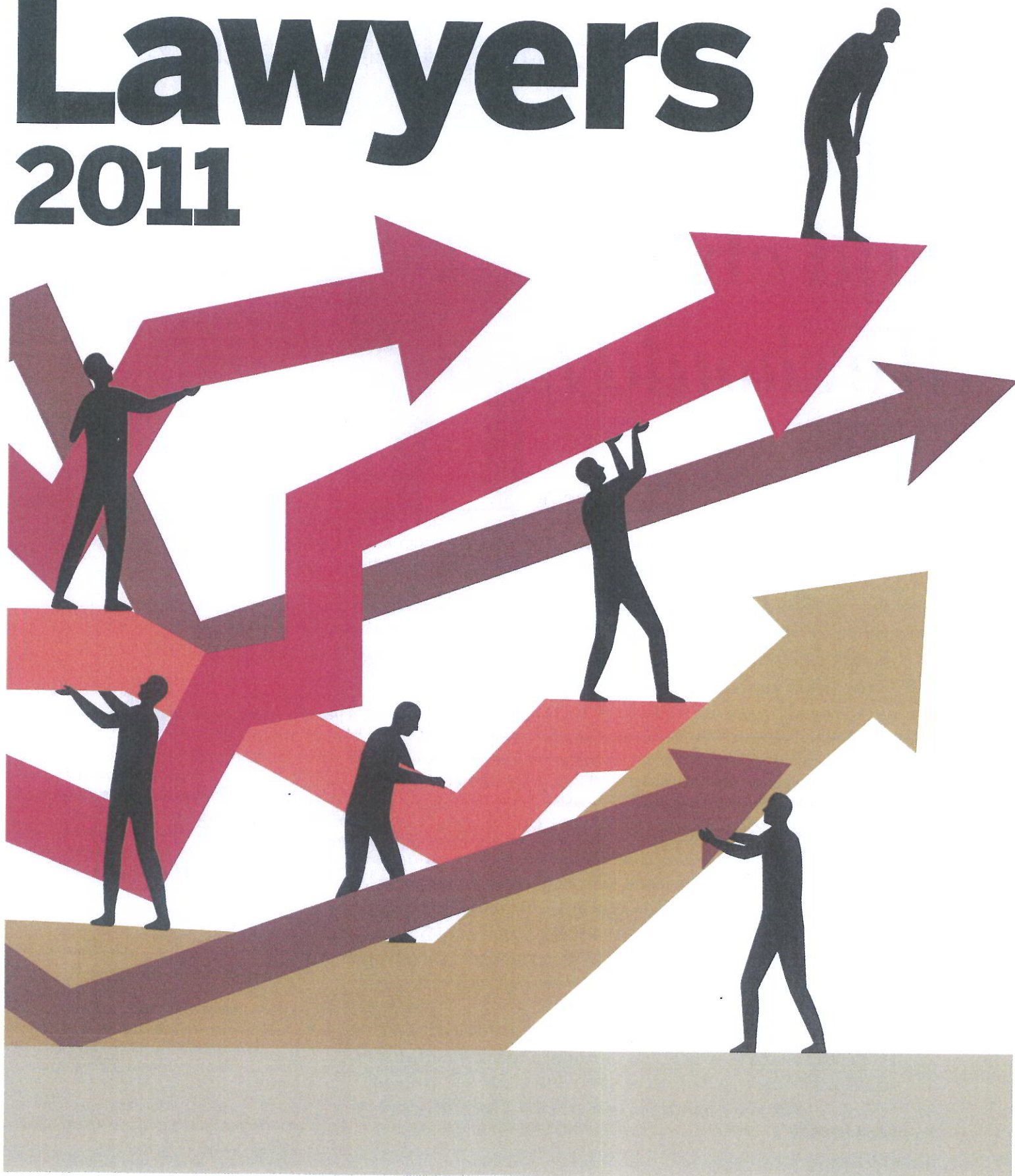


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Changing times

The traditional image of the commercial lawyer has undergone important changes in the past few years. As this year's FT Innovative Lawyers report shows, where lawyers once were little more than interpreters of the law, their role extends increasingly to advising businesses and governments at the very highest level.

"Bold thinking" – the theme of this year's report – is becoming ever more critical to the lawyer's skill set.

However, it is not just the role of the lawyer that is changing. Firms, too, are very different from the traditional partnerships that existed just a few years ago: international expansion, legal process outsourcing and, in the UK, the Legal Services Act, are all serving to transform the legal market.

The 2011 FT report paints a picture of a European legal sector in a state of evolution, but it is only part of the story. The next few years are likely to be just as transformative to the way in which lawyers and their firms operate.

Paul Solman
Lead editor,

FT Innovative Lawyers

Special reports editor
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CONTRIBUTORS ANDREW BAXTER is senior writer of the FT's special reports CAROLINE BINHAM is the FT's legal correspondent JANE CROFT is the FT's law courts correspondent JEREMY FLEMING-JONES is an FT contributor SARAH MURRAY is an FT contributor REENA SENGUPTA is managing director of RSG Consulting BOB SHERWOOD is the FT's London and south-east correspondent MICHAEL SKAPINKER is the FT's special reports editor

New directions

Traditional law firms are not usually associated with a culture of innovation, but this is changing as lawyers adapt to unfamiliar challenges. *By Reena SenGupta*

WHEN ALLEN & Overly hosted a conference for its partner law firms throughout the world, sessions on innovation were sold out. Perhaps it is no surprise that the firms – from locations as diverse as South Korea and Kazakhstan – were keen to hear thoughts on innovation from A&O, which tops this year’s FT Law 50 ranking of European law firms.

Yet in one session, the managing partner of a Swedish firm asked if clients really wanted innovation. In a recent survey in that country, innovation had ranked 19th out of 20 items that clients valued from their lawyers.

For some, innovative lawyering still has a negative or risky connotation. But as the FT’s annual Innovative Lawyers report continues to show, the ability of lawyers to innovate on behalf of their clients is essential to the smooth functioning – and, in times of crisis, the survival – of business and government.

The reason that some clients and lawyers still question whether lawyers should, or can, be innovative comes down to two factors. The first is confusion about how innovation is defined; the second lies in the intrinsic nature of lawyers and legal practice.

The FT report’s definition of innovation is that lawyers add transformative value to business, either through new solutions or applications of the law, or through exceptional execution and delivery. In the operational categories such as strategy, client service and efficiency, innovative firms are those that have made improvements

to their businesses by revamping their value proposition to clients or by establishing their competitive advantage in the legal market.

Clearly, innovation defined in these ways is essential to both successful law firms and thriving clients.

However, traditional law firms are not natural places to foster a culture of innovation.

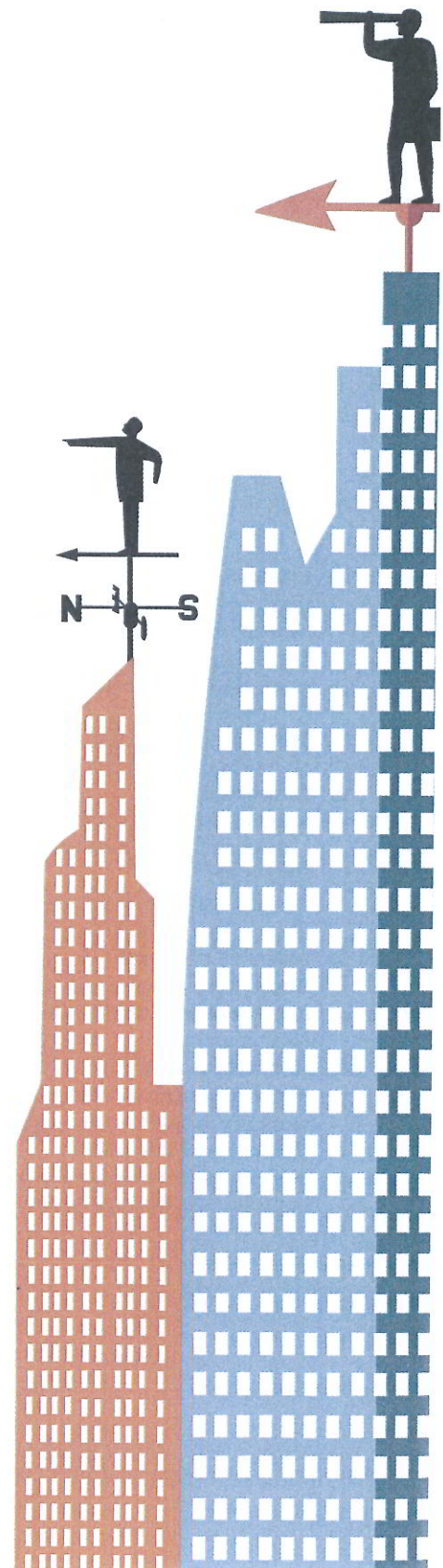
Steven Johnson, author of *Where Good Ideas Come From: The Natural History of Innovation*, has studied the environments that lead to unusual creativity. Looking at business, biological systems, society and research and development laboratories, he found that innovation flourished in “liquid networks”: environments that tend to be chaotic and diverse, where ideas collide and people can share their mistakes freely – in effect, places of open communication. This conjures up English coffee shops of the 17th century, but the

21st-century law firm is the polar opposite of a chaotic coffee shop. The partnership model fosters an “up and out” attitude for its associates and favours status and hierarchy. Legal training is detail conscious and mistakes are not tolerated.

Lawyers tend to rely on precedents rather than invention. Few law firms have open-plan offices, and their record on diversity is poor. It is no wonder scepticism regarding the concept of innovative lawyers still remains.

However, as Mr Johnson points out in his book, great ideas are rarely the result of a “eureka moment”. Instead, they evolve in what he calls a “slow hunch”. Innovation, he says,

Lawyers’ ability to innovate on behalf of their clients is essential to the work of business and government





happens incrementally or in the “adjacent possible”.

This year’s FT Innovative Lawyers report profiles many incremental innovations. Legal solutions that have worked in one jurisdiction being applied in neighbouring countries is a theme throughout the corporate, finance and litigation sections of the report.

However, it also covers innovations that are moving the legal profession forward faster and in bigger increments.

In the UK, regulatory change is setting the pace. New entrants to the legal market, allowed into the sector by the Legal Services Act, have big ambitions. Fulfilling the theme of this year’s FT report, they are bold thinkers who want to transform the legal market, particularly at the small to medium-sized end. The Co-operative Group, which is a ➤

RSG CONSULTING

FT INNOVATIVE LAWYERS is a joint venture with RSG Consulting, a specialist legal research and writing company. Researchers spent six months preparing the report, which was based on submissions from firms and in-house lawyers. Each innovation was assessed for its originality, rationale and impact. References were taken for all ranked submissions, and more than 500 in-depth interviews were conducted.

Reena SenGupta, managing director of RSG, is a consultant and journalist with more than 15 years’ experience in the legal sector. She is an expert in devising rankings for the industry and has been a regular contributor to the FT since 2001.

FT LAW 50

2011 rank	2010 rank	Firm	Number of stand-out entries (8 points)	Number of highly commended entries (4 points)	Number of commended entries (1 point)	2011: total weighted score for ranked entries	2011 score band for ranked entries (/30)	2011 score band for all entries submitted (/10)	2010 score band for ranked entries (/10)	2011 profit per equity partner (PEP) (£000)	Overall innovation and profitability (/50)	Total innovation score (/100)
1	3	Allen & Overy	2	6	2	42	30	10	8	1,100	46	94
2	2	Freshfields Bruckhaus Deringer	3	4	1	41	30	9	10	1,308	42	91
3	6	Linklaters	1	5	6	34	24	9	5	1,225	46	84
4	1	Eversheds	2	1	4	24	17	10	10	555	41	78
5	8	Berwin Leighton Paisner	3	1	0	28	20	7	3	712	45	75
6	20	Garrigues	1	3	3	23	17	10	3	-	40	70
7	10	Simmons & Simmons	3	1	0	28	20	5	6	460	35	66
8	18	Slaughter and May	3	1	0	28	20	4	3	1,700	38	65
9	7	CMS	2	0	3	19	14	7	4	500	37	62
10	23	Cuatrecasas, Gonçalves Pereira	1	3	2	22	16	9	2	-	33	60
11	12	Baker & McKenzie	0	3	3	15	11	10	5	729*	33	59
12	-	Irwin Mitchell	2	0	0	16	12	2	0	511	44	58
13	16	Uria Menéndez	2	2	0	24	17	5	4	-	31	57
14	11	Axiom	1	1	0	12	9	2	3	-	41	55
15	5	Wragge & Co	0	2	2	10	7	4	6	325	37	54
16	19	Latham & Watkins	0	2	2	10	7	6	3	1,293*	35	51
17	24	Portolano Colella Cavallo	2	0	0	16	12	2	2	-	34	50
18	30	Hogan Lovells	0	2	4	12	9	6	1	727*	32	48
19	21	Herbert Smith	0	3	0	12	9	4	5	892	30	48
20	22	Norton Rose	1	0	1	9	7	2	3	467	33	45
21	47	Taylor Wessing	1	0	0	8	6	1	1	538	37	45
22	13	Ashurst	0	1	2	6	4	7	4	723	29	44
23	45	Shearman & Sterling	1	1	0	12	9	3	2	1,015*	29	43
24	27	Skadden, Arps, Slate, Meagher & Flom	0	1	2	6	4	4	3	1,454*	32	43
25	44	Peters & Peters	1	1	0	12	9	2	2	-	29	42
26	33	DLA Piper	0	1	1	5	4	4	1	738*	33	42
27	14	Țuca Zbârcea & Asociații	0	0	1	1	1	7	2	-	32	42
28	-	Arthur Cox	1	0	1	9	7	3	1	-	29	40
29	-	Stephenson Harwood	1	0	0	8	6	1	0	610	33	40
30	32	Lawrence Graham	0	1	2	6	4	2	2	412	32	40
31	26	Kemp Little	0	1	0	4	3	2	1	320	34	40
32	-	Bird & Bird	0	0	1	1	1	3	0	467	36	40
33	30	Shoosmiths	0	0	1	1	1	2	1	352	36	40
34	-	Akin Gump Strauss Hauer & Feld	1	0	0	8	6	1	0	1,042*	32	39
35	-	Bevan Brittan	1	0	0	8	6	1	0	303	32	39
36	9	Addleshaw Goddard	0	1	1	5	4	2	5	328	28	39
37	28	White & Case	0	1	0	4	3	4	3	993*	29	39
38	17	Paul Hastings	0	0	1	1	1	4	4	1,291*	30	39
39	-	Kromann Reumert	0	1	1	5	4	2	0	-	32	38
40	-	Pannone	0	1	0	4	3	1	0	208	34	38
41	37	Olswang	0	1	0	4	3	1	1	435	33	38
42	-	PLMJ	0	0	2	2	2	5	0	-	31	38
43	-	Wiggin	1	0	0	8	6	1	0	-	30	37
44	43	Field Fisher Waterhouse	0	0	2	2	2	1	1	510	33	37
45	35	De Brauw Blackstone Westbroek	0	1	1	5	4	1	3	-	28	36
46	34	TLT Solicitors	0	0	1	1	1	2	2	285	31	36
47	-	McCann Fitzgerald	0	1	0	4	3	4	0	-	28	35
48	41	Assistenza Legale	0	1	0	4	3	1	1	-	30	35
49	15	Mishcon de Reya	0	0	0	0	0	1	3	575	31	35
50	-	Noerr	0	0	2	2	2	3	0	-	29	34

Profit per equity partner (PEP) figures from Legal Week, 2011. * Global PEP figures from Legal Business Magazine, 2011. All other PEP figures supplied by the law firms

stand-out entry in the industry pioneers section of the report, has built a legal services business worth £24m (€27.4m) in just four years.

