meals, and airfare.

The registration fee can be set to cover all costs. However, many networks rely on their members in the location where the event will take place to sponsor the event. The rationale is that the sponsor will be able to showcase its firm to hundreds of member professionals who will spend hundreds of thousands of dollars to attend the meeting.

The third is outside vendors. The ability of the network to attract outside vendors is dependent on several factors. The number of attendees is important, as is the demographic of the attendees, e.g., if they are worldwide or from a concentrated practice area. In order to attract these vendors, the organization will have to design a description of the cost and benefits of advertising.<sup>259</sup>

Director and executive committee meetings are different but related to both the annual and regional meetings. Every organization will be unique. However, in the planning of the board and executive committee meetings, it is important to factor in the other events. The presence of board and executive committee members at regional or practice group meetings reinforces that everyone is a member of a network.

## Referrals – How They Work and Do Not Work: Type 1, 2, 3, and 4

The referral concept is inherent in the DNA of the network. Unlike many other aspects of networks that are related to the level of the network, referral possibilities are limited only by the imagination of the members and staff. However, as Friedheim indicated in Exhibit  $4^{260}$  found earlier in this chapter, referrals are a function of the level of member activities. The value of a network rests primarily in the members' hands because they control the level of activity. There are four referral types ranging from contacting a member firm for information to a full-scale joint venture.

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<sup>&</sup>lt;sup>258</sup> See supra TERRALEX, note 240.

<sup>&</sup>lt;sup>259</sup> Sponsors, Lex Mundi, www.lexmundi.com/lexmundi/sponsors.asp (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>260</sup> See supra Chapter 4, Organizing a Traditional Law Firm Network – Exhibit 4.

When the idea of a network is proposed, one of the first thoughts is that the network will produce referrals, i.e., income. Many see network membership as producing in-bound referrals of clients. Others join networks to have qualified firms to which they can refer business. They recognize that referring a good client can be risky. Referring to a network member they know has the least risk.

An example is when a client needs advice in another country; the network can be used to locate a member who can assist. The member retains the clients and the member in the distant location may obtain business. Network membership allows the member to assist its clients. The client is not tempted to go to a firm that has a number of branches. The most simplistic value is to be able to refer the client to a competent professional for information and possible business. This is a Type 1 referral. It is simple, easily understood, and fundamental.

These basic concepts do not do justice to the power of referrals. It would be like judging a carpenter's potential simply by looking at his hammer, saw, and screwdriver. The reason the general members see referrals in these simplistic terms is because of the geographic perspective of the network. If the only expertise you can access is based upon location, the "referral to" or "referral from" terminology and concept apply.

Referrals are much more than then in-bound and out-bound cases; they are about using information in the network. One piece of the information is contacts in a location. This is important but, overall, a very minor component of the information. The access to resources, including information, is by far the most important component of referrals.

In-bound and out-bound matters are Type 1 referrals — the hammer, saw, and screwdrivers of the professional network. They are handled by rules in the profession. For example, in the U.S. legal profession, no referral fees can be paid.<sup>261</sup> The responsibility for payment by the client is defined.<sup>262</sup> Usually the client will be responsible directly to the firm receiving the referral. The referring firm is not liable unless there is an agreement to the contrary.

Exchange of information is a Type 2 referral. The client needs the matter handled, but there may be many complex issues that can easily answered by someone on location but not in a book or online. Members can turn to the network for this information using a "free advice" policy. Today, technologically developed networks can tap the knowledge of thousands of professionals by doing a search of the network website. These referrals cement a long-term relationship with the clients who know that they can be fully represented by their firm.

Creativity is required for a referral to be Type 3. They are much more complex because it requires the members to see the network as not only a toolbox, but also a whole range of utilities that can be deployed because of the self-interest of the other members. For example, a member could establish a team based on the needs of clients in different states or countries. The team is actually coordinated by one of the members of the network. Once this model is developed, the team leader could reach out to other clients they know have businesses in different locations. Common forms could be written that allow the participating members to reach out to their clients in a similar way. The documentation could also be shared with other members.

<sup>&</sup>lt;sup>261</sup> See infra Chapter 6, Marketing the Network – Creating the Brand.

<sup>&</sup>lt;sup>262</sup> See International Bar Association, International Code of Ethics, INT'L BAR ASS'N (1988),

www.ibanet.org/Document/Default.aspx?DocumentUid=A9AB05AA-8B69-4BF2-B52C-97E1CF774A1B: "Lawyers who engage a foreign colleague to advise on a case or to cooperate in handling it, are responsible for the payment of the latter's charges except where there has been express agreement to the contrary. When lawyers direct a client to a foreign colleague they are not responsible for the payment of the latter's charges, but neither are they entitled to a share of the fee of this foreign colleague."

In order for an accounting firm to do an audit, it must have access to policy manuals and checklists. One of the reasons for joining a network is to get access to these materials. Every accounting network has a manual and procedures for this type of referral. Only one member firm manages the audit and divides the fees among those participating in the audit. The invoice may come from the group leader. The referral may be for the long-term, creating a semi-permanent relationship that extends to other matters.

Many firms systematically advertise they are members of a network.<sup>263</sup> Network membership is found on the website, letterhead, business cards, and brochures. A creative way to use network membership would be to conduct a client survey of their need for counsel in other states or countries. As feedback, they could introduce fellow members. The objective is to let existing clients know they can handle their business in different parts of the world.

Full-scale collaborative effort based upon both geographic representation and the expertise found in the network firms is Type 4 referrals. While Type 4 referrals are similar to Type 3 referrals, in a Type 4 referral the degree of collaboration is significantly higher. For example, member firms may wish to share offices in a location like Washington, D.C., Brussels, or London. They may want to produce common marketing materials to attract a particular type of client. They may put on joint presentations to common clients or potential ones. They may exchange professionals as secondments. At industry trade shows they may have a common booth. Type 4 referrals are the result of common interest and trust coupled with a financial interest.

Types 3 and 4 referrals require that the members take the initiative.<sup>265</sup> The network only creates the framework for members to find common interests with other members. Members may have the same clients, expertise, or industry specialization; how these are combined is for the members to decide. The network does not get involved.

There are a number of issues involved in network referrals. The first is that every market is different. There are some countries where all referrals are in-bound. However, in these countries, using network membership can be useful in obtaining the in-bound work by being able to differentiate one firm from another. This can be done by being able to offer to their clients the expertise found at other member firms. For example, in a government RFP, the firms can put together a consortium of expertise using the network's technology. In this way, the firm that is usually an in-bound referrer becomes an outbound one. The receiving firms get a referral not because of their location, but because of their expertise.

Networks are non-exclusive, so there is no requirement that firms refer business to one another. In the legal profession in particular, attorneys have many other relationships. These temper the number of referrals. The challenge for networks is how to build relationships in which members are inclined to refer cases.

Referrals are also dependent on the awareness of membership in the network. If the members are not comfortable with one another, they will not refer business. The objective of a network must be to increase the level of awareness and confidence. The engagement of the maximum number of professionals in the network is important. This subject is covered in Chapter 5.

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<sup>&</sup>lt;sup>263</sup> See Brigard & Urrutia, bu.com.co/en/ourfirm/global-connections (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>264</sup> See Investing in Africa: Current Trends, Association of Corporate Counsel, ASS'N OF CORP. COUNS., www.acc.com/education/investing-in-africa.cfm (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>265</sup> See ENSafrica Recommends Shoosmiths to Advise Truworths International on Acquisition, WORLD SERVICES GROUP, WWW.WOrldservicesgroup.com/success\_stories.asp (last visited Feb. 4, 2016) (the Brazilian and German members formed a collaboration to attract clients from Brazil investing in Germany and Germans investing in Brazil).

Monitoring referrals is an issue in most legal networks because this is the reason firms join. Networks are not particularly strong when it comes to defining processes and financial results, according to Freidheim. 266 This does not, however, keep members from asking the network to create these processes.<sup>267</sup>

Members usually monitor Type 1 referrals. The systems vary from internal monitoring at each firm to organized network monitoring of referrals. Meritas, a legal network, documents in-bound and out-bound referrals and contacts the clients to assess satisfaction. <sup>268</sup> Accounting firms monitor referrals because they are routinely part of the team. Several accounting networks have a referral fee as a source of income for the network.<sup>269</sup> These processes are different because there are financial benefits at stake.

Many networks have "success stories" on their websites. These would be Types 2, 3, and 4 referrals. Their success is the subject of hearsay but may not be quantifiable until there is an actual success. The success stories that reflect Types 3 and 4 referrals are educative because they demonstrate to other members how they can also benefit from their membership.

There are structural differences between referrals in the legal and accounting professions. While the market for legal services is many times greater than the market for accounting, audit, and tax services, there are no dominant firms — no Big 4 — in the legal profession.<sup>271</sup> There are approximately 25 firms having more than 1,000 attorneys based primarily in New York, London, Chicago, San Francisco, and a number of other large cities. None of the firms has any significant market share. However, the firms do have a brand name.

Large law firms in New York, London, Chicago, and a number of other cities account for a very small part of the legal market. There were only 43,000 attorneys in Am Law 50 in 2006. The two largest networks had as many attorneys.<sup>272</sup> However, they represent a very large amount of the legal services market.<sup>273</sup> Because the average Am Law firm has only five branches, this means that they must refer to local firms. Network membership is one criteria of quality that the firms use in referring this business.

Unlike the Big 4, however, law firm networks do not represent clients or become involved in the transactions. Because the member firms are independent, there is no conflict of interest barrier to representation of competitors. This allows the largest networks to have member firms that cumulatively represent virtually all of the Fortune 500 companies.<sup>274</sup> This means that all of the Fortune 500 corporate counsel are already familiar with and are using members of the networks like Lex Mundi, TerraLex, WSG, etc. They may seek existing counsel for recommendations and referrals.<sup>275</sup> This means more referrals or networks members.

Accounting referrals are very different from referrals in legal networks. The accounting networks already have adopted a common brand. The firms operate in a particular state or region. Few are national, so they do

<sup>&</sup>lt;sup>266</sup> See supra Chapter 4, Organizing a Traditional Law Firm Network – Exhibit 3.

<sup>&</sup>lt;sup>267</sup> For example, TerraLex asks firms to commit to reporting referrals. See Membership Commitments, TERRALEX,

www.terralex.org/publication/pf1a07a3729/terralex-membership-commitments (last visited Feb. 4, 2016). Meritas has a rigorous system of reporting in-bound and out-bound referrals as well as verification by Meritas itself. It also measures satisfaction by surveys. Each firm has a ranking. See Firm Evaluation, MERITAS, http://www.meritas.org/FirmEvaluation.aspx (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>268</sup> Compare Firms, Meritas, www.meritas.org/firm compare firm link.asp?link=42&fid=67682 (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>269</sup> See supra Chapter 3, History of Professionals Services Networks – Why Do They Matter?

<sup>&</sup>lt;sup>270</sup> MERITAS, http://www.meritas.org/main.aspx?link=32 (last visited Feb. 4, 2016); Success Stories, WORLD SERVICES GROUP, www.worldservicesgroup.com/success\_stories.asp (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>271</sup> Program on the Legal Profession, HARVARD LAW SCHOOL, www.law.harvard.edu/programs/plp/pages/statistics.php (last visited Feb. 4, 2016).

<sup>&</sup>lt;sup>272</sup> See infra Appendix 4.

<sup>&</sup>lt;sup>273</sup> HARVARD LAW SCHOOL, *supra* note 258.

<sup>&</sup>lt;sup>274</sup> Lex Mundi conducted a survey of members and found that they represented more than 90 percent of all Fortune 500 companies.

<sup>&</sup>lt;sup>275</sup> Unpublished Gallup 1992 and 1993 Survey conducted for Lex Mundi of 5,000 general counsel in 56 countries. The two primary ways for locating outside counsel were recommendations from other outside counsel and from existing outside counsel.

have to refer business. They are neither international, nor are they opening branches outside of what they consider their region. The network is the way they can demonstrate their international connections. They must use one another in audits. Accounting networks are also more exclusive than law firm networks in that, in many cases, the member firms have adopted either the name or a part of the name of the network. The referral fee payments cement the relationships so they do not refer outside of their network.

However, there are other factors that may reduce the number of referrals among accounting firms. In the United States, accounting and legal firms will not have the same number of referrals. Unlike attorneys, accountants can practice in any state. Tax work is also federal; state taxes are relatively standard following some specific patterns.

Given the concentration of the Big 4, which accounts for 94 percent of public companies followed by Grant Thornton International and BDO International, <sup>276</sup> a mid-size accounting firm's typical client is a mid-size or privately held company. Fortunately there are hundreds of thousands of mid-size companies that are now part of the global economy. This has created a growing need for network membership. However, the rules on auditing public companies are being reevaluated to require that auditing assignments rotate outside of the Big 4 to independent accounting firms.<sup>277</sup>

## **Operations – Other Network Initiatives.**

Foundations are a means to market the network by extending its image. The TAG Foundation<sup>278</sup> is a good example of a basic foundation. Its purpose, "[w]ith advice and counsel from a committee of advisors and from members in affected areas of the world, will provide aid to local charities around the world, most often in response to natural or other disasters." The Lex Mundi foundation 279 is a more complex foundation with significant funds to invest. One professional developed the foundation; it now has its own board. Donors included not only members of Lex Mundi but attorneys at member firms. The donors have been extended to major corporations. The foundation allows Lex Mundi to reach out to organizations on pro bono projects. These projects can extend to virtually every state or country. By undertaking these projects the foundation and Lex Mundi increase its image using tax-free dollars. Members gain good publicity in the local press and may even be compensated for out-of-pocket costs.

Networks may have common interests with other organizations. These organizations can work together for their mutual benefit. For example, Lex Mundi had a project with ACC that has 20,000 in-house counsels as members. ACC wanted to expand this membership in each city. Lex Mundi undertook to hold a CLE meeting to which non-ACC members were invited. ACC benefited because the Lex Mundi members absorbed the costs. Lex Mundi and the local members benefited by being able to contact non-clients in the form of the CLE. This type of project has been extended to podcasts.<sup>280</sup>

#### Balance in a Maturing Network – Issues in Governance and Operations

As a network matures, it changes. The changes reflect the sum total of its development from the beginning to the present. The mature organization has defined and refined its objectives. On the positive side, members

<sup>278</sup> TAGLAW, *supra* note 146.

<sup>&</sup>lt;sup>276</sup> FERF Survey: Audit Fees Down, Big 4 Still Dominate Public Company Filers, GOING CONCERN,

goingconcern.com/2010/06/ferf-survey-audit-fees-down-big-4-still-dominate-public-company-filers/ (last visited Feb. 4,

<sup>&</sup>lt;sup>277</sup> See infra Chapter 6, Marketing the Network – Creating the Brand.

<sup>&</sup>lt;sup>279</sup> LEX MUNDI PRO BONO FOUNDATION, www.lexmundiprobono.org/lexmundiprobono/default.asp (last visited Feb. 4, 2016).

<sup>280</sup> See infra Chapter 7, Regulations and Other Legal Considerations for Networks; see also Lex Learn, LEX MUNDI, www.lexlearn.com/lmln/default.asp (last visited Feb. 4, 2016) (which offers CLE podcasts).

get to know each other. They become friends. The structure in place reinforces and accelerates the benefits that have been accumulated.

These relationships will affect all of the operational considerations above. The organization may find that it cannot adapt to the new marketplace. For example, networks are not particularly suited to adopting new technology. The reason may be that the members and the network leaders are practicing professionals who are simply not aware of the changes that have taken place. Generational changes will affect the members and the network itself.

On the other hand, the same benefits in the mature organization can act to limit the growth of the network. For example, leadership may become entrenched, making it difficult for others to participate. Members may lose interest because their expectations have not been met. The direction of the network may have adjusted to external environmental factors, like changes in the economy. New technology may require investment for which the network is not prepared. The most significant are the human factors as they affect the network. This section will address some of these changes that are observed as the network matures.

Both the positive and the negative flow from the fact that the overall success of the network, as seen by the members themselves, does not come from tools, regulations, bylaws, or technology but from the way members are able to interact with each other to their level of satisfaction. In a mature network the particular characteristics of the participants stand out.

## <u>Other Issues – Theory and Literature:</u>

Sociologists argue that social patterns of human interaction transcend reductionist (simple) economic agendas: "The pursuit of economic goals is typically accompanied by [such] non-economic [goals] as sociability, approval, status, and power... Economic action is socially situated and cannot be explained by reference to individual motives alone." 282

Organizations are and always will be run by people. They are infused with purpose and meaning only through the imagination and will of people...<sup>283</sup> As teams of self-interested agents, networks broadly suffer from incentive problems with respect to surplus or "public goods" jointly created but individually consumed. Teams confront an organizational version of the "tragedy of the commons." Members have an incentive to overstate their private preferences when a good is provided from common resources but to understate their private preferences when asked to ante up their share of costs. Networks are particularly susceptible to this problem as network members have an incentive to minimize their own efforts while free riding on the efforts of others.<sup>284</sup>

A prime hazard of team organization is that individual team members tend to overvalue their own contribution relative to other members.<sup>285</sup> Many refuse to subordinate their interests to the interests of the community and the distribution of authority in networks affords them the ability to act on their own behalf. At times of resource scarcity, individuals will also tend to hoard resources making them unavailable for more desirable

<sup>284</sup> Id., citing E. Roberts, New Ventures for Corporate Growth. 58 HARV. BUS. REV. 124-132 (1980).

<sup>&</sup>lt;sup>282</sup> Van Alstyne, *supra* note 9, citing M. Granovetter, *Problems of Explanation in Economic Sociology*, in NETWORKS AND ORGS. 471-491 (N. Nohria & R. G. Eccles, Eds. 1993).

<sup>&</sup>lt;sup>283</sup> Id., citing P. R. LAWRENCE & J.W. LORSCH, ORGANIZATION AND ENVIRONMENT (1967).

<sup>&</sup>lt;sup>285</sup> Id., citing Symposium, Adaptation Processes in Team Decision Making and Coordination, IEEE SYMPOSIUM ON SYSTEMS, MAN, AND CYBERNETICS (1990).

purposes.<sup>286</sup> Consensus management has been cited as a prime cause of failure to conduct organizational change.<sup>287</sup>

In effect, no one party wishes to have their own "ox gored" to improve the whole organization. Particularly in times of crisis, participatory management can misallocate resources since it often leads to proportional burden sharing rather than complete restructuring. Continuous and strong senior management support is necessary to effect radical change.

Consensus management and empowerment can change organizational behavior, as individuals, once given authority, grapple to extend it. Networks, more than hierarchies, tend to fall victim to corporate politics and local turf battles. Increased political influence costs balance, to a limited extent, the benefits of an option to replace non-performing network members. When titular authority yields to expertise, task delegation which was formerly a matter of fiat becomes a matter of persuasion and negotiation. 289

In short, shifting between networks and hierarchies has social ramifications with respect to modes of influence. Interpersonal skills come to the fore and persons are free to challenge the authority on which demands are based. Network structures ... are flexible, flat, complex and rife with conflict and "recurring conflict is inevitable."

Hierarchies solve these problems by vertical integration and owning the assets they use. Networks typically solve them by granting multi-party residual claims to the output from co-specialized production in order to align incentives.<sup>290</sup>

Sharing control almost always involves investment inefficiencies and overhead in governance structures, but it may be that agents cannot be separated from their assets i.e. they are indispensable to asset deployment. This occurs, for example, in the case of consulting know-how but it also implies that organizations cannot simply purchase such assets and vertically integrate them. If combining complementary assets creates more value than sharing control with indispensable agents, network organizations might emerge in preference to hierarchy.<sup>291</sup>

<sup>&</sup>lt;sup>286</sup> DUPONT LEGAL NETWORK, *supra* note 241: "But all other things are seldom equal. A number of significant barriers exist to building teams that consist of members from different firms. Inter-firm competition can lead to sharp elbows among team members and can detract from team performance. Lack of communication about client goals or group objectives can lead to a lack of focus and can reduce team effectiveness. Team members may resist sharing intellectual capital gathered in other cases, such as research and forms, with other team members whom they view as competitors. Incompatible technology, such as different word processing and database management software, can also pose a barrier to the sharing of work product."

<sup>&</sup>lt;sup>287</sup> Van Alstyne, supra note 9, citing B. J. Bashein et. al, Preconditions for BPR Success, 11 INFO. SYS. MGMT. 7, 7-13 (1994).

<sup>&</sup>lt;sup>288</sup> Id., citing C. C. Snow et. al, Managing 21st Century Network Organizations, 20 ORG. DYNAMICS, 5, 5-20 (1992).

<sup>&</sup>lt;sup>289</sup> Id., citing R. M. Kanter, The Future of Bureaucracy and Hierarchy in Organizational Theory: A Report from the Field, HARV. Bus. School (April 1989).

<sup>&</sup>lt;sup>290</sup> Id., citing J. Rockart & J. Short, *The Networked Organization and the Management of Interdependence*, in THE CORPORATIONS OF THE 1990s 189-216 (M. S. Morton, Ed. 1991).

<sup>&</sup>lt;sup>291</sup> Id., citing S. J. Grossman & O. D. Hart, The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration. 94 J. OF POL. ECON., 691, 691-719 (1986).

#### Other Issues – Application to Professional Services Networks

While Van Alstyne addresses the negative side of the human equation in the network, there is an equally compelling positive aspect that can be learned from the analysis. By accepting human nature as a given, the mature network works around the issues by encouraging collaboration at many different levels. This collaboration is not an art but a science.<sup>292</sup>

The process of controlling these natural tendencies should be set out in the bylaws and policies adopted by the network. However, having a policy and effectively implementing it are very different. Personality issues are very important variables. A network can have the correct bylaw provisions, but it is ultimately dependent on people to make it work.

As the network matures, more and more members are going to change. A mature successful organization has different issues from those of a new network. These issues can be anticipated and dealt with up front. Policies are decided on before the problems arise. The network should have a method for addressing the changes.

The first conscious decision the organizing committee makes when founding a network is whether it is to be a Level 2 or 3. A network that operates as a mere extension of members' interests or as a business with its own objective, which is to promote the members' business, is a very different model. This decision will set the stage not only for how the organization is governed and functions, but also in anticipation of the issues that will arise as the network matures.

Led by the members who undertake all of the actions, Level 2 networks may fall prey to every member having veto power over decisions. Many of the issues raised by Van Alstyne become immediately apparent when people from different cultures and life experiences govern the network. When a network operates by consensus, every member acquires the right to comment regardless of his or her experience. The tendency is to horse trade so that everyone gets something, but what may be lost is the strategic vision that brought the members together in the first place.

Networks exist because of the self-interest of each member, which can be developed by the network. Defining those interests in writing is what separates Level 2 and 3 networks. Most decisions will be made according to the bylaws or by established written policies in a Level 3 network. Members may not always agree on the objective, but the established policies provide the framework for discussion. Enforcement of these policies against friends is difficult. In Level 2 networks this is not going to happen. For a Level 3 network, it is imperative that enforcement of the rules takes place.

It must be recognized that the first board will be very different from the board at 10 years. The new board is a group of strangers. The 10-year board members have known each other for a decade. If there is an executive committee, the members may be working with each other on almost a daily basis. This creates issues as to the allocation of responsibilities. On one hand it makes the decision easier, but on the other more difficult if there are strong disagreements

The personality issues are very important variables as the network matures. A network can have the correct bylaw provisions, but it is ultimately dependent on people to make it work. Small groups pressing their own

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<sup>&</sup>lt;sup>292</sup> DUPONT LEGAL NETWORK, *supra* note 241: "But this technology still depends on the human element and on the willingness of committed participants to implement and use it constructively in furtherance of an articulate vision and clear goals. In a virtual law firm, participants must share a common culture." The network must systematically create this culture among independent members and professionals.

objectives may exacerbate these issues. The management and executive committee must be able to address these issues before they become problems. Bylaws and written policies make this possible.

The network will expand to new states or countries. While the network may originally have had policies as to the type of members that can join, the leadership can change the policies. This might be done to give jurisdiction to a member who has a branch office or to temporally list a member in a location where they have offices.<sup>293</sup> There is pressure to make these decisions that may benefit a few members. This will happen in both Level 2 and 3 networks.

There will be many forces that seek to exert their own interests. At every step of development the management and directors must be careful of compromises that may affect the long-term viability of the network. Along the way, members may not like the decisions that are made. However, the directors and staff must be able to explain the underlying rationale for these decisions.

In the case of financial policies, such as the payment of dues, there can be no exception in networks. Member should all pay the same dues based upon established policies. Once an exception is made, it undermines the credibility of the leadership. This is even the case of those who benefit from the exception. The fact that an exception was made diminishes its value.

As the organizations become more important, the existing member leadership will want to maintain its position. As the network matures, more and more members are going to want to participate. Increased participation can be accomplished by appointments to new positions such as committee or practice chair. It can also be done by appointing others at the leader's firm to positions on committees or the board or by bringing in new participants. If the same firms dominate the network, openness and enthusiasm are lost and the organization cannot develop. Participation needs to be open to all members equally, regardless of size, country, and/or practice.

This means that new structures need to be created to accommodate those who want to be active. These new structures must be established under the umbrella of the network itself. These new structures need management. If the new groups or committees have too much discretion, there is a risk that they will go off on their own.

Documentation of processes and decisions is very important, especially in Level 3 networks where there is a constant change in the directors. Minutes must be taken at each meeting. Copies of emails should be accessible in case there is a question of how a decision was reached or an action taken.

The organization also must be transparent. There needs to be a process in which staff and directors can be in contact with members over not only major decisions, but also minor ones as well. While information is important, the personal touch is much more so. Formality needs to be balanced against informality.

Each new board member or other leader should receive an orientation. This will create consistency going forward. The board, practice group leaders, and other leaders should have annual orientations. Networks cannot require participation. However, active participation in committees, regional groups, and industry and practice area groups should be a precondition of holding a particular position in the network. As the network

<sup>&</sup>lt;sup>293</sup> Lawyer Search, LEX MUNDI,

www.lexmundi.com/assnfe/SearchLawyers.asp?MODE=FINDRESULTSEX&SNID=&clSearchLawyers\_SearchMode =1&csSearchLawyers\_Jurisdiction=181%2F240&clSearchLawyers\_PracticeArea=-1&SUBMIT=Submit WSG (last visited Feb. 5, 2016); see also Member Locations, WORLD SERVICES GROUP, www.worldservicesgroup.com/members-locations.asp?action=jurisdiction&loc=California (last visited Feb. 5, 2016).

moves forward, all of the member participants of the network should receive periodic reports. In this way, they are familiar with any issues affecting their region, firm, and/or practice.

# Chapter 6 – Marketing – Creating the Internal and External Brand

Network marketing is not for selling products or services, but ideas, concepts, and member trust. A network should become a brand.<sup>294</sup> Of course the network may ultimately sell a product or provide a service, but what is first marketed is the idea that represents the network. The network idea has two audiences: the internal audience of members and their professionals, and the external audience of the business and professional communities. The internal marketing of the network may result in external marketing, which may also be a way to internally market to members. This section will discuss the unique elements of network marketing.

What is marketing in a network? Network marketing is constructed fundamentally on the transition from awareness to engagement. Awareness may be internal among members or can be external among the media. The objective is to make the members and their professionals aware of the network. Most networks will be focused on internal awareness. Some external marketing indicates the network is at Level 3. Extensive marketing and public relations indicates the organization is at Level 4.

In the marketplace, the success of awareness marketing is based upon brand recall.<sup>295</sup> Most often the question is whether the public recognizes the brand? In a network the same questions can be asked about internal awareness. Do the member professionals know that the firm is a member of the network? Do they know what the network offers? Do they have an idea of the members of the network?

As the network develops its programs, awareness marketing gives way to engagement marketing.<sup>296</sup> Its objective is to engage members to undertake actions from which they will benefit. For example, the process of getting potential members involved in the organization of the network is engagement marketing. It will become the primary focus of a successful network, whether it is at Level 1, 2, 3, or 4. Engagement marketing is also appropriate to external marketing in that a successful network will be able to engage non-member associations, groups, institutions, and the media.

All marketing, at both the awareness and engagement levels, relies on establishing a brand for the network. A brand is the sum total of the image of the organization.<sup>297</sup> What is characterized as the "mission statement" in the organizing process will also be the first step toward branding the network. The brand requires consideration of many elements that feed into its image.

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<sup>&</sup>lt;sup>294</sup> See Brand, WIKIPEDIA, en.wikipedia.org/wiki/Brand (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>295</sup> *Id.*: "Brand Recall is the extent to which a brand name is recalled as a member of a brand, product or service class, as distinct from brand recognition. Common market research usage is that pure brand recall requires 'unaided recall.' For example a respondent may be asked to recall the names of any cars he may know, or any whisky brands he may know. Some researchers divide recall into both 'unaided' and 'aided' recall. 'Aided recall' measures the extent to which a brand name is remembered when the actual brand name is prompted. An example of such a question is 'Do you know of the "Honda" brand?' In terms of brand exposure, companies want to look for high levels of unaided recall in relation to their competitors. The first recalled brand name (often called 'top of mind') has a distinct competitive advantage in brand space, as it has the first chance of evaluation for purchase."

<sup>&</sup>lt;sup>295</sup> See Engagement Marketing, WIKIPEDIA: "Engagement marketing, sometimes called 'experiential marketing,' 'event marketing,' or 'participation marketing,' is a marketing strategy that directly engages consumers and invites and encourages consumers to participate in the evolution of a brand. Rather than looking at consumers as passive receivers of messages, engagement marketers believe that consumers should be actively involved in the production and co-creation of marketing programs, developing a relationship with the brand."

<sup>295</sup> Brand, supra note 281: "Brand is the personality that identifies a product, service or company (name, term, sign, symbol, or design, or combination of them) and how it relates to key constituencies: customers, staff, partners, investors etc. Some people distinguish the psychological aspect, brand associations like thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on that become linked to the brand, of a brand from the experiential aspect. The experiential aspect consists of the sum of all points of contact with the brand and is known as the brand experience. The psychological aspect, sometimes referred to as the brand image, is a symbolic construct created within the minds of people, consisting of all the information and expectations associated with a product, service or the company(ies) providing them."

Network branding is different from that of a product or service. For example, the focus of the brand could be the network or the members or both.<sup>298</sup> This can be seen by the tag line on some networks. For example, "the network of leading law firms" is very different from the "the leading law firm network." In the first case the brand is the member firms; in the second the branding relates to the network itself. The definition relates back to the purpose in forming the network.<sup>299</sup>

Marketing, in the broadest sense, begins with the recruiting process. It is a continuous process throughout the life of the network. As the network goes through different levels, the marketing efforts will be both the cement that holds the network together and that which creates it success. Brand becomes more important as the network develops. In fact it might be argued the brand become the raison d'être of the organization.<sup>300</sup>

When there are more than 100 networks, how can any one of them differentiate itself from the others by establishing a brand? This can be done by defining a purpose for the network that none other has. For example, the larger networks in accounting always brand themselves by size.<sup>301</sup> Other areas for branding are quality, reputation, practice, internal systems, <sup>302</sup> and technology.

For all networks the internal brand, as seen from the perspective of the members, is important. Networks spend a considerable amount of time defining their brand, first in the organization phase and then in the development process. The rebranding takes place as new networks are organized or when new regulations come into force, which necessitate or favor rebranding.<sup>303</sup> Examples of brand statements can be found in Appendix 4 for legal and multidisciplinary networks.

#### **Internal Awareness and Engagement Marketing**

Internal branding in a network is based upon generating awareness, which can be created by a logo to be placed on the member's brochures, publications, website, intranet, letterhead, business cards, and more. The concept is simple: If the members are generally aware of the brand, they will use the network. Therefore, the brand should appear at every possible location at member firms.

Marketing the network brand is different from marketing the member firms. Law and accounting firms perform services and market those services to clients. A network markets internally to members to increase awareness and usage. Use of law and accounting firms services does not increase because the client will have a finite need for the services.

Internal marketing in a network is vastly different from the internal organizational development found in a stand-alone hierarchical company. A company controls and pays its employees. The departments decide how to increase awareness of company programs. The employees have no choice but to follow instructions.

In a network, the members do not have to follow the recommendations of the network. They do not have to provide information to their professionals. The professionals are under no obligation to use one network over another. The challenge for the network is to set itself apart from other information channels. Each network

<sup>300</sup> This is always the case for franchises. See Franchising, WIKIPEDIA, en.wikipedia.org/wiki/Franchising (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>298</sup> AFFINITAS LEGAL, www.affinitaslegal.com/en/index.asp (last visited Feb. 5, 2016) (Affinitas is a network of South American law firms and a law firm in Spain. The tagline is: "Alliance Promoted by Garrigues").

<sup>&</sup>lt;sup>299</sup> See LEX MUNDI, www.lexmundi.com (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>301</sup> See Crowe Horwath accounting network's description of their brand. See CROWE HORWATH, WWW.Crowehorwath.com/about/ (last visited Feb. 5, 2016).

MERITAS (www.meritas.org, last visited Feb. 5, 2016) has an internal referral monitoring system that measures the number of referrals and the satisfaction with the referral.

303 See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

will be different, but the degree of awareness will generally correspond to the network's level of development.

A Level 1 network will have a name, but the members do not seek to have a brand. They are clubs in which only a few member professionals participate. Since there is no organization, there is nothing to brand.

Level 2 begins the process of internal branding. The brand begins with a distinctive name that will set it apart from other networks. Meritas, TerraLex, Lex Mundi, Praxity, and UHY International are such names, which are recognized as legal and accounting networks. A more generic name can also be a brand, but the brand has to have underlying characteristics that separate it from other networks. PWC stands out because it is recognized as the largest accounting firm. World Services Group (WSG) stands out because it is multidisciplinary.

The primary issue for a Level 2 network is that there are a limited number of professionals actually involved in the network. In accounting this is not necessarily an issue in that the member may have adopted the name of the network. Of course, this by itself will make everyone at the firm aware of the network. On the other hand, in legal networks that are international, very few attorneys will ever make use of the network.

Practice groups are a method for a mature Level 2 network to increase awareness. When the professional's name is in a group and they begin receiving information from the group, this increases awareness. The premise is, the more names the groups have, the greater the awareness. It is actually necessary that the groups be active if there is going to be true awareness.

Legal and accounting are very different in regard to Level 3 internal awareness; the accounting networks have an easier time creating it. The name of the network is prominently featured on all materials and the website. There are practice groups for audit, tax, and consulting to which professionals in each firm belong. Additionally, the benefit of a Level 3 accounting network is that common forms and materials are generated to facilitate audits. Since accounting firms are generally located in one state, region, or country, the best resource for referrals is members of the network.

Legal networks in Level 3 want to establish an internal brand. The difficulty is, unlike in accounting, identification with a network is limited. The attorneys may belong to other associations in which they find the expertise to refer business. The firms themselves may belong to multiple networks since legal networks are almost all non-exclusive. Each network competes for awareness in the firm. Awareness alone will not create this identification with the network.

Awareness in legal networks means operating on the premise of offering a menu from which members can select. The members may have many other menus — including other networks and bar, alumni, and practice area associations — but the one offered by the network should be superior. The challenge is to define a menu that is both interesting and useful because it is the best way to assist clients. Awareness requires a plan with a consistent and long-term approach.

Engagement marketing can also be called "relationship marketing," as it is about creating the opportunities to proactively develop professional relationships. In other words, engagement marketing is about creating the framework in which members can act independently outside of the confines of directed network activities such as to include meetings and practice groups. An awareness tool, like a publication, becomes an engagement tool when the members are sharing information among themselves without going directly through the network. The relationships become more collaborative because the members themselves take the initiatives rather than being directed by the network.

Today the use of internal engagement marketing is increasing. An example of engagement marketing is described in the DuPont network.<sup>304</sup> It uses technology to create groups in which members of the group are able to interact with each other across firms.

Exhibit 6 – Internal Marketing and Brand Development

	Type of Branding	Level 1	Level 2	Level 3	Level 4
Budget	X	No	Yes	6 figures	Multi-million
					dollar
Website	Awareness	No	Yes	Yes	Yes
Directory	Awareness	No	Yes	Yes	Yes but internal
Meetings	Awareness	Yes	Yes	Yes	Yes
<b>Newsletters (Printed)</b>		No	No	Yes	Employee- typed
Network Overview to	Awareness	No	No	Yes	Yes
Professionals					
<b>General Information</b>	Awareness	No	No	Yes	Yes
Seminars	Awareness	No	No	Yes	Yes - Advanced
Webinars	Awareness	No	No	Yes	Yes
	Engagement				
Awards	Awareness	No	No	Yes	Yes
	Engagement				
ExtraNet	Awareness	No	No	Yes	Yes
	Engagement				
Committees	Awareness	No	No	Yes	Yes
	Engagement				
<b>Practice Groups</b>	Awareness	No	No	Yes	Yes
	Engagement				
Regional Groups	Awareness	No	No	Yes	Yes
	Engagement				
<b>Industry Groups</b>	Awareness	No	No	Yes	Yes
<u> </u>	Engagement				

## **Inter-Member Marketing**

Inter-member marketing is a form of relationship marketing when members take the initiative to meet with one another fully apart from the network activities. It is an internal marketing function, since no one in the network except the participants may be aware of the meeting. The objective of the meeting is to find a common interest, which can be in practice areas, sharing management or technical information, and/or establishing a joint undertaking to attract clients.

<sup>&</sup>lt;sup>304</sup> DUPONT LEGAL MODEL, *supra* note 241. "At the time of the Knowledge Base's creation, law firms were not widely using the internet, and the internet did not yet promise sufficient security as a collaborative client law firm tool. But with recent advances, DuPont Legal has implemented a virtual private network that uses the internet. The virtual private network, which is essentially an extranet with appropriate levels of security, has increased flexibility and reduced costs, while maintaining the same functionality previously offered on the KB. It has taken DuPont Legal and its PLFs and service providers to the next level of technological sophistication. Now, Network members directly access the KB via a secure internet linkmuch as one would access any other internet site-rather than via a dedicated fractional T1 line."

The different types of interchanges are listed in the table below.

**Exhibit 7 – Inter-Member Marketing**<sup>305</sup>

	Level 1	Level 2	Level 3	Level 4
Webinars	No	No	Yes	Yes
<b>Meetings with Other Members</b>	No	Yes	Yes	Yes
Receptions	No	Yes	Yes	Yes
Joint Initiatives	No	No	Yes	Yes
<b>Seminars with Other Members</b>	No	Yes	Yes	Yes
Joint Ventures	No	No	Yes	Yes
<b>Secondments of Professionals</b>	No	Yes	Yes	Yes
Free Advice Policy	No	No	Yes	Yes
Visits While Traveling	No	No	Yes	Yes
Use of Offices	No	No	Yes	Yes

## **External Awareness and Engagement Marketing**

External marketing and public relations are generally limited to Level 4 networks. They require a professional staff and a substantial budget. While this function could be outsourced, this would require an even larger budget.

