



LAW FIRM AFFILIATIONS

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An article I wrote about law firm mergers (*Merger Mania*) created quite a stir. In the article I suggested that forming an affiliation or strategic alliance might be a better alternative, or at least an important prelude to a merger. This article will follow up on the theme. In this article I will examine the workings of an Association of law firms, using Multi-law as an example. In the next article I will explore an actual case history where a long-term strategic alliance eventually leads to merger.

Multi-law was initially created in 1990 by about a dozen firms that met in Toledo, Spain to discuss issues of mutual interest. It now consists of almost 60 member firms in 45 countries located on every continent. There are more than 4,000 lawyers in various member firms, which vary in size from some large (1000+–attorney) U.S. firms to small firms with only a few lawyers. At the time this article was authored, Tom Schmuhl of Duane Morris in Philadelphia was the elected Chairman of Multi-law.

Joining Multi-law is a complicated process. Rarely do they accept firms that make an unsolicited request to join. Rather, new members come recommended by current members, or as a result of a focused search for specific expertise in a targeted geographic area. Acceptance follows a high degree of due diligence encompassing financial health, management practices, nature of practice and types of clientele, and an exploration as to whether the firm can service the needs of a typical international business client. Generally, there is only one firm accepted per jurisdiction, although there are some exceptions.

A major advantage of an association like Multi-law is the opportunity for frequent contact. It enables lawyers within the member firms to develop personal relationships with lawyers in other member firms in the association, and to develop confidence in and familiarity with each other. The fear of a client being “stolen” is virtually non-existent because the firms generally compete in different markets. Because all of the Multi-law firms are independent, conflicts of interest are rarely an issue. The annual subscription fee paid by each firm costs less than the cost to establish branch offices to meet client needs in other countries.

The association’s small staff, headquartered in London, works to facilitate communication flow between firms so that all members are aware of the capabilities available from other members. There are four conferences held per year — an annual meeting which rotates between three global regions and a regional meeting each year in the Americas, the Asia/Pacific rim, and Europe/Africa. Other events include meetings for

twelve specialty interest practice groups, such as Intellectual Property and E-Commerce. There is a web site (www.multilaw.com) and a listserv for each practice area group.

Multi-law offers its member firms a series of opportunities, but it is up to the members to take advantage of them. Whereas mergers often result in culture clashes, this is not an issue in an association or strategic alliance, where there develops a more comfortable relationship of close personal and professional ties. Sometimes those relationships expand further, into particular projects carried on jointly by members such as seminars, or even to more formal joint venture agreements.

There are hundreds of law firm affiliations throughout the United States and worldwide. And more are being added regularly. The March, 2002 edition of *Law Technology News* announced yet another affiliation of four European firms forming the European Legal Alliance which will service clients in twelve European cities. While some strategic alliances rival or eclipse Multi-law in scope, there are more which do not, and many include predominantly small firms.

Affiliations enable firms to add new practice areas that existing firm clients want, and especially to provide access to new geographic markets which can be exploited by current practice groups. All without the expense and far-reaching changes a merger or establishment of branch offices entails. Affiliations are easier to establish, and easier to abandon if the need arises, without the negative connotations of a failed merger or office. And additional benefits include joint training and marketing opportunities, the ability to exchange thoughts on strategic planning, and to share strategic intelligence concerning the marketplace. And since merger is always an option if the benefits desired meet or exceed expectations over time, there really is no down-side to exploring this strategy first.

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