Richard Cohen, executive chairman of Epoq Legal Services, the legal technology provider also ranked in the industry pioneers section, says: "In the next few years, we will hit the tipping point where you won't be able to survive as a small to medium-sized law firm without web-serving client-facing technology." He points to the banks and insurers that, he says, are more ready to enter the legal market than anyone realises.

At the other end of the market there is also little room for complacency. In recent interviews with the managing partners of the largest 25 UK law firms, nearly all said their priorities were international expansion balanced with better value and more efficient services to clients. Before 2008, few firms spoke of the need to be productive or efficient with any urgency.

The four big legal outsourcing deals ranked in the resourcing, technology and efficiency section of this year's report show an industry that has reached a definitive moment on this issue. Law firms understand that clients will never again accept a "costs-plus" model of charging, and that maintaining profitability will require operational efficiencies on a scale never seen before.

The most significant of these deals was the decision of CMS Cameron McKenna to outsource its middle- and back-office functions to Integreon, the

legal and business support provider (and supporter of the research for this year's FT report).

The need to be efficient is also pushing some law firms into an area of more classical innovation – that of product invention. For example, Taylor Wessing this year launched a legal due diligence and contract management tool that the firm believes will change the way the industry approaches certain repetitive tasks.

Internationalisation is also having an impact, but the innovation-related effects are subtle. Of the top 25 law firms in this year's FT report, nearly half have been involved in a significant inter-

MORE ON THE LEGAL SECTOR

INNOVATIVE LAWYERS IS THE FT'S ANNUAL SURVEY OF THE legal sector. The project, now in its sixth year, highlights the latest thinking in areas such as corporate and financial law, litigation and legal business management, and includes league tables of the most innovative law firms. The US edition of the report will be published in November.

Go to www.ft.com/ill1 for more from the European report, including:

- extended and searchable results tables;
- coverage of the awards ceremony at the Science Museum in London;
- key performance indicators used in the project; and
- previous reports in the Innovative Lawyers series.

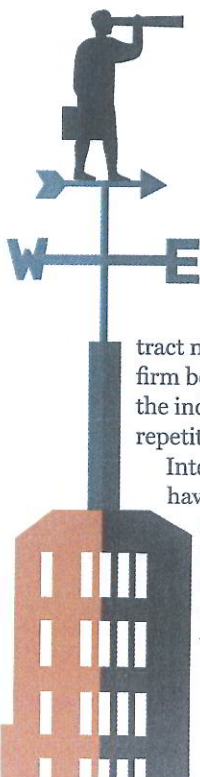
national merger or alliance or opened a new office in the past 18 months. Most of those deals have been with firms outside Europe. The need to adapt to new and often very different cultures is changing lawyers' attitudes and forcing firms to be more open and diverse.

This, combined with the need to maintain employee engagement, particularly among Generation Y and women, is changing the way law firms communicate internally. Freshfields Bruckhaus Deringer recently held a competition for its lawyers to enhance

cross-office communication. And even a firm that is less operationally innovative, such as Slaughter and May, speaks about its initiatives to be more transparent and open with its junior lawyers.

Law firms still may be a far cry from the ideas incubators of the old English coffee houses, but they are becoming places where ideas can flourish. ■

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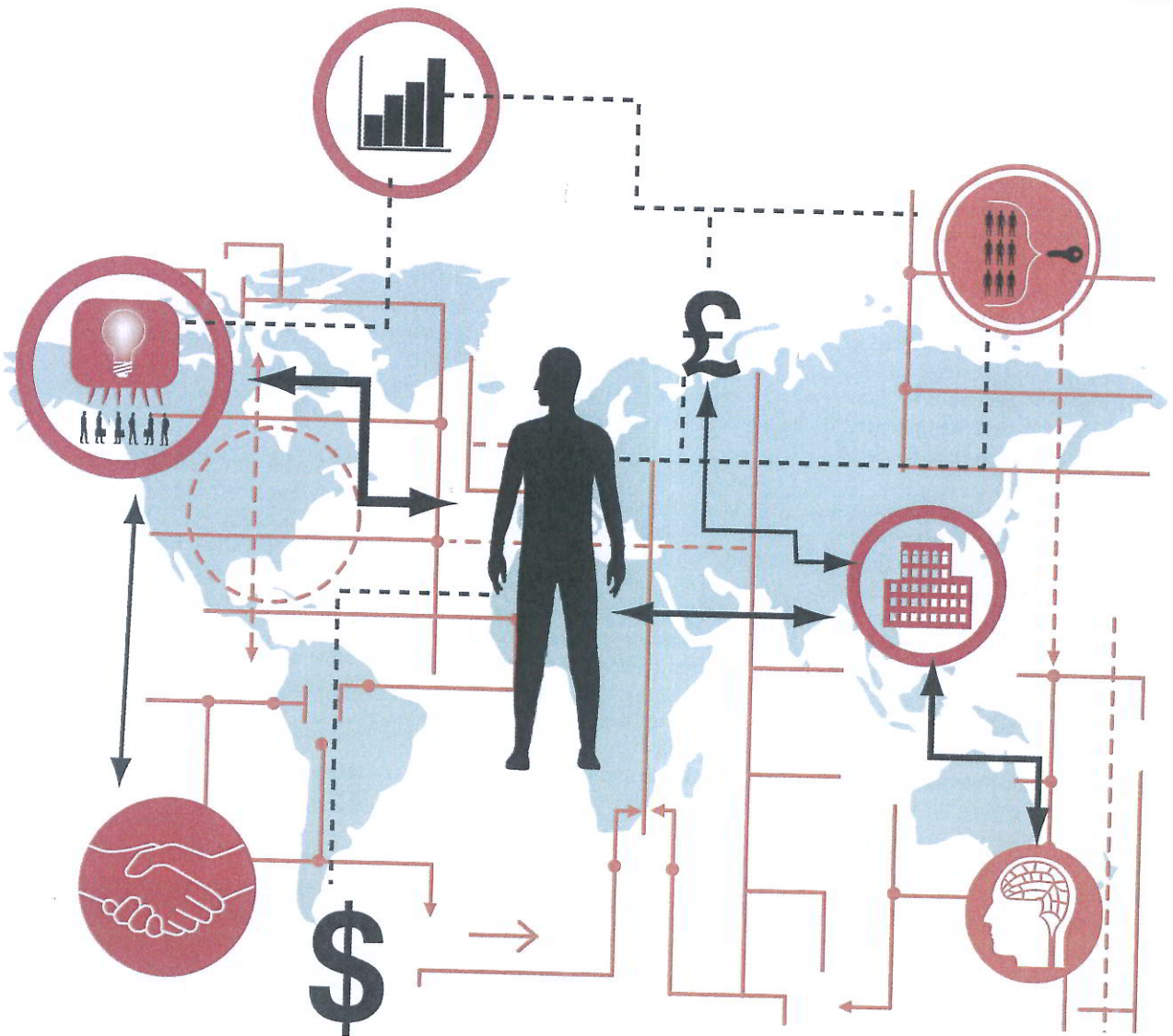
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Lawyers in the limelight

Some of the most innovative deals of the past year have also been the most visible. *Bob Sherwood* explains the back-room negotiations that became global news

THE MINUTIAE OF takeovers or regulatory frameworks are hardly subjects that usually capture the public's imagination, but often the most innovative corporate legal work is done on deals that barely register outside the sectors involved.

However, in the past year, some of the most groundbreaking work was seen in the deals that received the widest attention. That has meant lawyers working not only under intense client pressure but also under the somewhat unfamiliar glare of public scrutiny.

"If you screw up, people are going to notice," says David Wittmann, partner

at Slaughter and May, which represented British Airways, the UK flag carrier, in its merger with Iberia, its Spanish counterpart. That deal, which also featured work by Spain's Garrigues, was one such transaction.

"This was a deal that broke out of the business pages into the general public interest," Mr Wittmann says. "Because it was a genuine merger of two pretty iconic businesses in each of their markets with lots of history, there were cultural sensitivities that needed to be dealt with."

The challenge for the lawyers was to create a new parent company while allowing the combined business to

remain both British and Spanish. The teams from Garrigues and Slaughters used Spanish domestic merger legislation and moved Iberia's operating business into a new subsidiary, a practice common in Spain. A new holding company was created on top of BA, which is common in the UK but not in Spain, thus providing two "clean" companies without creditors that could be merged.

But there were other complications. The merged business has a Spanish holding company, but had to remain listed in the UK. Airline regulations also meant that BA had to remain a UK airline in order to fly out of Britain to

certain destinations, while Iberia had to remain a Spanish-owned company.

Mr Wittmann says the lawyers had to create a structure that would "allow BA to be controlled by a UK board and Iberia to be controlled by a Spanish board, while still having a common management team for the group".

The deal offers a template for future consolidation in the industry, as the lawyers say the structure would allow the company to plug acquisitions of airlines based in other countries into the existing structure.

Another deal in which legal wrangling left the confines of the business pages, was the contentious £300m (€344m) takeover of Liverpool Football Club by New England Sports Ventures, which owns the Boston Red Sox, the US baseball team. John Henry, principal owner of NESV, defeated Tom Hicks and George Gillett, the existing owners, in their battle to stop the takeover.

Creighton Condon, mergers and acquisitions partner at Shearman & Sterling, the English and New York counsel to NESV, says: "The deal was exceptional for its legal complexity, the tactics employed, the astonishing court dramas, the colourful characters, the media circus and the passionate fan base." The firm was aware that keeping the approval of the iconic club's fans was an important factor in the transaction.

The deal was unusual as the owners did not want to sell to NESV but to Royal Bank of Scotland. The bank had lent £2.137bn to the club's owners and had put in place corporate governance arrangements stipulating that Mr Hicks and Mr Gillett had to abide by the decisions of an independent board.

The pair challenged that, and sought to change the board. Not knowing if the arrangements would hold up, the Shearman lawyers put together an unusual bid that enabled LFC board members to take decisive action in the face of opposition from the controlling shareholders in light of their duties to the senior creditors.

The High Court backed the RBS arrangement, but a Dallas court then gave Mr Hicks and Mr Gillett a restraining order to block the sale. Shearman lawyers overturned that in a 7am hearing on October 15, the very day the RBS loan ran out. "I have done a number of sports deals and they tend to be the most memorable, given the characters involved," Mr Condon says. "But this one was the most testing." ➤

CORPORATE LAW

Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Garrigues and Slaughter and May	A benchmark consolidation in the airline industry	7	8	8	23	When Garrigues was appointed to advise Iberia, already negotiating a merger with British Airways, the lawyers proposed a new approach that avoided a takeover under Spanish law. With Slaughter and May, BA's advisers, a new corporate structure was developed without which, the clients say, the deal would not have gone ahead.
Freshfields Bruckhaus Deringer	Germany's largest asset transfer for Hypo Real Estate	6	8	8	22	Used legislation it helped to develop to create a structure to transfer €173bn of assets and liabilities from 70 jurisdictions to a winding-up agency. The complex transfer prevented the collapse of one of Germany's largest banks.
CMS Cameron McKenna	Advising the UK Department for Transport on a new regulatory regime for the sale of High Speed 1	7	7	7	21	Created a new hybrid model to enable the railway to operate within both publicly subsidised and commercial environments. Clients commended the lawyers' expert understanding of the objectives and their role in managing the interests of different parties.
HIGHLY COMMENDED						
Herbert Smith	Advising London and Continental Railways on the sale of High Speed 1 to private investors	6	7	7	20	Renegotiated all the underpinning contracts for High Speed 1, and contributed to a new regulatory regime. The resulting £2.1bn (€2.4bn) sale price was well above expectation.
Freshfields Bruckhaus Deringer	A strategy to break deadlock in Karstadt's insolvency	5	8	6	19	Advised Nicolas Berggruen, the investor, on the acquisition of Germany's largest department store chain out of insolvency. Lawyers' commercial and strategic advice was crucial to the winning bid against strong opposition in a sensitive transaction.
McCann FitzGerald	Series of capital-generating measures for Allied Irish Bank	6	7	6	19	With US counsel, lawyers developed the first Irish exchangeable offer to overcome barriers to the sale of M&T Bank Corporation in the US. They also advised on the first use of the Credit Institutions (Stabilisation) Act to inject capital into an Irish bank.
Shearman & Sterling	Advising New England Sports Ventures on the acquisition of Liverpool Football Club	5	8	6	19	Helped devise and champion a strategy for the seller's board and lender to enter into a binding agreement, in spite of uncertainty created by legal proceedings brought by the controlling shareholders.
Uriá Menéndez	A tailor-made equity security to enable the sale of Talecris to Grifols	6	7	6	19	Advised on a number of creative solutions and a type of redeemable non-voting share, which allowed the buyer to raise capital without ceding control. The share type has attracted interest as a new capital-raising instrument in Spain.
COMMENDED						
CMS Cameron McKenna	Applying an unincorporated joint-venture structure to the offshore renewables sector	6	6	6	18	Adapted and reshaped this contractual construct from the oil and gas sector for the Gwyn y Môr wind farm, creating a new standard for the sector.
Garrigues	Sale and leaseback of Tryp brand from Sol Melia to Wyndham Hotel Group	6	6	6	18	A new kind of joint-venture structure to allow Sol Melia to retain use of the trademark for 10 years and benefit from its growth. The structure has already been copied in the hotel sector.
Hogan Lovells	Created the first two wind-down institutes, or "bad banks", in Germany	5	6	7	18	With McKinsey, the management consultancy firm, Hogan Lovells' lawyers helped create two entities to receive over €250bn in assets from WestLB and Hypo Real Estate. Unusually, lawyers played a central role advising on strategic management decisions.
Linklaters	ACS's successful takeover of Hochtief	6	6	6	18	The first significant offer in German takeover history that remained contested until its completion, and the first hostile share-for-share offer since the German takeover act was enacted in 2002. The Linklaters team were commended for flawless execution in a highly complex transaction.
Bredin Prat and Linklaters	Reverse takeover structure for the creation of London-listed New International Power	5	7	5	17	Advised GDF Suez on its business combination to form the €18bn company. A structure allowed GDF Suez to take control without spending any cash in this complex, multi-jurisdictional deal.
Eversheds	Developing new business models for 3M's new ventures arm	6	6	5	17	Advising on transactions and creation of new distribution models for the 3M unit, which combines minority investment in technology start-ups with access to the multinational's global distribution and marketing network.
Latham & Watkins	Four separate acquisitions of Nortel's businesses under US, UK and Canadian insolvency regimes	5	7	5	17	The firm lent the weight of its global brand and pushed the pace of the transaction to meet clients' timeframes. Lawyers were described as business partners in making the complex acquisitions possible.
NautaDutilh	A "pre-wired" post-offer restructuring	6	6	5	17	Lawyers created a transaction structure under Dutch law to replicate a US-style deal, allowing Johnson & Johnson to take 100 per cent control of Crucell.