Why would a network want to do external branding? There are four reasons in the accounting profession:

- (1) Accounting networks are competing against one another for the same mid-market clients. To the degree that the mid-market client is aware of the network through external communications, this enhances the reputation of the members and the network itself.
- (2) Being recognized externally increases the fees that firms can charge their clients.<sup>306</sup> If the members of the accounting networks are all large firms, they can effectively compete in quality and credibility with their much larger networks.
- (3) Networks must maintain their positions within the accounting profession. When a network's reported revenues decrease, this is news in the profession.
- (4) The perceived value of the network increases when professionals at the member firms see their network externally presented. People want to identify with an institution.

The reasons are somewhat different in the legal profession:

(1) Networks are not written about as often as the large law firms. When a large legal firm hires one attorney away from a competitor, this is news and publicity that enhances the name recognition. When a network adds five new members with 500 attorneys, this is not news. However, when a network has a recognized brand, it is more likely that the media will write about the network. This is free publicity.

<sup>&</sup>lt;sup>305</sup> Van Alstyne, *supra* note 9, citing J. Rockart & J. Short, *The Networked Organization and the Management of Interdependence*, in THE CORPORATIONS OF THE 1990s 189-216 (M. S. Morton, Ed. 1991):."It can commingle distinct internal structures through lateral communication just as it can intermingle network and external structures through tighter coupling."

<sup>&</sup>lt;sup>306</sup> Id., citing M. Firth, Price Setting and the Value of a Strong Brand Name, 10 INT'L J. OF RES. IN MARKETING 381, 381-386 (1993); see also infra Appendix 2.

<sup>&</sup>lt;sup>306</sup> Philip Smith, *Top 35 Networks 2015: The Survey*, ACCOUNTANCY AGE, www.accountancyage.com/aa/analysis/1776670/top-35-networks-2013-the-survey.

- (2) Network members compete with branches of large firms located in other countries. Clients who know they are members of a network with a reputation for quality firms will view the local network member in the same way as they do the local branches.
- (3) When members of a network see that their network is recognized, this enhances their image. If the network wins an award, it will be prominently featured on the website.<sup>307</sup>
- (4) Members of the network are hired by large firms that do not have offices in a country but are seeking vetted firms for their clients. Being members of a recognized network that does not compete with these firms enhances the chances of selection.
- (5) Being well known externally assists in recruiting members to the network.
- (6) An external brand can also create cooperative agreements with other associations, such as bar associations, which require the perception of the legitimacy of the network.

Professional services networks need recognition in their own right, even though they do not perform services for clients. The network is primarily responsible for creating the external brand. The network holds its own copyright(s) and trademark(s). As part of membership, the members may be officially licensed to use the intellectual property. The network is directly responsible for advertisements and all other forms of marketing. Creating an external brand increases the internal awareness when members see the network in context.

At the point where the network is successful, the members may want to market the network to their clients and other organizations. Ultimately, this extends to marketing the network to both the profession and the public. At each level there are many considerations.

Accounting networks regularly are mentioned in the accounting press. Annual detailed comparison is made regionally, nationally, internationally and globally among the accounting networks. The legal networks cannot distinguish themselves from one another in the media. This is evident in many articles where the leading networks are not all represented.<sup>308</sup> The networks are at the mercy of the media or their members to establish the brand.<sup>309</sup> Advertising in the media is not necessarily for the client but for the members of the network to see the network.

The professional services media in the legal profession is essentially controlled by a number of publishers, each of which has carved out its niche. The publishers may focus on a practice area (such as the financial market), a type of profession, or a market within the profession. Some are new sources of information for the profession. Others may be directories, ranking agencies, and/or bar or other professional associations. There are also now online services, such as the International Law Office. Together they control the medium for advertising networks.

These publications offer an extensive readership to law and accounting firms and networks. In the legal profession the focus is on the 100,<sup>310</sup> 250,<sup>311</sup> 500,<sup>312</sup> and 1,000<sup>313</sup> largest firms. Law firms that advertise and

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<sup>&</sup>lt;sup>307</sup> European Law Firm Network of the Year, LEX MUNDI, www.lexmundi.org (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>308</sup> Joining the Alliance, ASIAN LEGAL BUSINESS (July 2011).

<sup>&</sup>lt;sup>309</sup> The legal media has distinguished between the traditional hierarchical law firm and the network. The law firm gets virtually all attention. Networks may have to pay to be included in lists of law networks. *See* CHAMBERS AND PARTNERS, www.chambersandpartners.com/15649/2433/editorial/2/4 (last visited Feb. 5, 2016); *see also Network Directory*, LEGAL 500, www.legal500.com/assets/pages/networks/network\_listings.html (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>310</sup> AM Law 100, www.law.com/jsp/tal/PubArticleTAL.jsp?id=1202489912232&slreturn=1&hbxlogin=1 (last visited Feb. 5, 2016).

<sup>311</sup> NLJ JOURNAL 250, www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202474471097 (last visited Feb. 5, 2016).

promote themselves pay a lot of money. A number of the publications also expect advertisements if a firm or network is referred to in an article.

Technology has not radically changed the external marketing for networks. There does not seem to be any organized program for advertising a specific network or networks in general. This is a significant missed opportunity give the costs are practically zero. All that the Internet has done is make the networks easily accessible; it has not generally raised their profile. This will be changing with AILFN.<sup>314</sup>

**Exhibit 8 – External Marketing and Brand Development** 

	Level 1	Level 2	Level 3	Level 4
Budget	No	No or very limited	Yes	Significant
Website	No	Yes – Directory	Yes – directory, interactive, member-focused	Yes – directory, interactive, third- party focused
<b>External Marketing Materials</b>	No	No	Yes	Yes – coordinated throughout network
Media Kits	No	No	Yes	Yes
Brand Name Use by Members	No	Referenced on website	Yes – prominently displayed on website	Brand name in firm name or is firm name
Client Seminars	No	No	Yes	Yes
Client Webinars		No	Yes	Yes
<b>Event Sponsorships</b>	No	No	Some small events	Yes – golf, auto races, etc.
Research Grants	No	No	No	Yes
Awards	No	No	Some – student writing contest	Yes
Trade Publication Advertising	No	No	Yes	Yes
<b>Business Magazine Advertising</b>	No	No	No	Yes
Television Advertising	No	No	No	Yes
Foundations	No	No	Some	Yes

#### **Alternative Marketing Strategies – Awareness and Engagement**

Alternative marketing strategies leverage the reputation of the network and of each of its members though associations with other organizations. This type of association basically states, "this network must be good if X organization would associate with it." The other association must also derive a benefit, which can be financial or strategic in nature.

In order to form these types of relationships with other associations, the network must not only have a positive reputation but also be able to offer something. There must be a reciprocal relationship. This is particularly true if the other association or group is much better known. The same premise could apply to associations. A number of these relationships can be cited. For example, Lex Mundi has a relationship with the Association of Corporate Counsel (ACC) to assist them in recruiting. The local firms host a CLE course that is co-sponsored with the local ACC chapter. The costs are paid for by the member firm. Both the firm

<sup>&</sup>lt;sup>312</sup> LEGAL 500, www.legal500.com/ (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>313</sup> IFLR 1,000, www.iflr1000.com/ (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>314</sup> One of AILFN's primary objectives is to use social media to educate the profession. *See AILFN*, YOUTUBE, www.youtube.com/watch?v=9Rh7fGcw4k (last visited Feb. 5, 2016).

and the ACC chapter get exposure.<sup>315</sup> Another example is the SCG Legal, which has an agreement with Thomson Reuters to produce a book on lobbying. 316 World Services Group members have contributed to the World Bank's Desktop Reference.<sup>317</sup>

When a firm places the network's logo on its letterhead, brochure, or business cards, it is externally marketing the network. Each is a marketing piece for the membership and demonstrates its international connections.

Clients can market a network. For example, DuPont promotes the members of its network to other corporations.<sup>318</sup> General counsel compare notes and ask one another who they would recommend in a particular country or state. There are various groups, like Chambers and Partners, which rank firms. If firms do not market their networks, they lose the opportunity to demonstrate their access to other top quality firms.

The advisory council of outside counsel is a great way for the network to increase its credibility in the market.<sup>319</sup> If the advisory council members are from well-recognized companies, it sends the message to other general counsel that the network members are universally the top firms.

Networks can conduct surveys of clients and potential clients for the member firms.<sup>320</sup> The first objective is to collect information useful in defining the strategy for the network. The survey results could point to the design of the website, the development of CLE materials, publications, collaboration structure, fee structure, and more. The second purpose of the survey is to let the client know that the network exists. The feedback from the results enhances this awareness. Future follow-up strengthens the relationship. The survey results can also be distributed to the media, which may publish them.

Law and accounting firms have formed alumni groups<sup>321</sup> of former employees. These groups serve the purpose of maintaining a relationship with former employees who, if they left on good terms, can refer business to the firm.<sup>322</sup> The same is true for alumni of network members. If they had a good experience, they will speak positively about it.

<sup>&</sup>lt;sup>315</sup> This idea has been extended in 2013 to regional briefings such as developments in Africa. Press Release, PR Web, Lex Mundi and the Association of Corporate Counsel (ACC) Present Series on Investing in Africa, PR Web (Oct. 17, 2013)( www.prweb.com/releases/2013/10/prweb11243656.htm).

<sup>&</sup>lt;sup>316</sup> SCG LEGAL, LOBBYING, PACS AND CAMPAIGN FINANCE: 50 STATE HANDBOOK (2016).

<sup>317</sup> Network Wire Newsletter (World Services Group), 3rd Quarter Issue, 2008, www.worldservicesgroup.com/networkwire\_2008\_3.asp.

<sup>&</sup>lt;sup>318</sup> J. D. Stomper, *DuPont Network Orchestra Plays a Winning Tune*, THE METROPOLITAN CORPORATE COUNSEL (June 1999), at 27: "Yes, at DuPont, we see our relationship with those in our network as a two-way street. We encourage our primary law firms to market themselves to other companies by leveraging the significant experience they have gained in working within the DuPont system. They know that they are part of a group of some of the best and most innovative law firms in the country. As a result, they have developed such confidence in one another that a lot of work gets referred from one primary law firm to another that doesn't have anything to do with DuPont.

We advertise the merits of the primary law firms and encourage them to advertise their relationship with us. We prepared some basic templates for advertisements for use by our firms and have picked up a big share of the costs of placing those ads. We welcome visits by companies to our offices in Wilmington to discuss our primary law firms and service providers. Over the last three years about 125 companies (most of them in the Fortune 500) have dropped by or called us to discuss in depth our Partnering Program and the DuPont network. Next month we will be sitting down with three companies. We plan to review our program with them from top to bottom. The only thing we ask of these companies is that they come with an open mind and at least consider using our primary law firms.

Every time we speak at a public function, we always make an effort to put in a positive plug for our law firms because we are very proud of them and of what they have done for us. There is a significant volume of referrals within our primary law firms. In fact, some firms have gotten more work from these referrals and external marketing than they have from DuPont cases."

<sup>319</sup> Client Advisory Council, LEX MUNDI, www.lexmundi.com/lexmundi/Client\_Advisory\_Council.asp?SnID=2133323408 (last visited Feb. 5, 2016).

<sup>320</sup> Press Release, Market Watch, TerraLex-Sponsored Survey Pulls Back Curtain on Role of Modern GC (Sept. 18, 2013), www.marketwatch.com/story/new-study-reveals-todays-general-counsel-is-business-executive-first-2013-09-18.

<sup>321</sup> LINKEDIN, www.linkedin.com (last visited Feb. 5, 2016).

<sup>322</sup> Lex Mundi maintains a relationship with attorneys who no longer are at member firms. Lex Mundi Member Contact Information Form, LEX MUNDI, www.lexmundi.com/Forms.asp?MODE=NEW&Forms\_FormTypeID=-48 (last visited Feb. 5, 2016).

#### Marketing and Technology - Pushing Content

This section deals with the marketing and practical aspects of technology and how it can be used internally and externally to push information with the objective of both awareness and engagement. Chapter 8 deals with the theoretical aspects of technology and its applications to networks of the future. Publications and guides are now online, and press releases are disseminated broadly.

Networks have experimented with having registered users and paid subscribers. The registered user method is the best because it provides a number of specific individuals. The network must assure that the articles are in fact well written and relevant to the readers.

The network should also not underestimate the power of search engines in distributing their publications directly to clients and potential clients. Once indexed in Google, they will be available to anyone looking for this type of content. If a network is a repository for all of the member's content, Google will serve it up to potential clients.

Marketing strategies for networks have shifted to include the latest technologies. This is for two primary reasons. First, technology is more cost-effective in reaching individuals. The second reason is that the clients use the same technology to promote their own business operations. Having a common platform is a great way to reach clients.

While there is a separate chapter on technology, there are specific products that relate directly to marketing and are referenced in this chapter. There are two types of changes that have taken place in the use of technology. One is in traditional marketing tools, such as press releases, publications, business guides, etc., which are now online. Technology integrates what has traditionally been print media with online versions. This is cross-media marketing.<sup>323</sup> The second are the new social media technologies that greatly expand the number of internal and external professionals who can become aware of a network.

Cross-media marketing also allows for the repackaging of materials. They can be repackaged in podcasts, webinars, and blogs.<sup>325</sup> The information can be further repackaged and disseminated through Twitter, LinkedIn, Facebook, YouTube, and other social media networks. Collecting information to use can easily and cost-effectively be done on such sites as Wufoo,<sup>326</sup> SurveyMonkey,<sup>327</sup> Zoomerang,<sup>328</sup> and Meebo,<sup>329</sup> to name only a few.

Technology developments have made the cost of delivering information by networks almost free. The challenge in finding an audience is focusing these types of marketing efforts to address both the internal market and the external presence to achieve the objectives that the network has set out.

<sup>326</sup> Wufoo is a way to collect and collate information on the web. WuFoo, www.wufoo.com/ (last visited Feb. 5, 2016).

<sup>328</sup> Zoomerang is also an online survey site. ZOOMERANG, www.zoomerang.com (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>323</sup> Cross Media, Wikipedia, en.wikipedia.org/wiki/Crossmedia (last visited Feb. 5, 2016): "Cross-media communication is communication in which the storyline will invite the receiver to cross-over from one medium to the next. Making it possible to transform from one-dimensional communication (sender -> receiver(s)) to multi-dimensional communication (sender(s) <-> receiver(s)). Good cross-media communication will enhance the value of communication: The level and depth of (message) involvement will be more personal and therefore more relevant and powerful. Advantages can be:

1. Financial profits can be gained through equal or decreasing costs for the same or better communication effects with single medium communication.

It is possible to shift costs for communication from the sender to the receiver if the story is attractive enough for the receiver to want to interact with

It is possible to shift costs for communicating from the sender to the receiver if the story is attractive enough for the receiver to want to interact with it. 2. Deepening relations between story (teller) and "receivers" on several levels of communication."

<sup>&</sup>lt;sup>325</sup> See infra Chapter 7, Regulations and Other Legal Considerations for Networks.

<sup>327</sup> SurveyMonkey provides survey tools that are user friendly. SURVEYMONKEY, www.surveymonkey.com (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>329</sup> Meeboo is a site that allows member to use all forms of chat from a single location. This is useful in providing member services. MEEBOO, www.meeboo.com (last visited Feb. 5, 2016).

#### **Social Media**

Today no discussion of network marketing is complete without a thorough discussion of social media. Social media is the convergence of internal and external marketing to become the ultimate cross-media platform. Social media offer tremendous opportunities for all networks because networks do not have to develop the software. Importantly, social media tools such as Hootsuite<sup>330</sup> allow networks to easily manage their social media campaigns from a central location. The search engines give priority to social media sites in searches for the organization. This can expand on the network's Internet presence by being found in multiple ways.

The principal social media outlets for publishing by professional services networks are: LinkedIn, Twitter, YouTube, Facebook, Google+, and blogs.

LinkedIn is a professional business-related networking site that permits networks to create profiles for themselves.<sup>331</sup> They can create a group for the organization in which members can subscribe and receive information from the network and members. Multiple sub-groups can be created for practice areas that members can also join and exchange information among themselves.<sup>332</sup>

Twitter allows networks network to promote developments in the network that followers may find interesting and useful. This could include meetings, referrals, business among members, and more. Only 140 characters are permitted in the messages. However, links in the messages can go to most media on the Internet that followers are more likely to read. This would include the network's website, Facebook profile, photos, YouTube videos, etc. Retweeting (forwarding a tweet to others) can generate more awareness of the network. Networks with Twitter accounts include World Services Group, Lex Mundi, and Meritas.

YouTube is a promotional tool that that makes video available to networks. Since Google owns YouTube, the videos appear at the top of search results. It can expand the depth of the networks content on the Internet by creating promotional videos.

Facebook profiles are more detailed than Twitter or LinkedIn accounts. They allow a network to provide videos, photos, and longer descriptions. These also can include testimonials, as other followers can comment on the pages for others to see. Facebook can link back to the product's Twitter page as well as send out event reminders. Facebook can promote a network in real time to members and non-members.

Google+, in addition to providing the profiles and features of Facebook, is also able to integrate with the Google search engine. Other Google tools are also integrated, such as Google Adwords and Google Maps. With the development of Google Personalized Search and other location-based search services, Google+ allows for targeted advertising methods of networks, navigation services, and other forms of marketing and promotion.

<sup>331</sup> The larger legal networks, which include World Services Group, Lex Mundi, TerraLex, Meritas, World Law Group, Interlaw, TAGLaw, and more, have a presence in LinkedIn, as do the largest accounting networks and associations.

www.linkedin.com/vsearch/g?type=groups&keywords=terralex&orig=GLHD&rsid=&pageKey=groups%2Fmost\_popular#g?type=groups&keywords=terralex&orig=GLHD&rsid=&pageKey=groups%2Fmost\_popular (last visited Feb. 5, 2016); see also Lex Mundi, Linkedin,

www.linkedin.com/vsearch/g?type=groups&keywords=lex+mundi&orig=GLHD&rsid=5156571382905333295&page Key=voltron\_group\_search\_internal\_jsp#g?type=groups&keywords=lex+mundi&orig=GLHD&rsid=5156571382905333295&pageKey=voltron\_group\_search\_internal\_jsp (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>330</sup> HOOTSUITE, hootsuite.com/ (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>332</sup> For example, TerraLex has 10 subgroups. *TerraLex*, LINKEDIN,

Blogs<sup>333</sup> are sites developed by law and accounting firms as well as networks to promote themselves by providing interesting content. One or more persons can contribute their ideas within the blog. The content can be distributed through RSS<sup>334</sup> feeds to other sites to other social media outlets. The International Lawyers Network's home page is a series of blogs about the network and content from its members. 335

## Summary

The marketing of networks internally has had more than 20 years to develop. The result is very strong relationships between the attorneys that are the principal contacts at the member firms. The issue is how successful the internal marketing has been to create awareness of attorneys that are not the contacts. It is this awareness that will create the highest ROI.

However, awareness of membership in a network or networks varies considerably depending on many factors ranging from the type of network (Level 2, 3, or 4) to the number of networks in which an individual law firm participates. Without establishing brands associated with members, awareness is difficult to achieve. Technology can change this by broader distribution of materials in alternative format such as groups and videos.

Organic or three-dimensional internal marketing is limited as a result of the lack for financial and other resources. Interaction must produce a return on investment beyond simply making contacts. Jointly producing a tangible product requires staff coordination or the investment of one firm. Most networks do not have these resources.

External marketing to individuals and corporate clients have been often limited. How does a network present itself and its members to corporate counsel? The obvious is to have a corporate counsel association meeting. Because it is obvious, everyone does it — including the largest law firms. There is usually only a small amount of differentiation.

The best would be to develop a uniqueness that develops a relationship with clients and potential clients. The relationship must be reciprocal.

<sup>333</sup> Blog, WIKIPEDIA: "A blog (a blend of the term web log) is a type of website or part of a website. Blogs are usually maintained by an individual with regular entries of commentary, descriptions of events, or other material such as graphics or video. Entries are commonly displayed in reversechronological order. Blog can also be used as a verb, meaning to maintain or add content to a blog. Most blogs are interactive, allowing visitors to leave comments and even message each other via widgets on the blogs and it is this interactivity that distinguishes them from other static websites. Many blogs provide commentary or news on a particular subject; others function as more personal online diaries. A typical blog combines text, images, and links to other blogs, Web pages, and other media related to its topic. The ability of readers to leave comments in an interactive format is an important part of many blogs. Most blogs are primarily textual, although some focus on art (art blog), photographs (photo blog), videos (video blogging), music (MP3 blog), and audio (podcasting). Micro blogging is another type of blogging, featuring very short posts."

<sup>&</sup>lt;sup>334</sup> RSS, WIKIPEDIA, en. wikipedia.org/wiki/RSS (last visited Feb. 5, 2016).

<sup>335</sup> INTERNATIONAL LAWYERS NETWORK, www.ilntoday.com/ (last visited Feb. 5, 2016).

## Chapter 7 – Regulations and Other Legal Considerations for Networks

Networks are generally not subject to direct official regulations, but accounting and legal firms are. Individual professionals must also abide by them. The work product of the professionals is subject to regulations. Some of the regulations are statutory, while others are imposed by the ethics of accounting and bar associations. Additional consideration must be given to possible vicarious liability that affects accounting, legal, and multidisciplinary networks. Recently, antitrust and competition regulations have been discussed in relations to auditing services. Each is covered in this chapter.

#### **Law Firm Networks**

Law firm networks are not regulated by any governmental agencies. If they are incorporated, they file the appropriate tax returns. If they operate in a state or country, they will generally be registered in the state or country in which the personnel are located. There are no specific laws or regulations that would apply to a legal network. There may be a number of ethical considerations, however, such as the unauthorized practice of law, multi-jurisdictional practice, professional referral fees, advertising, and others.

Do the networks practice law? In networks the members pay annual dues. These fees are used for marketing the networks, internally to fellow members and externally to possible clients. The marketing is focused on demonstrating that the network is an alternative to large firms with multiple branches. To determine whether this is the practice of law, one must look to the specifics of whether promotional activity comes within the parameters of practicing law.

Under the ABA Model Code of Professional Responsibility, Rule EC 3-5, the practice of law relates to the "rendition of services for others that call for the professional judgment of a lawyer." Professional judgment is further defined as the "educated ability to relate the general body and philosophy of law to a specific legal problem of a client."<sup>336</sup> The underlying rationale for the rules is the assumption that there is a client. Marketing assumes that there is no client and, therefore, it cannot be the unauthorized practice of law.

Legal networks publish a directory of members. Many now list the members' specialties that can be practiced outside of a state. In so doing, would the networks be promoting the unlicensed practice of law because the attorneys may get referrals from fellow members? While the technological aspects of these issues have not been decided, there is no reason to think that the general rule should not apply.<sup>337</sup> The network should not be liable since it is supplying information and is not involved in the selection.<sup>338</sup>

Referral fees for work are suspect and viewed as unprofessional. In the case of the medical field, they can be illegal.<sup>339</sup> Attorney rules have shifted to permit advertising. Referral fees are permitted when they are reasonable and not related to a particular matter.<sup>340</sup> In the case of a network, there should be no issues.

In *Alabama State Bar Association v. R.W. Lynch*,<sup>341</sup> the facts were similar to a case involving a legal network. A number of independent lawyers created a commercial for legal services. When the clients called a given telephone number, they were referred to the attorneys who had paid for the advertising. Since it was not based upon the number or size of the referrals, there were no ethical violations.

<sup>336</sup> AMERICAN BAR ASSOCIATION, ANNOTATED MODEL RULES OF PROFESSIONAL CONDUCT 444 (1995)

<sup>337</sup> WILLIAM E. HORNSBY, JR., MARKETING AND LEGAL ETHICS: THE BOUNDARIES OF PROMOTING LEGAL SERVICES 124 (2000)

<sup>338</sup> Lawyer's Disciplinary Board v. Allen, Coale & Van Susteren, No. 22700 (W.Va. Sup. Ct. 11/15/96).

<sup>&</sup>lt;sup>339</sup> 42 U.S.C. Sections 1320a-7(b), which relates to Medicare and Medicaid. See Marti, Not So Fast, It's Regulated – Some Warnings for the E-Health Business, Bus. Law Today (Sept/October 2000); see also Braender & McCarthe-Perry, Making a Virtual House Call, Nat. L. J., (August 21, 2000); see also Meek, Telemedic: How an Apple (or Another Company) May Bring Doctors Closer, 29 Cumb. L. Rev. 173 (1999)

<sup>&</sup>lt;sup>340</sup> AMERICAN BAR ASSOCIATION, ANNOTATED MODEL RULES OF PROFESSIONAL CONDUCT, Model Rule 7.2(c).

<sup>341</sup> Alabama State Bar Ass'n. v. R. W. Lynch Co., 655 S. 2d 982 (Ala. 1995).

A network is different from a referral relationship because 1) attorneys can participate in a network group, provided that the membership fee is fixed and based upon work generated; 2) the referral function is not its sole purpose; 3) the lawyer does not accept clients based upon referrals from other members; 4) lawyers do not solicit members; and 5) lawyers do not set up booths at network conventions.<sup>342</sup>

Networks publish and place directories online<sup>343</sup> so that their members can be found. A portion of the budget goes to promoting the directory. There are very specific rules regarding advertising. The American Bar Association ABA Model Rule 7.2 applies to U.S. lawyers.

## Rule 7.2 Advertising

- a) Subject to the requirements of Rules 7.1 and 7.3, a lawyer may advertise services through written, recorded or electronic communication, including public media.
- (b) A lawyer shall not give anything of value to a person for recommending the lawyer's services except that a lawyer may: (1) pay the reasonable costs of advertisements or communications permitted by this Rule; (2) pay the usual charges of a legal service plan or a not-for-profit or qualified lawyer referral service (i.e., one that has been approved by an appropriate regulatory authority); (3) pay for a law practice in accordance with Rule 1.17; and (4) refer clients to another lawyer or a non-lawyer professional pursuant to an agreement not otherwise prohibited under these Rules that provides for the other person to refer clients or customers to the lawyer, if (i) the reciprocal referral agreement is not exclusive, and (ii) the client is informed of the existence and nature of the agreement.
- (c) Any communication made pursuant to this rule shall include the name and office address of at least one lawyer or law firm responsible for its content.

While lawyers have had very specific rules on directories, a network is not a directory but an association. The directory is incidental to the network.

Lastly, there is the issue of listing network membership on a firm's website or letterhead. ABA Model Rule 7.5 requires that lawyers avoid the implication that they practice in a partnership when this is not the case. Listing membership in an organization is not directly covered. It appears that this would be permitted since the network does not practice law, provided that this is clearly defined. They would want to provide a description of their respective organizations, e.g., "Member of WSG – an Association of Independent Professional Firms and Businesses." 344

## **Accounting Associations and Networks**

Unlike law firm networks, which are only regulated by ethics, accounting networks must be evaluated within the framework of governmental regulations. The largest accounting networks are products of securities and reporting requirements of their member firms. Accounting firms themselves are subject to many different types of regulations as a result of their public services. While the accounting rules usually only indirectly affect networks, the networks are directly affected when their members do not comply with the rules, regulations, or laws.<sup>345</sup>

<sup>343</sup> Althof, Lawyer Advertising on the Internet, Practice and Ethical Considerations of Internet Advertising, 53 WASH. St. BAR NEWS 32 (Dec. 1999).

 $<sup>^{342}</sup>$  Maryland State Bar Association Practice Guide 88-78 (1988).

<sup>&</sup>lt;sup>344</sup> World Services Group, a network of law, accounting, and investment banking firm, permits the members to place "World Services Group" on the letterhead and other materials. However, the rules require that the precise words be used. Members must state: Member, World Services Group, an Association of Independent Firms." No other language is permitted.

<sup>&</sup>lt;sup>345</sup> Public Statement by SEC Chairman: Regulation of the Accounting Profession by Chairman Harvey L. Pitt, www.sec.gov/news/speech/spch535.htm.

In 1933, Congress passed the Securities Act. The law mandated that public companies would be audited. The Securities and Exchange Commission was created to write and enforce regulations. They placed the government in direct confrontation with the self-made rules of the accounting profession.

On one hand the accounting firms saw the regulations as a boon to business. The law required that they be engaged to audit companies. The audit requirement meant that the company's overseas operations required auditing. This led to the expansion of the Big 8 and ultimately to the 40 networks that now exist.

On the other hand, the standards established by the SEC were very strict. Accounting firms that did not follow the letter and spirit of the law could find themselves in serious trouble. After each scandal the SEC set additional and sometimes stricter standards.

In the accounting profession there are many different organizations that regulate accountants and accounting networks. Some are official government bodies, as discussed in Chapter 2, while others are self-regulatory organizations that seek to harmonize accounting standards. The current debate on the accounting standard is between the Financial Standards Accounting Board, which establishes the Generally Accepted Accounting Principles (GAAP) and rules found in the International Accounting Standards Board's International Financial Reporting Standards (IFRS). There is also the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act, a private-sector, nonprofit corporation to oversee the audits of public companies and other issuers in order to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports. The PCAOB has a very sizable budget of more than \$250 million for fiscal year 2014. The SEC would like to see one set of quality standards.

Accounting firms have become increasingly subject to governmental and association regulations. Many of the regulations are self-regulations in that governments do not require them. These rules have implications as to how network members can provide services to their clients ranging from quality control standards to conflicts of interest. They also affect how accounting firms can compete among themselves for particular types of work.

The International Federation of Accountants (IFAC)<sup>352</sup> is an independent accounting organization covering 2.4 million accountants in one self-regulatory body. Under its regulations the accounting firms created the Forum of Firms and Transnational Auditors Committee in 2002. There are currently 27 members.<sup>353</sup> The

<sup>&</sup>lt;sup>346</sup> The Financial Accounting Standards Board (FASB) is a private, not-for-profit organization whose primary purpose is to develop generally accepted accounting principles (GAAP) within the United States in the public's interest. The Securities and Exchange Commission (SEC) designated the FASB as the organization responsible for setting accounting standards for public companies in the U.S. It was created in 1973, replacing the Committee on Accounting Procedure (CAP) and the Accounting Principles Board (APB) of the American Institute of Certified Public Accountants (AICPA). Financial Accounting Standards Board, WIKIPEDIA, en.wikipedia.org/wiki/Financial\_Accounting\_Standards\_Board (last visited Feb. 5, 16).

<sup>&</sup>lt;sup>347</sup> IFRS, www.ifrs.org/The+organisation/IASCF+and+IASB.htm (last visited Feb. 5, 2016). The International Accounting Standards Board (IASB) is an independent, privately-funded accounting standard-setter based in London, England. The IASB was founded on April 1, 2001 as the successor to the International Accounting Standards Committee (IASC). It is responsible for developing International Financial Reporting Standards (the new name for International Accounting Standards issued after 2001), and promoting the use and application of these standards. *International Accounting Standards Board*, WIKIPEDIA, http://en.wikipedia.org/wiki/International\_Accounting\_Standards\_Board (last visited Feb. 5, 2016).

<sup>348</sup> Id

<sup>&</sup>lt;sup>349</sup> Public Company Accounting Oversight Board, WIKIPEDIA, en.wikipedia.org/wiki/Public\_Company\_Accounting\_Oversight\_Board (last visited Feb. 5, 2016).

<sup>350</sup> Michael Cohen, PCAOB to Focus on Accounting Firms Growing Consulting Practices, ACCOUNTING TODAY (Nov. 23, 2013), www.accountingtoday.com/news/PCAOB-Focus-Accounting-Firms-Growing-Consulting-Businesses-68855-1.html.

<sup>351</sup> Press Release, SEC, SEC Approves Statement on Global Accounting Standards (Feb. 22, 2010) (www.sec.gov/news/press/2010/2010-27.htm).

<sup>&</sup>lt;sup>352</sup> International Federation of Accountants, WIKIPEDIA, en.wikipedia.org/wiki/International\_Federation\_of\_Accountants (last visited Feb. 5, 2016)

<sup>353</sup> BDO, Constantin Associates Network, Crowe Horwath International, Deloitte Touche Tohmatsu Limited, Ernst & Young Global Limited, Grant Thornton International Ltd., HLB International, IECnet, INPACT Audit Limited, JHI, JPA International, KPMG International Cooperative, Kreston

purpose is to set standards for firms wishing to accept international audits. They agree to promote International Standards on Auditing (ISA). They must support the convergence of national standards and adopt the IFAC's code of ethics.<sup>354</sup> The firms also agree to accept the idea that in order to comply with the requirements and standards, they need more integration. The IFAC Code of Ethics (July 2006) distinguishes between firms that are members of a network and those that are members of an association.<sup>355</sup>

Generally a network is an integrated entity with common standards, a logo, and a brand, and the members share some financial risk. The regulations are ambiguous in that a number of associations are members of the Forum of Firms.

The regulations further elaborate that a common brand name is likely to demonstrate that there is a network but that a brand name is not necessary. "Even though a firm does not belong to a network and does not use a common brand name as part of its firm name, it may give the appearance that it belongs to a network if it makes reference in its stationery or promotional materials to being a member of an association of firms. Accordingly, a firm should carefully consider how it describes any such memberships in order to avoid the perception that it belongs to a network."<sup>356</sup>

According to the Audit Directive, the European Union has its own instructions, which state:

[A] network means the larger structure: which is aimed at cooperation and to which a statutory auditor or an audit firm belongs; and which is clearly aimed at profit- or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, a common business strategy, the use of a common brand-name or a significant part of professional resources.

IFAC Code of Ethics 290 revised the determination. It should be "made in light of whether a reasonable and informed third party would be likely to conclude that a network exists." A referral network is not a network by this definition. The shared costs must be significant. Common quality system and business strategies are important considerations.<sup>357</sup>

Each country has an accounting association that sets its own standards. In the United States it is the American Institute of CPAs (AICPA).<sup>358</sup> In the United States, each state also has its association. In Europe, it is the Federation of European Accountants (FEE).<sup>359</sup> The overlay of rules reflects the importance of standards and also the competitive nature of accounting.

The competitive element is reflected in the fact that networks themselves have formed their own "networks of networks" to pursue their different interests. For example, even though most of the members of the

International, Mazars, Moore Stephens International Limited, PKF International Limited, PricewaterhouseCoopers International, RSM International Limited, Russell Bedford International, SMS Latinoamérica, Talal Abu Ghazaleh & Co. International, UHY International Limited. Forum of Firms, INT'L FED. OF ACCOUNTANTS, WWW.ifac.org/Forum\_of\_Firms/; www.ifac.org/system/files/uploads/TAC-FoF/Fact-Sheet-FoF-TAC.pdf.

<sup>&</sup>lt;sup>354</sup> Philip Smith, *Top 35 Networks 2015: The Survey*, ACCOUNTANCY AGE, July 9, 2012, www.accountancyage.com/aa/analysis/1776670/top-35-networks-2013-the-survey.

<sup>&</sup>lt;sup>355</sup> A good overview is provided at the MSI Global's website: MSI Faqs, MSI GLOBAL, www.msiglobal.org/content/core/msi\_faqs.aspx (last visited Feb. 5, 2016).

<sup>356</sup> Smith, supra note 341.

<sup>&</sup>lt;sup>357</sup> Id.

<sup>&</sup>lt;sup>358</sup> About the American Institute of CPAs, AICPA, www.aicpa.org/About/Pages/About.aspx (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>359</sup> FEDERATION OF EUROPEAN ACCOUNTANTS, WWW.fee.be/ (last visited Feb. 5, 2016).

European Group of International Accounting Networks and Associations (Egian)<sup>360</sup> are members of the Forum of Firms, the members have very different interests from the Big 4. Egian members are seeking audit work that is dominated by the Big 4.

#### **Accounting Firms – Vicarious Liability**

Members of a network can in theory be vicariously liable for the action of other members of the network. Vicarious liability is a form of strict, secondary liability that arises under the common law doctrine of agency — "respondeat superior" — meaning that the responsibility of the superior for the acts of its subordinate or, in a broader sense, the responsibility of any third party that had the "right, ability or duty to control" the activities of a violator. It can be distinguished from contributory liability, another form of secondary liability, which is rooted in the tort theory of enterprise liability.<sup>361</sup>

The best-known cases are *In re Parmalat Securities Litigation*<sup>362</sup> and cases involving the collapse of Enron. A recent case raised the issue again.<sup>363</sup> The defendant is sued for its contribution to the damages as a result of alleged involvement in the transaction. It can arise in many different ways. Regarding a network, there have been two such cases: *In re Parmalat Securities Litigation* and *Banco Espirito Santo v. BDO Seidman International.*<sup>364</sup>

Vicarious liability issues are related directly to the operations and marketing of the network. As to operations, the issues relate to control of the members. Marketing and public relations issues relate to the public's perception and reliance on that perception that members of a network are in fact the same legal entity. In the simplest terms, if the network controls the members by imposing specific rules or becomes involved in decision making at member firms, a case can be made for vicarious liability.

*In re Parmalat Securities Litigation*: In the early 1990s, Parmalat, an Italian dairy conglomerate, pursued an aggressive growth strategy financed largely by debt. Its expansion into South America turned out to be reckless, and it lost millions of dollars. To cover the losses, debt, and diversion of funds by the owners, cash was necessary. This required that the company be seen as a good investment. Grant Thornton–Italy devised a system involving misleading transactions that created the appearance of financial health.

In 1999, Parmalat was legally obliged to take on a new auditor. They hired Deloitte & Touche–Italy (Deloitte-Italy), which then hired other firms in other countries. A subsidiary in the Caribbean that handled phone transactions continued to be audited by Grant Thornton-Italy (GT-Italy). Concerned that new auditors would discover and disclose the fraud, they moved the allegedly fictitious financing transactions to a new company incorporated in the Caribbean that would continue to be audited by GT-Italy. Deloitte offices in a dozen countries audited Parmalat and its subsidiaries and affiliates as part of this worldwide engagement. Deloitte either uncovered or ignored the fraud and certified the financial statement.

In December of 2003, the scheme became unsustainable, and the Parmalat collapse was rapid. The company announced that a Bank of America account that supposedly contained \$4.9 billion did not

<sup>360</sup> EUROPEAN GROUP OF INTERNATIONAL ACCOUNTING NETWORKS AND ASSOCIATIONS, www.egian.eu/members\_list.htm (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>361</sup> Vicarious Liability, WIKIPEDIA, en.wikipedia.org/wiki/Vicarious\_liability (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>362</sup> In re Parmalet Securities Legislation, Case 1:04-md-01653-LAK-HBP Document 1669, Filed 01/27/2009.

<sup>&</sup>lt;sup>363</sup> In March of 2008 a Florida appeals court overturned a claim against its U.S. member that involved fraud uncovered in a Portuguese bank in 2002. The bank had been ordered to pay \$520 million in damages. BDO and BDO International were sued. BDO International was dismissed as not being involved in the audit. The appeals court stated that this should have been decided by the jury. Smith, *supra* note 341 at 26.