Of course, such high-profile and politically sensitive deals can come unstuck or be derailed by external events. Just ask the Allen & Overy team that worked on the bid by News Corporation, the international media group, to buy out the 60.86 per cent of shares in BSkyB, the UK satellite broadcaster, that it did not already own.

In a contentious bid that many thought should have been referred to the UK Competition Commission, A&O's team took on the vexing question of media plurality, which is largely uncharted legal territory. The UK government was provisionally set to accept remedies from News Corporation in lieu of referring the deal to the competition authority, but the arguments were not tested, as the phone hacking scandal engulfed the company and derailed the bid.

Some other deals involving regulatory regimes went more smoothly, including two connected with the UK government's sell-off of High Speed 1, the Channel Tunnel rail link.

A team from CMS Cameron McKenna devised a new regulatory regime for the high-speed rail route to make it fit for sale to private investors. On the same sale, Herbert Smith acted for London and Continental Railways, the government-owned company that ran the link, repackaging the asset, amending legislation and changing underlying contracts so that it could be brought to market. The resulting £2.1bn sale price paid by two Canadian pension funds was above expectations.

There was no precedent for such a framework, but the lawyers point out that, had it not proved successful, the chances of the High Speed 2 link from London to the Midlands and northern England getting off the drawing board would have been greatly reduced.

Such deals were not limited to the UK. In the face of considerable resistance from competitors, Freshfields Bruckhaus Deringer pushed through an audacious strategy for the purchase of Karstadt, Germany's largest department-store chain, by US/German investor Nicolas Berggruen.

In one of the biggest insolvency proceedings in German history, the investor overcame Highstreet Consortium, Karstadt's biggest lessor and the natural company to take over the troubled chain, which had been in administration. The successful ploy was a mixture of legal tactics and a press and political campaign. ■

WINDS OF CHANGE

WHEN VIMPELCOM PULLED off its merger with Wind Telecom in April, the deal catapulted the Russian telecoms group from the 43rd largest in the world to the sixth. In a transaction fraught with difficulty, the lawyers were forced to change the structure a number of times over the course of 14 months of negotiations.

But what made it even more remarkable, was that negotiations with Naguib Sawiris, the Egyptian billionaire and controller of Wind Telecom, happened against the backdrop of the Arab Spring, when many countries in the Middle East and North Africa were in turmoil.

The deal faced specific legal difficulties in Egypt and Algeria, and VimpelCom's lawyers from Akin Gump Strauss Hauer & Feld found themselves negotiating with regulators during an Egyptian revolution.



After the deal, the combined group had operations in 20 countries, serving 181m mobile subscribers. But to pull it off, the lawyers had to bridge a gap between what the purchaser wanted to pay and the seller's price.

Dan Walsh, who led the Akin Gump team, says: "There were a number of points where the deal nearly broke down, and one of those was certainly the value gap, which we were able to overcome with a pretty complex spin-off."

The uncertain political climate and tensions between Algeria and Egypt meant that the risk of operating Wind Telecom's Algerian subsidiary was considered particularly high by VimpelCom. To tackle that, the legal team created a value-sharing agreement, under which Mr Sawiris's company would assume most of the downside risk of operating in Algeria, but would also take most of any upside profits.

Bob Sherwood

CORPORATE LAW: EMERGING MARKETS

Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Akin Gump Strauss Hauer & Feld	VimpelCom combination with Wind Telecom to create the sixth-largest telecoms company globally	7	8	7	22	As VimpelCom's key strategic adviser, the firm managed local counsel in 20 countries, and created new law in Egypt against the backdrop of the Arab Spring. In an environment fraught with political and litigation risk, the lawyers' strategic view was invaluable to the transaction's success.
Freshfields Bruckhaus Deringer	Acquisition of Vallar, the first London-listed Indonesian resources group	7	7	7	21	Without a template to follow, the firm had the quick idea to get clients into a position to sign a deal within 17 days to preempt an auction. The structure had to ensure the new group remained eligible for a premium listing in the UK.
HIGHLY COMMENDED						
Latham & Watkins	Cornstar and MTS merger and parallel voluntary tender offer	7	6	7	20	The merger of New York-listed client MTS with London-listed Cornstar required combining Russian law mechanisms for the first time, and synchronising Russian, UK and US aspects of the deal. Strict corporate governance structures created a positive precedent in the market.
Allen & Overy	Advising a Chinese company on distressed debt techniques to acquire Hungary's Borsodchem	6	7	6	19	Advised Wanhua Industrial Group on the acquisition of distressed company debt to force through an acquisition. In a market unfamiliar to the client, lawyers turned a hostile deal into a consensual one.
White & Case	Sale of Droga Kolinska as part of Istrabenz's debt restructuring	6	7	6	19	To satisfy creditors, lawyers developed a unique agreement and purchase-price adjustment. The structure overcame investor scepticism and has set a positive precedent for foreign investment in Slovenia.
COMMENDED						
Baker & McKenzie	Ma'aden's \$11bn joint venture with Alcoa	5	6	7	18	Advising on Ma'aden's first joint venture with an international partner and projects, the largest of their kind and strategically significant to the diversification of the Saudi Arabian economy.
Dewey & LeBoeuf	Raiffeisen Bank International's acquisition of Polbank	6	7	5	18	The acquisition required Polbank to be transformed from a branch to a standalone bank in anticipation of new legislation.

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FRESHFIELDS BRUCKHAUS DERINGER



Smart moves

Law firms are devising fresh approaches to improve the way they operate and attract clients. By *Sarah Murray*

AS SHIFTS IN economics, legislation and client demand create pressure for change in the legal sector, law firms are looking more closely at their corporate strategies. And while some are tinkering round the edges, others have made more fundamental changes to the way they work.

Part of this is taking place internally, with firms applying new strategies to the way they are organised.

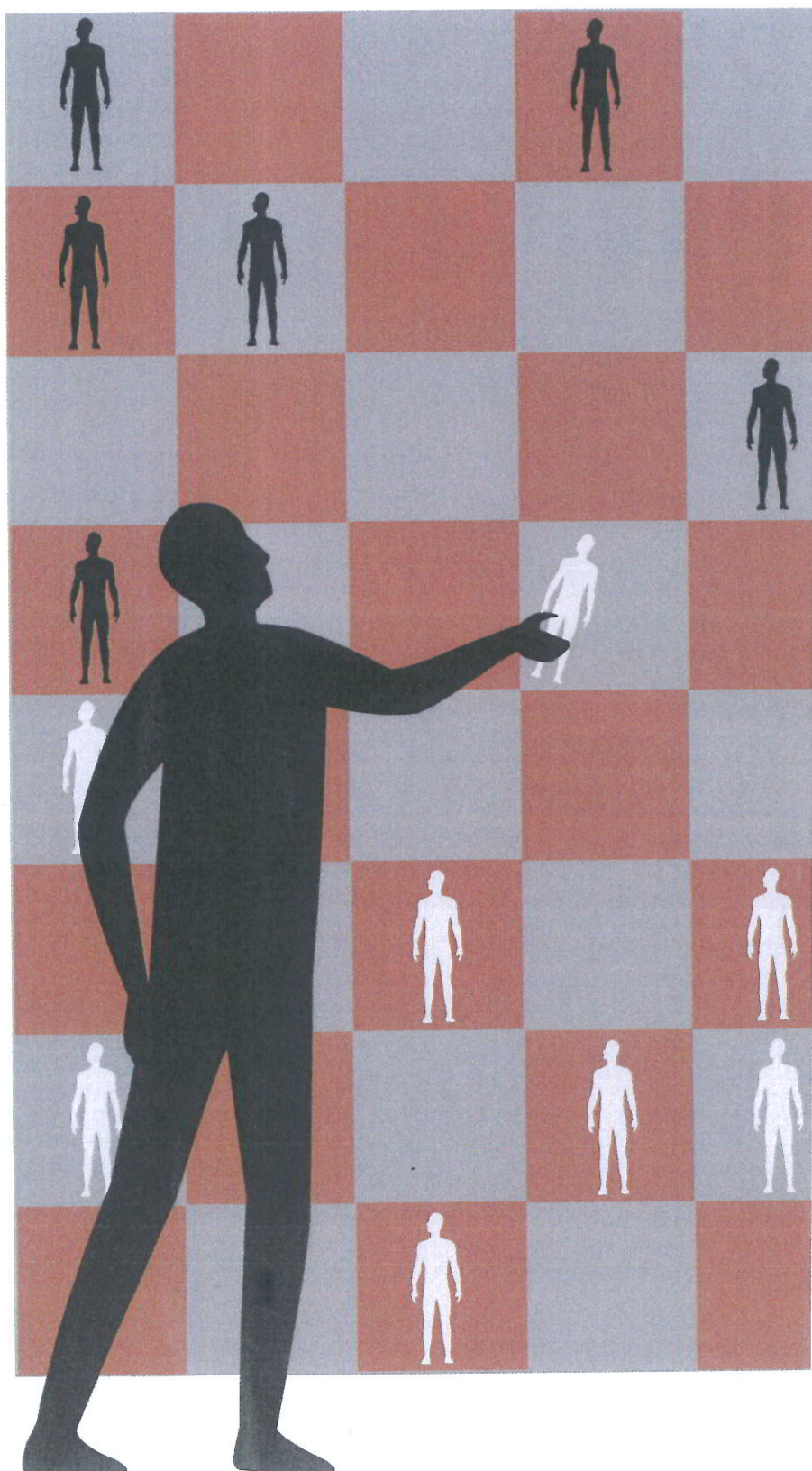
At Allen & Overy, an organising principle it calls “advanced” has been introduced. The idea is to promote behavioural change and continuous improvement throughout the firm by challenging employees to question whether everything they do – from the management of relationships with clients to the use of technology – is as advanced as it could be.

David Morley, senior partner at A&O, stresses the importance of taking a “grassroots” approach when rolling out this kind of strategy. “We’ve introduced it fairly gradually,” he says. “Because if you’re going to make a change in a partnership, the last thing you do is issue orders from the top.”

When it comes to internal changes, many firms are focusing on their employee mix, promoting workplace diversity and designing strategies to attract and retain Generation Y individuals. Several firms, including Freshfields Bruckhaus Deringer and Cuatrecasas, Gonçalves Pereira, have focused on gender equality.

To determine where it needed to make changes, Freshfields commissioned research to identify real and perceived barriers to women’s progress in the firm. It found an imbalance in the number of women associates becoming partners.

To address this, it launched a professional development programme that includes mentoring in areas such as profile raising and network expansion. It also coaches senior lawyers in how to become role models, assess strengths and develop leadership skills. ➤



STRATEGY

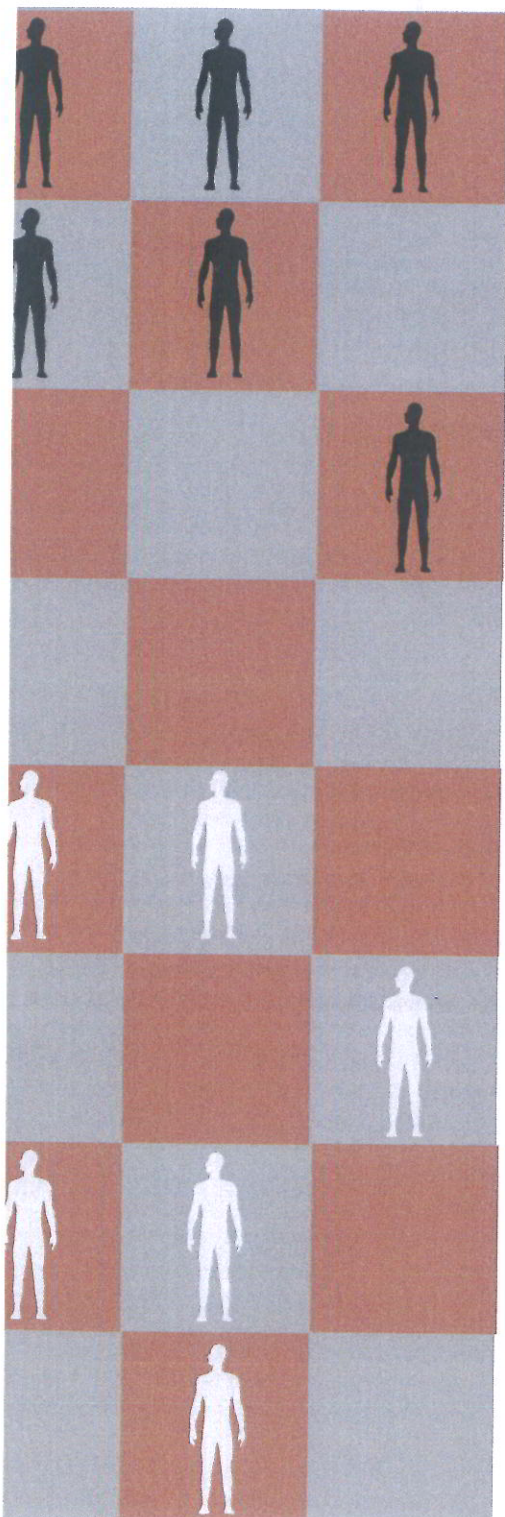
Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Irwin Mitchell	Comprehensive business strategy	8	8	7	23	A suite of initiatives makes this one of the most ground-breaking, best-known law firms in the UK. One of its latest initiatives was partnering with the Daily Telegraph newspaper to provide readers with immediate legal advice.
Bevan Brittan	Public services strategy	7	8	7	22	A strategic review returned the firm to focusing on its strengths. Implementation of the strategy has led to considerable improvement in its fortunes.
Axiom	Creating a new category of legal provider	7	7	7	21	Building on its unusual structure, Axiom purchased a disclosure company in 2010, which added 100 lawyers to the firm and enables it to offer savings to clients. Axiom enjoys growth of 30 per cent a year.
Portolano Colella Cavallo	Acting as a business	6	8	7	21	Improved its management functions by hiring a C-level suite of executives and managing through a committee. The result of various initiatives has been a 65 per cent increase in revenue since 2008.
Wiggin	Media focus	8	7	6	21	Concentrating on media clients, the firm engages Generation Y and women, and has developed new partnering models with its clients.

HIGHLY COMMENDED

Addleshaw Goddard	Alternative pricing model	7	7	6	20	With the help of Cranfield School of Management, the firm is pioneering pricing models.
Ashurst	Ashurst committee	6	7	7	20	A body set up to change working practices, it is currently looking at work/life balance and communications. Workshops make the process mutual and interactive.
Cuatrecasas, Gonçalves Pereira	Responding to Generation Y	7	6	7	20	An analytical approach to generations and their different values informs the firm's management approach.
Freshfields Bruckhaus Deringer	Gender equality	7	7	6	20	Tackles gender inequality within the firm through initiatives such as coaching, networking and role models.
Kromann Reumert	Sales training for associates	8	7	5	20	An unusual tack for a law firm to take – tackling lawyers' inherent resistance to sales and marketing.
Linklaters	Measuring success differently	7	7	6	20	Breaking away from only measuring its performance against financials, the firm has set a new bar in assessing the performance of its people and itself as a business.
Allen & Overy	"Advanced" organising principle	7	7	5	19	Developed a strategic principle to guide its activities, centred on being the most "advanced" law firm.
Baker & McKenzie	People strategy	6	6	7	19	Using open dialogue with staff to meet the challenges of the recession and transform them into opportunities to develop human resources.
Cuatrecasas, Gonçalves Pereira	Gender equality	6	7	6	19	Two partners have been asked to examine working practices in the firm with a suite of technological and flexible working policies.
Eversheds	Shadow senior management team	6	7	6	19	A team of associates and business professionals shadows the executive committee to get them more involved in the business.
Hogan Lovells	Integrated people development function	6	7	6	19	Developing a new people strategy to support new partners and develop existing ones.
Kemp Little	Technology strategy	6	7	6	19	Strong strategic focus on technology and related work such as intellectual property.
LABLAW	Italian employment law boutique	6	7	6	19	Instituted operational innovations such as a 24-hour helpline.

COMMENDED

Boyes Turner	Becoming Thames Valley's dominant firm	6	6	6	18	A focus on establishing new practices such as an industrial disease team has kept the firm at the top of the region.
Garrigues	Remuneration best practices in Spain	6	6	6	18	Developed a human resources consultancy that integrates different disciplines.
Jones Day	Compensation and governance system	5	7	6	18	Compensation system based on qualitative appraisals rather than financials. Heavily dependent on the managing-partner system of governance.
Kyllingstad Kleveland Advokatfirma	Focused law firm in the oil and gas industry	6	6	6	18	Integrated approach to deliver legal services to an industry, which has yielded high financial returns since its launch in 2007 and through the downturn.
Linklaters	Forging relationships	6	6	6	18	From graduate trainees to staff, the firm set out to change its engagement and empower each of these groups.
Noerr	Attracting Generation Y	6	6	6	18	A comprehensive engagement exercise to position the firm as the employer of choice.
TLT Solicitors	"Aspire" programme	6	6	6	18	Leadership development for associates that encourages skills such as marketing and sales.
Tuca Zbârcea & Asociatii	Generation Y focus	6	6	6	18	A suite of measures to enfranchise and motivate associates.
Wragge & Co	Communications strategy	7	6	5	18	Using pictures and story-telling techniques to communicate the firm's corporate strategy.



The need to attract young talent is also pushing law firms to experiment with the way they work, particularly in terms of introducing internal social media and flexible working practices.

Portolano Colella Cavallo has even launched an online game designed for Italian law students and graduates. In a series of short online videos, a hypothetical legal case is set out. To view the next video, users must respond correctly to questions. After the final video, presenting the full case, users can submit a short memorandum about the case along with their curriculum vitae. The winner receives a prize and is eligible for an internship with the firm.

As well as addressing issues such as talent management, law firms are designing strategies that respond to external changes in the market. The recession has created huge pressures on firms to provide their services more efficiently and cost effectively. Following the downturn, clients that traditionally

One firm has even launched an online game designed for Italian law students and graduates

looked to trim their legal budgets year-on-year started considering radical cuts.

“Clients were under increasing cost pressure to get legal services undertaken,” says Al Giles, managing director at Axiom, a professional services company that

uses an alternative management structure. “And that was at a different level from the level of pressure they were under before ... so they needed to look at a very different way of doing things.”

Many of the strategies that law firms have implemented reflect these increasing cost pressures. Using business management techniques such as financial analysis, process engineering, “six sigma” and lean management, Axiom is expanding its ability to serve clients across a wide spectrum of legal work through a low-cost business model. It has also done this by looking very broadly at the way it delivers services.

“We’ve brought in other disciplines, from process

designers and technologists to people with a consultancy background,” says Mr Giles. “It’s about breaking apart the lifecycle of a process and putting it back together in a new and more efficient way.”

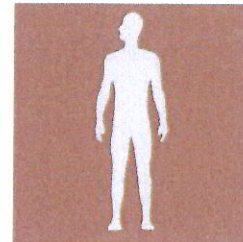
At Irwin Mitchell, the firm has used technology to re-engineer its legal processes and expand its capacity to tackle high-volume work. Part of its strategy has been to become more customer focused.

This was the thinking behind its introduction of a 24-hour legal helpline and the increasing amount of information it puts online.

“It’s trying to put the consumer first,” says Joe Simpson, chief executive of contract legal services at Irwin Mitchell. “We look at our processes to see how we can give clients the service that they want – not the service that we

think they want.”

For some, this has meant re-examining the way they charge for their services. Addleshaw Goddard has developed a transparent pricing structure, available in addition to existing pricing options. The firm works out a fixed fee based



STRATEGY: INTERNATIONAL EXPANSION

Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Norton Rose	Global expansion	8	6	8	22	The first big firm to move into Australia and Canada, Norton Rose is committed to international markets and is beginning to lead in terms of global coverage and headcount.
Allen & Overy	Strategy for high-growth markets	6	8	7	21	An ability to be flexible in its approach to emerging markets has secured the firm a strong foothold in India, Australia and Brazil.
Berwin Leighton Paisner	Rapid international growth	7	7	7	21	In the past five years, the firm has transformed from a domestic operation into an international one, and it continues to expand.
HIGHLY COMMENDED						
Hogan Lovells	Transatlantic merger of equals	6	6	8	20	Hogan & Hartson and Lovells combined to create one of the largest US/UK legal practices.
Uría Menéndez	Bridging the gap between China and Latin America	7	6	7	20	Exploiting its position in Latin America, the firm is targeting Chinese investment into the region. Also trusted by the Chinese government to give international training to lawyers from that country.
Berwin Leighton Paisner	Russian expansion	7	6	6	19	Has achieved a strong foothold in this important market since its merger with Goltsblat in 2009, the middle of the global financial crisis
Garrigues	Emerging-markets strategy	7	6	6	19	The first Iberian law firm to open an office in China, it is developing a structure to empower Chinese and Latin American clients.
COMMENDED						
Eversheds	Middle East merger	6	6	6	18	Tripled its lawyers in the region through a unique merger with the KSLG law-firm consortium, which has given it a presence in six cities.
PLMJ	International legal network	6	6	6	18	The first Portuguese network to reach China, the firm has shown boldness in its international aspirations and in activating clients and lawyers across Portuguese-speaking jurisdictions.

on the complexity of the tasks, rather than on the hourly rate of the individual undertaking the work. It sorts work into four categories – strategic, technical or specialist, general legal advice and volume legal process – with each assigned a fixed rate.

Change in law firm strategy is not only being driven by client demand for new service-delivery methods and pricing structures, however. Deregulation in the sector means competition will intensify.

In the UK, the Legal Services Act, which comes into force in October, will allow external investment in firms for the first time, while non-legal companies will be able to offer law services. Irwin Mitchell, for example, has responded by announcing its intention to change its structure to become an alternative business structure under the act, which will allow the firm to grow by attracting external investment.

Mr Simpson at Irwin Mitchell believes that, in addition to commercial pressures, the act is providing a catalyst for change in law firms’ strategies. “The whole principle [behind the act] has been to encourage a more flexible and dynamic legal service market that puts the consumer first,” he says. ■

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The new rules of law

Regulatory changes, such as the UK's Legal Services Act, are shaking up the legal market. By *Caroline Binham*

THE UK'S £23bn (£26.4bn) legal market has the potential to become one of the most innovative in the world with the introduction of the Legal Services Act (LSA) this month.

For the first time, law firms will be able to offer shares on the stock market or take capital from external investors, and will be able to extend partnership to professionals other than solicitors in what are known as alternative business structures (ABSs). Companies that are not law firms, meanwhile, will be able to offer legal services.

"ABSs may, in practice, provide a means for widening access to legal services by introducing cutting-edge customer service practices, operating longer opening hours and providing more services via modern communication methods," John Wotton, president of the Law Society, the body that represents UK solicitors, told a US audience this summer.

The LSA was conceived after the previous UK government asked Sir David Clementi, former chairman of the Prudential insurance group, to review legal regulation. Sir David reported in 2004 that liberalisation could allow new practices that would improve access to justice by lowering prices and demystifying legal processes. The point was to make access to legal advice as easy as buying a tin of beans – hence the moniker "Tesco law" that has been applied to the act.

In spite of the nickname, Tesco, the UK's largest retailer, is yet to announce it will take advantage of the LSA. But other companies have been more forthcoming, including the Co-operative Group, which has already launched a pilot scheme offering free

legal advice in three of its Bristol bank branches.

The company's objective is bold: to become the UK's largest provider of legal services to consumers over the next 10 years. To that end, it has raised its legal operations from just three staff members in 2006 to 370, and said earlier this year it would consider acquiring law firms.

Another force on the high street, WH Smith, has entered into a partnership with Quality Solicitors, a group of 125 firms with common branding. The initiative started as concessions within the newsagent and book chain's stores in August, and Quality Solicitors hopes to be in 300 locations by the autumn.

Its aim is to emphasise customer service: Saturday opening hours and fixed fees (rather than the infamous billable hour) for most advice.

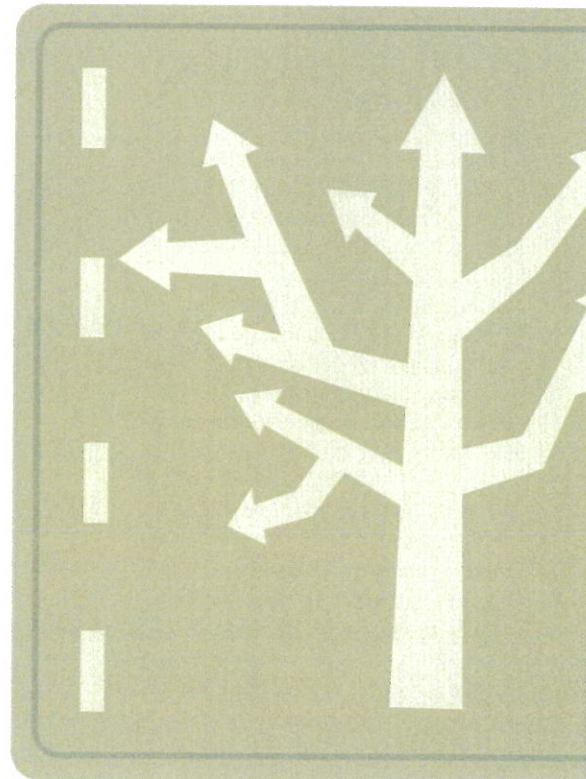
Large, City of London law firms have been more reticent about the LSA. Few have publicly expressed interest in either stock market listings or accepting external investment. The so-called "magic circle" of elite firms have said they will not seek outside capital.

Nevertheless, recent research suggests that what even the biggest firms say in public on the matter might be very different from what they say in private. About a third of the top 100 UK firms are considering taking external investment or offering shares once the LSA

is in effect, according to an anonymous survey conducted by Sweet & Maxwell, the legal information company.

Irwin Mitchell, which with £172m revenue is a top-20 UK firm, is refreshingly candid. In April it said it was "highly likely" to raise fresh capital for acquisitions of other law firms or for

The point was to make access to legal advice as easy as buying a tin of beans



hiring specialist lawyers to strengthen its operations.

The firm wants to increase its annual turnover to more than £200m. In addition to enabling it to buy new talent, external capital would help Irwin Mitchell increase its commoditised work in personal injury and insurance-defence claims.