<sup>&</sup>lt;sup>364</sup> SEC Charges PwC Affiliates with Aiding Satyam Accounting Fraud, ACCOUNTING TODAY (April 12, 2011) at 22. The network members were treated as independent with fines and other penalties being imposed only on PwC India; see also Banco Espirito Int'l v. BDO Seidman LLP, 979 So. 2d 1030, 1031 (Fla. Cir. Ct. 2008).

exist. Parmalat filed for bankruptcy in Italy. The Italian government indicted Parmalat officials and some executive employees and partners of Grant Thornton–Italy. Vicarious liability claims were filed against Deloitte Touche Tohmatsu (DTT), the network Swiss Verein,<sup>365</sup> Deloitte U.S., Grant Thornton International (GT International), and Grant Thornton U.S.

GT International was alleged to have the power to control GT-Italy. It could remove partners of GT-Italy, expel GT-Italy from the network, own the intellectual property, and make admission and policy decisions. The court refused to dismiss because it found that there could be an agency agreement. It would be for a jury to decide.

Deloitte Touche Tohmatsu was alleged to have intervened in audit personnel decisions of Deloitte-Brazil. Deloitte-Italy allegedly sought input from DTT.<sup>366</sup> The court refused to dismiss the claim that Deloitte-U.S. could be acting as the agent of Deloitte-Italy. The court held that there was no basis for the control allegation and dismissed that part of the complaint. The cases were subsequently settled, and the plaintiffs received \$15 million from Deloitte and Grant Thornton.

Banco Espirito Santo v. BDO Seidman International was another case dealing with alleged vicarious liability. In 2007, BDO Seidman (Seidman) was found negligent in a case brought against it by Banco Espirito Santo. However, the trial court found that the plaintiff failed to adduce sufficient evidence to allow the jury to decide whether BDO International (International) was liable on an actual-agency basis for the actions of Seidman and, therefore, responsible for the alleged negligence of Seidman. Seidman was sued with respect to audit. It had not discovered the multi-million dollar audit fraud. A vicarious liability claim was asserted against International. The theory was that International was the agent of Seidman.

The trial judge entered judgment for International on the grounds that plaintiffs had failed to present sufficient evidence of actual agency. The question was whether the lack of discovery of fraud occurred in the context of the member firm agreement. The case was remanded for a jury to decide on appeal.

The following questions arose during the trial: Did International acknowledge BDO Seidman would act for it? Did Seidman accept agency of International? Did International have the power to control Seidman? The analysis showed that in International's documents it stated that one of its purposes was to "manage" and "control" member firms. For example, International could require personnel from member firms to work on a particular matter. International controlled the intellectual property, audit manuals, and procedures, and had the right to review all matters.

The fundamental question was whether there was in fact an agency relationship. If there was such a relationship, the issue was whether the negligence occurred within the scope of the agency. Plaintiff argued that Seidman was following the manual, and that International controlled the branding and could terminate Seidman. The judge only permitted the theory of actual agency to be asserted at trial. The jury decided there was no actual agency.

www.accountancyage.com/print\_artice/aa/new/1785205/auditors-settle-parmalate.asp.

<sup>&</sup>lt;sup>365</sup> See supra Chapter 1, What is a Professional Services Network? DTT is the network to which all of the Deloitte Touche independent members belong.

<sup>&</sup>lt;sup>366</sup> Philip Smith, Auditors Settle with Parmalat Investors, ACCOUNTANCY AGE (November 20, 2009),

<sup>&</sup>lt;sup>367</sup> David Jetuah, *BDO Case May Set Precedent for Umbrella Bodies' Liabilities*, ACCOUNTANCY AGE (May 2008). In the pleadings, "Banco ES claims that BDO International had 'the right to control' over BDO Seidman. 'BDO International controls BDO Seidman right down to how they type their letters.' BDO International claims control relations were not so strict with only ten people working at the umbrella body and described the control claims are 'puffery.' BDO cannot come in during an audit and say to them 'do it this way.'" www.accountancyage.com/print\_artice/aa/news/175912/bdo-set-precedent-umbrella.asp.

<sup>&</sup>lt;sup>367</sup> David Jetuah, *BDO International Dismissed but Must Prove Why They Should Not be Culpable*, ACCOUNTANCY AGE (March 2008), www.accountancyage.com/print\_artice/aa/news/175912/bdo-international-dismissed.asp.

The matter is not over. Even though International was dismissed, it still must prove why they should not be liable.<sup>368</sup> While the Seidman verdict was dismissed on the evidence that the judge permitted in the trial, the issues of the negligence of Seidman<sup>369</sup> and damages remain open.

In summary, the branding of accounting firms as integrated companies is now over.<sup>370</sup> New rules have been established by case law and regulations. Accounting groups must address whether they are going to be networks or associations.<sup>371</sup> The specifics of the lessons learned are set out in a presentation by Mayer Brown Platt, who represented Deloitte in *Parmalat* and BDO in *Banco Espirito Santo*. They list five practical implications.<sup>372</sup>

Step 1: Review structure – e.g., ownership of IP, audit methodology, etc. <sup>373</sup>

Step 2: Review documents relating to structure and other written materials; engagement letters at MF level; scrub organizational documents and MFA (member financial agreement) to ensure that they expressly disavow "control" by coordinating entity over member firms and expressly affirm the independence of the member firms; disclaimers in literature/websites, etc.: not necessarily conclusive but absence may be held against firms; include language in engagement letter specifying that only party responsible for engagement is the originating member firm;

Step 3: Identify actions that might be misused by plaintiffs to increase coordinating entity liability risk, and undertake cost/benefit assessment; involvement of coordinating entity (including coordinating entity personnel) in specific audit decisions and/or specific audit staffing decisions; sharing of profits; and individual with key roles in coordinating entity;

Step 4: Identify actions that might be misused by plaintiffs to increase risk of liability spillover to other member firms and undertake cost/benefit assessment; significant control by one or more member firms over actions of the coordinating entity; individuals with key roles in both coordinating entity and member firm; sharing of profits; compliance with legal formalities in connection with secondments; and appearance of control by one member firm over the work of another member firm; and

<sup>369</sup> Philip Smith, International Networks Survey: the Big Chill, ACCOUNTANCY AGE (May 27, 2010),

<sup>&</sup>lt;sup>368</sup> Id

www.accountancyage.com/aa/feature/1809718/international-networks-survey-chill.

<sup>&</sup>lt;sup>370</sup> Philip Smith, Networks Survey: Global Risk, ACCOUNTANCY AGE (November 2008),

www.accountancyage.com/print\_artice/aa/feature/1748284/networks-survey-global-risk: "Crucially, this is why many of the organizations are bending over backward to stress they are not networks, as defined by the EU and other organizations such as IFAC. To claim to be one seamless firm without national boundaries might be very appealing in marketing terms, it is a complete nightmare as far as the lawyers are concerned."

<sup>&</sup>lt;sup>371</sup> Smith, *supra* note 356: "And this is why all the groups are very clear about how they define themselves. Size would appear to have a bearing on this. In the top 15 groups, all – bar three – class themselves as a network, as set out in the EU's 8th company directive and the International Federation of Accountants' (IFAC) own ethical code.

But, after the picture changes. Out of the remaining 15 groups in the Top 30, only four describe themselves as a network, with the others preferring to take the association route. This is understandable as there can be little doubt that greater resources are required in order to police a network and ensure that there is no exposure to legal action.

<sup>&#</sup>x27;Some international groupings that rather sat on the fence in the 'network or association' debate a year or two back are now beginning to take clearer positions about which path they wish to take, and this is causing certain member firms to re-evaluate their membership,' comments James Mendelssohn, chief executive of MSI Global Alliance (20th, \$1.3bn).

<sup>&#</sup>x27;This will result in a certain amount of movement of member firms between different organizations – and those with a clear and defined strategy will do well. MSI Global Alliance sees this as an opportunity and, indeed, one that has already resulted in us gaining a couple of new members,' he says."

<sup>&</sup>lt;sup>372</sup> BDO International Webinar, MAYER BROWN, www.mayerbrown.com/public\_docs/BDO\_International\_Webinar\_Slides.pdf.

<sup>&</sup>lt;sup>373</sup> Smith, *supra* note 357.

Step 5: Police behavior on the ground so far as possible.

Law firm networks would not be subject to vicarious liability under the principles set out since they have no control over members.

#### **Competition Regulations among the Accounting Networks**

The accounting networks have a much greater competition with each other than with the legal network. The reason is obvious. The Big 4 currently dominate the public company audits with more than 90 percent of the market in most countries. The other networks are expanding and becoming comparable in their abilities to provide these services. Regionally, many of the non-Big 4 have offices as large as the Big 4. They are seeking their piece of the audit pie.<sup>374</sup>

The networks are therefore reaching out to governmental bodies to change the regulation to rotate auditors and extend the rotation to these other networks. Their view is that this will increase quality and assure that there is another independent review of the accounts of public companies. The European Group of International Accounting Networks and Associations (EGIAN), a network of accounting networks and associations, has recently filed a position paper with the EU outlining such a proposal.<sup>375</sup> This position has been enunciated by the chairman of the Public Company Accounting Oversight Board.<sup>376</sup> Others have also voiced their concerns of market dominance;<sup>378</sup> whether these efforts will be successful has not been decided.<sup>379</sup>

#### **Multidisciplinary and Specialty Networks**

If a multidisciplinary network has members that are law firms, it would be subject to the issues of law firms discussed above. If some of its members are accounting firms, it would not be subject to accounting rules because the network would not be supplying the auditing services.

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Rose Orlik, Audit Referral: Big 4 Resigned, Mid-Tier Rejoice, ACCOUNTANCY AGE (July 29, 2011), www.accountancyage.com/aa/news/2098052/audit-referral-resigned-mid-tier-rejoice; see also Nick Huber, The Concentration Battle, INT'L ACCT. BULL. (May 11, 2011), www.blog-audit.com/wp-content/uploads/2012/03/e%CC%81tude-InternationalAccountingBulletin1.pdf.

<sup>&</sup>lt;sup>375</sup> EGIAN, www.egian.eu/eo/veuredocpublic.php?idd=157 (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>375</sup> Tammy Whitehouse, *Doty Seeks Disclosure, Cooperation on Overseas Work*, COMPLIANCE WEEK (July 01, 2011),

www.complianceweek.com/doty-seeks-disclosure-cooperation-on-overseas-work/article/206678/: "After shaking up U.S. markets with talk of new audit reports and mandatory rotation, James Doty, chairman of the Public Company Accounting Oversight Board says the board will soon consider another proposal that will require auditors to tell public companies how their audit work is parceled out to affiliate firms, sometimes overseas."

<sup>&</sup>lt;sup>375</sup> Plans Grow for European Audit Cop, WALL St. J. (Oct. 12, 2010); see also Karen Kroll, Get This: Accounting Firms Are Backing More Regulation, CFO WORLD NEWSLETTER (Feb. 15, 2011).

Rose Orlick, Accounting Competition Fight is On for Global Networks, ACCOUNTANCY AGE (June 9, 2011), http://www.accountancyage.com/aa/analysis/2077856/fight-global-networks: "Little in the way of competition regulation exists on a global scale. There have been rumblings from the World Trade Organisation about establishing an oversight body, though so far the debate has not transcended the conference hall. Mazars' partner David Herbinet paints an even gloomier picture for second-tier firms: "It is interesting that, despite the ongoing investigations by the EC and the Office of Fair Trading, the Big Four firms continue to do as they please. If they were really worried, I would expect them to stay under the radar."

## Chapter 8 – Networks and the Technology Revolution

In the 1990s, there was a general awareness in business that technology was about to change the world. 380 It was going to change how people work and live. Few could have guessed at the degrees of change that are now reflected in computers, telecommunications, and interpersonal relationships. Networks are now being affected.

The changes in the networking environment should be the most profound because, by definition, its operation is based upon the exchange of information.<sup>381</sup> The information is contained in discrete location, i.e., at the member firms and with the members' professionals. Information technology can be seen as the liberator of this information. It creates the ability of professionals in different locations to gain knowledge and transparently interact with each other based upon information and interests.

A successful network is one in which members can easily collaborate to achieve common objectives. Collaboration is a function of access to information about the network and its members from superiors to others in organization. In the command and control organizations,<sup>382</sup> information is filtered and disseminated on a need-to-know basis. In a network of independent members, all members must receive information. In order for members to collaborate, the information must be widely shared with individual professionals.

Until recently the primary role of technology was support of the organization. The technology was used for invoicing, product design, payroll, word processing, and communications. In the last 20 years, the role of technology has shifted from the support role to a strategic function. The technology now is part of the strategy for the delivery of goods and services that provide a competitive advantage. This reformation of technology was the result of four factors: intense competition, globalization, organizational changes, and the reduction in the performance-price ratio.<sup>383</sup>

As competition for clients increases, professionals must be more cost-effective in providing services. Technology offers new alternatives. For example, professionals can now easily collaborate online with their clients, sharing documents and ideas. Technology such as Google can be used to provide information about their firms directly to potential clients without going through directories like Martindale Hubbell. Using technology frees up the budget for other purposes.

Globalization has been discussed extensively. It now impacts every business and individual. A legal or accounting issue can have profound effects on the economy in every country. Each professional services provider must have a means for recognizing the global nature of its clients and be able to respond to and meet their needs. Technology is the vehicle to globalization.

Institutions and organizations such as the AICPA or ABA have undergone profound changes. The accounting and legal professions, which at one time prohibited all marketing activities, now embrace marketing. Lawyers not only advertise but also now have blogs, webinars, video, Twitter, LinkedIn, and Facebook,

<sup>&</sup>lt;sup>380</sup> "Emerging information technology (IT) has played a major role in network organizational development. Indeed a number of authors have written of the IT-enabled network organization." Van Alstyne, *supra* note 9, citing W. H. DAVIDOW & M. S. MALONE, THE VIRTUAL CORPORATION 294 (1992); *see also* P. DRUCKER, THE NEW SOCIETY OF ORGANIZATIONS 95-104 (1992); *see also* V. P. George, *Technological Intensity and Interfirm Cooperation: An Industry Level Study of Alliance Networks of U.S. Public Firms*, MIT SLOAN SCHOOL (1985-1990); *see also* T. W. Malone & J. F. Rockart, *Computers, Networks and the Corporation*, 265 SCIENTIFIC AMERICAN 128-136 (1991); *see also* T. PETERS, LIBERATION MANAGEMENT: NECESSARY DISORGANIZATION FOR THE NANOSECOND NINETIES 834 (1992); *see also* W. W. Powell, *Neither Market Nor Hierarchy: Network Forms of Organization*, 12 Res. IN Org. BEHAVIOR 295-336 (1990); *see also* C. C. Snow et. al, *Managing 21st Century Network Organizations*, 20 Org. DYNAMICS 5, 5-20 (1992).

<sup>&</sup>lt;sup>381</sup> See supra Chapter 4, Organizing a Traditional Law Firm Network.

<sup>382</sup> Command and Control, ANSWERS.COM, WWW.answers.com/topic/command-and-control (last visited Feb. 5, 2016).

<sup>383</sup> Jagdish Sheth, Strategic Importance of Information Technology, 4 ADVANCES IN TELECOMM. MGMT 3, 3-16 (1994).

Martindale Hubbell has embraced this model by creating Martindale Connect, which is an online networking organization. MARTINDALE, www.martindale.com (last visited Feb. 5, 2016).

among others. The accounting profession has seen the same changes. Technology has erased some of the distance between the Big 4 and the other mid-size networks and firms. Both professions have been affected by demographics, such as more women than men now attending universities, 385 and lawyers and accountants in their mid-20s having grown up using the Internet. Changes in attitudes translate directly to changes in how organizations operate. Who would have thought outsourcing legal work to India and other locations would be successful?386

Technology is now almost equally accessible to all accounting and legal firms. This includes strategic technology. It is the result of the reduction in the performance price ratio.<sup>387</sup> New models for obtaining and containing data have been developed such as cloud computing. 388 For firms seeking to compete with firms that have considerably more resources, this is important. For networks seeking to maximize collaboration, understanding and then acquiring these technologies is critical.

The universal access to information technology, the Internet, computers, and smart devices is changing the culture in which the professional services companies operate. Teens, who will one day be partners in law and accounting firms, now have access to more information than their parents did as this age. They feel comfortable corresponding with peers located around the world. They recognize that technology rewards those who take the initiative. 389 Facebook has flattened the world, which has become a world of ideas rather than raw power.

#### The Framework: Mechanistic, Synchronous, Asynchronous, and Organic

In networks of professionals, information technology is best viewed from its function, purpose, and objectives that contribute to the network. Its function is to transmit all information, its purpose is to define the information so that it reaches the appropriate person, and its objectives are to increase the level of network collaboration and provide a cost-effective vehicle to achieve its goals and those of the members. It is a means to an end and an end through a means. There are many terms used to define the different types of technology. Commonly used terms are: mechanistic, synchronous, asynchronous, and organic.

Mechanistic technology<sup>390</sup> can be thought of as more than support using technology as a simple tool. For example, email is no different than a printed letter. It is simply cheaper to transmit, LISTSERVs allowed for open-ended communications and discussion, but they were no different from a meeting in which everyone has the opportunity to speak. It is, however, more efficient. There is very little that can organically develop around a tool, because the tool does not produce a product.

Synchronous and asynchronous technologies are two different ways to view technology as it relates to time. Asynchronous technology stores information for future use, <sup>391</sup> e.g., emails, email attachments, faxes, videos, and Internet calendars. Synchronous technology is the exchange of information in real time. Discussion forums, instant messaging, video conferencing, team calendars, and live video streaming are synchronous technologies. Today networks are able to use real time technologies that are easily accessible to all members.

Men Behind: Women Go to College in Ever-Greater Numbers, STUDY.COM (Nov. 13, 2007), educationportal.com/articles/Leaving Men\_Behind: Women\_Go\_to\_College\_in\_Ever-Greater\_Numbers.html.

<sup>86</sup> Thomson Reuters purchased Pangea3, a major Indian legal services company for outsourcing legal services. Press Release, PR Newswire, Thomson Reuters Acquires Pangea3 (Nov. 18, 2010) (www.prnewswire.com/news-releases/thomson-reuters-acquires-pangea3-109038544.html). <sup>387</sup> In economics and engineering, the price/performance ratio refers to a product's ability to deliver performance, of any sort, for its price.

Performance Ratio, WIKIPEDIA, en.wikipedia.org/wiki/Price/performance\_ratio (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>388</sup> Cloud Computing, WIKIPEDIA, en.wikipedia.org/wiki/Cloud\_computing (last visited Feb. 5, 2016).

<sup>&</sup>lt;sup>389</sup> Van Alstyne, supra note 9, citing G. P. Gruber, A Theory of the Effects of Advanced Information Technologies on Organizational Design, Intelligence, and Decision Making, 15 ACADEMY OF MGMT. REV. 47, 47-71 (1990): "As expertise becomes critical resources then flow not to hierarchical posts but to obvious centers of competence."

<sup>&</sup>lt;sup>390</sup> THOMAS BURNS, THE MANAGEMENT OF INNOVATION (1961).

<sup>&</sup>lt;sup>391</sup> DuPont Legal Model, DuPont, www.dupontlegalmodel.com/building-the-virtual-law-firm-through-collaborative-workteams/ (last visited Feb. 4, 2016).

They may include Twitter, instant messaging, and telephonic video conferencing, etc. The list of possibilities will continue to increase. Networks must determine how they can be used.

Organic technology<sup>392</sup> goes beyond synchronous and asynchronous technologies in terms of the substance of the information. It is technology built upon a flexible structure that is adaptable to the circumstances (scalable) and in which the technology itself is part of the end product. The term "organic" in relation to an organization was used in the 1950s to describe an organization that is adaptable and generally operates without extensive bureaucratic constraints. Until the advent of the Internet, it was not possible that an organization could function without the constraints associated with a hierarchical organization.<sup>393</sup> Organic technology creates the environment in which an organization can operate with limited constraints. Facebook<sup>394</sup> and LinkedIn<sup>395</sup> are examples of when the system itself becomes part of the outcome, which then leads to further outcomes.

Organic technology builds new relationships from a base of existing relationships. In a network this may be at both the member and professional levels. At the member level, these relationships may be either internal to the network or external with other groups or associations.<sup>396</sup> At the non-member level, they are organic because these relationships reach out to others and bring them into the network's galaxy of relationships. The structures that are created are *sui generis* in the same way networks are created, i.e., the personal interests of the members. The relationships are multi-dimensional.

When the organic technology is placed in an organized network it becomes a powerful vehicle for creating and sustaining relationships.<sup>397</sup> Internal relationships can be developed among members sharing a particular expertise or interest. These professionals can be linked to others so that each person is treated as a unique individual. This uniqueness motivates the individual to further reach out to others. If done correctly, it produces the perfect storm of awareness and engagement.

Technology can address impediments to network development. Networks provide access to professionals and resources, and technology makes them transparently and mutually available. Technology can also make developing new relationships cost-effective and efficient. The challenge is to first build confidence in the network.

<sup>392</sup> A term created by Tom Burns and G. M. Stalker in the late 1950s, organic organizations, unlike mechanistic organizations (also coined by Burns and Stalker) (T. BURNS & G. M. STALKER, THE MANAGEMENT OF INNOVATION (1961)), are flexible and value external knowledge. Also called organismic organization, this form of organizational structure was widely sought and proposed, but never proved to really exist since it, adversely to the mechanistic organization, has the least hierarchy and specialization of functions. For an organization to be organic, people in it should be equally leveled, with no job descriptions or classifications, and communication to have a hub-network-like form. It is said to be the most adaptive form of organization. An organic organization is a fluid and flexible network of multi-talented individuals who perform a variety of tasks. Organic organization, WIKIPEDIA, en.wikipedia.org/wiki/Organic organisation (last visited Feb. 6, 2016).

The virtual law firm connects lawyers electronically and culturally. Through the use of applied technology, such as extranets, integrated case management software, computerized databases, electronic invoicing software, document imaging, cell phones, personal digital assistants, and trial presentation software, team members in different geographical locations can perform legal work efficiently and cost-effectively in a shared environment. But this technology still depends on the human element and on the willingness of committed participants to implement and use it constructively in furtherance of an articulated vision and clear goals. In a virtual law firm, participants must share a common culture. DuPont Legal Model, supra note 378.

<sup>&</sup>lt;sup>394</sup> FACEBOOK, www.facebook.com (last visited Feb. 6, 2016).

<sup>&</sup>lt;sup>395</sup> LINKEDIN, www.linkedin.com (last visited Feb. 6, 2016); see also supra Chapter 5, Governance of Networks and Operations.

<sup>&</sup>lt;sup>396</sup> "It can commingle distinct internal structures through lateral communication just as it can intermingle network and external structures through tighter coupling." Van Alstyne, supra note 9, citing J. Rockart & J. Short, The Networked Organization and the Management of Interdependence, in THE CORPORATIONS OF THE 1990s 189-216 (M.S. Morton, Ed. 1991).

<sup>&</sup>lt;sup>397</sup> See supra Chapter 5, Governance of Networks and Operations; see also Van Alstyne, supra note 9, citing W. E. Baker, The Network Organization in Theory and Practice, in NETWORKS AND ORGS. 397-429 (N. Nohria & R.G. Eccles, Eds. 1993): "The arrival of information technology has affected network organizations, for example, in computing terms by rerouting communications, in economic terms by reducing information asymmetry, and in sociological terms by changing roles and ranks of members. As an alternative to external control, IT can help integrate the network organization."

**Exhibit 8 - Technology and Network Levels** 

	Technology	Level 1	Level 2	Level 3	Level 4
Word processing	Support x		-	X	X
Accounting	Support	X	-	X	X
Design	Support	X	X	X	X
Email	Support	X	X	X	X
Fax	Support	X	X	X	X
Video (one way)	Asynchronous		X	X	X
Website	Asynchronous		X	X	X
Discussion groups Synchronou			-	X	X
Control of technology by	Organic		-	X	X
professionals					
Linked list of contacts selected Organic			-	X	X
by professionals					
List of favorite information Organic			-	X	X
selected by professionals	essionals				
Publications dissemination Organic			-	X	X
based upon interest					
Document collaboration	<b>Document collaboration</b> Organic		-	X	X
Selection of contacts Organic			-	X	X

#### What Does Technology Mean for Professional Services Networks

When most networks think about technology, they first think of management support tools. These are the same tools all businesses use. This same technology is easily extended to a network. The tools are all familiar: QuickBooks, Word, Excel, PowerPoint, etc. Integration of this software can be integrated with webbased technology means that when a member registers for a meeting, the information is automatically transferred to the accounting system in the appropriate locations, e.g., registration, firm member, profession, and the meeting itself. The fully integrated systems greatly enhance the management of the network.

Networks may immediately think of asynchronous and synchronous audio and video delivery systems. Members can use publicly available technology such as YouTube to host their videos. The videos can include information about the network and what it's promoting. They can conduct surveys with SurveyMonkey, have video conferences with Skype, and chat via Meebo.

They may also think about webinars<sup>398</sup> and web conferencing, which are great ways for members to be introduced to one another. For example, new professionals require training. The network can arrange for a webinar on a subject of interest. Importantly, it can be recorded so that the content can be used in the future. The role of the network is to coordinate this collaboration.

<sup>&</sup>lt;sup>398</sup> Web conferencing refers to a service that allows conferencing events to be shared with remote locations. Most vendors also provide either a recorded copy of an event or a means for a subscriber to record an event. The service allows information to be shared simultaneously across geographically dispersed locations in nearly real-time. Applications for web conferencing include meetings, training events, lectures, or short presentations from any computer. The term "webinar" is a neologism, short for Web-based Seminar, a presentation, lecture, workshop, or seminar that is transmitted over the Web, specifically a portmanteau of Web & seminar, to describe a specific type of web conference. Although some argue that webinars might be one-way, from the speaker to the audience with limited audience interaction, such one-way broadcasts are perhaps more accurately called a webcast. Webinars themselves may be more collaborative and include polling and question & answer sessions to allow full participation between the audience and the presenter. In some cases, the presenter may speak over a standard telephone line, while pointing out information being presented onscreen, and the audience can respond over their own telephones' speaker phones, allowing the greatest comfort and convenience. Web conferencing, Wikipedia.org/wiki/Web\_conferencing (last visited Feb. 6, 2016).

Networks generally do not address their primary role, which is to engage members in creating real relationships that have value to their clients. This is not done through technology because the standard technology does not directly address this objective. Organic information technology is very new; organic technology requires a fundamental rethinking of the delivery of information.

Most networks are global organizations that must communicate information to members so that they will react and become engaged. Technology serves two primary purposes in a network: internal and external marketing. Technology can accomplish both objectives at a reasonable cost. It is the common denominator among networks internally. Technology has made it possible to create, organize, and manage a network of 10 firms or 400 firms.

Externally, technology can gain recognition for members and for the network itself. Seeing your firm's network in the media or online is important. A Google search that finds and displays the network's website confirms the network's existence. Facebook, LinkedIn, YouTube, and other programs can further confirm the existence of the network. Technology is the mirror on which the network can see its reflection. The issues are: What information can technology reveal, and how can it be made useful in achieving the objectives of the members individually and the network collectively?

There are three primary types of information found in the network. The first is information about the network itself: its website, publications, blogs, and social media; the second is geographic-based information about the location in which the member firms are located; and the third can be on individual professionals who share the education, experience, and expertise not related to their existing location.

Geographic expertise is based solely on the location of the professional. The common manifestation of geographic expertise is the network directory. In a typical directory, the member finds a location, perhaps some description of the member, and the primary contact. At the most superficial level, locating geographical information does not require technology. All that is required is a contact name, email address, or telephone number. To refer a case or get information, communication is initiated with the contact person. A website is only a variation of the directory concept.

The third level of professional expertise is based upon the experience, knowledge, and interests of each individual professional. It may also be useful to know everyone who has worked for ExxonMobil, went to Yale, has expertise on pipelines, or any and all other areas of expertise or experience. Professional services networks do not account for this type of expertise because without technology to create transparent access to this information, it remains invisible.

Technology now allows this third level type of professional information to be collected and made available to members and non-members of the network. Networks are no longer confronted by limitations that result from the geographic focus of the network. Participation is not limited to senior partners; everyone at the firms is able to participate in the network, including the professional staff. The result is that the clients can be served by the expertise of thousands of professionals located around the world

When this information is available, as it is today, a network can use it to take itself to another level. This has been previously discussed as the organic technology model discussed earlier in this chapter. The model uses both information and the manipulation of that information to generate new content that members find useful.

<sup>&</sup>lt;sup>399</sup> See supra Chapter 6, Marketing the Network – Creating the Brand.

<sup>&</sup>lt;sup>400</sup> Van Alstyne, *supra* note 9, citing Kraft, *The Increasing Use of the Internet in the Practice of Law*, 69 J. Kan, B. Assoc. 15 (Feb. 2000); *see also* Pruner, The Internet and the Practice of Law, 19 Pace L. Rev. 69-93 (Fall 2000); *see also* Pruner, *The Competitive Law Firm of the 21st Century: Web Technology*, 62 Tex. Bus. J. 676 (July 1999); *see also* Martin, *The Internet 'Full and Unfettered Access' to Law and Some Implications*, 26 Ky. L. Rev. 181-209 (Summer 1999); *see also* Davis, Blur: The Speed of Change in the Connected Economy (1999); *see also* Kelly, New Rules For the New Economy (1999).

Members are able to register the value and contribute further to use of the information. A simple example is when a website visitor indicates that a publication is interesting. The best-liked publications can be placed on the website, and future users, by clicking on the article, will effectively increase its popularity. 401

Networks can piggyback on LinkedIn by developing sub-networks or groups. They can also develop software similar to Facebook or LinkedIn for their members. Using this technology, professionals build their own groups, join others groups, communicate, and develop relationships based upon any criteria. As with any social or business network, the relationships within the network become three-dimensional. For example, when a member registers for the annual meeting, he/she will receive a confirmation of it from the network. They may also receive a "thank you note" from the sponsors. The registrants' photos and links to their resumes will appear on the meeting roster. The roster allows the registrants to see the names of others who will be present, creating the opportunity to set up meetings with one another. They can also automatically add others to their list of contacts on the website. This is an organic network.

Over time, these third types of communications and information exchanges will have a profound effect on the network. The professionals will now be evaluated not only because they are the primary contacts, but also because they have particular experience and expertise. This will eventually elevate the status of all professionals in the network. It accounts for the demographic changes taking place and the use of technology by the next generation of professionals.

The same technology can be used with non-members who can become part of the network through subscriptions to network publications. They may be able to join private groups with other outside professionals. While the relationships will not be identical, the objective is the same: to create and encourage interaction.

The last aspect of technology is that it is not dependent on a network's level of development. The structure of the network does not affect the use of its technology. Of course, the more developed the networks are, the more likely they will be to use advanced technology.

<sup>401</sup> The Lawyer magazine does this in its article emails. The most popular articles appear in a list, which then attract more readers to the articles and then to the website. The Lawyer, www.thelawyer.com/ (last visited Feb. 6, 2016).

<sup>402</sup> "This is described in DuPont's law department use technology to create a virtual law firm, by fostering collaboration among its in-house staff, its outside law firms, and its service providers. Although the intricacies of technology are key to this endeavor, we will focus here on the soft-and, for the most part, unstudied and often ignored-side of technology. We will look at how companies can use technology to increase coordination, teamwork, and, ultimately, collaboration by independent firms in support of their common client. We will offer a roadmap for corporate counsel who would like to travel this path and describe the factors that in our experience have driven greater collaboration among corporate law departments and their outside firms. Although the intricacies of technology are key to this endeavor, we will focus here on the soft-and, for the most part, unstudied and often ignored-side of technology. We will look at how companies can use technology to increase coordination, teamwork, and, ultimately, collaboration by independent firms in support of their common client. We will offer a roadmap for corporate counsel who would like to travel this path and describe the factors that in our experience have driven greater collaboration among corporate law departments and their outside firms.

"The virtual law firm connects lawyers electronically and culturally. Through the use of applied technology, such as extranets, integrated case management software, computerized databases, electronic invoicing software, document imaging, cell phones, personal digital assistants, and trial presentation software, team members in different geographical locations can perform legal work efficiently and cost-effectively in a shared environment. But this technology still depends on the human element and on the willingness of committed participants to implement and use it constructively in furtherance of an articulated vision and clear goals. In a virtual law firm, participants must share a common culture." DuPont Legal Model, supra note 378.

<sup>403</sup> Van Alstyne, *supra* note 9, citing K. Crowston & T. Malone, *Information Technology and Work Organization*, in HANDBOOK OF HUMAN-COMPUTER INTERACTION 1051-1069 (M. Helander, Ed. 1988): "IT makes the enforcement of (network) rules both easier and less necessary due to the immediacy of feedback."; *see also J. Pfeffer, Power in Organizations*, HARPER BUS. 391(1981).

<sup>404</sup> *Id.*, citing L. M. Applegate et. al, *Information Technology and Tomorrow's Manager*, HARV. Bus. Rev. 128, 128-136 (1988): "Strong links can potentially flatten organizational hierarchy first by enabling redistribution of resources, decision rights, power and control and second by attenuating status distinctions. Cues marking age, race, gender, and dress might not accompany non-verbal communication."; *see also* H. C. Lucas & J. Baroudi, *The Role of Information Technology in Organizational Design*, 10 J. OF MGMT. INFO. SYS. 9, 9-23 (1994); *see also* S. ZUBOFF, IN THE AGE OF THE SMART MACHINE (1988); *see also* J. Rockart & J. Short, *The Networked Organization and the Management of Interdependence*, in THE CORPORATIONS OF THE 1990S 189-216 (M.S. Morton, Ed. 1991).

#### Why Networks Do Not Use Technology

Technology is not something that can be touched. It is an intangible. The results of technology can be measured, but many of the results are word of mouth. The return on investment is difficult to measure, and the short-, medium-, and long-term benefits are not easy to understand. The use of the technology will vary from member to member depending on how the members use their own technology. Use will also vary because of cultural differences. In some cultures an associate would never send an email to a group in which there are partners. While the performance-price ratio continues to fall, technology still costs money.

Technology has its proponents and its doubters. A recent survey ranking how receptive law firms are to technology in the marketing function is indicative of the attitudes found in a legal network. The survey results demonstrate that most firms are receptive to marketing technology, including its latest developments. They were asked to rate their firm's receptiveness on a 0-to-10 scale. The average response was 6.6 — meaning the opinions were somewhat positive. They were neither resistant to nor enthusiastic about technology. Firms with fewer than 200 lawyers were less open to implementing marketing technology than larger firms (6.2 versus 7.2 mean ratings). This was probably because of budget issues rather than a dislike of technology.

They were asked to name the primary barriers to obtaining needed technologies; an overwhelming 74 percent cited competing demands for budget dollars. Second, an inability to effectively demonstrate return on investment was cited by 37 percent. Others noted that it can be difficult to make business cases for technologies such as automated proposal generation — where the ROI makes theoretical sense but is not easily quantifiable — or alumni programs, which have considerable intangible value but may not generate direct revenue. Lastly, while lawyer skepticism and resistance to legal technology does exist in many firms, only 27 percent said partner objections were the main barrier. 406

In firms as well as in networks there is another intangible barrier to the use of technology. Ownership of information is valuable to those who possess it. Ownership is rewarded in hierarchical businesses, which would include law and accounting firms. When information is freely shared, the result can be a perceived loss or gain of power by those in the network. "Evidence suggests that existing power centers may discourage the adoption of information technology systems that reduce their authority and, *ceteris paribus*, new IT systems tend to reinforce preexisting cultural norms and control structures."

Lastly, implementing information in a network requires vision and commitment. Vision is required to see the direction in which the business world is headed and to factor in the changing dynamics, demographics, and conditions of the network equation. Informational technology is a long-term commitment that does not provide an immediate ROI, but if the vision is correct and the network moves forward, the results can be worth the investment.

Professional services networks and their members should recognize and embrace that they are ultimate beneficiaries of the technology revolution. Few networks have done this.

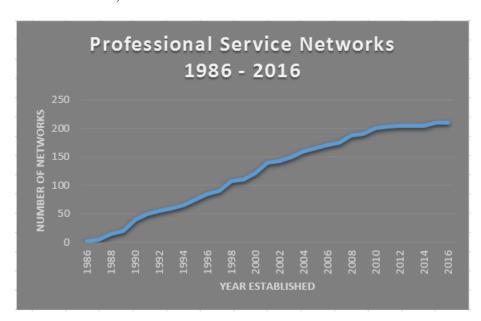
<sup>405</sup> S. Allison & L. Meagley, *Tracking Law Firm Marketing Technology*, 34 L. PRAC. 123 (Jan. 2008).

<sup>&</sup>lt;sup>406</sup> *Id*.

<sup>&</sup>lt;sup>407</sup> Van Alstyne, *supra* note 9, citing P. Attewell & J. Rule, *Computing and Organizations: What We Know and What We Don't Know*, COMM. OF THE ACM 1184-1192 (1984); *see also* K. Crowston & T. Malone, *Information Technology and Work Organization*, in HANDBOOK OF HUMAN-COMPUTER INTERACTION 1051-1069 (M. Helander, Ed. 1988); *see also* M. L. Markus, *Power, Politics, and MIS Implementation*, 6 COMM. OF THE ACM 430, 430-444 (1983); *see also* J. Pfeffer, *Power in Organizations*, HARPER BUS. 391 (1981).

## **Chapter 9 – Future of Law Firm Networks**

In 1985 there were approximately 20 networks in the legal and accounting professions combined (in accounting there were 15, which included the Big 8, BDO, Grant Thornton, 408 and a few others; there were eight in legal). Today there are more than 200 professional services networks. Their members have more than one million professionals and staff. Cumulative annual revenues exceed \$200 billion. Accounting networks have become the vehicle for providing clients professional services and the model for how networks will develop. This was inevitable.



**Exhibit 9 – Network Growth, 1986 – 2017** 

There are six factors that made this outcome inevitable: globalization, network structure, economics, demographics, regulations, and technology. Each of these has been discussed throughout this book, and their effects can be summarized.

**Globalization:** The world today is truly flat; all countries and locations adjoin one another. <sup>409</sup> Any significant event occurring in one country or region has an immediate impact on other countries or regions. While the general commercial globalization will continue, the focus is shifting from the mature markets of the United States to the developing markets of Brazil, Russia, India, China, and South Africa (BRICS countries). <sup>410</sup> Companies in these countries will become net investors, joining the already developed countries in the globalization process. Networks will change their international emphasis to finding new opportunities for members no matter where they are located.

**Network Structure:** The network structure is both effective and cost efficient for providing services. As has been demonstrated in Chapter 1, the stand-alone organization has its advantages, as does the network. Based upon the vast experience in the accounting profession, the combination of independent firms with a network can create optimal results. This is clearly reflected in the \$100-plus billion annually billed by the Big 4. Their model can now be clearly emulated, not only by the other large networks in accounting, but also the large networks found in the legal profession.

<sup>&</sup>lt;sup>408</sup> See infra Appendix 7.

<sup>409</sup> Thomas Friedman, The World is Flat (2004), available at www.thomaslfriedman.com/bookshelf/the-world-is-flat.

<sup>&</sup>lt;sup>410</sup> BRICS, en.wikipedia.org/wiki/BRICS (last visited Feb. 6, 2016).

**Economics:** Establishing and managing offices in different states and countries is expensive and inefficient. A firm does not need to be physically present and only requires that structural resources be in place when clients need them. A network can provide structure for which those resources are instantly available. The cost/benefit ratio of an office versus network membership is simply too high. A network is the only cost-effective and efficient alternative.

**Demographics:** Professional services firms reflect the collective attitudes and perspectives of the professionals. Attitudes and perspective are different for each generation. Boomers and Generation X have different perspectives. Generation Y<sup>412</sup> professionals have now entered the accounting and legal professions. They have grown up with the same hierarchical institutional foundation as earlier generations, but they entered the Internet age in their teens. They are part of the new open culture based upon open relationships with diverse groups around the world. In five years, the first Generation Z professionals will enter the legal and accounting professions. These are professionals whose lives are now shaped by the Internet and, in particular, Facebook, LinkedIn, and other Internet tools. They will carry the social network model to the professional services business network. The outcome is unknown.

**Regulations:** Regulations of the accounting profession will continue not only to increase but also diversify in scope. In accounting, the tension between regulation and self-regulation will accelerate as other countries assert their authority over their companies. Accounting networks working individually and as organized interest groups can focus on and address these issues. On the other hand, the legal profession will not be affected to the same degree because the regulatory balance has already been achieved. It is not possible for one jurisdiction to regulate the practice of law when the practice is national or global. This balance will mean that legal networks are in an environment where they can truly maximize their expansion without regulatory concerns.

**Technology:** Of the six factors, information technology will have the greatest impact on professional services networks. It cuts across and is an integral component of each of the other factors for the simple reason that technology has already revolutionized how people interact with one another. Technology is scalable so that networks of all sizes are in an optimal position to use technology. Even the smallest members in the most remote jurisdictions are now linked through the network to meet their specific needs. The technology enhances both the effectiveness and the efficiency of the services that they provide their clients. Multi-dimensional technology will mean the clients can be provided cost-effective and individualized services. Networks, as the consolidator of resources, can provide the technology to all members.

When these developments are factored into the accounting, legal, multidisciplinary, and specialty networks, certain patterns develop for the future.

### **Law Firm Networks**

Law firm networks have much to learn from the accounting networks, which are years ahead on the evolutionary scale. The environment for legal networks is much different from that of the accounting networks. Legal networks face three challenges: (1) participation, (2) marketing, and (3) bridging different interests and cultures.

<sup>&</sup>lt;sup>411</sup> Nancy Peppard, Closing the Generation Gap: Managing the Multigenerational Law Firm, 32 L. PRAC. MGMT. 30 (June 2006).

<sup>&</sup>lt;sup>412</sup> Generation Y refers to a generation born between 1980 and 1990. In 2013 this generation would be 23 to 33 years old, representing those who have graduated or will soon graduate from law and graduate schools. GENERATION Y, en.wikipedia.org/wiki/Generation\_Y (last visited Feb. 6, 2016).

Joining a network is different for law firms, which are not as leveraged as accounting firms. Participation will be different depending on the size of the member firms. For example, the ratio of associates to partners in the United States is 0.64; e.g., a firm with 50 lawyers would have 33 partners and 17 associates. As a firm grows, the ratio increases so that firms of more than 150 lawyers have a ratio of two associates per partner, or 50 partners and 100 associates. What this means is that a medium-size law firm will be better able to communicate with everyone in their firm about their network membership; with partners paying for dues and other expenses, more than 50 percent of the firm will be aware of their membership.

In the larger firms of more than 150 attorneys, as the relative number of partners decreases and the number of associates increases, the difficulty of increasing awareness of the network is compounded. Partners and associates are not aware of network membership because they are not engaged in network activities. Participation is delegated to specific individuals. Membership may be only a small line item on the budget. Successful networks must evaluate the idea of involving more attorneys when creating its programs to increase awareness and create engagement. Associates will be the partners of the future and should be provided the opportunity to participate.

Legal networks have not been able to establish a brand or identity. Many lawyers only know that their firm belongs to "a network" but do not recognize the name when asked. For example, there are 77 networks that are based in Europe, but outside of the network itself no one is familiar with them. The lack of a brand is illustrated by the amount of press that legal networks receive when there is an event that *should* be news affecting the network. For example, there are large networks like Lex Mundi, World Services Group, and TerraLex that have very large European memberships. Interestingly, a search at "The Lawyer" magazine<sup>414</sup> revealed only 58 references to Lex Mundi over 15 years, even though it has 21,000 attorneys. The same search for Allen Overy, a small firm in comparison to Lex Mundi, produced more than 8,000 references.

The ultimate success of law firm networks will be determined by how they can position themselves, not against one another, but from the perspective of clients. Legal networks are in competition today with the largest law firms, those having 30 or more offices. The vereins and Big 4 are beginning to see themselves as branded networks of independent firms. However, the second-class status of legal networks will not change unless the leading established networks actually think of themselves as huge organizations with hundreds of offices and cumulative revenues that by far exceed the largest 10 law firms. If they continue to consider themselves mere extensions of their members, they will not be in a position to compete.

While the agency law for vicarious liability applies to all networks, vicarious liability requires significant integration of professional services providers to be liable. Accounting firms, even when they go under the same name, use the same logo, stationary, and manuals, and have to date been able to avoid the liability. Law firm networks have a lot of room for development under this case law. It is not likely that many law firms would refer to themselves as "Jones, Smith & Jones TerraLex" or "TerraLex Brazil." Until this happens, law firms are not limited in the amount of branding they can undertake to compete with the 20 largest firms.

The issue for law firm networks is that members have different interests. Accounting network members are more homogenous because their functions of audit, tax, and financial consulting are spread throughout each member firm. Accounting network members tend to have similar clients. Each law firm is somewhat unique

83

<sup>&</sup>lt;sup>413</sup> The average ratio of associates to partners in law firms nationwide is 0.64, i.e., 64 associates for every 100 partners. The ratio of all lawyers (including non-equity partners, associates, staff lawyers, etc.) to equity partners is 1.32, and rises to 2.01 in firms with more than 150 lawyers. *New Survey Provides Snapshot of Law Firm Economics Across the U.S.*, ALTMAN WEIL,

www.altmanweil.com/index.cfm/fa/r.resource\_detail/oid/87716caa-56df-4ad9-b375-

<sup>9</sup>e9366ba6d60/resource/New\_Survey\_Provides\_Snapshot\_of\_Law\_Firm\_Economics\_Across\_US.cfm (last visited Feb. 6, 2016).

 $<sup>^{\</sup>rm 414}$  The Lawyer, www.thelawyer.com (last visited Feb. 6, 2016).

 $<sup>^{415}</sup>$  See infra Appendix 2.

<sup>&</sup>lt;sup>416</sup> *Id*.

because it reflects the locations in which it operates. Because priorities are different, it can be difficult to get a consensus.

Globalization is not just about how clients of firms do business but also the uniformity in conducting business. On one side is global competition, which makes life more difficult for the client. On the other side are global opportunities. The clients need their advisors' assistance in guiding them in this direction. Network membership is the best vehicle for this. Firms do not have to merge to provide this assistance, and different cultures and business environments can be accommodated.

It is also very important to note that the success of a law firm network is not always associated with becoming increasingly complex in its structure and accelerating activities. Meeting the expectations of the members is also the objective. However, this does not mean that any network, aside from Level 1 clubs, should be complacent. Legal networks can develop and mature if more information is available for their members. Each network must position itself with its members ahead of members' needs.

#### **Predictions:**

- 1. Law firm networks will become mainstream models for global legal services. The models will be adopted by the large law firms in order to grow and manage their global businesses. This convergence will affect how the traditional leading networks are perceived.
- 2. Law firms will increasingly brand themselves as members of a network in the same way accounting firms currently do.
- 3. Networks will become increasingly sophisticated in the use of technology. The costs of dues will increase dramatically for networks to compete with the large firm networks (in Prediction 1 above) and with the large first-mover networks.
- 4. Legal networks will begin to produce products that can be used by members for serving clients. Manuals and internal rules will dictate internal network procedures.
- 5. Legal networks will see that their competition and competition for the members are not other legal networks but the largest firms, which can concentrate resources on the external development and maintenance of clients.
- 6. Technology will make access to law firm network members completely transparent. This transparency will also accelerate the growth and expansion of existing networks. With a few exception countries, law firm networks will cover virtually every country.

## **Multidisciplinary Networks**

Multidisciplinary networks combine the potential of the legal and accounting groups to assist in providing clients services. In today's world of convergence of services, they can effectively establish the highest professional standards. This is clearly illustrated by Cyrus Freidheim.

Exhibit 10 – Setting Standards through Operations<sup>417</sup>

#### Exhibit 3-2 \* THE BEST WAYS TO SET WORLD STANDARDS

Critical Elements	Build Internally	Acquisitions	Alliances	Network of Alliances
Innovation				
Value Proposition				
Financial and Operating Performance				
Processes				
People				
Capabilities				
Total				

Key: The degree to which a circle is filled reflects a given approach's ability to meet the selected criteria.

For example, the highest standards for process development will be when a member builds internally. This is because the member has full control over the processes.

Networks, on the other hand, expand members' capabilities because they are able to draw in resources of other members.

Acquiring businesses is the least effective method for establishing high standards because the purchased company is only being absorbed.

The reasons for joining a multidisciplinary network are different than joining a single profession network. The common interests between the accounting and legal professions are somewhat obvious. They each have common management issues such as compensation, employment, and retention. There are overlapping marketing and client relationship issues. The same support technology is being used by law and accounting firms. In a network, the lawyers can learn from the accountants and vice versa. They can assist the members in achieving the highest standards.

There are other common denominators. In accounting the practice areas are accounting, audit, and tax. Accounting firms, however, have expanded the scope of the practice areas to focus on expertise, which is by industry. Law firms are now looking at industries to expand their practice areas.<sup>418</sup> For example, an industry team within a law firm may include litigators, corporate, environmental, and real estate professionals involved in automotive. The network can create an automotive team that now includes each of the legal and accounting practices. Marketing can be undertaken within an industry.

Professional services depend upon information. A multidisciplinary network can increase the availability of information. The different professions have many clients for which a database can be developed to share information. For example, a company may be setting up a facility in a new country. If a law or accounting firm had access to a list of clients of each of the other members, this could be useful in making contacts with the company.

Branding of networks is difficult because there are more than 200 of them. There are fewer multidisciplinary networks, so establishing a brand is easier. The other impediment to any external branding is financial resources. Because the multidisciplinary network can expand within different states and countries, the

<sup>&</sup>lt;sup>417</sup> Freidheim, *supra* note 14.

<sup>&</sup>lt;sup>418</sup> See WALDER Wyss, www.walderwyss.com/en/practice-areas/ (last visited Feb. 6, 2016).

number of members can be much greater than any of the single profession networks. This means a larger budget for marketing. The multidisciplinary approach also contains efficiencies since the network overhead is shared. The result can be an established brand.

Multidisciplinary networks also have the most growth potential. The larger law firm networks are now complete with firms representing most locations where business is being conducted. The accounting networks are also essentially complete. If one looks at the overlap in services, the accounting companies now have very few legal contacts within their own offices, so they must reach out to law firms. <sup>419</sup> Law firms do not provide the services that accounting organizations do. These are synergistic opportunities.

There are challenges for multidisciplinary networks because the members are from two or more professions. In the case of accountants and lawyers, their approaches to practice and thus to a network may be very different. While both are analytical, lawyers tend to search out problems that they can then resolve, spending as much time and money as necessary. Accountants may work toward numerical results rather than taking into consideration the intangible aspects of a transaction or personal relationship. Lawyers are prone to attend a significant number of meetings of associations at which they spend a lot of money. Accountants generally do not attend as many functions. Law firms have offices in the center of the city. Accountants have offices in the suburbs because having an office downtown would be unnecessary. The experience of accountants in networks is bottom-line cost versus benefit. Lawyers view network participation broadly because of the number of practice areas and the social element of the network. Accounting networks have fixed objectives that are defined by the profession itself. Legal networks have objectives that are defined more by the clients because law firms are not regulated.

#### **Predictions:**

- 1. The networks will focus on industries rather than practices (like law firms) or on categories of services (like accounting firms). This will allow the members to interact in many new ways to serve clients and develop business.
- 2. The networks will use technology to tap the expertise of the multidisciplinary members. This will add a new dimension to network.
- 3. Multidisciplinary networks will allow clients to join the network, since the network neither practices law nor provides accounting services. The clients will be able to develop their own networks using members of the network.
- 4. The networks will expand to other professions once the infrastructure is fully in place, taking full use of the network model.

## **Specialty Boutique Networks**

In today's world of the Internet, the specialty groups have their greatest potential. This can be seen by the fact that there are now more than 30 networks. They are able to bring together hundreds of individual practitioners or boutique practices into a single network. Combining medium-size firms in the network and extending technology means the competition has become flatter. It also means that they can think of new

Accountants with law degrees represent only 1 percent of all CPA. What this means is that accountants and attorneys do not have contacts with each other in professional associations. *About Us.* AICPA, www.aicpa.org/About/Pages/About.aspx (last visited Feb. 6, 2016).

<sup>&</sup>lt;sup>420</sup> Harrison Barnes, *Avoid the Lawyer Mentality*, HARRISON BARNES BLOG (Oct. 26, 2015), www.hb.org/avoid-the-lawyer-mentality/; *see also* Michael Melcher, *Why Thinking Like a Lawyer is Bad for Your Career*, ABA J. (April 15, 2009), www.abajournal.com/news/article/why\_thinking\_like\_a\_lawyer\_is\_bad\_for\_your\_career.

ways to reach clients. For example, the Transatlantic Law International network has announced that they will form an internal network that actually provides the legal services related to employment.<sup>421</sup>

Boutique specialty networks have unique access to resources because of their specialization. It means that they can compete with the largest firms, which may have internal boutiques but also a difficult time separating them from the firms at large. Technology will permit bundling these resources.

The technology enables them to communicate among themselves to form a virtual global boutique, which can be easily managed using software that is freely available, like LinkedIn. Referrals will increase as the networks members get to know one another.

#### **Predictions:**

- 1. Specialty networks will become the first virtual global boutiques.
- 2. The networks will target internal departments at corporations to supply outsourced services.
- 3. Specialty networks will form their own networks to work together to offer services to their clients.

## What about Accounting Networks?

Accounting firms have very specific roadmaps and models for their operations. Their organizations are more homogenous because their functions of audit, tax, and financial consulting are spread throughout each member firm. Accounting network members tend to have similar clients. Their internal networking issues relate to the demography and structure of accounting firms.

Demography will affect the networks. For example, the ratio of the number of partners to the number of professional staff is much higher than in law firms. 422 Very few of the staff will become partners or directors who have a capital interest in the firm. Accounting firms employ a large number of young professionals. This affects the culture of the firm. The result is that the firms tend to be more hierarchical than law firms. These demographic factors mean that participation in networks is likely to be limited to the principals.

Accounting firms have inherent structural issues that can affect network participation. For example, a review of the largest accounting firms in the United States reveals that many are first- and second-generation firms, i.e., the founders are still active in the firm. A comparison with the largest 100 law firms in the United States would show that almost all have more than three generations. Accounting firms may be more prone to breakups or changes, which in turn affect the networks. For example, Praxity was formed because the large U.S. and European firms did not want to be identified with an English firm.

The accounting market is also changing because more networks are trying to become Level 3 networks. They are going up against a ceiling of the Big 4 for public company auditing and an ever-increasing level of sophistication by the top 10 non-Big 4 firms. They are also being driven toward either integration by the application of the concept of networks used by IFAC and the European Union, or becoming a loose association in order to avoid vicarious liability issues.

However, from an overall perspective, there will not be many changes in accounting networks for the foreseeable future. The Big 4 have something in common: They audit public companies that will not change.

<sup>422</sup> Phil Smith, *Networks Survey: Global Risk*, ACCOUNTANCY AGE, November 6, 2008, www.accountancyage.com/aa/feature/1748284/networks-survey-global-risk.

<sup>&</sup>lt;sup>421</sup> Neil Rose, *London-Based International Network Eyes Employment Law Expansion*, LEGAL FUTURES (Nov. 6, 2013), www.legalfutures.co.uk/latest-news/london-based-international-network-eyes-employment-law-expansion.

There will be the Big 4, Grant Thornton, and BDO at the top because of an established brand. Outside of the accounting profession itself, the other networks are best known to their individual clients but not to the other professionals in law, insurance, real estate, etc. In this sense they are in the same position as legal networks that are generally unknown.

BDO and Grant Thornton have the possibility to close some of the gap between themselves and the Big 4. The other networks, however, are catching up in terms of size to Grant Thornton and BDO. However, the other networks have issues of maturity and governance. For example, many appear to be Level 3 networks or associations. However, the founders have not been replaced by other members as directors and management. Even though progress toward Level 4 is slow, all accounting networks benefit from the fact that the accounting model has been well established by the Big 4. Accounting firms know precisely what is necessary to do in order to develop their network or association since many of the partners, marketing managers, and accountants are alumni of the Big 4 firms. The principal impediments are identifying and arriving at a consensus on their common, short-, medium-, and long-term interests.

#### **Predictions:**

- 1. While the Big 4 will retain their near-monopoly on public auditing, other firms will acquire a greater market share. This will be the result of technology, solidifying global infrastructure, and regulations mandating diversity in audits. The process will take a decade.
- 2. Members of accounting networks will add new consulting services, including legal services, which will affect the nature of the network.
- 3. BDO and Grant Thornton will add market share because of name recognition. The Big 4 will become the Big 6 in accounting publications.
- 4. Three or four networks will emerge to occupy the positions now held by BDO and Grant Thornton. This may be done through alliances 424 and mergers.
- 5. The mid-size market will greatly expand as new business sources emerge. New forms of business structures will create new opportunities in tax and consulting.
- 6. Technology will act to further consolidate the networks as a result of the cost efficiencies it can offer.

#### The Last Word

In the next 10 years, as a result of converging forces described in this chapter, networks in the legal world will dramatically change. The most significant change will occur as a result of a new generation of clients, both individual and corporate who a comfortable with technology.

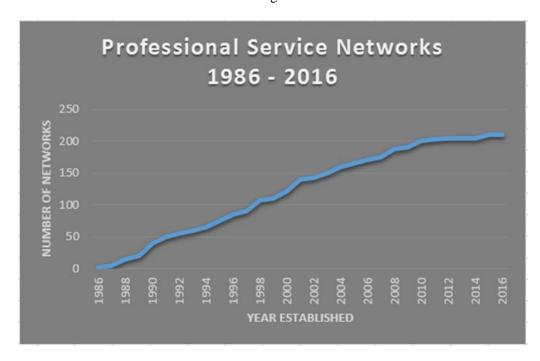
Locate Law Networks and Requests for Qualifications will change how networks are found and how individual lawyers are selected. This technology will be combined with measurable quality standards. The result will be a new transparency.

<sup>424</sup> Crowe Horwath International has strategic alliance with CPAmerica International, one of the largest associations of CPA firms in the United States. Through this alliance, we enjoy access to the expertise and resources of more than 2,500 professionals across the United States. CROWE HORWATH, WWW.crowehorwath.net/about/alliances.aspx (last visited Feb. 6, 2016).

The focal point will shift to who can provide the highest quality services in specific sectors and industries rather than on the structure of the services providers. The terminology will change with the elimination of terms like vereins, Big Law, and Big 4 legal practices. External resources such as the Internet and organizations will make this market differentiation impossible as lines blur. As LPOs undertake the reeducation of the legal profession about their services, they will be educating clients about the cost-effectiveness and efficiency of networks.

## Appendix 1 – Professional Service Networks, 1986 to 2016

In 1986, there were approximately 20 networks in law and accounting, which included the Big 8. Today there are more than 200 networks in law and accounting.



## **Networks Headquarters by Region and Country**

Region	Number
Europe	90
North America	69
Latin America	11
Asia Pacific	3
Africa	4
Total	177

Country	Number
United States	63
UK	39
Germany	17
Belgium	11
France	8
Spain	5
Switzerland	15
Other	27
Total	185

# Appendix 2 – 35 Legal and Multidisciplinary Networks

The charts on the following pages provide a general overview of the largest law firm and multidisciplinary networks.

Global Networks	# Attorneys Professionals	# Jurisdictions Covered	# Offices	# Members	Year Founded
Lex Mundi	21,000	160	600	160	1989
World Services Group (WSG)*	19,000	141	650	150	2002
TerraLex	19,000	155	300	162	1991
World Law Group	19,000	65	250	51	1988
TAG Alliances*	16,000	154	385	154	1999
Pacific Rim Advisory Council	12,000	n/a	n/a	24	1984
SGC Legal	11,400	145	450	145	1990
Geneva Group International (Alliance)*	11,000	n/a	655	460	1995
InterLex	10,500	134	254	45	1991
MSI Global Alliance*	10,009	100	n/a	254	1990
ALFA	9,000	110	325	142	1980
Meritas	7,006	135	237	177	1990
First Law International	7,000	77	n/a	67	2001
Multilaw	7,000	100	150	80	1990
USLA W NETWORK	7,000	100	n/a	110	2001
US Law Firm Group (USLFG)	5,900	39	125	19	1990
ADVOC	5,500	110	150	89	1990
Association of European Lawyers	5,232	41	n/a	40	1989
Interlaw	5,000	70	120	66	1982
Legal Network International (LNI)	5,000	60	135	65	n/a
Eurojuris International	5,000	40	650	630	1989
Globalaw	5,000	100	170	94	1994
International Lawyers Network (ILN)	5,000	101	132	91	1988
Mackrell International	4,500	135	142	76	n/a
Lawyers Associated Worldwide	3,500	n/a	n/a	105	n/a
State Law Resources	4,900	n/a	n/a	48	1994
Ally Law	2,500	61	n/a	61	1995
Legal Link	3,000	n/a	n/a	60	n/a
IUS Laboris	2,500	n/a	n/a	43	n/a

## The Handbook - Law Firm Networks

Global Networks	# Attorneys Professionals	# Jurisdictions Covered	# Offices	# Members	Year Founded
International Society of Primerus Law Firms	2,500	50	200	175	1992
PWC Legal Network	2,400	75	100	74	n/a
The Network	2,500	n/a	n/a	8	n/a
Lexwork International	2,100	n/a	n/a	41	n/a
Lawnet Limited	2,000	n/a	n/a	62	n/a
Total	252,447				

# 20 Largest Law Firms, including Vereins



Rank 2015	Rank 2005	Lawyers	Law Firm	HQ
1.	n/a	8,000	Dentons	+
2.	n/a	4,200	DLA Piper	+
3.	1	4,004	Baker & McKenzie	+
4.	n/a	3,500	Norton Rose Fulbright	+
5.	2	2,850	Clifford Chance	
6.	n/a	2,800	CMS Legal	+
7.	n/a	2,800	Herbert Smith Freehills	
8.	5	2,500	Freshfields Bruckhaus Deringer	
9.	6	2,407	Jones Day	
10.	3	2,330	Allen & Overy	
11.	n/a	2,305	Yingke Law	*2
12.	n/a	2,253	Hogan Lovells	+
13.	4	2,200	Linklaters	
14.	11	2,014	Latham & Watkins	
15.	n/a	2,000	K&L Gates	
16.	25	1,945	Garrigues	*
17.	8	1,906	White & Case	
18.	7	1,832	Skadden Arps Slate Meagher & Flom	£
19.	n/a	1,800	Ashurst	
20.	9	1,750	Sidley Austin	
Total		55,396		

20 Largest Networks:

**252,447** attorneys

20 Largest Law Firms: 100 Largest Law Firms:

**55,396** attorneys **130,000** attorneys

## **Vereins**

1.	7,500	Dentons	+
2.	4,200	DLA Piper	+
3.	4,004	Baker & McKenzie	+
4.	3,500	Norton Rose Fulbright	+
5.	2,800	CMS Legal	+
6.	2,253	Hogan Lovells	+

## The Handbook - Law Firm Networks

 $ILRG, www.ilrg.com/nlj250/Law\ 360, www.law\ 360.com/articles/518950/law\ 360-reveals-400-largest-us-law-firms; Law\ Firm\ Yellow\ Book\ -\ Winter\ 2015, The\ Leadership\ Directory$ 

 $\label{thm:lawyer:www.thelawyer.com/analysis/dedicated-issue/asia-pacific-150-2014/asia-pacific-150-2014-year-of-the-indie/3022380.article; \\ \textit{Lexpert.ca: www.lexpert.ca/500/canadas-largest-law-firms/.}$ 

## **Appendix 3 – Executive Leading Law Firm Networks**



Founded:

Firms: 122 **Professionals:** 700 Type: Regional

**Cumulative Annual Services:** 



Giancario Agace Chairman

**Firms Alliance** Avenue Louise 208 B-1050, Brussels Belgium

TELFA - Trans European La

Telephone: +32 2 642 27 59 Fax: +32 2 642 27 93 Website: www.telfa.org

# **World Ready**

Founded: 1989 **Firms:** 160 Lawyers: 21,000 Type: Global

**Cumulative Annual Services:** 



info@telfa.be

Carl Anduri President canduri@lexmundi.com

## Lex Mundi

2100 West Loop South, Ste. 1000 Houston, Texas 77027 U.S. Telephone: 713 626 9393 Fax: 713 626 9933

Website: www.lexmundi.com



Founded: 1999 **Firms:** 152

Professionals: 7.500 Type: Global

**Cumulative Annual Services:** 



**Richard Attisha** 

President richard@taglaw.com

## **TAGLaw**

The Appleton Group, Inc. 150 Second Avenue N., Ste. 710 St. Petersburg, FL 33701 U.S.

Telephone: 727 498 4904 Fax: 727 895 3722 Website: www.taglaw.com



Founded: Firms: 23

**Professionals: 800** Type: Regional

**Cumulative Annual Services:** 



**Gareth Baker** 

Partner

gareth.baker@edwincoe.com

## **Euroadvocaten (EEIG)**

Edwin Coe LLP 2 Stone Buildings Lincoln's Inn

London, WC2A 3TH, England U.K. **Telephone:** +44 (0) 20 7691 4000 Fax: +44 (0) 20 7691 4111 Website: www.euroadvocaten.com

## LAW EUROPE INTERNATIONAL

Founded: **Firms: 30** Lawyers: 900 Type: Regional

**Cumulative Annual Services:** 



**Quintin Barry** 

Chairman qbarry@btinternet.com

## **Law Europe International** (EEIG)

9 Mill Lane, Shoreham by Sea

West Sussex BN43 5AG, England U.K.

**Telephone:** +44 1273 455753

Website: www.law-europe.com



Founded: Firms: 75

Professionals: ~2,500

Type: Global

**Cumulative Annual Services:** 



**Sandra Boyer** *President* 

sandra.boyer@leguslaw.com

## Legus

3135 S. State St., Ste. 103 Ann Arbor, MI 48108 U.S. Telephone: 734 929 6948 Fax: 734 929 6952

Website: www.leguslaw.com

# World Law Group

Founded: 1988 Firms: 51

**Professionals:** 19,000 **Type:** Global

**Cumulative Annual Services:** 



Shelley Boyes

Executive Director

sboyes@theworldlawgroup.com

## **World Law Group**

Bay Adelaide Centre 333 Bay Street Suite 3400 Toronto, Ontario, M5H 2S7 Canada

Telephone: +1 416 979 2211 Website: www.theworldlawgroup.com

## CONSULEGIS

Founded: Firms: 90+ Lawyers: 1,700+ Type: International

Cumulative Annual Services:



**Anke Brauns** *Managing Director* 

consulegis@consulegis.com

## **Consulegis EWIV**

Bräuhausstrasse 4 80331 Munich Germany Telephone: +49 89 30705020 Fax: +49 89 30 70 67 29 Website: www.consulegis.com

# M

**Founded**: 1990

Firms: 80 Lawyers: 8,500 Type: Global

**Cumulative Annual Services:** \$4.2

billion



Adam Cooke
Executive Director
secretariat@multilaw.com

## **Multilaw**

125 Wood St, London EC2V 7AW, United King

Telephone: +44 20 7410 9269 Fax: +44 20 7410 9270 Website: www.multilaw.com



Founded:

Firms: 50

Tax Advisors: 2,000 Type: Global

**Cumulative Annual Services:** 



Frederic Donnedieu de Vabres

Partner

frederic.donnedieu@arsene-tax and.com

## **Taxand**

1B Heinenhaff

L-1736 Senningerberg Luxembourg 32

Telephone: +33 01 70 38 88 01 Fax: +33 01 70 38 88 10 Website: www.taxand.com



Founded: Firms: 43

Professionals: 2,500
Type: Global

**Cumulative Annual Services:** 



Sam Everatt

Executive Director exdir@iuslaboris.com

## **IUS Laboris**

280 Boulevard du Souverain 1160 Brussels Belgium Telephone: +32 2 761 46 10 Fax: +32 2 761 46 15

Website: www.iuslaboris.com



Founded: 2012 Firms: 65 Lawyers: 5,000 Type: Global

**Cumulative Annual Services:** 



**Horace Gautier** *Chairman* 

horace.gautier@cabinetmayor.ch



6, rue Jean-Gabriel Eynard 1205 Geneva Switzerland Telephone: +41 (0)22 318 58 18 Fax: +41 (0)22 318 58 12 Website: www.lninternational.com



Founded: 1989 Firms: 40 Lawyers: 4,200 Type: Regional

**Cumulative Annual Services:** 



Jeff Gillbanks
Partner

jeff.gillbanks@brabners.com

# **Association of European Lawyers**

Charles Russell 8-10 New Fetter Lane London EC4A 1RS U.K. **Telephone**: +44 207 203 5000 **Fax:** +44 207 203 0200

Website: www.europeanlawyers.org



ASSOCIATION OF INTERNATIONAL LAW FIRM NETWORKS

ATON OF THE ATON

Lindsay Griffiths
Director of Global Relationship
Management

lindsaygriffiths@iln.com

AILFN - Director Secretary

**International Lawyers Netwo** 

11B Opal Court Barnegat, NJ 08005 Telephone: 201 594 9430 Fax: 201 740 9765 Website: www.iln.com

Founded: 1988 Firms: 91 Lawyers: 5,000 Type: Global

**Cumulative Annual Services: \$2.5** 

Billion

Founded:

**Firms:** 10

Lawyers: 60

Type: Regional



Dr. Cheick Modibo Diarra

Chairman

alnhg@africal egal network.com

## **ALN African Legal Network**

Anjarwalla, Collins & Haidermota, Dubai, UAE Saaha Offices, Block C, Office 501 A, The Palac

Downtown Dubai Tel: (+971) 4 452 9091 Fax: (+971) 4 452 9078

Website: www.africalegalnetwork.com



**Cumulative Annual Services:** 

Founded: 1994 Firms: 94

**Professionals:** 5,000 **Type:** Global

**Cumulative Annual Services:** 



**Michael Hatchwell** 

Partner

michaelhatchwell@gordondadds.com

#### Globalaw

Avenue de Tervueren 300 1150 Brussels Belgium Telephone: +32 2 645 2676 Fax: +32 2 645 2671

Website: www.globalaw.net



Founded: 1979 Firms: 169 Professionals: 1,500 Type: Global

**Cumulative Annual Services:** 



James Hickey Chief Executive james@alliottgroup.net



Lydum House

12 The High Street Petersfield Hampshire. GU32 3JG, England U.K. **Telephone:** +44 203 3300 111 **Website:** www.alliottgroup.net



Founded: 2000 Firms:

Professionals: 3,000 Type: Global

**Cumulative Annual Services:** 



Stephen Hirschfeld CEO shirschfeld@chklawyers.com

**Employment Law Alliance** 

727 Sansome St.

San Francisco, CA 94111 U.S. Telephone: 415 835 9011 Fax: 414 834 0443

Website: www.employmentlawalliance.com



Founded: 2001 Firms: 51 Professionals: 908 Type: Global

**Cumulative Annual Services:** 



Emmanuel Moulin
President

e.moulin@mmlaw.fr

Lawyers

c/o DGM Avocats, 2 Rue Charles-Bonnet, CH 1

**ABL / Alliance of Business** 

Geneva, Switzerland

Telephone: +32 (0)478 96 50 83 Website: www.ablglobal.net



We get it. We get it done.

Founded: 2000 Firms: 61 Professionals: 2,250

Type: Global Cumulative Annual Services:



Wendy Horn
Executive Director
wendy@team-liftoff.com

**Ally Law** 

527 Marquette Ave. South, Ste. 1925 Minneapolis, MN 55402 U.S. Telephone: 612 454 5242 Fax: 612 435 2054 Website: www.allylaw.com

an intoncom

## AILFN - Director

**AILFN** 



Founded: Firms: 70 Professionals: Type: Global

**Cumulative Annual Services:** 



Lutz Kaiser
Chairman
chairman@ilflaw.com

## **International Law Firms**

Rheinstr. 2

76532 Baden-Baden Germany Telephone: + 49 7221 992390 Fax: + 49 7221 992391 Website: www.ilflaw.com



Founded: Firms: 53 Professionals: Type: Global

**Cumulative Annual Services:** 



Michel Lacroix
Chairman
m.lacroix@pragma-fr.com



25, Rue Faidherbe, BP 249 59002 LILLE Cedex France Telephone: +33 03 20 12 05 84 Fax: +33 03 20 55 62 60 Website: www.pragma-eu.com



Founded:

Firms: 24 Professionals: 1,300 Type: Regional

**Cumulative Annual Services:** 



Julienne Laveaux
Executive Director
plg@plg.be

# PLG International Lawyers E.E.I.G.

41, Avenue de Sumatra 1180 Brussels Belgium Telephone: +32 2 374 88 46 Fax: +32 2 374 90 61 Website: www.plg.eu.com



Founded:

Firms: 33 Professionals: 33 Type: Global

**Cumulative Annual Services:** 



Jean Lawler

Partner

JLawler@murchisonlaw.com

Insuralex

801 South Grand Avenue, 9th Floor Los Angeles, California 90017 U.S.

**Telephone:** 213-630-1019 **Fax:** 213-623-6336

Website: www.insuralex.com



Founded:

1990 **Firms:** 94 **Lawyers:** 5,500 **Type:** Global

**Cumulative Annual Services:** 



Garry Mackay CEO and Partner g.mackay@ashfords.co.uk

**ADVOC** 

1 New Fetter Lane,

London, EC4A 1AN, England U.K. **Telephone:** +44 797 747 1330 **Website:** www.advoc.com



**Founded**: 1995

Firms: 105 Lawyers: 3,500 Type: Global

**Cumulative Annual Services:** 



Hallie Mann

Executive Director
halliemann@lawyersworldwide.com

Lawyers Associated Worldwi

2823 McKenzie Point Rd. Minneapolis, MN 55391 U.S. Telephone: 952 404 1546 Fax: 952 404 1796

Website: www.lawyersworldwide.com



Founded: 1995 Firms: 40

**Professionals:** 1,000 **Type:** Global

**Cumulative Annual Services:** 



**Peter Munday** *President* 

mail@ciceroleague.com

Cicero League of International Lawyers

Pinewood Lodge Warren Lane Oxshott

Surrey KT22 OST United Kingdom Telephone: (00 44) (0) 1372 843078

Facsimile: 07710 900359 Website: www.ciceroleague.com

## MACKRELL INTERNATIONAL

Founded: 1995 Firms: 76 Lawyers: 4,500 Type: Global

**Cumulative Annual Services:** \$2 billion



Clive Mieville

Executive Director
clive.mackrell@sfr.fr

## **Mackrell International**

21-25 Church Street West

Woking

Surrey, GU21 6D, England U.K. Telephone: +44 1483 755609 Fax: +44 1483 755818 Website: www.mackrell.net



Founded: 1995 Firms: 26 Professionals: 500 Type: Regional

**Cumulative Annual Services:** 



Stuart Miller
Chairman

miller@warwicklegal.com

## **Warwick Legal Network**

VDB Advocaten Notarissen Eindhovenseweg 126

NL-5582 HW Waalre Netherlands Telephone: +44 20 7553 9936 Website: www.warwicklegal.com

# MERITAS®

Founded: 1990 Firms: 177 Lawyers: 7,006 Type: Global

**Cumulative Annual Services:** 



**Tanna Moore** 

President tmoore@meritas.org

## **Meritas**

800 Washington Ave. North, Ste. 600 Minneapolis, MN 55401 U.S. Telephone: 612 604 0080

Fax: 612 337 5783 Website: www.meritas.org



Founded: 1994

Firms: 48 Professionals: 4,900 Type: Regional

**Cumulative Annual Services:** 



Erin Murphy

Executive Director emurphy@statelaw.org

## **State Law Resources**

1155 15th St. NW, Ste. 500 Washington DC 2005 U.S. Telephone: 202 495 3120 Fax: 202 530 0659

Website: www.statelaw.org



**Founded**: 1990 **Firms**: 145

Professionals: 11,400 Type: Global

**Cumulative Annual Services:** 



**David Poisson** 

CEO

dpoisson@scglegal.com

## **SCG Legal**

1717 Pennsylvania Ave. NW, Ste. 1200

Washington, DC 20006 U.S. Telephone: 202 659 6601 Fax: 202 659 6641

Website: www.scglegal.com



**Cumulative Annual Services:** 

Founded

**AILFN** 

ed: 1980

140



Pierre-Roger Preussler

Partner office@pg-law.it



Studio Legale Dr. Preussler & Dr. Gruber

Via Palade n. 97 39012 Merano, Italy

Telephone: +39 0473 490 900 Fax: +39 0473 490 901 Website: www.arslegis.eu



Founded: 1995 **Firms:** 460 **Professionals:** 11,000 Type: Global

**Cummulative Annual Services: \$5.1** 

Billion

Firms: 52

Type: Global

Professionals: 500



Michael Reiss von Filski Global CEO reiss@ggi.com

## **Geneva Group International** (GGI)

Forsterstrasse 70 CH-8044 Zurich Switzerland

**Telephone**: +41 (0)44 256 18 18 Fax: +41 (0)44 256 18 11 Website: www.ggi.com

## **AILFN** Chairman



**Lawyers** : 9,000 Type: Global

**Cumulative Annual Services:** 



**Peter Rogers** 

CEO

progers@alfainternational.com

## **ALFA International**

980 Michigan Ave. Ste. 1180 Chicago, Illinois 60611 U.S. **Telephone:** 312 642 2532

Fax: 312 642 5346

Website: www.alfainternational.com

## worklaw network. Management Labor and Employment Law Firms

Founded:

Firms: 36 Lawyers: 350 Type: Regional

**Cumulative Annual Services:** 



Millicent Sanchez

President

msanchez@swerdlowlaw.com

# Worklaw Network

Elarbee, Thompson, Sapp & Wilson 229 Peachtree St. N.E. 800 International Blvd. Atlanta, GA 30303U.S.