Pannone, the Manchester-headquartered firm, earlier this year signalled an interest in taking external capital to invest in staff and information technology. It said its Affinity Solutions arm would advise on work such as personal injury claims, which would then be sold on by retailers and insurers to their own customers.

It is this high-volume work that observers view as the most obvious area for external capital within the legal market, because investors can see an expandable business model.

Where ABSs – both law firms and companies wanting to offer legal services – agree is the need for new technology to improve efficiency. This gives a huge opportunity to service providers such as Epoq Legal Services, which can help ABSs automate their work by undertaking document assembly and managing websites.

Mr Wotton of the Law Society promoted the concept of legal market liberalisation on a global road show this year in key jurisdictions such as the US and South Korea. The implication is that investors thinking about putting money into a firm with a large international presence – four of the top 10 firms in the world by revenue are headquartered in the UK – may be put off if they can only invest in the firm's UK elements.

Aside from the UK, Australia is the only key legal market that permits external capital.

But Italy is also taking steps to modernise its legal market, with the Bersani reforms – named after Pierluigi Bersani, leader of the opposition, centre-left party – loosening restrictions on firms' advertising and branding. Following the reforms, Assistenza Legale was the first Italian firm to ignore convention and use a brand name instead of its lawyers' names. It now has 30 offices across Italy.

The LSA has been compared to the "big bang" that modernised financial services in 1986, but any explosive effects of the act have been put on hold

INDUSTRY PIONEERS

Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Co-operative Legal Services	High street law	7	8	8	23	A big brand with ambitions to become the largest consumer-focused legal provider in the UK in 10 years' time. The Co-op seeks to run its own legal services division, with substantial synergies between its funeral care and financial services business lines.
Epoq Legal Services	Legal technology provider	7	8	7	22	Epoq's blend of technologists and lawyers provides the infrastructure for many of the new entrants in the wake of the UK Legal Services Act, including Halifax, the AA, More Than, NatWest, Royal Bank of Scotland and Allianz.
Irwin Mitchell	Future alternative business structure	7	7	7	21	The law firm is investigating becoming an alternative business structure under the LSA to fund expansion into a diverse range of activities. Plans include links with consumer brands such as Eon and the Daily Telegraph to market their services to consumers.

HIGHLY COMMENDED

Axiom	Alternative legal provider	7	7	6	20	By offering high-quality lawyers on a flexible basis, the law firm helps clients save up to 20 per cent on legal bills. It employs a large number of technologists and process analysts to calculate the best ways to disaggregate legal work to resource it more efficiently for its clients.
Quality Solicitors	High street law	6	6	8	20	Structured like a franchise, Quality Solicitors effectively rebrands 300 pre-existing high street solicitors under a common, consumer-friendly identity. The brand has opened 130 legal access stands in WH Smith shops, and has implemented routine Saturday opening hours to help reach consumers.
Assistenza Legale	High street law	6	6	7	19	The first "street-level" consumer law practice in Italy, now with more than 30 offices. Focuses on individuals and small businesses, and has seen revenue rise by 30 per cent in the past year.
Pannone Affinity Solutions	Legal services provider	6	7	6	19	Aims to provide legal services for white-labelled consumer brands, as well as providing advisory support for consumer brands seeking to create their own legal operations.

COMMENDED

A4e	High street law	6	6	6	18	The training company already provides legal services to socially disadvantaged economic groups, but plans to have an ABS running with 400 staff after the implementation of the LSA.
Cogent	High street law	6	7	5	18	Aims to be the legal services provider behind well-known consumer brands. Cogent has recently begun running online document services and legal advice helplines for insurers such as the AA and Saga, and is looking to access more capital through an ABS.
Keystone Law	Alternative legal provider	7	6	5	18	The "dispersed" law firm operates from a central-London base with offices throughout the south of England. It plans to create an ABS to fund mid-tier consolidation and launch a consumer-focused brand.
Radiant Law	Alternative legal provider	7	6	5	18	New style of law firm focusing on technology, outsourcing and commercial transactions. Cuts costs using extensive collaboration with an Indian legal process outsourcer and by developing its own technology tools.
ArbDB	Combined services	6	6	5	17	The world's first multidisciplinary global chamber of dispute resolution, arbitration and mediation professionals, targeted at international infrastructure projects.
Legal Grounds	Alternative legal provider	6	6	5	17	First "virtual law firm" in Italy, offering highly flexible experienced lawyers to clients. Structured under a co-working agreement, rather than a traditional partnership, it has seen a 50 per cent growth in instructions since its launch in 2009.
Russell Jones & Walker	Future ABS	6	5	5	16	With experience of running the Claims Direct telephone legal service, the firm has ambitions to establish itself in the consumer market, potentially through becoming an ABS and taking on external capital.
Varco	Combined services	5	6	5	16	The vehicular-accident claims management company is planning to become an ABS to handle the legal work associated with claims. The aim is to increase the speed and recovery levels of claims for a reduced cost.

since the UK Ministry of Justice said it would not be able to grant the Solicitors Regulation Authority power to issue licences for ABSs in time for the act coming into force in October.

It will now be at least January 2012 before the SRA will be in a position to grant licences, which all firms will

need if they want external investment or are considering broadening their partnerships. The regulator has called the delay "disappointing".

Changes from the LSA may be incremental, but the legal profession – long known for its conservatism – will never be the same again. ■

Beyond the team

In-house lawyers are coming up with ideas that can benefit the business overall. By *Andrew Baxter*

ONE WORD I NEVER want to be hear about our team is 'roadblock'; we are not a roadblock, unless it is completely illegal," says Pierre Landy, general counsel for Europe, Middle East and Africa at Yahoo, the US internet company. "I always tell the team that if the answer has to be no, they need to say to the business, 'It's no if you do it like this, but yes like that.' If they just say no, then they haven't done their job."

Working with the business to ensure that, wherever possible, the answer can be yes – and perhaps coming up with some original ideas for new business, too – is a hallmark of the top in-house legal teams, and symptomatic of how they have changed in recent years.

"A kind of new normal has developed," says RSG Consulting, which carried out the research for the FT Innovative Lawyers report. "It has become universal to think about [a legal department] as a creator of value for the business, whereas normally legal is just a cost centre. In-house legal teams have begun to escape from the silo-led mentality of the past and develop lots of lateral connections to the units and to management."

The most innovative work among in-house lawyers involves new approaches, the implications of which go well beyond the legal team and affect both the parent business and external law firms.

Nokia took the bold step of combining its legal and intellectual property departments into one global team of 350 professionals, spread across 44 countries from the US to Indonesia. Louise Pentland, the Finland-based telecommunications group's chief legal officer, recalls how the human resources department was experimenting with the idea of creating more opportunities for cross-fertilisation of activities and

individual growth by removing people from artificial boxes or silos.

"That really resonated with me and my management team ... but no one thought that legal and IP would be the first teams to implement something like that," she says. "That really spurred us on, and we ended up implementing it lock, stock and barrel."

The marriage of the two departments makes sense in the high-technology sector, she says. "When it comes to the interconnection between any IP and legal issue, I don't even know how you would separate them, or which comes first, as the topics are entirely interrelated in high technology."

Nokia's new approach has been introduced gradually, with some fine-tuning along the way. It is no coincidence that the team refers to itself as "Liquid LIP" (legal and intellectual property), which Ms Pentland sees as a living and breathing organism that can adapt to the frenetic pace of change in the sector, rather than a new organisation that is set in stone.

The changes at Yahoo are not a form of restructuring either, says Mr Landy, who summarises the new approach in his 35-strong team as 21st-century leadership replacing its 20th-century counterpart.

"Twentieth-century leadership was all about sorting things out for people, hammering in how things should be done and fitting people into boxes," he says. "In 21st-century leadership, the 'what' and the 'why' are the leader's responsibility. The 'how are we going to get there' is the team's."

Mr Landy sees himself as a "legal orchestra conductor" with a "super-team" whose members own their files, make their own decisions and are given greater responsibility. The three core aims are to "wow clients [in the business units], grow revenues and improve organisational efficiency" – all

of which, he says, are being achieved.

A greater willingness among team members to support each other also helps shape their careers by broadening their knowledge and experience, and reduces attrition through enhanced job satisfaction.

On a smaller scale, the changes introduced by Tiago dos Santos Matias, head of the in-house legal team and tax at Portugal's Banif Investment Bank, are also striking.

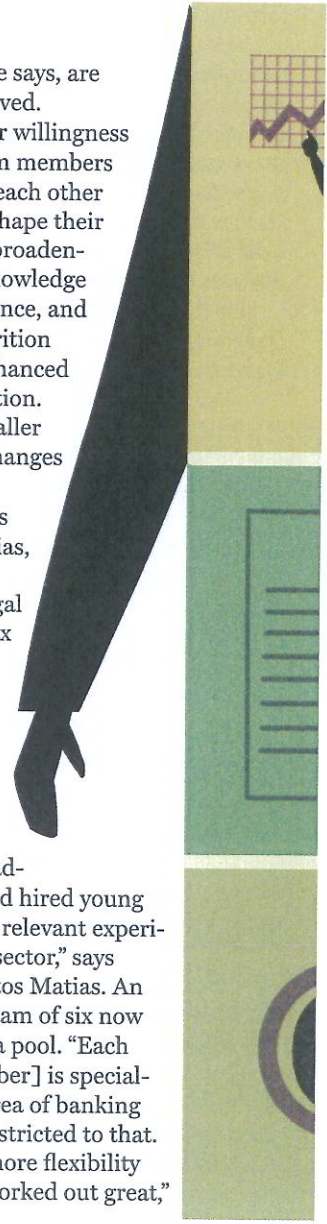
"We talked to leading firms and hired young people with relevant experience to the sector," says Mr dos Santos Matias. An expanded team of six now constitutes a pool. "Each [team member] is specialised in an area of banking but is not restricted to that. It gives us more flexibility and it has worked out great," he says.

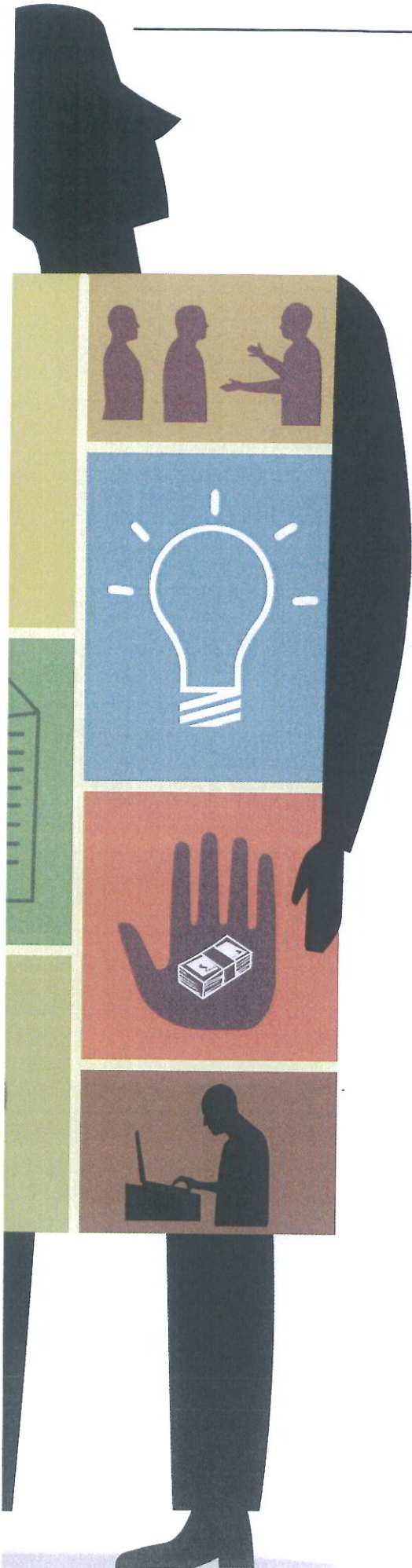
"From the beginning, team members identified with the project and were interested in learning new ways and about new sectors of activity."

One common feature of these in-house teams is their willingness to be viewed as profit centres, or at least as generators of ideas that will help expand revenues.

This is illustrated by a highly novel arrangement at Banif, in which each lawyer has to come up with one new product every month for the business units, or to improve an

"In-house legal teams have begun to escape from the silo-led mentality of the past"





A LABOUR OF LOVE

HOW DO YOU DO A 14-WAY merger of operations across multiple jurisdictions, keeping the existing entities intact, in a sector that is risk averse and blessed with arcane corporate structures that have evolved over the past century? And all in a very short time and with almost no budget.

That was the question that faced Elizabeth Stephen, general counsel of Save the Children International, after the charity decided to merge the international programmes delivered by 14 of its 29 member organisations into one unit. The move will expand the organisation's secretariat from 25-30 people into what will probably be the world's largest independent children's rights organisation, with 14,000 employees.

The rationale was clear. "Governments and multinational donors are really cynical about too many layers of bureaucracy in the development sector, and as an NGO [non-governmental organisation] now you have to show how you add real value," says Ms Stephen. "That has been one of the real drivers for this transaction."

Achieving the merger was far from simple. "We were in such uncharted territory – no NGO had done anything quite like this before," she says.

The in-house legal team had to steer the timetable and was responsible for tying all the threads of finance, human resources, information technology and operations together into a clear legal framework that would work across 14 jurisdictions and 70-plus country offices.

Then there was the issue of time and money – or lack of it. The charity has a job to do for children and could not spend too long diverting

people and financial resources to an internal restructuring.

Its solution was highly unusual. It pitched the work as a pro bono project to a group of City of London law firms. Freshfields Bruckhaus Deringer became the charity's main partner on the legal side of the deal, with Baker & McKenzie responsible for employment-law issues. Project management was provided by Boston Consulting Group, the consultancy, also pro bono.

Freshfields devoted nearly 6,300 hours to the project over several months, with 12 partners involved and dozens of other staff. At one stage, it had to bring in outside staff to provide surge capacity, says Karen Fountain, one of the Freshfields partners leading the law firm's team.

But it was a labour of love. "All of us felt at the end of it that something worthwhile and lasting had been achieved, and that we had really contributed to delivering the project,"

says Ms Fountain. "This is exactly what we are looking for with pro bono. You want to feel you did a good thing, but also that you were personally contributing

something valuable that would otherwise just not have been available."