Telephone: 404 659 6700 Fax: 404 222 9718

Website: www.worklaw.com



Founded:

**Firms:** 48 Professionals: 2,100 Type: Global

**Cumulative Annual Services:** 



**Forbes Sargent** 

Chairman cfsargent@sherin.com

# Lexwork International

111 East Wacker Dr., Ste. 2800, Chicago, IL 60601 U.S. Telephone: 617 646 2189 Website: www.lexwork.net



Founded: 1982 Firms: 66 **Lawyers:** 5,000+ Type: Global

**Cumulative Annual Services:** 



Michael Siebold

Chairman

## Interlaw

1900 Avenue of the Stars Seventh Floor Los Angeles, CA 90067 U.S.

**Telephone:** 310 459 2905 Website: www.interlaw.org msiebold@arneckesibeth.com



Founded:

Firms: 24 Professionals: 24 Type: Regional

**Cumulative Annual Services:** 



Jay Solomon Partner

jay.solomon@agg.com

## **IMMLAW**

900 Circle 75 Parkway, Ste. 1350, Atlanta, GA 30339-3095 U.S. Telephone: 770 955 1055, Website: www.immlaw.com

# European Law Firm®

Founded:

1989 **Firms:** 28

**Professionals:** 950+ **Type:** Regional

**Cumulative Annual Services:** 



**Christian Steden** 

President steden@kaergel.com



LEXAfrica Lowyers for Africa • Activogados para Africa



Founded: 1993 Firms: 22 Lawyers: 400 Type: Regional

**Cumulative Annual Services:** 



**Pieter Steyn** 

Chairman

psteyn@werksmans.com



Fax:

Werksmans Lawyers P.O. Box 927

Johannesburg 2000 Republic of South Africa

**European Law Firm EEIG** 

European Law Firm Registered Office

Telephone: +44 (0) 333 006 0330

Website: www.european-law-firm.com

Beukentaan 46, Postbus 63 EINDHOVEN, 5600 AB

Netherlands

Telephone: +27 11 488 0000 Fax: +27 11 484 3100/3200 Website: www.lexafrica.com



Founded: 1973 Firms: 45 Lawyers: 10,500 Type: Global

**Cumulative Annual Services:** 



**Lawrence Swibel** 

President lswibel@fslc.com

## **Interlex Group**

200 West Madison Street, Ste. 3000

Chicago, IL 60606 U.S. **Telephone:** 312 224 1214 **Fax:** 312 224 1201

Website: www.interlexgroup.com



Founded: Firms: 23 Lawyers: 1,500 Type: Global

**Cumulative Annual Services:** 



**Stephan Swinkels** *Executive Director* 

stephan.swinkels@leglobal.org

## L & E Global

Avenue Louise 221 B 1050 Brussels Belgium Telephone: +32 2 64 32 633 Website: leglobal.org



Founded: 1991 Firms: 155 Lawyers: 19,000 Type: Global

**Cumulative Annual Services:** 



Harry Trueheart
Chairman

htrueheart@nixonpeaboby.com

## **TerraLex**

7300 NW 19th St., Ste. 203 Miami, FL 33126 U.S. Telephone: 305 858 8825 Fax: 305 858 8986 Website: www.terralex.org



Founded: 2002 Firms: 141 Lawyers: 19,000 Type: Global

**Cumulative Annual Services:** 



Maricarmen Trujillo
Chief Operating Officer
mtrujillo@worldservicesgroup.com

## **World Services Group**

2777 Allen Pkwy., Ste. 622 Houston, TX 77019 U.S. Telephone: 713 650 0333 Fax: 713 650 5566

Website: www.worldservicesgroup.com

## EuroCollectNet Lawyers

International Debt Recovery

Founded: Firms: 27 Lawyers: 700 Type: Regional



**Dr. Thomas Voller**President
info@eurocollectnet.com

## **Euro CollectNet**

Voller Rechtsanwaelte Main Airport Center (MAC) Unterschweinstiege 2-14 60549 Frankfurt am Main Germany Telephone: +0049 69 63 15 070 Fax: +0049 69 63 15 066 Website: www.eurocollectnet.com

# THE NETWORK®

Founded: 1995 Firms: 24 Lawyers: 6,500 Type: Regional

**Cumulative Annual Services:** 



Felice Wagner
Executive Director & General
Counsel

## **Network of Trial Law Firms**

303 South Broadway, Ste. 222 Tarrytown, NY 10591 U.S. Telephone: 914 332 4400 Fax: 914 332 1671 Website: www.trial.com



Founded: 1990

Firms: 246 Professionals: 10,552

Type: Global Cumulative Annual Services: \$ 1.4

billion



fwagner@trial.com

Tim Wilson Chief Executive twilson@msiglobal.org

**AILFN** - Director Treasurer

## **MSI Global Alliance**

147-149 Temple Chambers 3-7 Temple Avenue London, EC4Y 0DA, England U.K. Telephone: +44 20 7583 7000

Fax: +44 20 7583 7577 **Website:** www.msiglobal.org



Founded: 2001 Firms: 110 Lawyers: 7,000 Type: Global

**Cumulative Annual Services:** 



Roger Yaffe Executive Director roger@uslaw.org

## **USLaw Network**

5905 NW 54th Circle Coral Springs, FL 33067 U.S. Telephone: 800 231 9110 Fax: 800 231 9110 Website: www.uslaw.org

# **Appendix 4 -Directory of Legal and Multidisciplinary Networks**

## ABIL - Alliance of Business Immigration Lawyers

#### Address:

11 Dupont Circle, N.W. Ste. 775 Washington, DC 20036

Contact: John Nahajzier Email: john.nahajzer@abil.com Telephone: 404 949 8150 Fax: 404 816 8615 Website: www.abil.com

Number of Firms: 36 Number of Lawyers: 1,000

Regions: Global

**Description:** 36 global law firms and 1,000 professionals have chosen to join forces in advancing best practices and stellar outcomes for their immigration clients. Through these collaborations, ABIL has established new levels of capacity and excellence.

Global and U.S. Coverage: Through ABIL, we can offer a single point of contact for immigration process management and filing, invoicing, and online client case tracking in more than 50 countries. ABIL members operate directly in 17 countries, with vetted affiliates elsewhere.

Most Comprehensive U.S. Coverage: ABIL has renowned immigration lawyers in 24 U.S. cities.

## ABL (Alliance of Business Lawyers)

## Address:

c/o DGM Avocats, 2 Rue Charles-Bonnet, CH 1206 Geneva, Switzerland

Contact: Sofie Pintjens Email: info@ablglobal.net Telephone: +32 (0)478 96 50 83

Fax:

Website: www.ablglobal.net

Number of Firms: 49 Number of Lawyers: 903 Regions: International

**Description**: ABL is a dynamic global association of leading business law firms

throughout the world. Wherever clients need legal or tax support, ABL can quickly get them the advice they need. With more than 900 lawyers and 58 offices in 34 countries ABL allows businesses access to creative and entrepreneurial legal advice worldwide, from tax, labor, intellectual property, securities, to mergers and acquisitions.

We believe clients want the confidence of knowing their affairs are being looked after by advisers with a personal interest in them, who understand the issues facing them and their businesses every day, yet who also understand the complexities of international transactions.

All our members are renowned and wellestablished reputed law firms in each of their own jurisdictions. They have great expertise in dealing with cross-border transactions and litigation.

ABL delivers practical benefits to clients who need legal solutions in a fast-moving world.

## **Adlaw International**

## Address:

Swan Turton LLP 68a Neal Street Covent Garden London, WC2H 9PA, England U.K.

Contact: Charles Swan, Chairman Email: charles.swan@swanturton.com Telephone: +44 20 7520 9560

Fax: +44 20 7520 9556

Website: www.adlawinternational.com

Number of Firms: 23 Number of Professionals: Regions: International

**Description:** Adlaw International is a global network of law firms specializing in marketing law. We service the needs of the modern advertiser in the global marketplace. With the combined strength of our local member firms throughout the world, we provide international clearance advice to advertisers and agencies that need to comply with the legal and regulatory issues in other markets.

# **ADVOC** (The International Network of Independent Law Firms)

Address:

1 New Fetter Lane, London, EC4A 1AN, England

Contact: Simon Rous Email: s.rous@ashfords.co.uk Telephone: +44 797 747 1330

Fax:

Website: www.advoc.com

**Number of Firms:** 89 **Number of Lawyers**: 5,500

Regions: Global

**Description:** Each of the legal firms in membership of ADVOC is known and respected in its region, and each has agreed to respond immediately to the needs of clients of other member firms.

## Advocacy Group (Multidisciplinary)

#### Address:

1655 North Fort Myer Drive Arlington, VA 22209 U.S.

Contact: Ben Dendy

**Email:** bdendy@vectrecorp.com **Telephone:** 703 740 3801

Fax: 703 351 5298

Website: www.theadvocacygroup.org

Number of Firms: 16

Number of Professionals: 1,500

**Regions:** Global

**Description:** An international inter-firm network focusing on public affairs and government relations. TAG provides a diverse array of professional advocacy services through its members. TAG works with firms in all fifty states, Washington, D.C., and six countries.

## Advoselect

Address:

Hölderlinstrasse 64 D-70193 Stuttgart Germany

Contact: Nehm Kraak Ordejon Email: ordejon@nehm-coll.de Telephone: +49 711 2 23 73 12

**Fax:** +49 711 2 23 73 13 **Website:** www.advoselect.com

Number of Firms: 26 Number of Lawyers: 150 Regions: Europe

Description: Advoselect is the definitive European network for German-speaking commercial law firms. Members include law firms all over Germany, as well as in Austria, Bulgaria, Denmark, England, France, Hungary, Italy, Poland, Slovakia, Slovenia, Spain and – going beyond Europe – even in Brazil. Most member law firms are made up of an average of five lawyers, specialize in commercial law, and work predominantly with small to medium-sized businesses.

The network was founded in early 1992 as Advoselect EEIG (European Economic Interest Grouping). An EEIG is a legal entity launched in 1989 that makes it easier for European companies to work together and provide joint services. The activities carried out by the ever-growing network are now pooled together as Advoselect EEIG and Advoselect Service AG.

Benefits for member law firms include ongoing opportunities to share experience, a system for cross-border client mediation, efficient knowledge management with exclusive access to specialist information, and being part of a brand that is respected for quality all over Europe and thus boosts marketing potential for all the individual law

#### **AEA International Lawvers Network**

## Address:

Avda. Maisonnave, 30-2°-A 03003 Alicante

**Contact:** Pedro Beltrán Gamir **Email:** pedro@abogados-beltran.com **Telephone:** +34 96.598.65.40

**Fax:** +34 96.513.30.92 **Website:** www.aeuropea.com

Number of Firms: Number of Lawyers: Regions: Global

**Description:** The AEA is an international network of offices situated all over the world. The AEA covers all the 193 countries that are in the United Nations, plus Taiwan, Kosovo, and Palestine. No other lawyers cover so many countries. The second, the International Bar Association, covers 125

countries. The third, UIA, Union Internationale des Avocats, covers 110.

The AEA has the most prestigious and important offices in each country within its group along with the best professionals. The network was founded in the European Union and with time has been growing and expanding to a more global scale, starting with the European countries that were not part of the European Union and then expanding to countries in America, Asia, and Africa.

In most of the countries all the larger cities have AEA offices, and some cities have more than one. The offices had been chosen rigorously following the criteria the AEA require, professionalism, competence, and effectiveness of each professional chosen.

#### **Affinitas**

#### Address:

Hermosilla, 3 28001 Madrid, Spain

Contact: Antonio Alonso

Email:

antonio.alonso.ureba@garrigues.com **Telephone:** +34 91 514 52 00

**Fax:** +34 91 399 24 08

Website: www.affinitaslegal.com

**Number of Firms:** 8 **Number of Lawyers:** 2,400

Regions: South America and Europe

Description: Unlike traditional models based on opening dedicated offices, "best friend" agreements, or diverse professional services networks, Affinitas was created with a new approach in mind: the ability to offer the common clients of member firms a high-quality, yet, above all, highly uniform service. Clients thus receive identical legal assistance and advice in any of the different countries in the Alliance, as if one firm provided them.

## Africa Legal Network

## Address:

Anjarwalla, Collins & Haidermota, Dubai, UAE Saaha Offices, Block C, Office 501 A, The Palace, Downtown Dubai

Contact: Dr. Cheick Modibo Diarra Email: info@ach-legal.com

**Tel:** (+971) 4 452 9091 **Fax:** (+971) 4 452 9078

Number of Firms: 125 Number of Lawyers: 350

**Regions:** Africa

**Description:** ALN is an alliance of independent top tier African law firms. It is the largest grouping of its kind in Africa, with close working relationships across its members and an established network of Best Friends across the continent, ALN's firms are committed to working together to provide extensive coverage and on-theground experience.ALN assists member firms by developing common knowledge sharing platforms and enhancing their capacity and capability to service a growing volume of high value domestic and international corporate and commercial advisory work across Africa. ALN also coordinates cross-border groups focused around industry sectors including Agriculture, Commercial Property & Leisure, Energy, Financial Services, Infrastructure & Telecoms, Mining & Minerals, and Oil & Gas.

## ALAE Alianca de Advocacia

## Address:

Nogueira Reis/Pessoa & Pesso Escritorieo Associados Salvador, BA

Contact: Edson Pinto Email: edson@dplw.com Telephone: +71 3555 3099

Fax:

Website: www.alae.org.br

Number of Firms: 15 Number of Lawyers: Regions: South America

Description: ALAE – ALIANÇA DE ADVOCACIA EMPRESARIAL [CORPORATE LAW FIRMS ALLIANCE] is an association of legal firms that specialize in the area of corporate law. With the objective of catering to both Brazilian and international companies and corporations by providing legal services of the highest quality and ethical order, ALAE proposes, in innovative style, to bring together respected legal firms with regional and cultural experience of Brazil, with a view to offering a unified and fully comprehensive service founded on excellence.

Number of Firms: 169 Number of Lawyers:

Regions: 71

**Description:** Extending throughout Europe, Africa, the Middle East, North America, Latin America, and Asia Pacific, Alliott Group has merged the reality of global ambition with the need for truly local coverage. Alliott Group brings together quality local firms that want to maintain their independence but recognize the benefit of being able to link up with link-minded professionals in most major markets of the world to provide a true alternative in the supply of professional services.

Ally Law ASSOCIATION OF INTERNATIONAL LAW FIRM NETWORKS

#### Address:

527 Marquette Ave. South, Ste. 1925 Minneapolis, MN 55402 U.S.

Contact: Wendy Horn

Email: executivedirector@ialawfirms.com

**Telephone:** 612 454 5242 **Fax:** 612 435 2054

Website: www.ialawfirms.com

Number of Firms: 61

Number of Lawyers: more than 2,250

Regions: Global

**Description:** The Alliance is an international network of select, businessoriented law firms. It was founded to enable clients to obtain global legal services from the Alliance's individual members. The common aim of the member firms is to combine positive legal advice with sound commercial judgment and litigation expertise when required. Each member of the Alliance is an individual law firm that is responsible only for the work it carries out. Alliance member firms seek to provide their clients with a swift and effective response to the challenges of international business requirements. The Alliance has 62 member firms in 40 countries. Candidates for membership in the Alliance are submitted to a detailed selection procedure in an effort to ensure that every member firm affords its clients.

## Alianza Legal Latinoamericana

Address:

**Contact:** 

#### **ALEXIA**

Address:

Contact: Email: Telephone: Fax: Website:

Number of Firms: 13 Number of Lawyers:

**Regions:** 

**Description:** 

## **ALFA International**

Address:

980 Michigan Ave. Ste. 1180 Chicago, Illinois 60611 U.S.

Contact: Peter W. Rogers, CEO Email: progers@alfainternational.com

**Telephone:** 312 642 2532 **Fax:** 312 642 5346

Website: www.alfainternational.com

Number of Firms: 150 Number of Lawyers: 10,000

Regions: Global

ALFA is a global network of independent law firms. Founded in 1980, ALFA is the oldest legal network and remains one of the largest and strongest. The ALFA organization is comprised of 142 member firms with 80 members in the USA and 62 members in Canada, Latin America, Europe, Africa, and the Pacific Rim. The ALFA reach is a broad one. In the USA, ALFA members maintain offices in 95 of the 100 largest metropolitan areas.

## Alliott Group (Multidisciplinary)

## Address:

Lydum House 12 The High StreetPetersfield Hampshire. GU32 3JG, England U.K.

Contact: James Hickey, Chief Executive Email: james@alliottgroup.net Telephone: +44 203 3300 111

Fax:

Website: www.alliottgroup.net

Email: Telephone: Fax: Website:

Number of Firms: 7 Number of Lawyers: Regions: Latin America

**Description:** 

## ALN (Africa Legal Network)

#### Address:

18N Frere, Felix de Valois Street Port Louis, Mauritius

Contact: Jason Harel

Email: alnhg@africalegalnetwork.com

**Telephone:** +230 213 7920 **Fax:** +230 213 7921

Website: www.africalegalnetwork.com

Number of Firms: 10 Number of Professionals: 60

Regions: Africa

**Description:** Africa Legal Network was created with a view to providing seamless, high-quality, and efficient legal services to clients in the countries where Africa Legal Network is currently located as well as to those who may from time to time require legal advice in one or more jurisdictions. The association is structurally set up to operate as if it were one firm. It is the only association of its kind in East and Central Africa

In this regard, the member firms of Africa Legal Network work very closely together. For example, the member firms share library and precedent resources; operate similar accounting and time recording programs; undertake joint professional training and development and second staff to one another on a transactional as well as a longer-term basis; operate common marketing and administrative systems; and operate similar quality assurance methods.

## **American Counsel Association**

## Address:

2500 Wachovia Center 150 Fayetteville Street Raleigh, North Carolina 27602-2611 U.S.

**Contacts:** Wesley Horton

Email: whorton@hortonshieldsknox.com

**Telephone:** 919 821 1220 **Fax:** 919 821 6800

Website: www.amcounsel.org

Number of Firms: 155 Number of Lawyers: 300

Regions: U.S.

**Description:** The networks seeks to establish and maintain an organization of lawyers experienced in the general practice of law that is united in fellowship and effort, thereby improving and enhancing standards of practice, the administration of justice, and the discharge of the responsibilities of the profession; to encourage and assist law students in preparing, qualifying, and establishing themselves in general practice; to promote or assist programs designed to inculcate in law students the principles of professional responsibility and service to the profession and to the public; to promote or assist programs of continuing legal education for active practitioners; and to promote programs designed to draw together in cordial friendship all members of this Association.

## **Antitrust Alliance**

## Address:

Minervastraat 5 B-1930 Zaventem

Contact: Frank Wijckmans

Email: frank.wijckmans@contrast-law.be

**Telephone:** +32 (0)2 275 00 75 **Fax:** +32 (0)2 275 00 70

Website: www.antitrustalliance.org

Number of Firms: 21 Number of Lawyers: n/a

Regions: Europe

**Description:** The Antitrust Alliance brings together the knowledge and resources of independent specialized antitrust teams in Europe to provide clients with first-rate competition law counseling.

The Antitrust Alliance has been founded in the slipstream of the decentralization of the enforcement of EU competition law triggered by Regulation 1/2003.

## Arab Legal Network

## Address:

Nadoury & Nahas Law Offices 7, Lazoughli Street Isis Building Apt. 35

Garden City Cairo, Egypt

**Contact:** Mourad Nadoury **Email:** nadourynahas@gmail.com

**Telephone:** +202 3559658 **Fax:** +202 3550080 **Website:** None

Number of Firms: 67 Number of Lawyers: 34 Regions: Middle East

## **Description:**

#### Ars Legis

#### Address:

Studio Legale Dr. Preussler & Dr. Gruber Via Palade n. 97 39012 Merano, Italy

Contact: Dr. Pierre-Roger Preussler

Email: office@pg-law.it Telephone: +39 0473 490 900 Fax: +39 0473 490 901 Website: www.arslegis.eu

Number of Firms: 52 Number of Lawyers: 500

Regions: Europe

**Description:** Since 1993 Ars Legis, the attorney network, has been providing its partner firms and their clients with expert and fast international consulting and representation services — all from one source. Our portfolio also covers legal areas that would not be a part of a law firm's standard services. The organization allows clients to continue to work with their local and trusted attorney while the counselor can count on the support of specialized Ars Legis partner firms.

## Asesoria Internacional Integral y Gestoria Administrativa

## Address:

Alameda de Colon 9, 3ro-1ro, Malaga 29001 Spain

Contact: Joseph A. de La Cuetara Email: delacuetara@yahoo.fr Telephone: +34 9 5220 2679 Fax: +34 9 5220 2679

Website:

## **Number of Firms:**

Number of Lawyers: Regions: Spain

## **Description:**

## **Associated European Energy Consultants**

#### Address:

Becker Büttner Held Magazinstraße 15-16 10179 Berlin

Contact: Peter Gussone

Email: peter.gussone@bbh-online.de Telephone: +49 (0) 30 611 28 40 48 Fax: +49 (0) 30 611 28 40 99 Website: www.aeec-online.com

Number of Firms: 67 Number of Lawyers: 22 Regions: Europe

**Description:** Founded in the year 2000, the AEEC is an international network for leading law and consultancy firms across the European continent. From Norway to Portugal and from the United Kingdom to Turkey, AEEC's more than twenty member firms are all renowned energy law specialists with hands-on experience and valuable insights into the energy market of their home country. Among others, the AEEC offers member firms the necessary framework to effectively combine local expertise with a strong international outlook. This allows our members and partners to stay at the forefront of legal developments in today's constantly changing energy market.

## **Association of European Lawyers**

#### Address:

Charles Russell 8-10 New Fetter Lane London EC4A 1RS U.K.

Contact: Mike Scott

Email: mike.scott@charlesrussell.co.uk

**Telephone**: +44 207 203 5000 **Fax:** +44 207 203 0200

Website: www.europeanlawyers.org

Number of Firms: 37 Number of Lawyers: 4,200

**Regions:** Europe

**Description:** The Association of European Lawyers (AEL) was founded in 1989 with

the objective of providing readily available expert legal services across Europe. AEL was originally established by the combining of resources of five leading law firms in the UK, following which a non-exclusive network of correspondent firms throughout Europe was developed, offering a broad range of legal services for business, with high standards of care and efficiency.

## **Association of Intellectual Property Firms**

#### Address:

Executive Center 2125 Center Avenue Suite 406 Fort Lee, NJ 07024 U.S.

Contact: Isabelle Girard Email: girard@robic.com Telephone: 201 403 0927 Fax: 201 461 6635 Website: www.aipf.com

Number of Firms: 45 Number of Professionals:

Regions: Global

**Description:** The Association of Intellectual Property Firms (AIPF) is an international association of independent specialty law firms that devote a majority of their practice to patent law, trademark law, and copyright law. Our member firms provide expert patent litigation support, portfolio strategy advice, and protection against copyright and trademark theft. Membership is by firm, not by individual attorney.

#### Avrio Advocati

## Address:

Kancelaria Radcow Prawnych i Adwokatow Armii Krajowej 116 81-824 Sopot, Poland

Contact: Tomasz Kozlowski Email: sekretariat@kancelaria.eu Telephone: +48 58 555 21 11 Fax: +48 58 555 21 33 Website: www.ayrio.net

Number of Firms: 49 Number of Lawyers: 360 Regions: Europe

**Description**: AVRIO Advocati is a nonprofit association established by the merger of two prominent European groupings of law firms, growing over the years since 1987 and becoming an effective, cohesive structure with a strong European base, while progressively reaching out to other destinations (such as USA, China, India, Australia, Lebanon). AVRIO Advocati member firms are prominent local firms with firsthand knowledge not only of their legal environment, but also of all relevant business issues, and are able to arrange cooperation with local authorities and other professionals. Our members believe that it is always quality that determines the success of their clients. Our structure, which provides for close and continuous cooperation among members, reflects that belief.

## **BDO Legal Network**

## Address:

**Contact:** Caroline Macdonald **Email:** caroline.macdonald@bdo.es

Telephone: Fax: Website:

Number of Firms: Number of Professionals: Regions:

**Description:** The current economic climate is permanently subject to change. National and international legislation and regulatory processes are becoming increasingly complex. Our legal advisers are experienced lawyers who use their expertise to advise and guide our clients in situations that require specific judicial know-how.

BDO Legal Services offers you a wide range of services built on shared foundations: a team of highly-trained lawyers with proven experience in similar projects and a dedication to quality service and client proximity that together represent the best guarantee for the protection of your interests.

As part of a multidisciplinary organization, our legal services team can to offer you legal support in close cooperation with their colleagues from the audit, tax, and advisory areas. Our international presence gives us a global vision of business and allows us to advise our clients with the support of a strong, dynamic network that offers industry- and legislation-specific knowledge in each country.

## **Biolegis**

## Address:

Fasken Martineau 17 Hanover Square London, W1S 1HU, England U.K.

Contact: Allistair Booth Email: abooth@fasken.co.uk Telephone: +44 207 917 8500 Fax: +44 207 917 8555 Website: www.biolegis.com

Number of Firms: 16 Number of Lawyers: Regions: International

Description: Biolegis is a network of leading independent European law firms with extensive expertise in life sciences, including biotechnology, pharmaceuticals, medical devices, and related fields of law. The aim of the network is to offer integrated, high-quality legal services across Europe to companies and investors in this field. Biolegis offers access to 163 lawyers specialized in life sciences across 15 European countries.

## Bomchil Group – Association of Independent Latin American Law Firms

#### Address:

Estudio Luis Echecopar Garcia Av. De la Floresta 497, 5th Floor Chacarilla, San Borja Lima 41, Perú

Contact: Dr. José Ramirez Gastón Roe

Email:

jose.ramirezgaston@echecopar.com.pe **Telephone:** (51-1) 372 7373

Fax: (51-1) 372 7374 / 372 7171 Website: www.bomchilgroup.org

Number of Firms: 19 Number of Lawyers: 400 Regions: Latin America

Description: Founded in 1963, The Bomchil Group is an Association of Independent Latin American Law Firms engaged in a full-service international practice in each of the 19 jurisdictions in which its members are located. The member firms provide specialized services in international commercial and civil matters, including corporate, foreign investment, banking, transfer of technology and in-bond (maquiladora) regulations, mergers, acquisitions, tax, labor, real estate, trust,

mining, immigration, customs, admiralty, aviation, patents & trademarks, copyright, licensing, estates, and representation in all courts and administrative agencies in each relevant jurisdiction.

## **Bridge Group**

#### Address:

The Lanterns, Bridge Lane London SW11 3AD, England

Contact: Denis C. Braham Email: dbraham@winstead.com Telephone: 713 650 2473 Fax: 713 650 2400

Website: www.thebridgegroup.co.uk

Number of Firms: 11 Number of Lawyers: 800

**Regions:** Global

**Description:** Each member of The Bridge Group is dedicated to providing clients with the highest quality legal services and maintains a responsive and timely approach to each client's special needs. The Bridge Group members call upon the expertise and services of other group members in a given geographic area in order to most efficiently and professionally represent each client. Being able to call upon other members of The Bridge Group allows Bridge Group members to provide their clients with local expertise for a given legal matter as well as cutting edge legal resources in newly developing areas of practice. Bridge Group members do not pay referral fees to each other and are under no obligation to each member firm.

## **Business Counsel Inc.**

## Address:

Business Counsel, Inc. P.O. Box 85 Abington, MA 02351 U.S.

**Contact:** Florian Gibitz, Arthur Braun (Co-

Email:

Business Counsel @business counsel.org

**Telephone:** 781 871 4090 **Fax:** 781 871 7061

Website: www.businesscounsel.org

Number of Firms: 39 Number of Lawyers: Regions: Global

**Description:** Business Counsel, Inc. is a network of law firms based in the United States and abroad focused on providing high-quality legal services to the corporate business community. Members of Business Counsel include private law firms in most major economic centers in the United States, Puerto Rico, Canada, the United Kingdom, and Hong Kong engaged in business law representation, including transactional law, regulatory law, and litigation.

## Cicero League of International

#### Address:

c/o Mrs. Fiona McAllister Cedar House 78 Portsmouth Road, Cobham, Surrey, KT11 1AN, England U.K.

Contact: Peter Munday

**Email:** pjmunday@hotmail.co.uk **Telephone:** (00 44) (0) 1372 843078

**Fax:** (00 44) 01932 590220 **Website:** www.ciceroleague.com

Number of Firms: 36 Number of Lawyers: Regions: International

**Description:** CICERO<sup>TM</sup> is an established network of international independent law firms that provides links to high-quality niche law firms principally in the corporate, commercial, and property sectors. Unlike many international networks, CICERO<sup>TM</sup> admits into membership only one firm in any one country, allowing close professional relationships to be created for the benefit of members and clients. Each member firm maintains autonomy over the services it provides to clients recommended to it by other member firms.

## Club de Abogados

## Address:

Rua Hungria, 1100 01455-000 – São Paulo Brasil

Contacts: Rodrigo M. Carneiro de Oliveira Email: rmcoliveira@pinheironeto.com.br

**Telephone:** (5511) 3247-8600 **Fax:** (5511) 3247-8400

Website: www.clubdeabogadosibero.com

Number of Firms: 21 Number of Lawyers: 3,000

Regions: South/Central America & Spain

Description: Three basic principles led to the founding of the Club: (i) the organization of the member firms on an institutional basis to preserve their integrity; (ii) the continued modernization of the member firms to enable them to render services to clients on an international level; and (iii) the contribution by all Club members of information on their respective structures and experiences on updated organizational practices, to enable them to provide their clients — particularly multinational companies — with the comprehensive range of services that they demand.

With more than 40 years of history, the Club de Abogados – Iberoamerica is proud that it can boast of almost half a century of achievements in providing its clients with professional advice for current-day needs in an increasingly global environment, as well as in fostering a variety of joint activities such as seminars, publications, and other initiatives, focused on matters of interest for both regional and global markets where its member firms' clients do business.

## **CMS Legal**

## Address:

CMS Hasche Sigle Lennéstrasse 7 10785 Berlin, Germany

Contact: Cornelius Brandi

**Email:** cornelius.brandi@cms-hs.com **Telephone:** +49 (0) 30 20 360 1207

**Fax:** +49 30 2 03 60 2000 **Website:** www.cmslegal.com

Number of Firms: 9 Number of Lawyers: 1,600

**Regions:** Europe

**Description:** CMS aims to be the best European provider of high-quality legal and tax advice.

Each CMS firm is a market leader in its own jurisdiction. Our detailed knowledge of industries, plus an extensive European presence, means that CMS is uniquely qualified to provide highly specialized advice that adds value to your business.

CMS has a common culture and a shared heritage that is distinctively European. With more than 5,000 people working in 53 offices, CMS has the most extensive footprint in Europe. Our single organization of practice groups and sector groups provides clients with high-quality advice that is seamless, client-driven, and coordinated across borders.

It means we understand your business and can provide the best legal and tax solutions. Our clients expect the best, and we deliver. It is all part of creating and maintaining strong relationships built on trust.

#### Conference Bleue

## Address:

Tower 42 25 Old Broad Street London EC2N 1HQ, England U.K.

Contacts: Yanni Chryssospathis and Hector

Jausas, co-Managing Partners

Email:

yannis.chryssospathis@bernitasl

awoffices .gr and hjausas@jausaslegal.com

**Telephone:** +44 (0) 20 77866-216 **Fax:** +44 (0) 20 77866-299

Website: www.conference-bleue.com

Number of Firms: 21 Number of Lawyers: Regions: Europe

**Description:** As the cross border health care markets continue to expand, so too does the need for expertise in the legal structures and health care policies of each European country.

In response to this need, we have formed a network of European law firms specializing in pharmaceutical, health care, and medical law. Together we can offer our clients legal expertise by providing comprehensive advice and assistance on a "multi-jurisdictional" level.

We are not just another law firm with international offices throughout Europe. Instead, we are a network of experienced, independent law firms with a history in our respective countries. It is because of this

history that we are able to understand the legal, economic, cultural, and political issues facing our clients.

## Consulegis Ewiv/EEIG

#### Address:

Bräuhausstrasse 4 80331 Munich Germany

**Contact:** Anke Brauns

Email: consulegis@consulegis.com Telephone: +49 89 30705020 Fax: +49 89 30 70 67 29 Website: www.consulegis.com

**Number of Firms:** 90+

Number of Lawyers: more than 1,700+

**Regions:** International

**Description:** CONSULEGIS is an international network of highly professional independent law firms. The network comprises of more than 1,600 lawyers spread across 40 countries and more than 150 cities.

#### Cib Counterforce Network

## Address:

Maritime House 1 Linton Road Barking Essex, IG11 8HG, England U.K.

## Contact:

Email: cib@icc-ccs.org.uk
Telephone: +44 (0)20 8591 3000
Fax: +44 (0)20 8594 2833
Website: www.iccwbo.org

Number of Firms: 45 Number of Lawyers: Regions: Global

**Description:** The counterforce network was founded in 1995 and has become the leading global legal network, specializing in intellectual property and anti-counterfeiting work.

With 45 of the world's leading specialist law firms in as many countries throughout the world, the network offers an unrivaled resource for companies engaged in the continuing battle against counterfeiting and piracy.

Counterforce is operated by the International Chamber of Commerce Counterfeiting Intelligence Bureau as part of a range of services provided to intellectual property rights owners. Other allied networks run by the Counterfeiting Intelligence Bureau include the Countertech network of anticounterfeiting technology producers and the Countersearch network of private investigators specializing in anticounterfeiting and fraud.

The Counterfeiting Intelligence Bureau is a specialized division of the International Chamber of Commerce, the world business organization. Founded in 1919, the ICC is a non-governmental organization of thousands of companies and business associations in more than 130 countries.

## **Deloitte Legal Network**

#### Address:

Gustav Mahlerlaan 2970, 1081 LA Amsterdam PO Box 58110, 1040 HC Amsterdam The Netherlands



Contact: Piet Hein Meeter, Global Managing Director, Deloitte Legal Email: pmeeter@deloitte.nl **Telephone:** +31 882886882 **Mobile:** +31 651292432

Website: www.deloitte.nl

**Number of Firms: 56** 

Number of Professionals: 1,600

Regions: Global

**Description:** Depending on local laws, customs, and business practices, the structure through which legal services are offered by a Deloitte entity in a particular country may vary. In the United States, neither Deloitte Tax LLP nor any of its U.S. affiliates (the "Deloitte U.S. Firms") engages in the practice of law. The following description of services is limited to those firms outside the United States providing certain legal services.

With more than 1,600 experienced legal professionals, Deloitte Legal\* offices are in 70 countries, and each is able to offer holistic guidance to multinational corporations and has the ability to combine deep legal skills with process & consulting

competencies. Deloitte Legal offers a delivery model that is based on wellestablished practices of legal professionals experienced in serving multinational clients and in working with colleagues in tax, consulting, risk, and financial advisory as part of a well-managed Deloitte client service relationship team.

## Deloitte Legal's services focus on four areas:

- Commercial law;
- Corporate mergers and acquisitions;
- Employment and pensions; and
- Tax controversy.

Deloitte Legal has experience across a number of industries, including regulated industries and public sector. Areas of specialization include:

- Banking & securities;
- Energy & resources;
- Technology, media, and telecommunications;
- Insurance; and
- Real estate.

\*"Deloitte Legal" means the legal practices of Deloitte member firms or their affiliates that provide legal services. For legal and regulatory reasons, not all member firms provide legal services.

## **E&Y Legal Network**

#### Address:

1 More London Place London SE1 2AF U.K.



Video

Contact: Clare Canning (Global Counsel), Cornelius Grossmann (Legal Services Head)

Email: clare.canning@ey.com, cornelius.grossman@ey.com **Telephone:** +49 30 25471 25050 Fax: +44 (0)20 7951 1345 Website: www.EY.com

Number of Firms: **Number of Professionals:** 

Regions: Global

**Description:** EY delivers legal services that help minimize the gap between business advisors and legal counsel. Our lawyers understand the increasingly complex tax, regulatory, and commercial laws of this global economy.

We provide holistic guidance around strategic business decisions and offer support services that can increase efficiency and reduce the cost of some routine legal activities. To thrive in this world, you need access to legal advice that you can trust.

## **Eagle International Associates (Multidisciplinary)**

## Address:

6840 Desert Island St. Las Vegas, NV 89149 U.S.

Contact: Mr. Frank Napolitani

Email: frank.napolitani@eagle-law.com

**Telephone:** 702 221 1399 **Fax:** 702 221 2295

Website: www.eagle-law.com

Number of Firms: 60 Number of Professionals: 60 Regions: North America and Europe

**Description**: EIA is an international network of independent law firms, adjusters, and claims-related service providers throughout the United States and Europe. Eagle members are dedicated to providing insurance companies, insureds, and selfinsureds with the highest-quality legal and adjusting services for competitive and fair compensation. Members are committed to the highest ethical standards and act with professionalism and civility in all of their endeavors. Eagle members exceed their clients' expectations for quality and service. At every opportunity, this organization promotes the use of Eagle and its members. and refers existing relationships through active participation in Eagle's meetings, programs, and seminars.

## East Legal Team EEIG

#### Address:

Farkasbab utca 8./a H-1165 Budapest Hungary

Contact: Mr. Cosmin Mocanu, President Email: cosmin.mocanu@stratula.com

**Telephone:** +4 021 2111 653 **Fax:** +4 021 2111 656

Website: www.east-legal.com

Number of Firms: 6 Number of Lawyers: Regions: Eastern Europe

**Description:** East Legal Team – European Economic Interest Grouping (ELT) is an alliance of independent law firms from the Central and Eastern European region with the main purpose of providing their clients a wealth of advantages arising from our interdisciplinary professional cooperation, as well as from their ability to provide unified services at a regional level.

## **ECOMLEX**

## Address:

Field Fisher Waterhouse 35 Vine Street London, EC3N 2AA, England U.K.

Contact: Paul Barton

Email: paul.barton@fieldfisher.com Telephone: +44 (0)20 7861 4000 Fax: +44 (0)20 7488 0084 Website: www.ecomlex.com

Number of Firms: 17 Number of Lawyers: 1,139

Regions: Europe

Description: We are an association of leading IT, e-commerce, and data protection lawyers established to meet the needs of businesses throughout Europe. Our member firms are leading experts in their jurisdictions, and together we are able to provide clients with legal advice throughout Europe. We act for the full range of clients in the technology sector and in other sectors where they use technology, including government and intergovernmental bodies, multinationals, and growing businesses that are expanding outside their own territories.

## E-Iure

## Address:

Contact: José Luis Cobo Aragoneses,

President
Email:
Telephone:
Fax:

Website: www.e-iure.com

Number of Firms: Number of Lawyers: Regions:

**Description:** Many of the world's economic hotspots already have an independent law firm well established in its country that satisfies the E-Iure selection criteria in place for our network. Unless agreed otherwise on a case-to-case basis, the philosophy of E-Iure is that of "national exclusivity," meaning one law firm per country and aiming at a very deep, trusting, and exclusive relationship between a stillmanageable group of firms. We do not believe sheer size and putting a flag wherever it might be possible can make the difference.

## **Employers Counsel Network**

#### Address:

Business & Legal Resources 100 Winners Circle, Ste. 300 P.O. Box 5094 Brentwood, TN 37024-5091 U.S.

Contact: Amy Kelly

Email:

**Telephone:** 615 661 0249 ext. 8044

Fax:

Website: www.employerscounsel.net

**Number of Firms:** 38 **Number of Lawyers:** 4,500

Regions: U.S.

**Description:** The Energy Law Group (ELG) was created in 1993 and has grown consistently since then. It is made up of lawyers with specialist expertise in the energy and natural resources sectors.

## **Employment Law Alliance**

#### Address:

727 Sansome St. San Francisco, CA 94111 U.S.

Contact: Stephen Hirschfeld Email: shirschfeld@chklawyers.com

**Telephone:** 415 835 9011 **Fax:** 414 834 0443

Website: www.employmentlawalliance.com

Number of Firms: 120 Number of Lawyers: 3,000

Regions: Global

**Description:** When 3,000 of the finest labor and employment lawyers from more than 100 nations form an alliance dedicated to assisting employers, the result is a powerful legal resource for management: the Employment Law Alliance. With a presence in all 50 U.S. states and more than 300 cities around the globe, we are backed by the strength and resources of some of the world's finest and most established law firms.

## **Energy Law Group**

#### Address:

Jeantet Associés 87, avenue Kléber 75784 Paris Cedex 16 France

Contact: Thierry Lauriol Email: tlauriol@jeantet.fr Telephone: +33 1 45 05 80 48 Fax: +33 1 45 05 80 25

Website: www.energylawgroup.eu

Number of Firms: Number of Lawyers: Regions: Europe

Description: The Energy Law Group (ELG) was created in 1993 and has grown consistently since then. It is made up of lawyers with specialist expertise in the energy and natural resources sectors, all of whom belong to independent European law firms. The ELG covers most European countries and constitutes the most extensive network of European experts in energy and natural resources law. The coordination of our network is such that it offers to each client of a member law firm an opening in Europe and beyond, for legal services within the energy and natural resources sectors.

## **Enterprise Alliance**

#### Address:

Ten Dominion St. London, EC2M 2EE, England U.K.

Contact: Stephen Sidkin (Chair) Email: slsidkin@foxwilliams.com Telephone: +44 (0) 20 7628 2000 Fax: +44 (0) 20 7628 2100

Website: www.enterprisealliance.co.uk

Number of Firms: Number of Lawyers: 10 Regions: Europe

**Description:** We have been drawn together by a shared entrepreneurial philosophy and in depth expertise across a wide range of European markets. The Enterprise Alliance is the union of some of Europe's most enterprising commercial law firms. Established in 2004, by leading independent firms from the United Kingdom, France, Germany, and Holland, the Enterprise Alliance has already started to expand throughout the EU. We are fundamentally different in our outlook and this is reflected in the way that we serve our clients. It is a very particular approach that requires us to understand your objectives and see your ambitions from your perspective. This means that we can offer advice and legal thinking that is effective and efficient.

## **Environmental Law Network**

#### Address:

Environmental Law Network 812 Huron Road, Suite 650 Cleveland, OH 44115 U.S.

Contact: Greg DeGulis, Chair Email: gdegulis@mdllp.net Telephone: 216 621 1312 Fax: 216 621 0577

Website: www.elnonline.com

Number of Firms: Number of Lawyers:

Regions: North & South America, Europe

Description: The Environmental Law Network (ELN) is the first environmental law firm network that makes local representation available nationwide. Through ELN, more than 250 environmental attorneys share ideas, information, experiences, and contacts to increase the value of legal representation for their respective clients. ELN also has foreign affiliates in Argentina, Canada, Mexico, the United Kingdom, and Spain. Leaders in each of the member firms average more than 20 years of experience in the field.

## **Euravocat Group (EEIG)**

## Address:

Des Gouttes & Associate 4, Avenue de Champel 1206 Geneva Switzerland

Contact: Mr. Philipp Ganzoni Email: desgouttes@desgouttes.ch Telephone: +41 22 704 30 50 Fax: +41 22 704 30 55 Website: www.euravocat.com

Number of Firms: 18 Number of Lawyers: 230 Regions: Europe

**Description:** Euravocat Group EEIG – a European group of economic interests aimed at providing prompt and efficient services throughout Europe. We are also an active member of the ICC Commercial Crime Bureau in London and of the Asset Protection and Recovery Network, which is aimed at providing a quick response in international fraud.

#### Eureseau

## Address:

Advokatfirma Meyer Kurfürstendamm 57 D 10707 Berlin Germany

Contact: Hans-Oluf Meyer, President E-Mail: meyer@advokatfirma.de Telephone: + 49 (0) 30 3151 8969 9

**Fax:** +49 (0) 30 3151 8969 **Website:** www.eureseau.com

Number of Firms: Number of Lawyers: Regions: Global

**Description:** We are an international group of independent law firms serving clients around the world. Established in 1986, we now have offices in 24 countries and our secretariat in London. All the law firms in our network have a reputation for integrity and quality. Our lawyers have worked together for many years. Our clients come from the full range of international commercial concerns, governments, institutions, and individuals. We give sound, pragmatic, commercial advice on a wide range of matters under many different national laws and on the transnational and cross-border implications that arise between jurisdictions.

## Euroadvocaten

## Address:

Edwin Coe LLP 2 Stone Buildings Lincoln's Inn London, WC2A 3TH, England U.K.

Contact: Mr. Gareth Baker Email: gareth.baker@edwincoe.com Telephone: +44 (0) 20 7691 4000

Fax: +44 (0) 20 7691 4111

Website: www.euroadvocaten.com

Number of Firms: 23 Number of Lawyers: 800+

Regions: Europe

**Description:** Euroadvocaten is a collaboration among 23 independent law firms across Europe. The network includes more than 800 lawyers working out of 27 cities and 25 European countries. Established in 1990, the objective of Euroadvocaten is to help clients find the best and most cost-effective lawyers in Europe. Wherever clients are based, Euroadvocaten is able to provide a seamless service across many jurisdictions, and to offer expertise in a wide range of commercial legal services and industry sectors. Member firms are based in major European cities including London, Amsterdam, Barcelona, Paris, Warsaw, and Zurich.

## Euro – American Lawyers Group

## Address:

420 Aviation Boulevard Santa Rosa, CA 95403 U.S.

Contact: John Friedemann Email: jfriedemann@frigolaw.com Telephone: + 44 161 833 3355 Fax: + 44 870 166 7151

Website: www.ealg.com

Number of Firms: 26 Number of Lawyers: 350 Regions: Europe and U.S.

**Description:** The Euro-American Lawyers Group (EALG) is an association of Law Firms founded in 1985. The members of EALG believe that they can best serve their clients' interests overseas by cooperating with like-minded firms who have local knowledge of, and immediate access to, the legal system operating in their own jurisdictions.

## **EuroCollectNet-Lawyers**

#### Address:

Voller Rechtsanwaelte Main Airport Center (MAC) Unterschweinstiege 2-14 60549 Frankfurt am Main Germany

Contact: Dr. Jur Thomas Voller Email: drvoller@vollerlaw.com Telephone: +0049 69 63 15 070 Fax: +0049 69 63 15 066

Website: www.eurocollectnet.com

Number of Firms: 27 Number of Lawyers: 700 Regions: International

**Description:** ECN-Lawyers is an association of European law firms offering a comprehensive cost-effective service for the collection of

debt throughout Europe. Representation by ECN is accessible either directly or via your local ECN-Lawyer. Members commit themselves to observe the following fundamentals for quality assurance in contact with clients and with each other: 1) the members will cooperate in an internal network for mutual benefit through exchange of technical and personal resources based on growing trust; 2) respect and loyalty among members that extends far beyond the ethics of professional collegiality; 3) assurance of qualitatively high-valued service through the possibility of drawing on expertise outside one's own law office; and 4) discretion and confidentiality in all matters.

## EuroITCounsel

## Address:

Watchmaker Court 33 St Johns Lane

London, EC1M 4DB, England U.K.

Contact: Nick Arnold

**Email:** Nick.Arnold@bllaw.co.uk **Telephone:** +020 7405 2000 **Fax:** +0844 620 3402

Website: www.euroitcounsel.com

Number of Firms: 16 Number of Lawyers: Regions: Europe

**Description:** A quality circle of independent European specialist computer and IT lawyers. Established advisers in the IT, computer and telecommunications sectors, we provide a one-stop service based on quality and value to clients with no obligations of exclusivity. EuroITCounsel was born from an informal group of specialist lawyers who had worked together

over a number of years. Brought together by experience in advising clients on issues affecting businesses and transactions involving the Internet, E-commerce, Computers, and Telecommunications, they realized a new approach to offering Europewide legal advice was required for clients and companies working in Europe. That approach focuses on quality of service, sector experience, and value: these are among the prime commitments our members make when they join.

#### Eurolaw

#### Address:

66, Avenue Victor Hugo F-75116 Paris France

Contact: Jean-Jacques Zander, Mng.

Partner

**Email:** jjzander@eurolawyers.net **Telephone:** +33 (0)1 45 00 02 33 **Fax:** +33 (0)1 45 00 60 99 **Website:** www.eurolaw.eu

Number of Firms: 21 Number of Lawyers: Regions: Europe

**Description:** Eurolaw is a group of independent European law firms, mediumsized, and specialized in business law. The group is organized as a European Economic Interest Grouping (E.E.I.G.) with its seat in Paris. The law firms are supported by a network of professionals who are united by strong links of confidence, respect, and mutual comprehension, which are determinant quality criteria for the performance of services.

## **Eurojuris International EEIG**

## Address:

Eurojuris European Headquarters Rue Abbé Cuypers 3 B-1040 Brussels, Belgium

Contact: Jacque Remacle

Email: Jacque.e.remacle@skynet.be

**Telephone:** +32 2 502 18 82 **Fax:** +32 2 502 38 66 **Website:** www.eurojuris.net

**Number of Firms:** 610 **Number of Lawyers:** 5,000

Regions: Europe

Description: A leading network of law firms in Europe, covering 610 different cities/locations in 16 countries. Each country has a national Eurojuris association that selects as members medium-sized independent law firms well established in their country and who satisfy the Eurojuris selection criteria. The objective is to provide to companies, corporations, public authorities, and private clients direct legal advice and local representation all over Europe.

## **European Immigration Lawyers Group**

#### Address:

Gulbenkian Harris Andonian 125 High Holborn London, WC1V 6QF, England U.K.

Contact: Paul Gulbenkian Email: paulg@gulbenkian.co.uk Telephone: +44 207 242 3000 Fax: +44 207 831 0973

Website:

Number of Firms: 15 Number of Lawyers: 35 Regions: Europe

## **Description:**

## European Law Firm EEIG

## Address:

TLT One Redcliff St. Bristol, BS1 6TP, England U.K.

Contact: Neil Meakin

**Email:** neil.meakin@TLTsolicitors.com **Telephone:** +44 (0)333 006 0000 **Fax:** +44 (0)333 006 0011

Website: www.european-law-firm.com

Number of Firms: 28 across 29 European

jurisdictions

Number of Lawyers: 950+

Regions: Europe

**Description:** European Law Firm is a network of independent dynamic law firms that know one another personally and collaborate to offer clear, cross-border legal advice. Our members advise corporate clients, government agencies, and private individuals across Europe and beyond.

European Law Firm was established in 1989 to meet the increasing demand for crossborder legal advice. It was the first legal

network to register in Brussels as a European Economic Interest Grouping (EEIG). Today, the network comprises more than 950 lawyers across Europe.

Our policy is to have one dedicated member firm for each country, creating a more manageable body and fostering closer relationships among lawyers. Over the years, our members have worked together regularly to build up long-standing relationships — the key strength of our network.

## **European Law Group**

#### Address:

Penningtons Bucklersbury House 83 Cannon Street London, EC4N 8PE, England U.K.

Contact: Anna Frankum

Email: anna.frankum@penningtons.co.uk

**Telephone:** +44 20 7457 3000 **Fax:** +44 20 7457 3240 **Website:** www.elgroup.org

Number of Firms: 12 Number of Lawyers: 500

**Regions:** Europe

**Description**: European Law Group (ELG) was established in 1983 and now has members with close working associations throughout Europe. Our international connections ensure that if you are undertaking a cross border transaction or need advice from a lawyer resident in a particular country, we can provide specialists able to advise and assist you.

The focus for ELG has been to assist clients in their increasing demands for cross-border legal services in Europe, whether this is as part of a cross-border merger or acquisition or simply wishing to know more about the legal framework existing in a particular country.

As a non-exclusive association of law firms practising in Western Europe, particularly the countries of the European Union, we are committed to providing our clients with legal advisers who understand your needs and can deliver the appropriate advice within your timescale and budget.

## **European Lawyers Group**

## Address:

Oppolzergasse 6 1010 Vienna

#### Austria

Contact: Markus Stender

Email: stender@european-lawyers.com

**Telephone:** +43 1 533 24 04 **Fax:** +43 1 533 24 04 12

Website: www.european-lawyers-group.eu

Number of Firms: 19 Number of Lawyers: 60

Regions: Europe

**Description:** As a result of the increasingly global nature of our economy, many individuals and companies find that crossborder transactions and dispute resolution, along with international taxation issues, are occupying an increasing amount of time and attention. To keep pace with this changing environment, clients need quick and reliable advice on foreign law and law systems that affect their business dealings around the world. The European Lawyers Group provides a reliable framework for clients to find the legal support they need.

The European Lawyers Group's mission is to provide the best legal representation and advice throughout Europe and around the world. The European Lawyers Group represents a carefully chosen selection of competent and experienced law firms.

## **European Lawyers Network**

#### Address:

Bogner Hensel & Partner Zeppelinallee 47 D-60487 Frankfurt am Main Frankfurt

Contact: Nikolas Hensel

Email: nikolaus.hensel@bhp-anwaelte.de

**Telephone:** +49 69 79405

Fax: Website:

Number of Firms: 8 Number of Lawyers: 100

Regions: Europe & North America

Description: ELN is a close association of law firms with offices in Europe and North America. Its primary objective is the provision of international legal advice, which satisfies three fundamental client demands for efficiency, value, and local expertise. It was in response to these client demands that ELN was formed in 1990. Since then ELN's clients have been able to reap the rewards of developing their businesses internationally while working

with local law firms they can trust at a cost that does not lead to any unpleasant surprises. The lawyers within ELN are used to dealing with international projects and are able to create a fully integrated team approach to corporate and commercial transactions with clear reporting lines that avoid duplication of efforts and ensure the client feels at the center of their transaction, regardless of where it is taking place.

#### First Law International

#### Address:

Avenue Louise 475-22 1000 Brussels Belgium

Contact: Orlando Casares Email: ocasares@first-law.com Telephone: +32 2 626 0600 Fax: +32 2 647 8338 Website: www.first-law.com

Number of Firms: 61 Number of Lawyers: 7,000

Regions: Global

**Description:** First Law International ("FLI") is the Brussels-based hub of a global network of more than 61 independent, national law firms known as FLI NET.TM We specialize in providing a wide range of multinational clients from automotive, pharmaceutical, heavy-industry, retail, real estate, finance, semiconductor, oil & gas, services, and IT, among others with valuable cross-border legal support on a global basis. As the central point of coordination and management, FLI's HQ is comprised of seasoned former general counsels and senior corporate counsels of U.S. Fortune companies. Our extensive in-house crossborder experience makes us uniquely qualified to coordinate and manage legal services rendered by FLI NET Member firms.

## Food Lawyers Network

## Address:

Rechtsanwälte Krell Weyland Grube Auf der Brück 46 51645 Gummersbach Germany

Contact: Dr. Markus Grube Email: info@food-lawyers.net Email: info@kwg.eu

**Telephone:** +0049 (0) 2261 60140 **Fax:** +0049 (0) 2261 601460

Website: www.food-lawyers.net

Number of Firms: Number of Lawyers: Regions: Global

**Description:** Food law is of increasing importance for the day-to-day business of Food Business Operators, but it is a complex matter. Legal conditions for the production and marketability of food vary considerably from country to country. Therefore, with regards to cross-border traffic, the food industry needs the assistance of proven food law experts. FLN offers a unique worldwide platform of expertise that enables the Food Business Operator to quickly find a competent and experienced specialist in food law. Further, FLN enables an international exchange of experience and a transfer of knowledge, and facilitates the access to other legal systems. Through the ongoing scientific dialogue, important insights are gained for the application and development of food law.

## The Fraud Network

#### Address:

Mishcon de Reya Summit House 12 Red Lion Square London, WC1R4QD, England U.K.

Contact: Gary Miller

**Email:** gary.miller@mischon.com **Telephone:** +44 20 7740 7028 **Fax:** +44 20 783 13487

Website:

Number of Firms: 22

Number of Professionals: 1,000

Regions: Europe

**Description:** Our Mission ... is to provide clients with tried and tested Fraud Specialists throughout the globe who know how to get results.

We do this ... by bringing together lawyers who have worked together successfully before on fraud cases that share the same philosophy and understand that creativity and aggression are critical when confronted with international fraud.

Because ... clients need to know the credentials and suitability of the individual lawyer who is entrusted to handle a sensitive and complicated fraud case, the Network

provides the client with at least one referee for each member.

Success ... in international fraud cases is often determined by one or two critical decisions taken at the outset of the case when there is very little information available. These decisions usually involve obtaining injunctions to preserve assets or evidence prior to commencing proceedings. Network members are experienced injunction specialists who know how to explain complex and technical legal concepts in simple terms to enable clients to make the right decision under pressure.

# Geneva Group International (GGI) (Multidisciplinary Alliance)

#### Address:

Forsterstrasse 70 CH-8044 Zurich Switzerland

Contact: Claudio Cocca Email: cocca@ggi.com

**Telephone**: +41 (0)44 256 18 18 **Fax**: +41 (0)44 256 18 11 **Website**: www.ggi.com

**Number of Firms: 600** 

Number of Professionals: 11,000

Regions: Global

Description: GGI members are committed to providing clients with specialist solutions for their international business requirements. Both members and their clients can select a GGI Geneva Group International firm with confidence. All GGI member firms share a common mission: to provide top quality services. Established in 1995 in Switzerland, GGI Geneva Group International has grown to more than 460 professional, independent firms with more than 655 offices and 22,188 employees worldwide. GGI members have ready access to the expertise and market knowledge of fellow member firms all over the world.

## Global Advertising Lawyers Alliance (GALA)

## Address:

488 Madison Avenue, 10<sup>th</sup> Floor New York, NY 10022 U.S.

Contact: Stacy Bess

Email: sbess@gala-marketlaw.com

**Telephone:** 212 705 4895 **Fax:** 347 438 2185

Website: www.gala-marketlaw.com

Number of Firms: 64 Number of Lawyers: 120

**Regions:** Global

Description: GALA is an alliance of lawyers located throughout the world with expertise and experience in advertising, marketing and promotion law. GALA provides a worldwide resource to individuals and corporations interested in answers to questions and solutions to problems involving the complex legal issues affecting advertisers and marketers. GALA, a network of independent law firms, is neither licensed nor authorized to render legal services. While GALA can coordinate the consultation an associate member or third party may receive from GALA members, each individual GALA member, and not GALA, is solely responsible for the advice they provide.

## Globalaw

#### Address:

Avenue de Tervueren 300 1150 Brussels Belgium

Contact: Michael Hatchwell

Email:

MichaelHatchwell@gordondadds.com>

**Telephone:** +32 2 645 2676 **Fax:** +32 2 645 2671 **Website:** www.globalaw.net

Number of Firms: 114 Number of Lawyers: 4,500

Regions: Global

**Description:** Globalaw, established in 1994, is now one of the world's leading law firm networks. Comprising more than 110 independent law firms with approximately 4,500 lawyers practicing in more than 90 countries worldwide, Globalaw is now the go-to network for businesses seeking to do business globally.

Every day hundreds of Globalaw firm clients are having their global requirements effectively serviced by Globalaw member firms. There are no referral fees, members are carefully vetted prior to joining, and firms not meeting minimum participation rules are excluded and replaced.

Globalaw firms provide excellent local knowledge and local expertise accessible on a global scale. Most member firms are well

known and established firms within their jurisdiction and provide a full service. Direct partner contact is important and firms will be pleased to provide access for their clients to their local business community. Globalaw members have not just contributed legal expertise but in many cases have also created or located successful business opportunities for their clients.

Regular regional and annual meetings around the world ensure that Globalaw lawyers understand what is expected of them, understand the network well, and above all get to know each personally and one another's expertise well. There are numerous sector initiatives where lawyers practicing in specialist areas get together in person, by webinars and telephone conference calls to establish how better to service their clients globally.

## Harmonie Group

#### Address:

4248 Park Glen Rd. Minneapolis, MN 55416 U.S.

Contact: Timothy C. Violet, Executive

Director

**Email:** tviolet@harmonie.org **Telephone:** 612 875 7744

Fax: Website:

Number of Firms: 85 Number of Lawyers: 5,000

**Regions:** Global

**Description:** The Harmonie Group was founded in 1993 at the Harmonie Club in New York City, when several experienced and well-respected members of the defense bar met to discuss forming a national network of high-quality law firms that had the proven ability to serve the special needs of the risk industry. The Group believed then, as it does now, that both clients and attorneys benefit from a better understanding of the unique circumstances and concerns facing each of them. The members at the initial meeting wanted to create an organization where quality members would be encouraged to introduce their quality clients to other members, to promote an exchange of ideas between clients and lawyers, and to have frank discussions concerning the lawyer/client relationship.

IAG International (Integrated Advisory Group International) (Multidisciplinary)

#### Address:

IAG Administration Office 3a Westgate Oakham, LE15 6BH, England U.K.

Contact: Christopher Whitamore Email: admin@iagweb.com Telephone: +44 1572 724733 Fax: +44 1572 757797 Website: www.iagweb.com

**Number of Firms:** 71 **Number of Lawyers** 1,600

**Regions:** Global

**Description:** Our deep personal knowledge and trust of one another makes all the difference. IAG is unique in the level of well-justified confidence it builds and maintains between members.

International offices don't mean distant relationships. IAG members know one another. Each member firm is carefully selected after an exhaustive interviewing process. We hold three meetings a year, each in a different country. Over time this discipline, plus the operational experience of working together, allows every member to develop strong bonds of trust, and often friendship, with every other member. This dynamic translates into seamless, hassle-free service for members' clients around the world. When we pick up the phone to speak to a member in another country on your behalf, we're talking to someone we know and in whom we have confidence. No red tape. Quick answers to easy questions, expedited strategy, and action on more complex challenges.

We work with large companies, mediumsized businesses, and individuals. Our members include lawyers, accountants, tax advisers, and fiduciaries, some of whom work in association with other specialists: economists, real estate advisers, or financial advisers. No matter what your challenge, no matter where it is, you won't have to feel like you're working in a country that's "foreign" to you ever again.

## **IAPL**

## Address:

Seepark/Gartenstrasse 4 P.O. Box 4819 CH-6304 Zug Switzerland

Contact: Dr. Rainer Riek Email: r.riek@zwlawyers.com **Telephone:**+41 41 728 71 61 Fax: +41 41 728 71 66 Website: www.iapl.org

**Number of Firms: 36 Number of Lawyers: 37** 

Regions: Europe

**Description:** The International Association of Practising Lawyers (IAPL) was set up to answer the complex and rapidly changing legal requirements of companies with international business.

Every IAPL member is committed to offering the same standards of professional and personal services overseas that you would expect in your own country.

#### **IASW-EWIV**

#### Address:

Sperling & Kollegen Evastrasse 4a. 81927 Munich Germany

**Contact:** Email:

**Telephone:** +49 89 9209090 Fax: +48 89 92090920

Website:

**Number of Firms: 73** Number of Lawyers: 165

Regions: Europe

**Description:** 

## IGAL (Multidisciplinary)

#### Address:

37 Warren Street London, W1T 6AD, England U.K.

Contact: Beverley Leonache Email: bleonache@igal-network.com

**Telephone:** +33 1 83 23 14 Fax: +33 1 83 49 23 14

Website: www.igal-network.com

**Number of Firms: Number of Lawyers: Regions:** Global

**Description:** IGAL's purpose is to generate business opportunities for its members and their clients, while continuing to provide

international legal, auditing, and accountancy services of the highest standard to such clients. Additionally, IGAL aims to provide a global forum for the professional exchange of ideas, firm management, and social interaction.

Our members are dedicated to providing expert and personal assistance to reduce the obstacles of doing business in a foreign environment and at a distance, with an emphasis on quality, communication and collaboration. The open exchange of information and business referrals are of utmost importance to members, and we are united in furthering the best interests of the

## ij International Jurists

#### Address:

c/o The Cube Barrack Road Newcastle upon Tyne NE 4 6DB England

Contact: Dr. Gunther Kreuzer, DR. KREUZER & COLL, Anwaltskanzlei, Lorenzer Platz, 3a D-90402, Nürnberg, Germany

Email: guenther.kreuzer@kreuzer.de **Telephone:** +00 49 911 20 22 0 Fax: +00 49 911 20 22 101

Website: www.internationaljurists.com

Number of Firms: 37 Number of Lawvers: 1300

Regions: Global

**Description:** ii INTERNATIONAL JURISTS is a well-established global legal network of independent law firms covering a wide range of legal expertise and working cooperatively to find solutions for our clients worldwide. ij INTERNATIONAL JURISTS, through its members, provides clients with expert legal assistance and local market knowledge. Its focus is to assist enterprises with their cross-border ventures. Member firms are committed to working together in close cooperation to deliver highquality legal assistance and excellent client services. Though we are independent firms, we believe that our long-standing professional and personal relationships ensure the benefits of a truly international network through genuine teamwork. Our network, formally founded in 1993, consists of 37 firms with more than 1,300 lawyers and support staff in 34 countries. We continue to seek additional members in strategic locations throughout the world,

submitting each prospective member to a rigorous assessment of professionalism and competence.

**AILFNILN** – International Lawyers Network

Address:

179 Kinderkamack Rd. Westwood, NJ 07675 U.S.

Contact: Lindsay Griffiths Email: lindsaygriffiths@iln.com Telephone: 201 594 9985 Fax: 201 740 9765

Number of Firms: 91 Number of Lawyers: 5,000

Website: www.iln.com

Regions: Global

**Description:** ILN is an association of 91 law firms with more than 5,000 lawyers worldwide. Member firms offer service in a wide range of practice areas including corporate and commercial law, securities law, taxation, commercial litigation, dispute resolution, employment law, government contracting, intellectual property law, administrative law, and estate planning.

IMMLAW (National Consortium of Immigration Law Firms)

Address:

900 Circle 75 Parkway, Ste. 1350, Atlanta, GA 30339-3095 U.S.

Contact: Jay I. Solomon

Email: jsolomon@usimmlaw.com

**Telephone:** 770 955 1055, **Fax:** 770 955 9303 **Website:** www.immlaw.com

Number of Firms: 24 Number of Lawyers: 24

Regions: U.S.

**Description:** A network of lawyers concentrating exclusively on immigration law. IMMLAW has 17 members located

throughout the United States.

Information Club

Address:

Nauta Dutilh Stadhuisplein 4 P.O. Box 6019 5600 HA Eindhoven Contact: Anthony Driessen, Esq. Email: anthony.driessen@nautadutilh.com

**Telephone:** +31 40 297 0000 **Fax:** +31 10 246 1375

Website:

Number of Firms: Number of Lawyers: Regions: Europe

**Description:** 

**Information Technology Law Group Europe** 

Address:

Bardehle Pagenberg Dost Altenburg

Geissler Galileiplatz 1 81679 Munich Germany

Contact: Dietrich Beier Email: beier@bardehle.de Telephone: +49 89 92 805 215

Fax:

Website: None

Number of Firms: Number of Lawyers: Regions: Europe

**Description:** 

Insuralex

Address:

801 South Grand Avenue, 9th Floor Los Angeles, California 90017

Contact: Jean Lawler

Email: JLawler@murchisonlaw.com

**Telephone:** 213-630-1019 **Fax:** 213-623-6336

Website: www.immlaw.com

Number of Firms: 33 Number of Lawyers: 33

**Regions:** Global

**Description:** Insuralex is a group created by independent law firms that specialize in insurance and reinsurance coverage, defense, litigation, and all other related legal

defense, litigation, and all other related leg

services.

Globalization and changes in the worldwide insurance market enable insurers and reinsurers to market their products across national borders in a growing global

economy.

Different local laws and procedures may affect the conduct of insurance business on a cross-border basis, and this is evident in the handling of international or multinational claims. An insurer can navigate these complexities by using a group of lawyers from different jurisdictions who are each specialized in their respective national insurance and reinsurance law systems, but who are also affiliated to work with each other

## **Interact Europe**

#### Address:

Pitmans 47 Castle St. Reading, Berks RG1 7SR, England U.K.

Contact: Mr. C.H. Avery Email: cavery@pitmans.com Telephone: +44-(0) 118 958 0224 Fax: +44-(0) 118 958 5097 Website: www.interacteurope.com

Number of Firms: 13 Number of Lawyers: 150

Regions: Europe

Description: The InterAct group was founded in 1990 by Pitmans, based in Reading, U.K., at a time when that firm felt a need to be part a European-wide association to obtain reliable legal services for its clients. With trade expanding within the European Community, Pitmans increasingly had to be able to obtain legal advice throughout the Community. There were six founding members, all of whom had been personally recommended for membership and who were all visited at their offices by partners of Pitmans before being admitted to membership.

## Inter-American Network of Environmental Law

## Address:

1500 San Jacinto Center 98 San Jacinto Blvd. Austin, TX 78701-4039 U.S.

**Contact:** Aileen Hooks

Email: aileen.hooks@bakerbotts.com

**Telephone:** 512 322 2616 **Fax:** 512 322 8314 **Website:** www.riela.org

Number of Firms: 17 Number of Lawyers:

Regions: North and South America

**Description:** RIELA<sup>TM</sup> (Red Interamericana de Especialistas en Legislación Ambiental) is a network of independent law firms providing for the exchange of professional information about the local and regional practice and development of environmental law in the Americas, facilitating and disseminating communications among its members, and improving the members' abilities to serve the needs of their respective clients. The members of RIELA<sup>TM</sup> maintain complete autonomy; render professional services to their respective clients on an individual and separate basis; are not in any way restricted from handling or accepting cases from non-RIELA<sup>TM</sup> members or from joining other professional organizations; and are not affiliated for the joint practice of law.

## **Interjures**

#### Address:

Interjures Consult GmbH Rechtsanwalt Peter Heun Ossecker Str. 174 95030 Hof Germany

Contact: Peter Heun Email: heun@interjures.com Telephone: +49 9281 7055 Fax: +49 9281 705 900 Website: www.interjures.com

Number of Firms: Number of Lawyers: Regions:

**Description**:

## Interlaw

#### Address:

1900 Avenue of the Stars Seventh Floor Los Angeles, CA 90067 U.S.

Contact: Imogen Lee Email: ilee@interlaw.org Telephone: 310 459 2905 Fax:

Website: www.interlaw.org

Number of Firms: 66 Number of Lawyers: 5,000+

Regions: Global

**Description:** Today's global companies depend on the expertise of business lawyers who are fluent in the native language, laws, rules, regulations, and customs of their own jurisdictions, yet who are broadly educated and experienced in working with domestic and global clients. For more than thirty years Interlaw has been the preferred international network of reliable, quality-monitored, corporate, commercial, independent law firms. Corporate counsel and other executives choose Interlawyers in some 125 cities worldwide as their primary resource for legal representation.

## **Interlegal**

#### Address:

Route jes Jeunes 4 1227 Geneva Switzerland

Contact: William Blum, Marketing Committee Chair; Colin Russell, Officer

Email: wblum@solblum.com: officer@interlegal.net **Telephone:** 212 267 7600 Fax: 212 267 2030

Website: www.interlegal.net

Number of Firms: 37

Number of Lawyers: more than 600

**Regions:** Global

**Description:** As an international network of independent commercial law firms, Interlegal is an attractive and accountable alternative to a large international firm or to firms with offices in more than one specific jurisdiction. Founded in the 1980's, Interlegal is one of the world's longest established legal networks. Interlegal member firms are culturally sensitive to the ways of doing business in different jurisdictions. We counsel a diverse clientele, from large public corporations and public authorities to small businesses and individuals, offering clients a full range of corporate legal services, complemented by knowledge of business, customs, and local culture within each country.

## Interleges

#### Address:

1251 Avenue of the Americas New York, NY 10020 U.S.

Contact: Jeffrey E. Glen Email: jglen@andersonkill.com **Telephone:** 212 278 1009

Fax:

Website: www.interleges.com

Number of Firms: 24 Number of Lawyers: 500

**Regions:** Global

Description: Interleges was created in 1989 as one of the first international legal networks. It is an association of independent law firms, and today has members across the world in the European Union, Eastern Europe, North America, the Middle East, and Asia. Interleges also has approved correspondents in the jurisdictions where we do not have members.

Each member of the association is equally committed to providing a quality service and solution to the legal issues you may have. Contact any firm in the Interleges network, and you can be confident of receiving the assistance of an experienced lawyer with the requisite local knowledge to provide a quick and effective solution for you.

Wherever necessary, your own lawyer and the overseas Interleges lawyer will work together on your behalf.

## The Interlex Group

#### Address:

200 West Madison Street, Ste. 3000 Chicago, IL 60606, U.S.

Contact: Lawrence B. Swibel, President

Email: lswibel@fslc.com **Telephone:** 312 224 1214 Fax: 312 224 1201

Website: www.interlexgroup.com

**Number of Firms: 45** Number of Lawyers: 10,500

**Regions:** Global

**Description:** Founded in 1973, the Interlex Group is a global association of 45 leading law firms providing a range of business and legal services to clients. Members are located in such diverse regions as Asia, Australia, New Zealand, Europe, Latin America, the Middle East, and the United States. Member firms are encouraged to develop personal relationships through the organization's annual meeting and periodic meetings of specialized practice groups. In 2014, Chambers awarded Interlex their highest "Tier 1 - Elite" ranking in the global

network category.

## **International Attorneys' Club**

Address:

International Attorneys' Club c/o Gorrissen Federspiel Kierkegaard H.C. Andersens Boulevard 12 1553 Copenhagen Denmark

Contact: Mr. Peter Appel, Secretary

Email: pa@gfklaw.dk
Telephone: +45 33 41 41 41
Fax: +45 33 41 41 33
Website: www.iaclaw.com

Number of Firms: 25 Number of Lawyers: 500

**Regions:** Europe

**Description:** The International Attorneys' Club (IAC) is a worldwide network of lawyers for legal assessment, judicial assistance, and arbitration.

## **International Business Law Consortium (IBLC)**

#### Address:

Center for International Legal Studies PO Box 19 5033 Salzburg Austria

Contact: Paul Clifford

Email:

pclifford@lawpracticeconsultants.com **Telephone:** +43 662 835399-20

Fax: +43 662 835 Website: www.iblc.com

Number of Firms: 100 Number of Lawyers: 1,500

Regions: Global

**Description:** The International Business Law Consortium (IBLC) brings together more than 100 independent law firms, tax advisers, and business consultancies. These firms have more than 1,500 professionals with both general and specialized expertise.

## **International Franchising Lawyers Association**

Address:

Oxfordstrasse 21, 53111 Bonn Germany

Contact: Jan Patrick Giesler

 $\pmb{Email: buero.giesler@busse-miessen.de}\\$ 

**Telephone:** 49-228 98391-26

Fax: 49-228 630283

Website: www.franchiselawyers.net

Number of Firms: 52 Number of Lawyers: Regions: Global

Description: IFLA is an international organization of lawyers specializing in franchising, distribution, and lcensing. IFLA operates in North America, Europe, Asia, Oceania, and Africa, although it happens to be a registered association under the Laws of the Federal Republic of Germany. The member law firms are engaged in advising franchisors and licensors all over the world. Most of IFLA's members have been involved in franchising and international business for at least 10 years.

## **International Law Firms**

Address:

Rheinstr. 2 76532 Baden-Baden Germany

Contact: Lutz Kaiser, Chairman Email: chairman@ilflaw.com Telephone: + 49 7221 992390 Fax: + 49 7221 992391 Website: www.ilflaw.com

Number of Firms: 70 Number of Lawyers: Regions: Global

Description: International Law Firms (ILF) is an international association of independent law firms. ILF prides itself in providing high quality, responsive, and effective representation. Founded in 1998, the organization has grown to include approximately 70 firms from 50 countries worldwide. The size of ILF's members fosters close personal and professional relationships between member firms. ILF members value these personal relationships because clients can be recommended to associated firms in other locations with complete confidence.

## $International\ Practice\ Group\ (Multidisciplinary)$

Address:

Klausstrasse 19 Box 712 8034 Zürich Switzerland

Contact: Aylin Redondo

Email: aylin.redondo@ipg-online.org

**Telephone:** +41 58 523 60 65

Fax: +41 58 523 60 69 Website: www.ipg-online.org Number of Firms: 110

**Number of Professionals: 2,500** 

**Regions:** Global

**Description:** International Practice Group (IPG) is a non-profit association of independent lawyers, accountants, tax advisers, and other professionals who cooperate to transact international business cost effectively and to the highest professional standards. The group has a board of directors, an advisory committee, an ethics committee, and a members' coordinator. IPG currently has more than 110 member firms, combining more than 2,500 professionals throughout the world. Members meet at least twice a year during the spring or autumn conferences, which are held in different cities and are hosted and organized by the members.

The group is a non-exclusive association of independent, quality, and cost-conscious professionals who co-operate in advising international clients. It consists of law firms, accounting firms, and tax advisors.

#### **International Network of Boutique Law Firms**

## Address:

388 Market St., Ste. 900 San Francisco, CA 94111 U.S.

Contact: Charles M. Kagay, President

Email: ckagay@inblf.com Telephone: 415 956 5959

Fax:

Website: www.inblf.com

Number of Firms: 250 Number of Lawyers: 350

Regions: Global

Description: The International Network of Boutique Law Firms (INBLF) is a network of highly credentialed single-discipline boutique law firms across the United States and Canada. The INBLF also includes numerous leading full-service law firms around the globe in Europe, Asia and the Pacific, and Latin America to ensure that top-flight legal services are available to clients of INBLF firms wherever the need arises.

## **International Society of Primerus Law Firms**

## Address:

171 Monroe Ave., NW, Ste. 750

Grand Rapids, MI 49503

U.S.

Contact: John Buchanan Email: jbuchanan@primerus.com

**Telephone:** 800 968 2211 **Fax:** 616 458 7099

Website: www.primerus.com

Number of Firms: 175 Number of Lawyers: 2,500

**Regions:** Global

**Description:** The International Society of Primerus Law Firms is an international alliance of top-rated, independent small- to medium-size law firms that share a commitment to providing high quality service at reasonable fees. After receiving the invitation to join, nominees are evaluated for integrity, excellence of work product, reasonable fees, continuing education, civility to bench and bar, and community service prior to acceptance and are reviewed each year. Primerus offers its members a very methodical, calculated, sustainable, and dignified approach to help in their ongoing marketing and business development efforts. Although referrals are one aspect of Primerus, we are much more than a passive referral network. We are actively promoting our firms to in-house counsel and corporate clients. In a broader sense, we help our firms adapt to the changing economy and legal landscape around the world.