Ms Stephen says she was staggered by the commitment of resources from the pro bono partners. "It has been very successful as a model – the work [Freshfields] were doing fitted their expertise, and we were the right fit for them as their staff insist that social responsibility issues are taken seriously. So it was an attraction for them to work on the deal."

Andrew Baxter

"We were in such uncharted territory – no NGO had done anything quite like this before"

Company	Sector	Lawyers	Innovation	Originality	Business alignment	Value creation	Impact	Total	Description
Nokia	Telecoms	160	Reorganisation transforms legal team into a profit generator	8	8	8	8	32	Restructured itself to incorporate intellectual property and legal services into a single global entity designed for flexibility, but remaining integrated within the business. Implemented sophisticated legal procurement to improve efficiency and develop closer relationships with external firms.
Yahoo Europe, Middle East and Africa team	Internet	35	"Super-team" concept	8	7	8	7	30	A new management approach was developed, encouraging the company's lawyers to take an unusually autonomous approach. With leadership defining key strategic aims, team members are asked to invent the ways in which the strategy will be implemented.
Banif Investment Bank	Banking	6	Legal team promoting innovation	8	7	8	6	29	A restructured legal team has transformed the way it works, cutting external legal bills by 27 per cent and helping to structure the largest investment fund to date in Portugal. Every lawyer also has to devise a new financial product each month, with more than a quarter successfully adopted and sold by the bank.
Royal Bank of Scotland	Banking	550	Binding in-house team to key strategic objectives	7	8	7	7	29	With the bank aiming to return to private hands by 2015, the legal team is aligned to the overall strategy rather than to individual business units. Implemented an "eAuctions" system to cut the cost of external lawyers radically, and implemented a global talent programme focusing on risk management and leadership.
GE oil and gas litigation team	Conglomerate	4	Early resolution of commercial disputes	7	7	7	6	27	Pioneered the use of an online tool to resolve smaller disputes at an early stage, quickly and cost effectively. Uses this analysis to make key strategic decisions, with significant cost savings.
Syngenta	Agriculture	250	Using advanced information technology	8	6	7	6	27	Career tracking and planning tool focuses a comprehensive viewpoint on every individual's skills, preferences and experience, enabling more nuanced human resource planning and better career development. Team also led on developing "Simplify", an intellectual-property rights tracking system focusing on the make-up of products.
Guardian News and Media	Media	6	Focusing on high-value work	6	7	7	6	26	When the legal function's remit expanded to cover the entire media group, it needed to focus on high-value work. To do this, it developed "Project Bronze", through which law firms agree a fixed fee for low-value contract work and deal directly with the business people, leaving the in-house team to concentrate on strategic business advice.
Save the Children International	Charities	4	Legal-led restructuring	6	6	7	7	26	The restructuring of the charity from an affiliation of 14 different bodies into a more centralised model was partly devised and entirely implemented by the in-house legal team. A key issue was getting external professional service firms to bid for a chance to help with the work on a pro bono basis.
Eon UK	Energy	21	Building deeper relationships with external lawyers	7	6	6	6	25	The "Future Engage Deliver" programme is a set of unusually open-ended conversations that build deeper relationships, incorporating external firms as genuine partners. The legal team has also expanded its use of specialist legal procurement professionals to drive value for money.
Deutsche Bank leveraged-debt capital markets team	Banking	6	Putting in-house team "in the minds of the bankers"	6	6	6	6	24	A highly integrated team works to add value to the broader business. It maintains its own database, developed internally, to keep track of products and terms, and to help advise on new business proposals, and is heavily involved in crisis and risk management, including advising on reputational risk.
Nationwide Building Society	Building society	33	Taking inspiration from Toyota to drive efficiency	6	7	6	5	24	Implementing a lean process review has allowed the team to ensure its lawyers spend more of their time on the highest-value work. The team aims to equip all lawyers to be business leaders through its home-grown "Training Academy".
Schroders	Banking	40	Fully integrated legal team	5	7	6	6	24	The team is highly integrated and laterally connected, with lawyers attending all senior management meetings. It has hired dedicated compliance professionals and developed a suite of proactive training programmes to prepare the bank for a raft of new regulations.
Aegis	Marketing	16	Using technology to help the business in the new risk environment	6	6	5	6	23	Taking a forward-looking approach to risk management, the legal team designed and implemented a regulatory intranet site and online compliance training system, enabling commercial teams to become more knowledgeable when advising their clients, and preparing the business for the UK Bribery Act.
CMC Markets	Finance	10	Keeping innovative offerings compliant	7	6	5	5	23	The company is developing online community platforms for customers, designed to share trading ideas, with the in-house legal team taking responsibility for ensuring the platform remains compliant with financial regulations, involving a mix of privacy, defamation and ecommerce issues.
Henderson	Finance	12	Using mergers and acquisitions to help motivate staff	5	6	5	7	23	Faced with the challenge of the group's acquisitions of Gartmore and New Star Asset Management, the legal team took the opportunity to help motivate and develop staff by resourcing much of the most complex work internally.
Three	Telecoms	17	End-to-end commercial accountability	5	6	6	6	23	The legal, commercial and regulatory team is structured to have an extensive commercial accountability, and has led on numerous high-profile projects, including the recent network integration deal between Orange and T-Mobile.

existing one from a legal or tax perspective.

"They always call the legal department 'the back office'," says Mr dos Santos Matias. "This is something I didn't enjoy very much." That sparked the idea to come up with new products – and a quarter of them make it to the market.

A changed approach to external law firms has also been a top priority. Banif previously worked with a vast number of firms, says Mr dos Santos Matias. Nokia had more than 500. "It didn't



feel out of control," says Ms Pentland. But she adds: "Everyone was acting independently and we weren't leveraging the savings or the strategic benefits as best we could."

Considerably fewer law firms are now getting dependable packages of work, while Nokia can use its purchasing power to get a better deal and has established tools to enable more collaborative working between law firms and the global team.

The innovations are already spread-

ing. Yahoo's EMEA legal super-team concept has been duplicated in the Asia-Pacific and Americas regions, says Mr Landy, and ideas are being exchanged via a fourth task force.

Nokia's merged LIP concept is also generating considerable interest from technology companies and beyond, says Ms Pentland. "It could be relevant to any organisation with experts – pharmaceuticals, oil and gas and more." ■

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2007

Baker & McKenzie establishes **offshore captive services centre** in Manila

Orrick **consolidates back-office operations** in low cost US location

Office Tiger **drives outsourced legal word processing** from India

BLP **launches lawyers on demand**

Clifford Chance supported by Integreon **builds shared-services centre** in New Delhi

Slater & Gordon becomes the **first law firm to publicly float**

Eversheds **becomes sole provider** to Tyco for legal services across EMEA

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Pfizer **consolidates to 19 law firms with flat fee approach**

Rio Tinto **outsources to CPA Global to save \$100m**

Axiom **wins law firm innovation award**

Thomson Reuters **acquires Pangea3**

CMS and Integreon **sign outsourcing deal**

Microsoft **announces contract management outsourcing deal** with Integreon

BT **transfers in-house India captive legal team** to UnitedLex

2010

Herbert Smith **opens legal document review centre** in Belfast

Allen & Overy **announces opening of 300 person support centre** in Belfast

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Pay-offs stop paying off

The UK Bribery Act has far-reaching consequences, but regulators may struggle to implement it. *By Caroline Binham*

THE LANDSCAPE OF anti-bribery legislation in the UK shifted in July with the introduction of the Bribery Act, the biggest overhaul of bribery laws in more than a century.

Its effects were felt far beyond the UK. The act gives the Serious Fraud Office wide powers to prosecute a company (or a person associated with

it) with any sort of link to the UK, no matter where it is based or where the bribery takes place.

Individuals face up to 10 years in prison, and companies an unlimited fine. For the latter, one of the biggest threats is exclusion from public works if they are convicted of corruption.

Frequently compared to the US's strident Foreign and Corrupt Practices Act, the Bribery Act actually goes

further than its American counterpart and outlaws facilitation payments and bungs to anyone, even if they are not public officials.

Richard Alderman, director of the SFO, has pledged to target foreign companies that disadvantage British ones through illegal payments, forecasting US-style surprise arrests as soon as suspects touch down on UK soil.

Little wonder that companies are fretting over the scale and scope of the act, and that law firms and other consultancies are capitalising on that fear. A "cottage industry" of advisers has popped up, in the words of Vivian Robinson, former general counsel at the SFO, now at McGuireWoods, the US law firm.

Some firms, however, actively tried to influence the drafting of the legislation. Simmons & Simmons and Berwin Leighton Paisner attended meetings with the Ministry of Justice to help prepare guidance to the act.

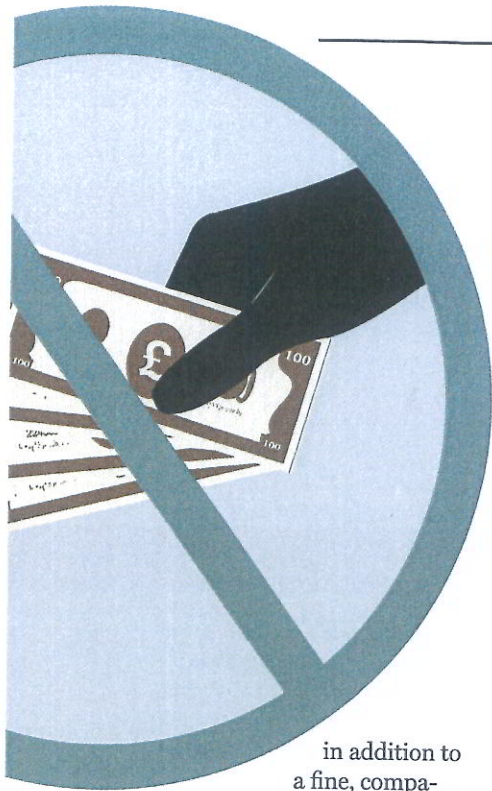
A central defence for a company prosecuted under the act is that it has so-called "proportionate procedures" in place to guard against bribery. Simmons and BLP lobbied the government to take a common-sense approach, with the notion of "proportionate" being dependent on the size and type of the company in question.

The impetus to the Bribery Act was a stinging rebuke in 2008 by the Organisation for Economic Co-operation and Development over the UK's woeful track record in prosecuting corruption. The anti-bribery convention of the rich nations' club, signed in the late 1990s, led to legislation being toughened in many countries.

Spain has strengthened its white-collar crime laws in the past 12 months, amending its penal code in December 2010 to make an organisation criminally liable if it is proven not to have exerted "proper control" over directors or personnel who go on to commit any of 30 financial crimes. This means that,

BRIBERY AND CORRUPTION

Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Simmons & Simmons	Helping to shape UK Bribery Act guidance	6	7	8	21	In discussions with the Ministry of Justice, the firm represented industry groups to propose key amendments to the Bribery Act guidance, which gives business workable procedures to prevent bribery and corruption.
Berwin Leighton Paisner	Helping to shape UK Bribery Act guidance	6	7	8	21	Championed clients' concerns and proposed the wording for a risk-based and proportionate approach now included in the amended Bribery Act guidance.
HIGHLY COMMENDED						
Linklaters	BAE Systems settlement with the US Department of Justice	6	7	7	20	Primary adviser for the US side of the settlement, which ended a long-standing investigation. Lawyers helped achieve a settlement that did not include a corruption charge.
Wragge & Co	Construction-industry cartel case	6	8	6	20	In part of the largest-to-date investigation by the UK Office of Fair Trading, Wragge advised Thomas Vale Construction through an initial dawn raid to a successful challenge before the tribunal. The firm also undertook the advocacy and saw the fine reduced from £2m (€2.3m) to £171,000.
Peters & Peters	Anticipating the new legislation	6	7	6	19	Through longstanding involvement in anti-bribery issues, the firm has helped shape anti-bribery legislation in the UK, and wrote the first guide to the legislation.
COMMENDED						
Lawrence Graham	Fixed-fee advice to the mid-cap market	6	6	6	18	A focused anti-corruption compliance programme for the UK mid-cap and Alternative Investment Market. To accommodate the different risk challenges faced by these clients, the firm lobbied in favour of a principle of proportionality, which was included in the Bribery Act guidance.
Field Fisher Waterhouse	"Integrity compliance" solution	6	7	5	18	The service combines legal advice with input from accountants, investigators and bespoke training.
Morais Leitão, Galvão Teles, Soares da Silva	Advocating a preventative approach to corruption in Portugal	5	7	6	18	Promoting a change in thinking by bringing prevention of corruption to the agenda of corporate entities, and establishing a corporate defence based on having adequate procedures in place.
Cuatrecasas, Gonçalves Pereira	Criminal corporate compliance system	5	6	6	17	Responding to changes to the Spanish penal code, the firm has worked with clients to implement robust risk frameworks. Lawyers played a central role in defining the businesses' internal roles and responsibilities to manage risk.
Garrigues	Crime prevention programme in response to amendments to the Spanish penal code	5	6	6	17	Programme ensures control measures to mitigate legal risk of a prosecution and, importantly, to minimise reputational risk. Includes organisational models and continuing improvement tools.
Jones Day	Client-led "integrity management" workshops	5	6	5	16	Joined forces with Control Risks, a leading risk management firm, to provide scenario-based training. Clients found the combination of legal input and highly practical risk management advice valuable.



Companies are fretting over the scale and scope of the Bribery Act

succeeded in getting the company's initial £2m fine (halved after the company co-operated with the OFT) reduced to £171,000.

In the wake of the worst financial crisis in a generation, politicians are asking whether regulators have done enough. In the UK, the Conservatives pledged ahead of last year's general election to create a standalone economic crime agency to improve what they described as lax and uncoordinated regulation that contributed to the crisis. The new agency would have absorbed the SFO and prosecutors within the FSA and OFT.

The FSA and OFT successfully lobbied to be excluded, but uncertainty about the agencies' futures hit morale hard. The SFO, in particular, suffered

an exodus of key staff over the past year, including Mr Robinson, the general counsel.

As it turned out, the economic crime agency was scrapped. Instead, a liaison committee between the existing regulators will feed into the work of the new National Crime Agency – a body modelled on the FBI in the US – that will be operational by 2013.