## IR Global

#### Address:

Contact: Tom Wheeler Email: thomas@irglobal.com Telephone: 44 1675 443396

Fax:

Website: international-referral.com

Number of Firms: 800 Number of Lawyers: Regions: Global

**Description:** International Referral is the next generation of networking and an evolution of the way firms promote themselves. The group is designed to assist forward-thinking firms with the highest standards by providing new business opportunities and a reliable referral service.

Based on ethical principles, the focus is on quality, trust, and shared ideals. This creates a hub that can cater to any need! The

International Referral head office is available to provide introductions, referrals, recommendations, advice, and support within the business, high net worth, and luxury sectors.

We offer members unrivalled exposure and value by being able to provide a platform for them to feature an up to date profile on their business, current news, deal and advisory requests and strategic proposals where required.

#### InterServe

#### Address:

808 Travis St., Ste. 905 Houston, TX 77002-5710 U.S.

**Contact:** Stephen E. Handel, Esq. **Email:** shandel@stephenhandel.com

**Telephone:** 713 224 5011 **Fax:** 713 224 5018

Website: www.interserveinc.org

Number of Firms: 10 Number of Lawyers: Regions: U.S.

**Description:** U.S.-based multidisciplinary alliance of independent professional firms having a global reach and serving international trade and investment markets. The firms of InterServe are dedicated to encouraging and facilitating global commerce.

## IP Lawyers Network

#### Address:

Michow & Partner Lenhartzstr. 15 20249 Hamburg Germany

Contact: Dr. Johannes Ulbricht Email: info@michow-partner.de Telephone: +49 40 4605767 Fax: +49 40 46881417

Website: www.iplawyersnetwork.com

Number of Firms: 66 Number of Lawyers: Regions: Global

**Description:** Our intellectual property specialists provide high-level legal services, protecting and managing your intellectual property globally. All law firms connected to our network have experience in protecting trademarks, copyrights, patents, designs, and trade secrets. In addition, all lawyers

connected to the IP Lawyers Network have extensive knowledge of media, entertainment, and sports law as well as highly-rated litigators within the field of intellectual property law. Our global team of IP lawyers will look after your business interests in the most meticulous manner.

## iSfin - Islamic Finance Advisors

## Address:



Contact: Laurent Marliere Email: lm@isfin.net

**Telephone:** + 32 483 359 515

Fax:

Website: www.isfin.net

Number of Firms: 50 Number of Lawyers: Regions: Global

**Description:** iSfin is the world's leading network of Islamic Finance law specialists.

iSfin members are all specialists from elite law firms with an international focus and deep understanding of Islamic finance.

Each member is admitted only after substantial due diligence and peer review procedures.

iSfin is a global organization of legal practitioners working in member firms, each of which is an independent legal entity.

## Iurispan

#### Address:

C/O Alberto Alcocer,  $7-8^{\circ}$  dcha. 28036 Madrid Spain

Contact: Fernando Scornik Gerstein Email: madrid@scornik-gerstein.com Telephone: +34 91 350 72 62

**Fax:** +34 91 350 73 06 **Website:** www.iurispan.org

Number of Firms: 13 Number of Lawyers: 79

Regions: Spain

**Description**: IURISPAN is a network of Spanish law firms established more than fifteen years ago. Its purpose is to provide

legal assistance and advice of the highest professional quality and ethical standards in all fields of legal practice.

We have offices located in the main Spanish cities and tourist resorts such as: Alicante, Almeria, Oviedo, Bilbao, Balearic Islands (Mallorca, Menorca and Ibiza), Barcelona, Cadiz, Canary Islands (Gran Canaria, Playa del Ingles, Lanzarote and Tenerife), Cuenca, Gijon, Huesca, Leon, Madrid, Malaga, Murcia, Pontevedra, Salamanca, Teruel, Toledo, Valencia, and Zaragoza.

## **Iurope**

## Address:

CBH - Cornelius Bartenbach Haeseman & Partner Bismarckstrasse 11-13 50672 Köln Germany

Contact: Prof. Dr. Kurt Bartenbach Email: k.bartenbach@cbh.de Telephone: +49 221 951 9088 Fax: +49 221 951 9098 Website: www.iurope.net

Number of Firms: 6 Number of Lawyers: 250

Regions: Europe

**Description**: Totaling more than 200 lawyers, this alliance of mid-size "full service" law firms offers expertise in almost all areas of business law to national and international business clients active in Continental Europe.

All firms are leading players in their respective jurisdictions. They all have deliberately avoided merging either with "Big 5" firms or with "Magic Circle" firms so as to continue offering value to clients who are after expert advice on national and European law at an attractively reasonable cost.

Experienced Teams: By working together frequently, members of IUROPE have developed extensive experience in carrying out together complex cross-border transactions and projects. Lawyers have learned to work with one another and have built long-term professional and personal relationships.

## IT Law Group Europe

## Address:

Contact: Kristian Foss Email: kristian@gille.no Telephone: Tel: +47 97 06 26 55

Fax: +47 22 51 96 01

Website: www.itlawgroup-europe.eu

Number of Firms: 15 Number of Lawyers: 250

Regions: Europe

**Description** Established in 1989, IT Law Europe is a network of independent law firms that has members in countries across the European Union, Scandinavia, and Eastern Europe.

## **IUS Laboris**

#### Address:

280 Boulevard du Souverain 1160 Brussels Belgium



Contact: Sam Everatt Email: exdir@iuslaboris.com Telephone: +32 2 761 46 10 Fax: +32 2 761 46 15

Website: www.iuslaboris.com

Number of Firms: 43 Number of Lawyers: 2,500

Regions: Global

**Description:** Ius Laboris is an alliance of leading human resources law practitioners. We have more than 2,500 lawyers providing local human resources law expertise across the globe, with member firms in more than 43 countries and coverage in more than 100 countries.

## **JCA International**

## Address:

Bayenthalgürtel 40 50968 Köln Germany

Contact: R. J. R. M. DeBok Email: debok@brglegal.com Telephone: +49 220 937 09 383 Fax: +49 220 937 09 384 Website: www.jca-lawyers.com

Number of Firms: 25 Number of Lawyers: Regions: Europe

**Description:** JCA International was founded in 1995 with the aim of creating a network of European commercial law firms. Its individual members provide their clients with services of a comparable standard and quality in the course of cross-border transactions.

JCA's strength is in close personal relationships between members as well as a high standard of service in terms of quality and competence. Membership is limited to one member firm per country.

Each member remains the exclusive contact and addressee for its clients, but may utilize the services of other members whenever required by the client

#### Juritax

#### Address:

JGS Rechtsanwaltsgesellschaft mbH Forum Zehlendorf Teltower Damm 35 D-14169 Berlin Germany

Contact: Jörg G. Schumacher Email: jgsrg.juritax@t-online.de Telephone: +49 030 816 853 0 Fax: +49 030 816 853 19 Website: www.juritax.de

Number of Firms: 74 Number of Lawyers: 222

Regions: Europe

## **Description:**

## **KPMG Legal Network**

## Address:

8 Salisbury Square, London, EC4Y 8BB, England U.K.

Contact: Tom Wethered

Email: tom.wethered@kpmg.co.uk

Telephone: Fax: Website:

Number of Firms: 45 Number of Lawyers: 1,000

**Regions:** Global

## **Description:**

## **Latin American Network**

#### Address:

Gardere, Arena y Asociados, S.C. Torre Esmeralda II- Blvd. Manuel A. Camacho No.36-1802 Lomas de Chapultepec 11000 México, D.F. Mexico

Contact: Charles Meacham Email: cmeacham@gardere.com Telephone: 525 284 8540 Fax: 525 284 8569

Website: www.latinamericannetwork.com

Number of Firms: 19 Number of Lawyers: Regions: The Americas

**Description:** The Latin American Network is comprised of major law firms in North, Central, and South America. The member firms understand the U.S. and European client's expectation that work will be performed promptly, thoroughly, and correctly. Most of their lawyers are bilingual, and many have been educated in the United States or Europe and trained in exchange programs with leading international law firms.

## Law Europe International

#### Address:

9 Mill Lane, Shoreham by Sea West Sussex BN43 5AG, England U.K.

Contact: Quintin Barry Email: qbarry@btinternet.com Telephone: +44 1273 455753

Fax:

Website: www.law-europe.com

Number of Firms: 30 Number of Lawyers: 900

**Regions:** Global

**Description:** Law Europe International is an association of law firms specializing in business and commercial law with a current membership of approximately 900 lawyers who provide clients with readily accessible legal services throughout the world. Law Europe International was originally founded in 1992. It is now increasing its membership

worldwide.

## Law Firm Network

## Address:

Grovedale Ballycorus Road

Kilternan Dublin 18 Ireland

Contact: Anthony MD Kirwan, Exec. Dir.

**Email:** tkirwan@netoverseas.com **Telephone:** +353 1 282 2773 **Fax:** +353 1 282 2773

Website: www.networkedlaw.com

Number of Firms: Number of Lawyers: Regions: Global

**Description:** The Law Firm Network offers businesses an alternative to global law firms: successful independent law firms working together in an integrated way, offering choice, competitive pricing, and local knowledge. If a network member isn't right for you or we don't have a member where you need to do business, our promise is to find you the right counsel quickly. Working with a Law Firm Network member is about accessing networks in the international legal community. The Law Firm Network does not restrict the firms that its members can work with. Law Firm Network members often work with law firms outside the network and belong to other legal groups. Clients often want to work with a law firm they already know in a particular country as well as accessing new firms through the network. We embrace this because we believe in choice.

## Law Firm Sustainability Network

#### Address:

Law Firm Sustainability Network c/o Gayatri Joshi, 63 Lurline Dr., Basking Ridge, NJ 07920 U.S.

**Contact:** Gayatri Joshi **Email:** info@lfsnetwork.org **Telephone:** 732 309 2946

Fax:

Website: www.lfsnetwork.org

Number of Firms: 30 Number of Lawyers: NA

Regions: U.S.

**Description:** The Law Firm Sustainability Network is a nonprofit organization of law firms and legal departments committed to promoting the benefits of environmental sustainability and corporate social responsibility within their firms and throughout the legal industry. We believe by

working collaboratively and giving firms essential tools and resources, we can have an ever-greater impact on preserving the environment. The LFSN's mission is to develop key performance indicators, foster knowledge sharing, develop best practice guidelines, and recognize innovation regarding environmental sustainability in the U.S. legal sector.

## L2B Aviation

#### Address:

Gastons, Tytherton Lucas Wiltshire SN15 3RN, England

Contact: Richard Hames Email: via website

**Telephone:** +44 1249 740 775

Fax:

Website: www.l2baviation.com

Number of Firms: 42 Number of Lawyers: Regions: International

Description: L2B Aviation is the world's premier network of independent aviation law firms, enabling clients to gain access to member firms in more than 40 countries and contacts throughout the rest of the world. Our constantly growing network covers, among other regions, Europe, the Americas, the Caribbean, Africa, Middle East, and Far Fast

L2B Members act for airlines, financiers, lessors, manufacturers, insurers, airports, and export credit agencies. Members specialize in providing legal advice to the aviation industry in all areas. Members have in-depth knowledge and extensive experience of all aspects of aircraft and engine leasing and financing, including operating leases, export credit financings, commercial debt financings, and tax-based transactions. Members also provide advice, among other things, on passenger and liability claims, litigation, arbitration, and dispute resolution.

## LA Tax Net

## Address:

Edificio Santo Dumont Of. 17 Punta del Este Uruguay

Contact: Luis Hernandez Email: lhernandez@lataxnet.net Telephone: 598 954 23515

Fax: 503 226 2201 Website: www.lataxnet.net

Number of Firms: 18 Number of Lawyers: 1,200

Regions: Latin & Central America and the

Caribbean

Description: LATAXNET offers integrated tax advisory services in Latin and Central America and the Caribbean, proposing multi-jurisdictional solutions that take account of the opportunities presented by each country's legislation. We are a network of specialists who belong to some of the most highly regarded independent professional firms in the region, organized for the purpose of offering tax and legal services of the highest quality. Our organizational structure allows us to share experiences and professional know-how, but always keeping in mind the perspective and reality of each individual country.

## LawExchange International

#### Address:

Shakespeare House 42 Newmarket Road Cambridge, CB5 8EP, England U.K.

Contact: Lewis Isaacs, Secretary Email: lawexchange@hewitsons.com Telephone: + 44 1223 461155

Fax: + 44 1223 316511

Website: www.lawexchange.org

Number of Firms: 18 Number of Lawyers: Regions: Global

**Description:** LawExchange International is an association of mid-sized law firms serving clients doing business in major commercial markets across the globe. Our members are comprised of some of the top commercial firms serving middle-market and entrepreneurial businesses throughout Europe, the United States, China, India, the Far East, and Australia.

## **LawNet Limited**

## Address:

LawNet Ltd. First Floor, 93/95 Bedford Street Leamington Spa Warwickshire CV32 5BB, England U.K.

Contact: Chris Marston

Email: cmarston@lawnet.co.uk

**Telephone:** +44 1926 886 990 **Fax:** +44 1926 886 553 **Website:** www.lawnet.co.uk

Number of Firms: 66 Number of Lawyers: 2,000 Regions: U.K. and Ireland

**Description:** Formed in 1989, LawNet is the U.K. and Ireland's leading network of independent law firms. Today, with a total of 66 firms ranging in size from six to 39 partners, it provides a range of powerful benefits to its members and their clients.

#### Laworld

#### Address:

Kenneth Elliott & Rowe Enterprise House, 18 Eastern Rd., Romford Essex, RM1 3PJ, England U.K.

Contact: Mark Sadler Email: mbs@ker.co.uk Telephone: +44 1708 757575 Fax: +44 1708 766674 Website: www.laworld.com

Number of Firms: 24 Number of Lawyers: 700

Regions: Global

**Description:** LAWORLD is a network of independent law firms that are international in outlook, local in scope. Our member firms are able to provide you with up-to-date legal advice covering a wide range of issues. We have member firms in 24 countries.

#### LawPact

#### Address:

Rieck and Crotty, P.C. 55 West Monroe St., Ste. 3390 Chicago, IL 60603 U.S.

Contact: Douglas Conover Email: dconover@rieckcrotty.com

**Telephone:** 312 726 4646 **Fax:** 312 726 4646

Website: www.lawpact.org

Number of Firms: 125+ Number of Lawyers: Regions: Global

**Description:** LawPact is an international association and network of independent business law firms created to assist member

firms in pursuing excellence in client service, firm management, profitability, the application of evolving technologies, and marketing and to create a transnational, juried referral panel to serve the global legal needs of member firm clients. LawPact's mission is to improve the management of member's practices, to assist members to better evaluate growth strategies for their practices, and to provide a referral and resource network among its member firms.

## Lawrope

#### Address:

Rijppaert & Peeters Heuvelstraat 10 4901 KD Oosterhout The Netherlands

Contact: J.L. de Crom, President Email: crom@rijppaert-peeters.nl Telephone: +31 16 24 53 811 Fax: +31 16 24 26 514 Website: www.lawrope.com

Number of Firms: Number of Lawyers: Regions:

Description: LAWROPE was founded in 1990 to provide comprehensive pan-European legal advice. We have brought together a range of leading law firms in different jurisdictions to meet the diverse needs of companies trading and operating internationally. We have members in European countries including Austria, Belgium, Denmark, England, France, Germany, Greece, Italy, Netherlands, Poland, Portugal, Spain, Sweden, and Switzerland. We also have members based in other jurisdictions including countries in America and Asia such as India, Mexico, China, and more. We have changed the way people use international legal services.

## Law South

## Address:

Metro House Northgate Chichester West Sussex, P019 1BE, England U.K.

Contact: Gordon Reed

Email: gordonreid@barlowrobbins.com

Telephone: +44 1243 786033 Fax: +44 1243 789426 Website: www.lawsouth.co.uk Number of Firms: 11 Number of Lawyers: 867

Regions: England

#### **Description:**

#### Lawyers Associated Worldwide (LAW)

#### Address:

2823 McKenzie Point Rd. Minneapolis, MN 55391

**Contact:** Hallie Mann, Executive Director **Email:** halliemann@lawyersworldwide.com

**Telephone:** 952 404 1546 **Fax:** 952 404 1796

Website: www.lawyersworldwide.com

Number of Firms: 97 Number of Lawyers: 4,000

Regions: Global

**Description:** The member firms in Lawyers Associated Worldwide have long recognized the importance of globalization and the effect it has on their clients. Our connections enable you to make contact with key professionals in countries where you may do business, or when you require legal assistance in other parts of your own country.

LAW provides the answer to that most important of questions: "Do you know a good lawyer there?" Through LAW, you can discuss your transactions with someone who understands the local language and business culture and who can provide the legal expertise and services you require wherever you do business.

#### L&E Global

#### Address:

Executive Director Avenue Louise 221 B 1050 Brussels Belgium

Contact: Stephen Swinkels

Email: stephan.swinkels@leglobal.org

**Telephone:** +32 2 64 32 633

Fax:

Website: leglobal.org

Number of Firms: 21 Number of Lawyers: 1,500

Regions: Global

**Description:** In today's global economy, it is likely that your business is international in scope — or soon will be. When your employees are your most valuable asset, the employment, labor, employee benefits, workplace privacy (including data privacy), and immigration issues you address every day are also truly global.

L & E Global is a worldwide alliance of premier boutique employment law firms. Each member firm concentrates its practice on employment law, employee benefits, labor relations, and immigration, and each firm is recognized by clients and legal organizations as a leader in this field.

## Leading Counsel Network (LCN)

#### Address:

Olimiysky Center Suite 14, 11<sup>th</sup> Floor 72 Velyka Vasylkivska Kiev, 03150 Ukraine

Contact: Olga Frolova Email: olga\_frolova@epam.ru Telephone: +380 44 2071060/61/62/63

**Fax:** +380 44 2071064 **Website:** www.cislcn.com

Number of Firms: 9 Number of Lawyers: 300 Regions: CIS countries

**Description:** CIS Leading Counsel Network (LCN), a professional network of nine leading law firms across the CIS (Commonwealth of Independent States) economic region offering clients integrated multi-jurisdictional legal advice. The network brings together law firms in Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Turkmenistan, and Ukraine, and aims to combine highest international professional standards with a unique local insight in the regions, which are increasingly attracting international investments. The alliance enhances the cross-border capabilities of member firms in the CIS region and offers clients integrated teams, unparalleled resource base and access to the best local

#### Legalink

#### Address:

Rua da Mesquita, Casa dos Areasis 2705-352 Colares Portugal

knowledge in each country.

Contact: Rita Jardim Email: ritajardim@legalink.ch Telephone: +351 91 234 9755

Fax:

Website: www.legalink.ch

**Number of Firms:** more than 64 **Number of Lawyers:** 3,000

Regions: Global

**Description:** Legalink is an unique association of independent leading law firms located in most of the world's financial and commercial centers, representing 64 firms in 48 different countries and around 3,000 lawyers.

#### **Legal Counsel International**

#### Address:

Ater Wynne, LLP 222 S.W. Columbia St., Ste. 1800 Portland, OR 97201

Contact: Akana K.J. Ma Email: akm@aterwynne.com Telephone: 503 997 2200 Fax: 503 226 2201 Website: www.lcilaw.com

Number of Firms: 13 Number of Lawyers: 170

Regions: U.S.

**Description:** Legal Counsel International has member firms in 13 countries offering legal services in a broad range of practice areas. Members must be fluent in English and have significant experience in international business matters. Membership is by invitation only.

## Legal Netlink Alliance

#### Address:

Aronberg Goldgehn Davis & Garmisa One IBM Plaza, Ste. 3000 Chicago, IL 60611 U.S.

Contact: Jay A. Frank Email: jfrank@agdglaw.com Telephone: 312 828 9600 Fax: 312 828 9635

Website: www.legalnetlink.net

Number of Firms: 80 Number of Lawyers: 1,500

Regions: Global

**Description:** Legal Netlink Alliance is a network of midsize general practice firms. The alliance has more than 1,500 members from 80 firms. Members have access to legal professionals familiar with local policies and practices in 17 countries.

## Legal Network International (LNI)

#### Address:

6, rue Jean-Gabriel Eynard 1205 Geneva Switzerland

Contact: Horace Gautier

**Email:** horace.gautier@cabinetmayor.ch **Telephone:** +41 (0)22 318 58 18

Fax: +41 (0)22 318 58 12

Website: www.lninternational.com

Number of Firms: 65 Number of Lawyers: 5,000

Regions: Global

**Description:** Legal Network International results from the 2012 merger of Legal Network International and Oasis. A nonexclusive legal network, it comprises in total more than 5,000 legal professionals, represented in 135 cities (most of Europe, the U.S., Central and South America, Russia, the Middle East, and the Far East). Member firms are full-service, mediumsized, and internationally-focused law firms providing services such as corporate. international business transactions, foreign investment, M&A, company and commercial, dispute resolution, banking and finance, real estate, tax, government contracts, environmental law, intellectual property, media, and entertainment. Members meet twice a year and are directed by a Steering Committee that currently has nine members.

## Legus

#### Address:

3135 S. State St., Ste. 103 Ann Arbor, MI 48108 U.S.

Contact: Sandra J. Boyer

Email: sandra.boyer@leguslaw.com

**Telephone:** 734 929 6948 **Fax:** 734 929 6952

Website: www.leguslaw.com

Number of Firms: 75 Number of Lawyers: ~2,500 Regions: Africa, Asia, Europe, North America, South America, Latin America,

Russia, Australia

**Description:** LEGUS is an international network of high-quality law firms located around the world. LEGUS was founded in 1995 as a Michigan non-profit organization to help law firms better serve their clients as their needs for worldwide expertise expanded. For nearly 20 years LEGUS members have developed trusted, valuable, and respected relationships with one another. When client's needs go beyond their borders, a LEGUS member can contact almost 2,500 trusted lawyers to help meet those needs. LEGUS reflects a vibrant worldwide range of work and client referrals among member firms. We build close relationships among our members through referrals, the legal and educational programming held at our meetings, and an exchange of information focusing on member law firm business operations. Together these create true and lasting friendships within an environment of trust and confidence, which enhances our lawyer members as people and thus improves the quality of their legal performance and their ability to service their clients' business needs.



#### Address:

Werksmans Lawyers P.O. Box 927 Johannesburg 2000 Republic of South Africa

Contact: Celeste Oates Email: coates@werksmans.com Telephone: +27 11 488 0000 Fax: +27 11 484 3100/3200 Website: www.lexafrica.com

Number of Firms: 22 Number of Lawyers: 350

Regions: Africa

**Description:** Lex Africa, Africa's first true network of leading law firms, grew from the need for law firms in member countries to be in a position to provide their clients, both local and international, with legal and business advice in whichever jurisdiction they may find themselves, and particularly in relation to expanding Africa-to-Africa business.

#### LexLink

Address:

39 The Avenue Worcester Park Surrey, KT4 &HD, England U.K.

Contact: Nils Pettersen-Hagh Email: post@b7advokatene.no Telephone: +44 20 8330 0205

Fax:

Website: www.lexlink.org

Number of Firms: 14 Number of Lawyers: 200

Regions: Global

Description: Lexlink is an international network of lawyers engaged in general practice. Each member of Lexlink is authorized to practice law within its own country and can provide legal services there for clients of other Lexlink members using at least English as a language to conduct matters of corporate and business law, international transactions, commercial litigation, arbitration, taxation, and private client matters.

The key factor in the Lexlink network is the close contact and cooperation among members and this includes the facility of an office abroad if required. Lexlink members meet each other at least annually and otherwise at other times in the year, including instructing one another on behalf of clients

## Lex Mundi

Address:

2100 West Loop South, Ste. 1000 Houston, Texas 77027 U.S.

Contact: Carl Anduri Email: canduri@lexmundi.com Telephone: 713 626 9393 Fax: 713 626 9933

Website: www.lexmundi.com

Number of Firms: 160 Number of Lawyers: 21,000

Regions: Global

**Description:** Lex Mundi, the world's leading network of premier independent law firms, provides you access to more than 21,000 top-tier lawyers from 160 member

firms in 100+ countries. Each is a leader in its local jurisdiction, delivering the on-the-ground market expertise and indigenous insight you need to meet, manage, and overcome business challenges around the globe.

Our World Ready network provides you access to: premier member firms that have been vetted for their leadership, expertise, and capabilities for handling complex matters and disputes; global reach of unmatched breadth and depth; market- and industry-specific knowledge and strong connections to decision-makers and influencers at the local, national and global levels; seamless client service for cross-border matters; and legal resources to effectively and confidently deal with legal issues virtually anywhere in the world.

#### LexUniversal

#### Address:

Azevedo Sette Advogados Rua Paraíba, 1000 - Térreo, CEP 30130-141 Belo Horizonte, MG

Contact: Ordélio Azevedo Sette Email: osette@azevedosette.com.br Telephone: +55 31 3261 6656 Fax: +55 31 3261 6797

Website: www.lexuniversal.com

Number of Firms: 59 Number of Lawyers: 6,500 Regions: International

Description: LexUniversal.com® ("LexUniversal"), a corporation with headquarters in Wilmington, Delaware, U.S., is the only comprehensive website designed to help lawyers achieve the fastest, best, and most economical results possible for their clients. Conceived by an international collaboration of legal pioneers in 2000, LexUniversal.com® is an elegantly simple way for lawyers in more than 55 countries to participate in an instantaneous exchange of services and information. We are in full operation since September 2001 with an increasing number of users.

LexUniversal.com® is not a law firm, does not provide any kind of legal advice, and a fiduciary relationship is not created between the user and the law firm participant of LexUniversal. However, we possess the capacity of linking the services of numerous international law professionals in a sole forum, professionals who are able to provide

help and information on domestic and global legal subjects.

#### Lexicom

#### Address:

Beale & Company Garrick House 27-32 King Street Covent Garden, WC2E 8JB, England U K

Contact: Michael J. Archer Email: m.archer@beale-law.com Telephone: +44 020 7240 3474 Fax: +44 020 7240 9111 Website: www.lexicom.org

Number of Firms: 17 Number of Lawyers: Regions: Europe

**Description:** The Beale & Company ethos is about delivering a friendly and approachable service, with the commitment that the needs of our clients come first – at every stage.

Our teams have specialist experience in the specific business sectors of infrastructure, insurance, professions and technology. Thro ugh this we ensure that we deliver the depth of knowledge required by our clients – both domestically and internationally.

Our aim is to develop and maintain longstanding relationships with our clients. Based on a strong understanding of clients' business needs and the challenges of operating in a global market, our lawyers tailor their approach to address clients' specific legal requirements. Our service is built around cost-effective advice while maintaining a partner-led approach.

We have a proud history of acting for clients around the world. We have built an international practice that provides clients with a first-class service, wherever they are. We are structured to advise clients from the U.K. from our London and Bristol offices, or through a local presence – either directly from our well-established office in Dublin or in collaboration with our international partners. This ensures clients receive the most appropriate expertise.

In the Middle East we can support clients in the projects and construction, insurance, and technology sectors with the growing opportunities in this region through our links with local law firms. In Europe, we can draw upon local knowledge – both legal and commercial – through our links with the Lexicom Network, which includes some of the foremost law firms in the region.

In Africa, through our "best friends" relationship with ALN (Africa Legal Network), we provide clients with access to local law providers in this area of significant economic growth.

### **Lexwork International**

#### Address:

111 East Wacker Dr., Ste. 2800, Chicago, IL 60601 U.S.

Contact: Forbes Sargent Email: cfsargent@sherin.com Telephone: 617 646 2189 Website: www.lexwork.net

Number of Firms: 48 Number of Lawyers: 2,100

Regions: Global

**Description:** Lexwork International is a network of 48 independent law firms located in Europe, the U.S., Canada, Latin America, and Asia. Lexwork members hold an annual meeting that is held each autumn, as well as a number of conference calls to provide opportunities for networking and sharing expertise. Various working groups also hold regular conference calls focusing on specific areas of law.

#### Libralex

#### Address:

Cayol, Cahen & Associés 56 Avenue Victor Hugo 75116 Paris France

Contact: Bernard Cahen

 $\pmb{Email:}\ avocats@cayol-cahen-associes.com$ 

**Telephone:** +33 1 53 64 52 00 **Fax:** +33 1 45 00 45 99 **Website:** www.libralex.com

Number of Firms: 22 Number of Lawyers: 150

Regions: Europe

**Descriptions:** LIBRALEX is a Europe-wide association of independent law firms created

to provide both effective advice on legal matters and representation before the courts on national, international, and European Community matters, and in major European languages appropriate to the client.

#### LNI (Legal Network International)

Address:

Contact: Peter Danowsky

Email: peter.danowsky@danowsky.se

Telephone: Fax:

Website: www.lninternational.com

**Number of Firms: 50** Number of Lawyers: 5,000 **Regions:** International

**Description:** LNI is a network of independent law firms covering more than 50 countries worldwide. LNI was created in May 2012 by the merger of two longestablished networks, Legal Network International (LNI) and OASIS (The Organisation of Advocates Specialising in International Services).

LNI offers its member firms and their clients access to high calibre legal services all over the world.

TH MERITAS

#### Meritas

Address:

800 Hennepin Ave. Suite 600, Minneapolis, MN 55403

U.S.

Contact: Tanna Moore Email: tmoore@meritas.org **Telephone:** 612 604 0080 Fax: 612 337 5783 Website: www.meritas.org

Number of Firms: 177 Number of Lawyers: 7,006

Regions: Global

Description: Meritas is an established global alliance of independent, full-service law firms that connects businesses to its carefully selected membership: more than 7,000 lawyers in more than 170 law firms worldwide. Clients can easily connect with prequalified legal expertise worldwide.

## **MWE International Tax Panel**

Address:

McDermott Will & Emery

227 West Monroe St. Chicago, IL 60606 U.S.

Contact: Michael R. Fayhee, Partner

Email: mfayhee@mwe.com **Telephone:** 312 984 7522 Fax: 312 984 7700

Website: www.taxpanel.mwe.com

Number of Firms: 44 **Number of Lawyers:** Regions: Global

**Description:** Given the complexity of today's international marketplace, business and tax planning for multinational corporations is of paramount importance. Heightened controls and other efforts to establish and enforce standards of conduct for these companies are on the rise. Mandates such as Sarbanes Oxley, International Accounting Standards, audit committee oversight, and other issues related to tax risk management are fundamental to the administration of international businesses.

#### **Mackrell International**

Address:

21-25 Church Street West Woking Surrey, GU21 6D, England U.K.

Contact: Clive Mieville Email: secretariat@mackrell.net **Telephone:** +44 1483 755609 Fax: +44 1483 755818 Website: www.mackrell.net

**Number of Firms: 83** Number of Lawyers: 4,000

Regions: Global

**Description:** Mackrell International is one of the world's major networks of independent legal firms. With 76 firms in 142 offices in 53 countries, it can provide access to 4,000 lawyers worldwide. It has increased its representation by 35 percent in the last three years by making significant developments in Eastern Europe and in both North and South America.

## MSI Global Alliance (Multidisciplinary) ALFN

Address:

147-149 Temple Chambers 3-7 Temple Avenue



London, EC4Y 0DA, England U.K. Video

Contact: Timothy Wilson Email: twilson@msiglobal.org Telephone: +44 20 7583 7000 Fax: +44 20 7583 7577 Website: www.msiglobal.org

Number of Firms: 246

Number of Professionals: 10,552

Regions: Global

Description: MSI is an international association of independent legal and accounting firms. With more than 240 carefully selected member firms in more than 100 countries, MSI is one of the world's leading multi-disciplinary associations. MSI was formed in 1990 in response to the growing need for crossborder cooperation between professional services firms.

MSI member firms are among the leading and most reputable, independent local firms in their marketplaces and focus on serving clients of a similar size and profile. They share a common desire to provide partner-led, reliable and personal services.

#### Multilaw

#### Address:

125 Wood St, London EC2V 7AW, United Kingdom U.K.
Video



Contact: Adam Cooke

Email: secretariat@multilaw.com Telephone: +44 20 7410 9269 Fax: +44 20 7410 9270 Website: www.multilaw.com

Number of Firms: 80 Number of Lawyers: 8,000

Regions: Global

**Description:** MULTILAW was founded in 1990 on the premise that a number of carefully selected independent law firms can work together to fulfil clients' international needs. Today, it has more than 6,500 lawyers in more than 150 commercial centers throughout the world. Our mission is to help our members provide the best service possible to clients — everywhere, every day.

The purpose of Multilaw is to assist and support its member firms in the development and improvement of their practices through a variety of resources and programmes and to evolve and change in response to the needs of members, so that they, in turn, can provide the best service for their clients.

#### **National Network of Estate Planning Lawyers**

#### Address:

10831 Old Mill Rd., Ste. 400 Omaha, NE 68154 U.S.

Contact: Dan Stuenzi Email: info@nnepa.com Telephone: 800 638 8681 Fax: 402 778 7901 Website: www.nnepa.com

Number of Firms: 300 Number of Lawyers: 382

Regions: Global

**Description:** The network emphasizes continuing legal education and practice development. Founding members of the organization have published more than 25 books on estate planning. The alliance offers members a wide range of seminars and workshops, including a two-year Practicum Transformation Experience. Members also have access to practice tools and information on new technologies.

#### The Network

#### Address:

Gardere Wynne Sewell & Riggs, L.L.P. 1000 Louisiana St., Ste. 3400 Houston, TX 77002-5007 U.S.

Contact: Charles Meacham Email: cmeacham@gardere.com Telephone: 713 276 5633

Fax: 713 276 5555 Website:

Number of Firms: 8 Number of Lawyers: 2,500

Regions: U.S.

### **Description:**

#### The Network of Trial Law Firms

#### Address:

303 South Broadway, Ste. 222 Tarrytown, NY 10591 U.S.

Contact: Ellis R. Mirsky, Esq Email: emirsky@trial.com. Telephone: 914 332 4400 Fax: 914 332 1671 Website: www.trial.com

Number of Firms: 24 Number of Lawyers: 6,500 Regions: U.S. and Canada

**Description:** TRIAL.COM's member law firms use live and free streaming-video Continuing Legal Education to share effective trial and litigation management techniques.

#### **Oasis**

Oasis merged with Legal Network International in 2012. Please refer to Legal Network International for more information.

## Pacific Rim Advisory Council

## Address:

1 First Canadian Place, 40<sup>th</sup> Floor Toronto, Ontario M5X 1B2 Canada

Contact: Susan Iannetta Email: susan.iannetta@prac.org. Telephone: 416 863 4545

Fax: 416 863 4592 Website: www.prac.org Number of Firms: 32 Number of Lawyers: 10,000 Regions: Pacific Rim

**Description:** Pacific Rim Advisory Council is a Canadian-based global alliance of 32 top-tier law firms with substantial business in Asia and the Pacific Rim region, including South America, Australia, India, Mexico, the Philippines, and the USA. Members have access to semi-annual conferences, public seminars, and alliance publications. PRAC also sponsors a lawyer exchange programs among member firms.

## Pangea Net

#### Address:

c/o Browne Jacobson LLP Victoria Square House Victoria Square Birmingham, B2 4BU, England U.K.

Contact: Ryan Harrison, Network

Administrator

Email: info@pangea-net.org Telephone: +44 0 121 237 3950

Fax:

Website: www.pangea-net.org

Number of Firms: Number of Lawyers: Regions: Global

Description: Pangea Net is an international network of independent law firms founded in 2009. In the jurisdictions that Pangea Net covers, its members are medium- and medium-large size commercial law firms with an international focus. The member firms provide a broad range of commercial legal services which include corporate, foreign investment, international trade, M&A, banking, tax, anti-trust, intellectual property, IT and technology, labor and employment, construction, real estate, environmental and zoning, public procurement, litigation, and arbitration.

## PLG International Lawyers

## Address:

41, Avenue de Sumatra 1180 Brussels Belgium

Contact: Julienne Laveaux Email: plg@plg.be Telephone: +32 2 374 88 46 Fax: +32 2 374 90 61 Website: www.plg.eu.com

Number of Firms: 24 Number of Lawyers: 1,300

Regions: Europe

Description: PLG was founded in November 1988 by lawyers from Great Britain, Belgium, France, Spain, and Italy. It was Europe's first integrated international law practice taking the form of a European Economic Interest Grouping (EEIG). Since 1988 Pannone Law Group has steadily expanded and now has offices in most European countries, with associate offices in other parts of the world, bringing together more than 900 lawyers and civil law notaries. The members of PLG are separate entities - each a respected practice in its own right. PLG's board of directors meets three times a year to consider future development and operational matters.

#### The Parlex Group of European Lawyers

#### Address:

Bates Wells & Braithwaite 2-6 Cannon Street London, EC4M 6YH, England U.K.

Contact: Philip Kirkpatrick

Email:

**Telephone:** +44 207 551 7777 **Fax:** +44 207 551 7800 **Website:** www.parlex.org

Number of Firms: 20 Number of Lawyers: 190

Regions: Europe

**Description:** Parlex Group of European Lawyers was established in 1971, bringing together practices specializing in commercial law. It now has members in most Western European countries and an affiliate in the United States of America. It was the first European Economic Interest Grouping registered in England. Its secretariat is in London.

#### Pragma

Address:

25, Rue Faidherbe, BP 249 59002 LILLE Cedex France

Contact: Michel Lacroix (Chairman) Email: m.lacroix@pragma-fr.com Telephone: +33 03 20 12 05 84 Fax: +33 03 20 55 62 60 Website: www.pragma-eu.com

Number of Firms: 53 Number of Lawyers: Regions: Global

Description: Pragma is an international network of law firms established in January 2001. It resulted from the aspirations shared by four European law firms from France, Italy, Spain, and Portugal. Having worked together for more than 10 years, it was decided to set up Pragma to advise individuals and companies in the context of the increasing globalization of business relations. Pragma differs from many other law networks having only one law office or one law network per country. Currently, Pragma has 53 law offices in 23 countries with a turnover of more than 100 million

## **PwC Legal Network**

#### Address:

PricewaterhouseCoopers Legal LLP 1 Embankment Place London, WC2N 6DX, England U.K.



Contact: Leon Flavell

**Email:** leon.flavell@pwclegal.co.uk **Telephone:** +44 0 20 7212 1945 **Fax:** +44 020 7212 1570

Website: www.pwc.com/gx/en/legal

Number of Firms: 75 Number of Lawyers: 2,400

Regions: Global

Description: With more than 2,400 corporate lawyers in more than 75 countries, our global network of highly qualified legal professionals are able to offer services tailored to your specific needs. We offer our clients project-based specialist legal advice and ongoing general counsel support. On almost all of our projects we work in teams with specialists from within the PwC network, including tax advisers, human capital consultants, corporate finance experts, actuaries, management consultants, and accountants. We pride ourselves in providing creative solutions and responding quickly and efficiently to clients' needs.

# Ratio Legis – Groupement International D'Avocats D'Affaries

#### Address:

Avendia del Portet 11-1º IZQ 03724 Moraira, Alicante Spain

Contact: Mr. Carlos Parra Candia Email: carlos.parra@rcg-consulting.com

**Telephone:** +34 96 649 1451 **Fax:** +34 96 574 5126 **Website:** www.ratiolegis.com

Number of Firms: 19 Number of Lawyers: 56 Regions: Europe

**Description:** Ratio Legis, an international network of business lawyers, was established in 1990. The members of Ratio Legis are law firms that practice individual and business law. The group's working languages are French and English.

Currently, Ratio Legis's main areas of activity are Europe, North Africa, and America.

## **Quality Solicitors**

### Address:

108 - 110 New Walk, Leicester, LE1 7EA, England U.K.

Contact: Craig Holt, President Email: info@qualitysolicitors.com Telephone: +0845 075 4058

Fax:

Website: http://www.qualitysolicitors.com/

Number of Firms: 200 Number of Lawyers: Regions: U.K.

**Description**: Quality Solicitors was founded in 2008 by barrister and current President Craig Holt, and Chief Operating Officer Saleem Arif.

The company officially launched in May 2009 as an Internet-based alliance of independent law firms in the United Kingdom. In May 2010 the original member firms began to rebrand under the Quality Solicitors name and the first 15 branded locations were launched that year, rising to 50 locations by November 2010.

In July 2011, the company expanded further when a national partnership with high street

stationery giant WHSmith was launched. The deal saw Quality Solicitors open Legal Access Points in WHSmith stores across the U.K.

In October 2011, Quality Solicitors announced a major investment in the company by private equity firm Palamon Capital Partners, who secured a majority stake. The investment paved the way for significant expansion for the brand, including the appointment of three new executive directors to head up the marketing, partner firms, and finance departments.

#### **RIELA**

#### Address:

Contact: Email: Telephone: Fax:

Website: www.riela.org/index.asp

Number of Firms: 16 Number of Lawyers: Regions: Latin America

**Description:** RIELA<sup>TM</sup> (Red Interamericana de Especialistas en Legislación Ambiental) is a network of independent law firms providing for the exchange of professional information about the local and regional practice and development of environmental law in the Americas, facilitating and disseminating communications among its members and improving the members' abilities to serve the needs of their respective clients.

# The Risk Management & Insurance Coverage Council

#### Address:

Hill Wynne Troop & Meisinger 10940 Wilshire Blvd. Los Angeles, CA 90024 U.S.

Contact: Michael A. Rossi, Esq. Email: mrossi@inslawgroup.com Telephone: 312 443 7664

Fax: 312 443 8664

Website: www.inslawgroup.com

Number of Firms: 12 Number of Lawyers: 12

Regions: U.S.

## **Description:**

#### Scandinavian Law Alliance

Address: P.O. Box 1703 111 87 Stockholm Sweden

Contact: Email:

**Telephone:** +46 8 614 3000 **Fax:** +46 8 614 3190

Principal Region: Scandinavia

Website:

Number of Firms: 3 Number of Lawyers: 630 Regions: Scandinavia

#### **Description:**

#### **SEELEGAL**

Address:

Boyanov & Co. 82, Patriarch Evtimii Blvd. Sofia 1463 Bulgaria

Contact: Borislav Boynov Email: b.boyanov@boyanov.com Telephone: +359 2 8 055 055 Fax: +359 2 8 055 000 Principal Region: Scandinavia

Website:

Number of Firms: 12 Number of Lawyers: 450 Regions: Southeast Europe

**Description:** The South East Europe Legal Group (SEE Legal) is an organization of 10 leading national law firms from 12 South East European Countries. We are the largest provider of legal services through the SEE region.

WE OFFER YOU: competent and prompt services, international standards, reasonable fees, deep local knowledge, experience and contacts, and one point of contact.

#### **ShipArrested**

Address:

Arizon Abogados Paseo de Reding 43, Groundfloor 29016 Málaga Spain

Contact: Valentine de Callatay

#### Email:

valentine.decallatay@shiparrested.com

**Telephone:** +34 952 21 17 74 **Fax:** +34 952 22 66 76

Website: www.shiparrested.com

Number of Firms: 270 Number of Lawyers: Regions: Global

## **Description:**

#### **SNR Denton Africa**

Address:

One Fleet Pace London, EC4M7RA, England U.K.

Contact: Paul Bugingo

Email: paul.bugingo@snrdenton.com Telephone: +44 020 7246 7441 Fax: +44 020 7246 7777

Website:

Number of Firms: 15

Number of Lawyers: 300 (Africa only)

Regions: Africa

**Description:** SNR Denton has a well-established reputation across Anglophone and Francophone Africa – one of the world's most exciting emerging markets.

We have particular expertise in banking and finance, trade and export finance, privatizations, PPP and project finance, mining, energy and infrastructure, telecoms, media and technology, capital markets, and dispute resolution. We have associate offices and alliances in 21 countries, along with an office in Cairo working in tandem with our London-based Africa practice and with the strategic support of our Middle East and Paris teams. This formula has delivered a track record of success right across Africa. Our depth of experience in Africa has enabled us to develop a thorough understanding of the key political, economic, regulatory, and legal issues that surround those doing business in the region.

## Southern Law Network

Address:

3000 Thanksgiving Tower 1601 Elm St. Dallas, TX 75202 U.S.

Contact: Stephen Good Email: sgood@gardere.com Telephone: 214 999 4216

Fax: Website:

Number of Firms: 11 Number of Lawyers: 1,000

Regions: U.S.

**Description:** The Southern Law Network is comprised of 11 leading law firms throughout the South. The network meets regularly to discuss ways to better improve client representation amongst the member firms. As a sign of that client focus, the group has created an extranet that allows members to share information, documents, and resources.

#### **SCG Legal**

#### Address:

1717 Pennsylvania Ave. NW, Ste. 1200 Washington, DC 20006 U.S.

Contact: David E. Poisson, Esq. Email: dpoisson@scglegal.com Telephone: 202 659 6601 Fax: 202 659 6641

Website: www.scglegal.com

Number of Firms: 147 Number of Lawyers: 11,700

Regions: Global

**Description:** SCG Legal is a seamless global network of 148 of the profession's preeminent independent law firms with more than 11,700 attorneys in nearly 450 offices around the world. By uniting their skills, expertise, and influence, our member firms help leading and growing companies in every industry navigate a complex and ever-changing legal landscape.

With local and regional experts across the globe, our independent member firms capitalize on the strength and effectiveness of our network to help their clients solve today's toughest business challenges. SCG Legal's s member firms in all 50 U.S. capital cities and in capital cities worldwide can also provide clients with information and expertise relating to lobbying and the practice of law before administrative, regulatory, and executive bodies in the represented capital cities. SCG Legal produces Lobbying, PACs and Campaign Finance: 50 State Handbook, which is

published annually by Thomson Reuters/West Group.

#### State Law Resources, Inc.

#### Address:

1155 15<sup>th</sup> St. NW, Ste. 500 Washington DC 2005 U.S.

Contact: Erin Murphy
Email: emurphy@statelaw.org

**Telephone:** 202 495 3120 **Fax:** 202 530 0659

Website: www.statelaw.org

Number of Firms: 48 Number of Lawyers: 4,900

Regions: U.S.

**Description:** State Law Resources, Inc., is an international network of independent law firms. In the U.S., SLR has one from each state and the District of Columbia. U.S. firms are selected for their experience in government relations and administrative and regulatory law at the state and federal level. Each member firm also has unique publicand private-sector experience. Outside the U.S., one firm per country is selected for their compatibility with the practice areas of the U.S. firms. We have firms in Canada and the United Kingdom.

## **TAGLaw**

#### Address:

The Appleton Group, Inc. 150 Second Avenue N., Ste. 710 St. Petersburg, FL 33701 U.S.

Contact: Richard Attisha Email: richard@taglaw.com Telephone: 727 498 4904 Fax: 727 895 3722

Website: www.taglaw.com

Number of Firms: 154 Number of Lawyers: 9,500

**Regions:** Global

**Description:** TAGLaw,® founded in 1998, is a worldwide alliance of independent law firms. The alliance today ranks among the five largest legal alliances in the world.

TAGLaw members are highly respected, value-driven law firms with local market knowledge and expertise. Members are carefully chosen based on their reputation and record, and on recommendations from

existing members. Members undergo a rigorous screening process prior to invitation to the alliance, and are ultimately reviewed and approved by the TAGLaw Advisory Board.

TAGLaw's standards of excellence and integrity are the vital elements that assure clients they will receive quality representation and a consistent level of professionalism. All TAGLaw firms agree to adhere to common objectives and standards, as documented in TAGLaw's Standards and Charter.

#### Taxand

#### Address:

1B Heinenhaff L-1736 Senningerberg Luxembourg 32

**Contact:** Frédéric Donnedieu de Vabres **Email** frederic.donnedieu@arsene-

taxand.com

**Telephone:** +33 01 70 38 88 01 **Fax:** +33 01 70 38 88 10 **Website:** www.taxand.com

**Number of Firms: 50** 

Number of Tax Advisors: 2,000

Regions: Global

**Description:** Taxand provides high-quality, integrated tax advice worldwide. Our tax professionals, nearly 400 tax partners and more than 2,000 advisors in nearly 50 countries, grasp both the fine points of tax and the broader strategic implications, helping our clients mitigate risk, manage their tax burden, and drive the performance of their business.

Taxand competes primarily with the Big 4 networks for high-end strategic tax advisory work for multinationals. We're different because we're independent — ensuring our clients adhere both to best practices and to tax law, and that we remain free from time-consuming audit-based conflict checks. This enables us to deliver practical advice, responsively.

## **Techlaw Group**

#### Address:

1111 Northshore Drive NW, Ste. N-400 Knoxville, TN 37919

Contact: Lisa Skinner

Email: lskinner@techlaw.org Telephone: 865 588 7456 Fax: 865 588 3009

Website: www.techlaw.org

Number of Firms: 18 Number of Lawyers: 9,000

Regions: U.S.

**Description:** The network has 18 member firms in more than 31 countries. Members offer legal services in industries that range from advanced materials, medical devices, and biotechnology to telecommunications, electronics, semiconductors, and software development. The group offers continuing legal educational programs, joint research projects and publications, and lawyer exchanges among member firms.

#### **TELFA (Trans European Law Firms Alliance)**

#### Address:

Avenue Louise 208 B-1050, Brussels Belgium

Contact: Giancarlo Agace Email: info@telfa.be Telephone: +32 2 642 27 59 Fax: +32 2 642 27 93

Website: www.telfa.org

Number of Firms: 122

Number of Lawyers: More than 700

Regions: Europe

**Description:** Trans European Law Firms Alliance (TELFA) is an international alliance of independent law firms established in 1989. The member firms comprise more than 700 lawyers throughout Europe.

The TELFA model is based on the recognition that smaller practices with low overheads, high flexibility, and local expertise are more suited on a continent composed of a majority of smaller markets. Its member firms respond effectively to local situations and cultures without the inefficiencies in the large international law firm model.

Through the sustained commitment of its members, TELFA has become one of the strongest alliances of independent law firms in Europe.

#### TerraLex

Address:

7300 NW 19<sup>th</sup> St., Ste. 203 Miami, FL 33126 U.S.

Contact: Terri Pepper Gavulic Email: TGavulic@terralex.org Telephone: 305 858 8825 Fax: 305 858 8986

Website: www.terralex.org

Number of Firms: 155 Number of Lawyers: 19,000

Regions: Global

**Description:** With a worldwide network of 15,000 attorneys in more than 155 top independent law firms located in 100 countries and 44 states, TerraLex lawyers guide clients through the challenges of global business.

## The Toledo Group

#### Address:

Shumaker, Loop & Kendrick, LLP North Courthouse Square 1000 Jackson Toledo, Ohio 43604-5573 U.S.

Contact: Paul Favorite

Email:

**Telephone:** 419 241 9000 **Fax:** 419 241 6894

Website:

Number of Firms: 10 Number of Lawyers: 1,800

Regions: U.S.

## **Description:**

#### Transatlantic Law International

## Address:

42 Brook St. London, W1K 5DB, England U.K.

Contact: Erik D. Lazar

Email: emea@transatlanticlaw.com Telephone: +44 207 100 1631 Fax: +44 207 100 7360

Website: www.transatlanticlaw.com

Number of Firms: 75+ Number of Lawyers: Regions: Global

Description: Transatlantic Law International is a dynamic international business law service with affiliates and more than 3,900 counsel in every major region and business capital of the world whose focus is to provide high quality, costeffective legal and business solutions across the broad range of business requirements for companies and investors seeking growth, investment, or restructuring of operations worldwide. If your business is going somewhere, we can help get you where you are going.

#### TTN

#### Address:

TTN Verein Baumackerstrasse 24 Postfach 6861 8050 Zürich-Oerlikon Switzerland

Contact: James Walfenzao, President

**Email:** james@corpag.com **Telephone:** + 5999 462 3700 **Fax:** + 5999 462 3970

Website: www.ttn-taxation.net

Number of Firms: 61 Number of Lawyers: Regions: Global

**Description:** TTN is a multi-disciplinary association of tax, accounting, and trust practitioners who have practical interest in international tax on a corporate and personal basis. The objects of our group are to provide information and contacts with our colleagues in various international jurisdictions. The group meets at different international locations twice a year. These meetings provide opportunities for the members to discuss matters of international tax on an informal basis. The group provides its members with strong educational support by means of the Internet and newsletters.

## Unilaw - International

## Address:

Contact: Mr. Bernhard Kloft Email: mej@nnlaw.dk Telephone: +49 0 40 368 030

Fax:

Website: www.unilaw.org

Number of Firms: 19 Number of Lawyers: 1,650

Regions: Europe

#### **Description:**

#### **USLFG**

Address: 3900 Key Center 127 Public Square

Cleveland, OH 44114-1291

U.S.

Contact: Philip Caron

Email: philip.caron@faegrebd.cocastro

**Telephone:** 216 566 5500 **Fax:** 216 566 5800 **Website:** www.uslfg.com

Number of Firms: 19 Number of Lawyers: 5,400

Regions: U.S.

**Description:** A national network of 19 U.S. law firms headquartered in major cities in the country's leading commercial states. The organization has 19 committees (including an International Practice Committee) representing its various practice groups. ULFG's group of 19 trustees meets three times a year.

## USFN (America's Mortgage Banking Lawyers)

#### Address:

14471 Chambers Rd., Ste. 260 Tustin, CA 92780 U.S.

Contact: Thomas P. Dore Email: tdore@cbddlaw.com. Telephone: 800 635 6128 Fax: 714 573 2650 Website: www.usfn.org

Number of Firms: 101 Number of Lawyers: 1,500

Regions: U.S.

Description: USFN is a nationwide network of mortgage banking lawyers. The organization offers referral services, educational seminars, industry news, publications, a LISTSERV, and training resources. Full membership is open to law firms and trustee companies; USFN also offers associate memberships to businesses that provide related services such as title services, property valuation, document retrieval, and commercial property management.

#### USLAW NETWORK

Address:

5905 NW 54th Circle Coral Springs, FL 33067

U.S.

Contact: Roger M. Yaffe Email: roger@uslaw.org Telephone: 800 231 9110 Fax: 800 231 9110 Website: www.uslaw.org

Number of Firms: 110 Number of Lawyers: 7,000

**Regions:** Global

Description: In today's global marketplace, legal needs often transcend geographic boundaries. Clients with complex needs turn to USLAW NETWORK (USLAW) member firms to represent them in the courtroom and the boardroom, next door, and across the United States and around the world. USLAW is an international organization composed of more than 110 independent, defense-based law firms with more than 7,000 attorneys covering the United States, Canada, Latin America, Europe, Asia, and Africa. Within the U.S. based firms, there are more than 170 offices. USLAW is comprised of highly rated law firms that are part of the NETWORK by invitation only. Member firms undergo a rigorous review process to insure outstanding quality of lawyers throughout the USLAW NETWORK. USLAW firms are experienced in commercial and business law. employment and labor law, litigation, and other business-related areas of law. All firms have substantial trial experience. USLAW member firms provide legal representation to major corporations, insurance companies, and large and small businesses alike.

## Virginia Law Network

#### Address:

Williams Mullen Two James Center 1021 East Cary St. Richmond, VA 23219 U.S.

Contact: Calvin W. Fowler Telephone: 804 643 1991 Fax: 804 783 6507

Website:

Number of Firms: 9 Number of Lawyers: 240

Regions: U.S.

## **Description:**

#### Warwick Legal Network

#### Address:

VDB Advocaten Notarissen Eindhovenseweg 126 NL-5582 HW Waalre Netherlands

Contact: Stuart Miller Chairman Email: miller@warwicklegal.com Telephone: +44 20 7553 9936

Fax:

Website: www.warwicklegal.com

Number of Firms: 26 Number of Lawyers: 500

Regions: Europe

**Description:** Medium-sized as well as large businesses are confronted with considerable challenges when preparing and implementing cross-border deals. Different legal systems and trading practices require close consultation between the parties involved.

The qualified legal counsel provided by member firms of Warwick Legal Network (WLN) confers an invaluable advantage when it comes to preparing and successfully implementing international business transactions.

WLN stands for international teamwork by experienced national lawyers with knowledge of, and expertise in, the law and customs of the country in which their clients are looking to do business.

The lawyers in Warwick Legal Network know each other personally, are accustomed to cooperating on an international basis, and are able to deliver the highest standards of cross-border professional advice and representation.

## Worklaw Network

#### Address:

Elarbee, Thompson, Sapp & Wilson 229 Peachtree St. N.E. 800 International Blvd. Atlanta, GA 30303 U.S.

Contact: Victor A. Cavanaugh, President

Email: cavanaugh@etsw.com Telephone: 404 659 6700 Fax: 404 222 9718 Website: www.worklaw.com

Number of Firms: 36 Number of Lawyers: 350

Regions: U.S.

**Description:** A nationwide network of law firms exclusively representing management in all areas of labor and employment law. Member firms practice exclusively in labor and employment matters for employers. The network has 339 lawyers in 40 offices in 26 states. Members have access to a shared database containing research memoranda, briefs, election campaign materials, and other pooled information.

## World Law Group

#### Address:

Bay Adelaide Centre 333 Bay Street Suite 3400 Toronto, Ontario, M5H 2S7 Canada

Contact: Shelley Boyes

Email: sboyes@theworldlawgroup.com

**Telephone:** +1 416 979 2211

Fax:

Website: www.theworldlawgroup.com

Number of Firms: 54 Number of Lawyers: 19,000

Regions: Global

**Description:** World Law Group Ltd. is an international network of 50 member firms located on six continents in more than 260 global commercial centers. The organization holds semi-annual meetings and provides members with publications on a range of topics including antitrust, e-commerce, and health law.

### World Link for Law

#### Address:

Bahnhofstrasse 70 8021 Zurich Switzerland

Contact: Paul Sillis

Email: paul.sillis@collyerbristow.com

**Telephone:** 415 986 0340

Fax: 415 986 0381

Website: www.worldlink-law.com

Number of Firms: 73 Number of Lawyers: 1,050

Regions: Global

**Description:** World Link For Law® is a leading network of international law firms, comprising teams of international lawyers. It was established as "Euro-Link for Lawyers" in the late 1980s and now comprises a network of 73 law firms with 80 offices in 47 countries worldwide. It is one of the largest international law networks in the world. Legally, World Link is formed as an association in Zurich, Switzerland, and it has regional center firms in Hong Kong and São Paulo. World Link for Law comprises over 350 partners and 700 professional staff and it has the size, breadth of service, and geographical coverage to challenge the world's largest international law firms.

## World Services Group (Multidisciplinary)

#### Address:

2777 Allen Pkwy., Ste. 622 Houston, TX 77019 U.S.

Contact: Robert Falvey

Email: rfalvey@worldservicesgroup.com

**Telephone:** 713 650 0333 **Fax:** 713 650 5566

Website: www.worldservicesgroup.com

**Number of Firms: 162** 

**Number of Professionals:** 19,970 (19,000 attorneys, 900 accountants, 70

investment bankers)
Regions: Global

**Description:** World Services Group is a global multidisciplinary membership

association whose members are among the leading providers of professional business services. There are more than 160 member firms with 19,000+ attorneys, accountants, and investment bankers.

#### WTS Alliance

#### Address:

Thomas-Wimmer-Ring 1-3 80539 Munich Germany

Contact: Karsten Gnuschke Email: karsten.gnuschke@wts.de Telephone: +49 0 89 286 46 139 Fax: +49 0 89 286 46 249 Website: www.wts-alliance.com

Number of Firms: 90+ Number of Lawyers: Regions: Global

Description: WTS Alliance is a global network of selected tax firms in more than 90 countries. Since its foundation in 2003, it has been a trendsetter in tax-dedicated work cooperating on an international level. German tax advisory firm WTS GmbH, headquartered in Munich, is the coordinating body of WTS Alliance. Based upon strong quality criteria, we select one partner per country only. WTS Alliance is currently represented by member firms in 27 countries and is growing continuously.

# Appendix 5 – Multidisciplinary Networks

## **Multidisciplinary Professional Services Networks**

Network	Professions	# Members	#Professionals	Partners Directors	Revenue \$mm Millions of U.S.
Advocacy Group	Lawyers, Lobbyists Public Relations	16	50	n/a	n/a
Alliott Group	Lawyers and Accountants	179	3,000	794	601
Eagle International	Law, Insurance Adjusters, Claims Adjusters	50	300	n/a	n/a
ECOVIS	Accounting, Law, and Consulting	46	1,000	445	356
Geneva Group	Law, Accounting, and Consulting	550	11,000	3,000*	4,100
IAG	Law and Accounting	71	1,600	n/a	n/a
IGAL	Law and Accounting	45	600	n/a	289
International Practice Group	Law and Accounting	65	1,122	n/a	n/a
MSI Global Alliance	Law and Accounting	240	2,650	1960	1,150
Roedl & Partners	Law and Accounting	45	600	n/a	n/a
TAG Alliances	Law and Accounting	287	16,000	n/a	3,360
World Services Group	Law, Accounting, Financial Consulting	152	19,000	6,202*	8,000*

<sup>\*</sup>Estimated

# **Appendix 6 – Specialty Legal Networks**

Network	Practice Areas	# Specialists Professionals	# Members	Principal Region
Adlaw International	Advertising	n/a	23	Global
Alexia	Maritime and Transportation	n/a	n/a	Global
Alliance of Business Immigration Lawyers	Immigration	35	35	Global
Antitrust Alliance	Competition and Antitrust	12	12	Europe
Associated European Energy Consultants	Energy	1,000	22	Europe
Begbies Global Network	Insolvency	n/a	n/a	Global
Biolegis	Biotechnology	n/a	16	Europe
Cib Counterforce Network	Counterfeiting	n/a	41	Global
Conference Bleue	Healthcare	n/a	22	Europe
Ecomlex	Technology	14	14	Europe
Employers Counsel Network	Employment	43	43	Global
Employment Law Alliance	Employment	2,200	120	Global
Energy Law Group	Energy and Natural Resources	n/a	n/a	Europe
Environmental Law Network	Environmental	250	32	Global
Euro Collect Net Lawyers	International Debt Recovery	n/a	23	Europe
EuroItCounsel	IT	n/a	17	Europe
Food Lawyers Network	Food	n/a	n/a	Europe
Fraud Network	Fraud and Counterfeiting	1,000	22	Global
Global Advertising Alliance	Advertising	100	57	Global
ICC FraudNet	Fraud	63	63	Global
IMMLAW	Immigration	43	17	Global
Information Technology Law Group Europe	Technology	n/a	n/a	Europe
Insuralex	Insurance	33	33	Global
InterAmerican Network of Environmental Law Specialists	Environmental Law	n/a	17	Latin America
International Franchise Lawyers	Franchising	52	52	Global
IP Lawyers Network	IP	n/a	66	Global
IT Law Group Europe	IT	250	15	Europe
IUS Laboris	Labor	2,500	43	Global
Juritax	Taxation	222	74	Global
LA Tax Net	Taxation	1,200	18	Latin America
L2B Aviation	Aviation	n/a	42	U.S.
L&E Global	Labor and Employment	36	7	Europe
MWE International Tax Panel	Tax	n/a	44	Global
National Network of Estate	Estate Planning	382	300	U.S.

Network	Practice Areas	# Specialists Professionals	# Members	Principal Region
Planning Lawyers				
Network of Trial Law	Litigation	3,000	24	U.S.
Risk Management & Insurance Coverage Council	Insurance and Risk	15	15	U.S.
RIELA	Environmental	16	16	Latin America
ShipArrested	Maritime	250	250	Global
State Law Resources	Lobbying	3,000	55	U.S.
Taxand	Tax	2,000	50	Global
Techlaw	Tech	300	18	U.S.
TTN	Tax	n/a	61	Global
Worklaw Network	Employment Law	350	36	Global
WTS Alliance	Tax	23	23	Global

## Appendix 7 Law vereins as networks

## **Definition of a Verein**

A verein is "an association, society, club, or union." CASSELL'S GERMAN DICTIONARY 662 (1978); see also LANGENSCHEIDT DICTIONARY OF THE ENGLISH AND GERMAN LANGUAGES 1163 (6th ed. 1970). It is also defined in Newsweek as "a German word meaning association, club or network." Lynnley Browning, Legal Swiss Cheese, NEWSWEEK, Dec. 15, 2014, <a href="https://www.newsweek.com/legal-swiss-cheese-291745">www.newsweek.com/legal-swiss-cheese-291745</a>.

The term is commonly used for clubs in sports, non-profit organizations, and NGOs in which the members have no formal affiliation, but do share common interests or purposes. Vereins are not partnerships, corporations, or other legal entities, but a type of contractual arrangement between parties.

Self-definition: Networks commonly refer to themselves as groups, i.e., *Advocacy Group, Energy Law Group, European Law Group, World Law Group, World Services Group*, and more. Dentons, a verein, uses the same language: "Dentons Group (a Swiss Verein) does not itself provide legal or other client services." <sup>426</sup>

**Swiss Civil Code:** Law governing vereins. Schweizerisches Zivilgesetzbuch (ZGB), Code Civil (CC) Dec. 10, 1907, SR 210, RS210, art.61 (Switz.).

## What is a Verein in Professional Services?

In prior years, vereins were associations/networks used by the Big 4 and other accounting firms. While registrations have changed from Switzerland to other countries, their organizational structure remains in place as networks of independent firms (see table below.) They are organizations whose members provide more than \$100 billion dollars' worth of annual accounting and consulting services (<u>Accountancy Magazine</u>).

The verein entered the legal profession only in the past 12 years. Baker & McKenzie, the world's most recognized and largest law firm, reconstituted itself as a verein in 2004. The other six vereins were the result of combining existing firms to operate under a new name, similar to any number of networks or alliances.

In essence, a verein permits "tax, accounting and partner compensation systems (to remain) separate while allowing strategy, branding, information technology and other core functions to be shared between the constituent partnerships." This is very different from a law firm.

Given that the "traditional" law firm is a partnership type structure, vereins were immediately critiqued as being "just a brand." They were also questioned as to whether they operated in contravention of regulations governing the legal profession. This is because their members are independent and do not operate as one fiscal unit. It was argued that they do share revenues, as they also share expenses. The expenses are paid for by a percentage contribution of total revenue and a percentage of each referral from other members. To use a recently-coined term, they are "pay-to-play."

<sup>&</sup>lt;sup>426</sup> See Dentons, Legal Notices, http://www.dentons.com/en/legal-notices (last visited July 22, 2016).

<sup>&</sup>lt;sup>427</sup> Nick Jarrett-Kerr & Ed Wesemann, Enter the Swiss Verein: 21st-Century Global Platform or Just the Latest Fad?, EDGE INΤ'L, Oct. 2012, www.edge.ai/2012/10/enter-swiss-verein.

Sometimes they want to be evaluated as network. This is the case for vicarious liability and conflict of interest cases in which it is asserted that law firm rules do not apply.

## Why Does It Matter? Ethics and Brand Marketing

From a client's point of view, it should not matter whether a verein is just an esoteric German name for a network or a law firm. Clients are interested in high-quality and cost-effective services. They are interested in a timely response. However, clients, like any consumer of services or products, do look toward brands. If the fine print is different from the large print, this may present an issue.

## **Ethics**

All professions are built on an ethical foundation that relates to their profession. The legal profession's ethical standards have been created over centuries to protect clients. The verein/network structure is based upon independent firms operating under a brand name. This is very favorable to law firm members in a variety of ways. It may avoid conflicts of interest by providing the argument that the firms are independent. This affects the client's reliance on a lawyer's professional independence. Having common fiscal interests among partners assures ethical compliance. Ethics also prohibit sharing of fees when a firm is not part of the client matter. Technically, sharing of expenses could be sharing revenues between independent firms. However, self-characterization as a network/verein avoids this.

Even if these issues can be avoided, the problem arises when organic growth gives way to what has been characterized as "Pac-Man" member recruitment. <sup>428</sup> While most vereins have been very thorough in their expansion, Dentons is different. In just a bit more than three years (as they were registered in March of 2013<sup>429</sup>), Dentons has added many thousands of lawyers. Four thousand (4,000) of their 8,000 lawyers come from a single firm in China that until very recently was largely a network of independent offices. <sup>430</sup> As a network/verein, they do not have to integrate an entire firm but can select particular contacts. This is no different than a law firm network.

On the positive side, if a network/verein is dissatisfied with a member, it is much easier to eject them because they are not as entangled fiscally or operationally. Law firms do not have this luxury; networks do. This can work in favor of clients because it ensures a level of quality.

## **Brand Marketing**

Networks are brands. In accounting, the Big 4 proudly proclaim: "Deloitte' is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate..." They are evaluated as such. This is not the case in the legal profession.

Being characterized as a law firm allows vereins to be evaluated in the media along with traditional partnerships. Recruiting new independent members becomes characterized as mergers, which seems more impressive than adding a new member. When a traditional network gets a new members, even though it may have many hundreds of lawyers, this is not newsworthy.

Law firms are at a disadvantage when expanding internationally because they must grow organically or truly merge. Calling something a merger does not make it so when the "merged" firm only adopts the

<sup>&</sup>lt;sup>428</sup> Joanne Harris, *The Known Unknowns in Dentons' Game*, THE LAWYER, April 18, 2016, http://www.thelawyer.com/issues/18-april-2016/the-known-unknowns-in-dentons-game/.

<sup>&</sup>lt;sup>429</sup> WIKIPEDIA, DENTONS, available at https://en.wikipedia.org/wiki/Dentons (last visited July 16, 2016).

<sup>&</sup>lt;sup>430</sup> In 2008 I recruited Dacheng for World Services Group and I work with them through 2014. I am familiar with their structure during this time.

name without real integration because of residual fiscal and significant operational autonomy. The reality is that for the first 5-10 years, the firms will not be organically integrated in any meaningful way except by a common brand and common systems, policies and procedures.

One of the vereins, is known for proclaiming itself to be the largest law firm in the world. If it is a network, it would objectively be characterized as mid-size, though it would also be recognized as one of the most integrated and operationally well-funded networks. The brand obscures the exact status of each of their operations.<sup>431</sup>

These claims to be the largest law firm in the world have significant marketing value that results in many hundreds of published articles. Under current media treatment, if a verein were categorized as a network, it would not be ranked and recognized. (This is not the case in accounting where networks and associations are the models.) Even though other networks are many times larger, and their members provide more legal services, the do not get the recognition as providing more than 20% of all legal services on earth.

**Summary:** There is no doubt that legal vereins are world-class organizations. The Big 4 accounting and consulting organizations proudly state they are networks. In the legal profession the term verein obscures the fact that members are independent. The preferable term is law firm. One verein has self-conferred themselves as the "polycentric law firm". There are implications as the firm has found out related to conflicts of interest.

This characterization as a firm serves the marketing objective of the organization. It plays into the traditional elements of a firm, assuring various ranking. However, it confuses the true nature of the organization. Recruitment becomes a "merger". The merged firm remains independent financially and operationally just like in a network.

Transparency is in the best interests of the clients and the legal profession. This can be easily accomplished using the accounting professions approach to rank all structures and models that facilitate services. If this is the case, clearly the network would be recognized for their achievements of providing legal services to virtually every significant business on earth.

Over the last several years, these characterizations has been questioned by many authors. Readers should judge for themselves. The bibliography sets out virtually all of the articles and videos that have addressed this subject over the last several years. Table 1 is a summary.

Table 1
Summary of Legal, Ethical, Operations, Management, and Branding Status of Law firms and Networks.

	Big 4 Network	Legal Verein (network)	Law Firm Network	Law Firm
Members operate under a	Yes	Yes, with	No	Yes
common name		exceptions		
Share profits	No	No	No	Yes

<sup>431</sup> See DENTONS, GLOBAL PRESENCE, available at http://www.dentons.com/en/global-presence.aspx (last visited July 16, 2016).

	Big 4 Network	Legal Verein (network)	Law Firm Network	Law Firm
Conflict of interest rules apply	Yes	Yes <sup>432</sup>	No	Yes
Members pay management	Yes	Yes <sup>433</sup>	Yes	No
fees or dues				
Local management has full	Split	Yes <sup>434</sup>	Yes	No
authority				
Operations integrated	Yes	Yes	No	Yes
Command and control	Yes	Semi-local	No	Yes
management		autonomy		
Global practice groups	Yes	Yes	Yes	Yes
Vicarious liability	No	No	No	Yes
Common joint marketing	Yes	Yes	Some/No	Yes
Common tax liability	No	No	No	Yes
Business plan	Yes	Yes	Yes	Yes
Known as network	Yes/No	No	Yes	No
Referred to as network	Yes	Sometimes	Yes	No
Exclusive Referrals	Yes	Yes	No	No

<sup>&</sup>lt;sup>432</sup> In a recent case, the chief administrative judge of the U.S. International Trade Commission held that Dentons was a law firm for conflict of interest purposes. *See* Mark A. Cohen, *Denton's Disqualification and Legal Advertising: Stir But Don't Shake,* BLOOMBERG BNA, July 21, 2015, https://bol.bna.com/dentons-disqualification-and-legal- (This was preceded by a case alleging a conflict of interest against Dentons).

<sup>433</sup> Julie Triedman, *Rift Among Rainmakers Complicates Dentons' Mexico Deal*, THE AMERICAN LAWYER, May 19, 2016, http://www.americanlawyer.com/id=1202758141767/Rift-Among-Rainmakers-Complicates-Dentons-Mexico-Deal#ixzz4Bwa1qQra: "Soria noted that the deal to become part of Dentons .... did not seem onerous. His office in Mexico City would be required to send 2 percent of its annual income to the firm's global management as overhead, plus 23 percent of inbound referral fees."

<sup>&</sup>lt;sup>434</sup> Supra note 2: "Dentons promised complete freedom on compensation, hiring and other decisions, as well as a steady stream of inbound referrals."

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## Self-Defined – Does a "Network Disclaimer" Always Create a Network?

Networks use a disclaimer to alert clients that the relationship among the firms is an association of independent firms that are not responsible for the actions of their respective members.

Do the disclaimers of the seven Swiss associations (Dentons, DLA Piper, Hogan Lovells, Norton Rose Fulbright, Baker & McKenzie, King & Wood Mallesons, and Squire Patton Boggs) make them networks?

Let's look at some examples of their disclaimers.

DLA Piper: On its website, DLA Piper refers to itself as a law firm but at the same time denies it is a partnership. "[W]ords or phrases such as 'firm', 'law firm' or 'international legal practice' are for convenience only and does not imply that all or any of such entities are in partnership together or accept responsibility for the acts or omissions of each other." *See* DLA PIPER, www.dlapiper.com (last visited July 14, 2015).

Another example is a Google search for Dentons; it describes itself in the search results as a "global law firm." In the legal notice on its website, it is a global legal practice providing client services worldwide through its member firms and affiliates, "each of which is its own Legal Practice." Similar disclaimers are found in Hogan Lovells, Norton Rose Fulbright, Baker & McKenzie, King & Wood Mallesons, and Squire Patton Boggs.

## How Do Vereins Describe Themselves - Law Firm or Network?

Are they really firms if they have the following disclaimers?

**DLA Piper:** "The use of the name 'DLA Piper' and words or phrases such as 'firm,' 'law firm' or 'international legal practice' is for convenience only and does not imply that all or any of such entities are in partnership together or accept responsibility for the acts or omissions of each other." DLA PIPER, *Legal Notices*, www.dlapiper.com/en/us/footer/legalnoticespage/ (last visited July 14, 2015).

**Dentons:** "Dentons is a global legal practice providing client services worldwide through its member firms and affiliates, including Dentons Canada LLP, Dentons Cardenas & Cardenas Abogados Ltda., Dentons Europe LLP, Dentons Hong Kong, Dentons López Velarde, S.C.,

Dentons Rodyk & Davidson LLP, Dentons UKMEA LLP, Dentons US LLP, 大成, and their subsidiaries and affiliates, each of which is its own Legal Practice. **Dentons** 

**Group (a Swiss Verein)** does not itself provide legal or other client services (Emphasis added)" (last visited July 22, 2016).

The terms "Dentons" or the "firm" refer to one or more Legal Practices. Any reference to a "partner" means a partner, member, consultant, or employee with equivalent standing and qualifications in at least one Legal Practice." (Last visited July 22, 2016.)

A significant number of their offices are referred to in the following way: "Dentons has an association with an independent firm in Algiers: Cabinet Hadj-Hamou et Djouadi."

**Hogan Lovells:** "'Hogan Lovells' or the 'firm' refers to the international legal practice that comprises Hogan Lovells International LLP, Hogan Lovells US LLP and their affiliated businesses, each of which is a separate legal entity." HOGAN LOVELLS, www.hoganlovells.com/legal-notices/ (last visited July 22, 2016).

**Norton Rose Fulbright:** "References to 'Norton Rose Fulbright', 'the law firm', and 'legal practice' are to one or more of the Norton Rose Fulbright members or to one of their respective affiliates (together 'Norton Rose Fulbright entity/entities'). That reference does not imply that the Norton Rose Fulbright entities are in partnership together, nor that one Norton Rose Fulbright entity accepts responsibility for the acts or omissions of another." NORTON ROSE FULBRIGHT, www.nortonrosefulbright.com/legal-notices-and-disclaimers/ (last visited July 14, 2016).

**Baker McKenzie:** "Baker & McKenzie LLP is a member firm of Baker & McKenzie International, a Swiss Verein, with other member law firms around the world. In accordance with the common terminology used in professional service organizations, reference to a 'partner' means a person who is a partner, or equivalent, in such a law firm. Similarly, reference to an 'office' means an office of any such law firm." BAKER & MCKENZIE LLP, www.bakermckenzie.com/disclaimers/ (last visited July 14, 2016).

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