But with a decreasing budget and operational uncertainty, some commentators have questioned how tough the SFO can be. Just £2m of its total budget of £34m is ringfenced to enforce the Bribery Act.

Indeed, for all of the SFO's bluster, the first prosecution under the act was not grand corruption, but the Crown Prosecution Service filing charges against a London court clerk accused of accepting money in exchange for wiping a defendant's speeding points off his licence. ■

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in addition to a fine, companies found liable can be wound up or supervised by a court.

Spanish law firms Garrigues and Cuatrecasas, Gonçalves Pereira have worked with clients to forecast which business areas could be vulnerable to crime. They have also drawn up compliance training, which could go some way to proving to an eventual court that a company did exert "proper control" over its employees.

It is not just bribery that has been at the forefront of companies' concerns. Regulators, including those in the UK, have been targeting all kinds of financial crime with an ever-tougher approach. The Financial Services Authority is currently prosecuting three insider-trading cases through the courts, in addition to 10 defendants who have already been found guilty. Before January 2008, the regulator had not filed a single case of the crime.

Meanwhile, the UK Office of Fair Trading, bruised after the collapse of its first contested criminal prosecution of price fixing, has sought to be a watchdog with teeth even in its civil investigations. Its total fines of £129.2m (€148.5m) on 103 construction companies that engaged in cover pricing was one example. Cover pricing occurs when companies deliberately overbid during a competitive tender, knowing that they will not win, but thus maintaining their status on a tender list.

However, these fines were subject to a challenge at the Competition Appeal Tribunal and were reduced in March. A striking example was that of Thomas Vale, advised by Wragge & Co, which

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Strong contenders

This year's shortlisted candidates impressed the judging panel with their creative approaches to tough challenges

VETERAN JUDGES ON the panel choosing the FT Legal Innovator of the Year agreed that this year's shortlist was the strongest they had seen. All 10 finalists had vivid stories to tell, *writes Michael Skapinker.*

In the end, the eight judges – five outsiders and three from the FT – whittled down the list to the three top contenders from an outstanding group.

Barney Reynolds, partner at Shearman & Sterling and head of its financial institutions and regulatory group, provided a submission well suited to these times of financial crisis. Mr Reynolds led the team that advised ICE Clear Europe, the European clearing house, on creating its clearing service for credit-default swaps. His team also helped LMAX, the financial trading platform, set up the world's first retail-derivatives exchange.

The judges were taken, too, by the submission of Natalie Elphicke, partner and head of structured housing finance at Stephenson Harwood. Her work setting up a new structure for social and affordable housing in the UK

hugely impressed the panel. Given that ill-considered attempts to provide mortgages to low- or no-income borrowers in the US helped trigger the financial crisis, her work also had a strong contemporary resonance.

Ms Elphicke came very close to winning this year's award. In the end, however, the judges felt it was too soon to see how widely her innovative proposals would be taken up. Crucially, at the time of judging, her legal structure, incorporating elements of Islamic law and combining rental with purchase, was still awaiting approval from the UK Financial Services Authority.

The panel then considered the third outstanding submission – from Richard Tett, partner at Freshfields Bruckhaus Deringer, who specialises in complex cross-border corporate restructurings. His biggest achievement of this year was the restructuring of La Seda de Barcelona, a large Spanish packaging manufacturer that was in danger of being dragged down by its huge debts.

Mr Tett put in place a scheme of arrangement in the style of English law that allows a majority of creditors to prevail over a recalcitrant minority. The concept was unknown in Spain but the country has now amended its law to allow it. Germany and the Netherlands have done so too, and France is expected to follow.

His submission was groundbreaking, it had been put into effect, it had had a wide take-up and, in its crossing of legal and national borders, it was genuinely innovative.

Mr Tett is the brother of Gillian Tett, the FT's US managing editor. Lionel Barber, the FT's editor, decided Mr Tett's application should be considered on its merits. In the event, the non-FT judges, who formed the majority and did not know of the family connection, plumped overwhelmingly for Mr Tett as the FT's legal innovator of 2011. ■

WINNER

RICHARD TETT Partner, restructuring and insolvency group, Freshfields Bruckhaus Deringer

Richard Tett is a leading innovator in the field of complex cross-border restructurings. In the wake of the global credit crisis, Mr Tett has worked on a host of complicated financial restructurings, and has been called on to develop new concepts and techniques, effectively to save some of Europe's largest corporations.

In 2011, Mr Tett's biggest achievement was restructuring La Seda de Barcelona, the large Spanish packaging manufacturer. Faced with huge debts, the company appeared to be in

THE JUDGING PANEL

TONY ANGEL, former managing partner, Linklaters

CAROLINE BINHAM, FT legal correspondent

WILLIAM COCK, First Counsel

PETER CORNELL, former managing partner, Clifford Chance

ANDREW LOACH, Integreon

MICHAEL SKAPINKER, FT special reports editor and chairman of the panel

PAUL SOLMAN, lead editor,

FT Innovative Lawyers

GEOFFREY TIMMS, general counsel, Legal & General





RICHARD COHEN
Executive chairman and group counsel, Epoq Group

Richard Cohen's role in Epoq Group has been that of lawyer-turned-technologist, transforming the company into an online legal service in the early days of the dotcom boom when it developed its basic platform of document automation. Epoq is poised to take advantage of the developments in the consumer legal market that will follow the introduction of the UK Legal Services Act.

The group, whose chief executive is Mr Cohen's brother Grahame, won the CBI Growing Business Award and an information technology award from the Society for Computers and Law in 2000.

Although the dotcom bust then hit the company hard and the legal market was not yet ready for a comprehensive, internet-based legal services system, Epoq flourished, expanding into the banking, finance and insurance markets. In the wake of the LSA, the company is positioned to serve two key markets: ➤

the throes of a terminal crisis. Mr Tett rapidly devised the solution of exporting the English-law technique of a scheme of arrangement to Spain, where no such process existed. This was entirely without precedent, and its success opened the path for the wide-scale transformation of European restructuring law.

Spain has already amended its law to incorporate the idea in the wake of the deal, with the concept now being applied in Germany and the Netherlands. France will follow soon.

In 2010, Mr Tett led the work on restructuring McCarthy & Stone, the UK retirement home builder. In a market-changing development, Mr Tett devised and implemented a combination of a scheme of arrangement with a pre-packaged administration, a move that has been widely copied.

Mr Tett says he has "a light paranoia about not finding the best solution", and his approach to restructuring law is a result of his depth of knowledge combined with being "much more of a risk taker than most lawyers".

One of his clients describes him as "the most innovative restructuring lawyer in the UK. While others tend to 'go looking for the cookie-cutter', Richard Tett stays up at night thinking about new ways to restructure companies. He is a real generator of extraordinary ideas."

Mr Tett studied natural sciences followed by law at Cambridge University, where he was a member of the rowing team. He puts his drive to find creative solutions down to that competitive background.

He joined Freshfields Bruckhaus Deringer as a trainee in 1994 and was elected partner in 2004.

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william.cock@firstcounsel.com
T 020 7332 6320

In-house

Michelle Corneby

michelle.corneby@firstcounsel.com
T 020 7332 6330

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big banks and retailers, which are aiming to cash in on the opportunity to offer legal services; and the legal market, including medium-sized law firms that are under pressure to reduce costs in order to meet increased competition.

Mr Cohen's experience extends well beyond his management responsibilities at Epoq. He served at the Legal Services Institute at the College of Law, working on the LSA proposals, and joined the Solicitors Regulation Authority working party to look at the implementation of new alternative business structure rules under the LSA. He was on the Consumer Legal Services Panel during its will-writing investigation, and is currently assisting the panel in its statutory duties in the regulation of will-writing.

Mr Cohen was a founding partner of Landau & Cohen Solicitors, where he was a full-time partner from 1981 to 1998 and a part-time managing partner until 2006.

NATALIE ELPHICKE
Partner and head of structured housing finance, Stephenson Harwood

Natalie Elphicke specialises in social and affordable housing in the UK and has worked on a number of firsts in the sector. Her work with the Gentoo housing group to develop an affordable home-ownership scheme was one of the most original ideas featured in this year's FT Innovative Lawyers finance category.



Ms Elphicke drew on Stephenson Harwood's Islamic finance expertise to make the product work under English law.

By unpicking sharia-compliant lease-style structures, she adapted their risk-sharing, flexible and no-penalty characteristics to the conventional housing market.

This was a highly unusual way to approach Islamic financial law, as it was usual practice to use sharia to mimic western financial structures, with the aim of attracting Islamic sources of financing.

Ms Elphicke's lateral thinking and creative ideas were crucial to the development of the "Gentoo Genie", a form of housing tenure that allows people to part-rent and part-buy their homes without a mortgage.

The scheme was pioneered in north-east England, where it was heavily oversubscribed, and properties have been identified to roll it out nationally over the next year. At a time when many people face insurmountable difficulties in securing mortgage finance, the wider social impact of this work is palpable.

Some of the other firsts Ms Elphicke has worked on include the creation of the affordable housing perpetual reinvestment foundation to provide low-cost home ownership and to capture proceeds for reinvestment in the local community.



LUIS DE CARLOS
Managing partner, Uría Menéndez

Luis de Carlos has been a driving force behind the development of Spanish capital markets, and is best known for his work on groundbreaking capital markets and finance transactions.

He worked on the introduction of the book-building system for Spanish initial public offerings and Spain's first mortgage securitisation. He has played a key role in the country's main privatisations, including high-profile companies such as Repsol, Telefónica

and Endesa, and has advised on the IPOs of large private companies based in Spain, such as Inditex, Ferrovial and Telecinco, guiding them throughout their international expansion.

He has also been involved in the consolidation of Spain's secondary markets through the creation and subsequent IPO of Bolsas y Mercados Españoles, following the merger of the Madrid, Barcelona, Valencia and Bilbao securities exchanges.

Perhaps most significant was Mr de Carlos's role during and after the global financial crisis in rescuing the Spanish savings banks. He led the reorganisation of La Caixa, Caja Madrid and six other savings banks, heralding a new era in the country's financial system. The work culminated in the successful listings of newly formed Caixabank and Bankia in July 2011. Mr de Carlos's leading reputation and experience was crucial to winning the instruction on these two highly complex and critical transactions.

He joined Uría Menéndez in 1983, became a partner in 1991 and was appointed managing partner in 2005.



KEVIN DOOLAN
Partner and head of client relations, Eversheds

Perhaps no other individual has had a hand in so many of the innovations that have featured in the FT Innovative Lawyers report since its inception.

Eversheds has maintained a position at or near the top of the overall innovation ranking each year in no small part thanks to initiatives led by Kevin Doolan.

Before changing to law, Mr Doolan studied polymer engineering, which he feels may have left him "wired a bit differently" from most lawyers. Early in his career, he introduced technological solutions to handle high-volume work and online services to improve client and lawyer communication.

On joining Evershed's national management team in 2001, Mr Doolan

took on a two-year project to develop an online presence for the firm. To make sure that the right online services were developed, he persuaded eight of the firm's largest clients to form a technology board. It led to the creation of an online services platform in partnership with technology providers and publishers, which continues to have more than 30,000 paying users.

Technology is a recurrent feature in Mr Doolan's innovations, but the development of client services and relationships has been their hallmark. In 2004, he established the first law firm client advisory board. He also led the development of a proposal that saw Eversheds appointed as sole legal adviser to Tyco International, the manufacturing and services group, in place of 200 previous legal providers. In 2007, it was a landmark deal for the global legal market.

Most recently, Mr Doolan spearheaded a project to create benchmarks for in-house legal departments to help general counsel show the value their legal teams provide to the business.



LOUISE PENTLAND
Vice-president and chief legal officer, Nokia

Since becoming chief legal officer at Nokia, Louise Pentland has been tested by the mobile phone maker's litigation with Qualcomm, the chipmaker, and by the economic downturn that forced a substantial reorganisation. She presides over a multidisciplinary global team of more than 360 lawyers, intellectual property experts and professionals, paralegals and assistants, located in more than 40 countries.

Ms Pentland became acting chief legal officer when Nokia's CLO died suddenly in September 2007. After grappling with the Qualcomm litigation, she had to reduce headcount. Determined to keep the senior people,

whom Ms Pentland describes as the best in the business, she chose the original solution of combining Nokia's legal and intellectual property teams into one department.

One of her first innovations was to gather the legal and IP team together for a weekend away. Breaking with the tradition of a formal conference, she devised a creative programme on a remote Finnish island – a stand-out event that succeeded in regaling the team at a difficult time.

Besides IP and legal, Ms Pentland has responsibility for legal governance compliance, privacy and ethics. She has reinvented and empowered the Nokia team, recognising that the combined contribution of legal and IP are crucial to the success of the business.

Some of her innovations have included setting up an internal task force designed to stimulate ideas and thinking in the group, and "boldness" sessions, in which staff are encouraged to share some of their outside work experiences or other ideas they may have to encourage different types of personnel interaction and teamwork. ➤

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MICHAEL O'KANE

Partner and head of business crime team, Peters & Peters

Michael O'Kane (below) has acted on many of the UK's high-profile business-crime cases, and has been recognised in the FT Innovative Lawyers report for leading two of the country's most groundbreaking cartel cases. Both involved negotiating between US and UK prosecutors, and Mr O'Kane's work stood out for what referees described as an unusually proactive approach and expert judgment.

This year, Mr O'Kane's representation of two of the four defendants in the British Airways-Virgin Atlantic price-fixing case was one of the stand-out entries in the dispute-resolution category.

Mr O'Kane and his team flew to the US to negotiate with the Department of Justice. At the same time, he worked with the UK Office of Fair Trading to ensure the case would be heard in that country. The strategy paid off: the clients were acquitted and avoided extradition to the US, where plea-bargaining would have put the defendants under pressure to plead and where the sentences are more severe.

The team were helped in their US negotiations by the trust and relationships they had built in previous cases. In 2008, Mr O'Kane represented two clients arrested in the US for cartel offences in the marine hose industry. They were also the first ever to be charged with a criminal cartel offence in the UK. Mr O'Kane led the team that negotiated a plea agreement between the US and UK authorities. It was the first time a US court had been persuaded to have its sentence passed by a UK court, and set an important precedent for collaborative enforcement across the Atlantic.

Mr O'Kane joined Peters & Peters in 2002 and became a partner in 2004. He has led the business crime team since 2009.



QUENTIN POOLE

Senior partner, Wragge & Co

Quentin Poole started championing innovation in the legal sector long before the concept was fashionable. He became managing partner at Wragge & Co in 1995, and in his time in leadership roles he has overseen the transformation of the Birmingham-based law firm from a turnover of £18.8m (€21.6m) in 1995 to the current £113m.

He believes his biggest achievement has been the creation of Wragge's "Single Team", a workplace culture dedicated to creating an open and motivating environment. Wragge is the only law firm in the FT Top 50 Best Workplaces, and is one of only two businesses to appear in the ranking every year since it began in 2001.

Mr Poole has also overseen the development of the firm's client relationship management programme, and,

according to the firm, he is responsible for its ranking among the top 10 legal advisers to FTSE 100 and 250 companies.

Over the past three years, he has led Wragge's internationalisation strategy, under which it has

established offices in China, Germany, Paris and the United Arab Emirates. His management approach is to encourage local autonomy.

Mr Poole believes that a culture of innovation means encouraging ownership in the firm. "Some of the best ideas I've had about how we can improve the business have come from our secretaries," he says. "It's my job to keep those channels open and those ideas coming."

In the FT Innovative Lawyers report, Wragge has often been ranked among the top seven firms in the FT Law 50 and continues to put in submissions relating to innovations that other, larger firms would envy.

Mr Poole joined Wragge & Co in 1979. He was made a partner in 1985 and became senior partner in 2003.



BARNEY REYNOLDS

Partner, head of global financial institutions advisory and financial regulatory group, Shearman & Sterling

Barney Reynolds is a global leader in developing new exchanges, clearing houses and settlement systems. His work in this relatively obscure area of law has become increasingly significant as regulatory authorities try to provide greater transparency and stability for some of the most volatile elements of the financial sector.

Mr Reynolds has led the work on most of the new clearing houses and repositories developed since the global credit crisis. Politicians have been pushing to move many over-the-counter transactions on to exchanges and to track trades with repositories. His work has involved significant cross-border elements, given the global purview of the entities involved, as well as complex negotiations with international regulators and financial institutions.

In 2011, Mr Reynolds helped create the Depository Trust & Clearing



Corporation repository for European OTC derivatives. This required a mixture of geopolitical negotiating skills and complex property law expertise.

Most of the more than \$6,000bn-worth of European derivatives are now being recorded by the system, a key element of plans by the Group of 20 nations to make financial markets safer and more transparent. It was the first time a system for recording OTC derivatives trades had been developed, and Mr Reynolds took a leading role in negotiating the political and legal dimensions.

He also helped create LMAX, the world's first derivatives exchange, allowing direct access to institutional derivatives pricing for the first time. Again, this required his unique blend of negotiating skills and technical know-how.

In 2009, Mr Reynolds devised and executed the legal structuring for the first clearing services for credit-default swaps in Europe and the US. His work shows the significant role that lawyers can play at the centre of political, financial and regulatory issues.



PHILIP WOOD
Special global counsel, head of global law intelligence unit, Allen & Overy

Philip Wood combines the roles of practitioner, academic, professor and writer. His work on many of the first euromarket loans for sovereign countries, including those for Argentina, Mexico, Brazil, Nigeria and Iran, combined with his writing of the authoritative texts on banking law in the 1980s, has earned him the moniker of father of modern banking law.

Mr Wood has applied his expertise to developing creative techniques and graphics to classify and compare financial law across the globe. He founded Allen & Overy's global law intelligence unit, which publishes

global surveys comparing law and financial practice across the world. The surveys are pioneering in their global scale and depth of analysis.

Mr Wood's writing and teaching has been driven by a career-long desire to communicate how international financial law works and its importance in a world increasingly dominated by financial assets.

From 1992 to 2002, he headed A&O's banking department and helped develop it into one of the leading practices globally. He retired as a partner in 2002 to teach, but returned to A&O in 2008 as special global counsel and to found the global law intelligence unit.

His expertise means he is still called on to act on highly complex deals. He is currently co-leading a team advising the three banks co-ordinating the private sector involvement in the aid package for Greece. ■

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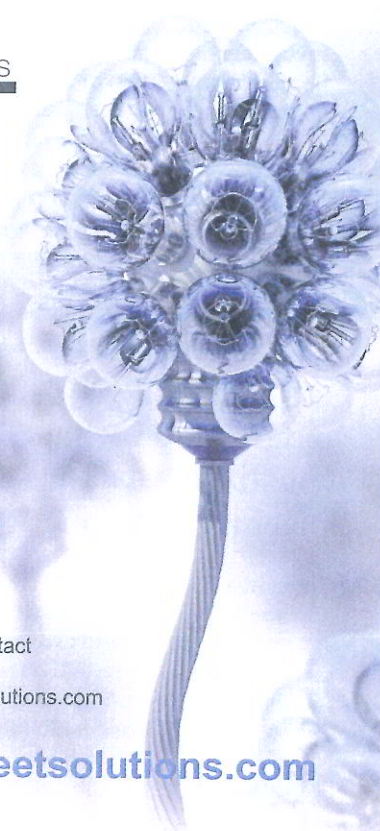


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Bridge over troubled water

Creative thinking led to quick solutions in cases that might otherwise have dragged through the courts for years. By Jane Croft



IT HAS BEEN THREE YEARS since Lehman Brothers collapsed in the early stages of the global financial crisis, but the US investment bank's failure continues to reverberate through English courts, where legal disputes connected to the collapse have been treading new ground in areas such as insolvency law.

One significant case centred on Eurosail, a bond issuer in a £650m (€747m) securitisation transaction that was backed by residential mortgages and originated by Lehman Brothers. The case has been hailed as a seminal judgment on what constitutes balance-sheet insolvency.

Though most companies become insolvent because of their inability to meet debts as they fall due – cash-flow insolvency – the law also allows for a balance-sheet test of whether current assets are outweighed by existing and future liabilities.

A group of bondholders brought a court action against Eurosail, claiming it was balance-sheet insolvent.

However, Berwin Leighton Paisner, which advised Eurosail, successfully argued the opposite. The judgment, which was upheld by the Court of

Appeal, essentially ruled out reducing the insolvency test to a straightforward summation of a company's books.

Tamara Box, banking and capital markets partner at BLP, and Oliver Glynn-Jones, corporate and commercial disputes partner, say the ruling has wider implications for the securitisation industry.

"When assets are less than liabilities, it does not mean to say that there is balance-sheet insolvency; you need to look at things in the round and the court will look at each circumstance," Ms Box says. "It's important, because this is the first time the court has looked at the balance-sheet test for insolvency."

A second significant lawsuit related to Lehman was the widely reported "Rascals case", involving the administrators and a number of ownership claims over the company's securities. The highly technical court battle related to assets that are currently held by Lehman Brothers International Europe (LBIE), but which were subject to competing

claims by five affiliates, including divisions in Switzerland and Hong Kong.

The case centred on how the bank's entities accounted for repurchase, or repo, transactions in a process known as Rascals (regulation and administration of safe custody and local settlement). During the bank's existence, the deals were straightforward, internal trades designed to shift assets between its various operations, but they were broken up as part of its collapse, which

split the bank into hundreds of separate entities. The High Court ruled that assets that were subjected to the standard Rascals process could stay with LBIE.

Linklaters advised the joint administrators of LBIE. Accord-

ing to the law firm, the innovation was the rationalisation and simplification of the matters in dispute, steering the case to trial within 15 months.

The sheer complexity of the case could have resulted in years of protracted and expensive litigation, but the approach taken by Linklaters helped speed up proceedings. James

The Eurosail case is a seminal judgment on what constitutes balance-sheet insolvency

Gardner, litigation partner at the firm, says: "This could have been a five-year piece of litigation, but as it was we launched in June 2009 and had the trial in October 2010."

He says the approach was helped by serving so-called "position papers", which are less formal than statement-of-case pleadings, and by limiting disclosure to include sample trades. "We adopted a co-operative approach at the start and sought to help the other side to get up to speed," Mr Gardner says.

Many other disputes progressing through English courts were unrelated to the credit crunch and were brought in London because of the city's position as a centre for international litigation. In some cases, one or even both parties were based outside the UK, but lawsuits were fought in English courts because the commercial contracts were drawn up using English law.

One such case was Simmons & Simmons' work on the complex receivership litigation involving Munib Masri against Consolidated Contractors International Company. A strategy was devised to enforce English court judgments on companies whose registered directors and assets were in Lebanon. The receivership orders obtained were the first of their kind and set a precedent for future cross-border disputes.

The complexities of global business also led to jurisdictional battles over whether cases should be heard in a court outside the UK.

In a fast-moving court battle last October, two US businessmen who owned Liverpool Football Club tried to block its £300m sale to New England Sports Ventures, owner of the Boston Red Sox, the US baseball team.

Slaughter and May, advising LFC, had to co-ordinate a response when the club's owners adopted an unusual tactic to try to scupper the sale. Obtaining three injunctions within a nine-day deadline, the lawyers' judgment and quick decisions were crucial.

Efstathios Michael, partner at Slaughter and May, says: "We only found out that the other side had obtained an injunction in a Texas court at 8.30pm one evening, but were back in court again the following morning at 10am with prepared skeleton arguments and witness statements." ■

DISPUTE RESOLUTION

Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Simmons & Simmons	Worldwide receivership orders in Masri litigation	8	7	8	23	To combat debtors determined to avoid payment, a strategy was devised to enforce English court judgments on companies whose registered directors and assets were in Lebanon. The receivership orders obtained set a precedent for cross-border disputes.
Berwin Leighton Paisner	The first test case on what constitutes balance-sheet insolvency	7	7	8	22	Defended a special-purpose vehicle, Eurosail, against noteholder claims that it was insolvent following the collapse of Lehman Brothers. The judgment will have far-reaching implications for the structured-finance market.
Peters & Peters	Defence of British Airways executives in a criminal cartel case	7	8	7	22	A strategy to negotiate with the UK Office of Fair Trading and the US Department of Justice ensured clients faced prosecution in the UK. Both clients were acquitted before a jury and, as a result, could not be extradited to face the same charges in the US. A review of the OFT and the criminal cartel offence followed the collapse of the case.
Allen & Overy	Protecting clients from Belize's anti-arbitration legislation	7	8	6	21	To overcome measures taken by the government of Belize to prevent investors enforcing contractual rights, lawyers developed a series of successful strategies in the English and Belizean courts. Set a pro-arbitration precedent in Belize.
Slaughter and May	Leading the litigation strategy for the sale of Liverpool Football Club	5	8	8	21	As advisers to LFC, lawyers co-ordinated a response when the club's owners adopted an unusual tactic to try to scupper the sale. Obtaining three injunctions within a nine-day deadline, the lawyers' judgment and quick decisions were crucial to the successful outcome.
Uría Menéndez	Opening the path for accelerated liquidations in Spain	6	7	8	21	Representing a creditor to an insolvent hotel, Uría developed a proposal that expedited proceedings to allow the sale of the hotel to a potential investor. A court decision based on the firm's analysis will provide a future option for Spanish companies in financial distress.

For the full dispute resolution results table, go to www.ft.com/il11

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Hard times

Vital work has included saving businesses in Spain and dealing with Ireland's debt bail-out. By *Andrew Baxter*

IT IS NOT ONLY politicians and heads of multilateral lending institutions who have had to grapple with the problems at the periphery of the eurozone. Finance and commercial lawyers, too, have been getting in on the act.

Amid the fallout from the 2008 financial crisis, lawyers were asked to carry out another round of innovative restructurings in 2010, as companies continued to feel the strain of the downturn. Spain, especially, saw a high level of legal innovation, and in Ireland, lawyers worked at the heart of the EU's bail-out of that country at the end of last year and into 2011.

The application of an English-law solution to the debt problems of a continental European company has become a regular feature of the commercial law scene. Since 2009, one option for lawyers has been to move a company's "centre of main interests" to England, enabling an English scheme of arrangement to be developed. Crucially, this allows the company to achieve a debt restructuring with only 75 per cent of each class of the lenders agreeing, carrying recalcitrant minority lenders along with the deal.

But how can you shift the centre of main interests of a company that is as Spanish as tortilla, paella and sangria? That was the problem facing Richard Tett, Farah Ispahani, Neil Golding and colleagues at Freshfields Bruckhaus Deringer in its work for La Seda de Barcelona.

By summer 2009, the company, a producer of plastic packaging and bottles for clients such as Coca-Cola, had lost its fizz. It was awash in



Lawyers were asked to carry out another round of innovative restructurings in 2010

AN UNUSUAL ENGAGEMENT

THE INDIGNITIES OF travelling on London Underground's Central Line are about as tough as it gets for the average finance lawyer based in the City, but for Ian Coles, working life has recently taken on a new edge – on assignment in Kabul.

Mr Coles, a partner at Mayer Brown involved in project financing and mining in particular for the past 15 years, has made three trips to the Afghan capital this year to lead the development of a legal framework that will allow the war-ravaged country's rich mineral deposits to be developed.

The short, intensive trips involve being moved from the US compound, where he stays, to secure hotels and government ministries via armoured car, ever mindful of the city's reputation for random acts of violence. "I have never been petrified, but you are always on edge," he says.

Mr Coles, who has been at Mayer Brown for 30 years, says: "It's certainly the most unusual engagement by far ... it's fascinating."

There is also the kudos of being involved in work with global political significance. Over the decades, British, German, Russian and US occupiers have surveyed the country, and the minerals are there – gold, copper, iron ore, lithium and rare earths that could be worth more than \$3,000bn (€2,200bn). And there is a huge market – China – almost on the doorstep.

But Afghanistan needs a stable legal structure to encourage mining investors. The client is the Afghan government but

the Mayer Brown team is sponsored by the US defence department, which sees the development of mining as the most obvious way to get the economy on an even keel, Mr Coles says. That, in turn, could make a safe exit from the country sooner rather than later more realistic for the US, non-government organisations and aid agencies.

So Mr Coles and his core team of six or seven colleagues – expanded at times to as many as 20 – have been working intensively since taking on the engagement in March. They have gone back to basics – the country's constitution – to understand the existing law and suggest improvements. The documents for a thorough, fair and transparent tender process, together with a model mining contract, are virtually complete.

The team is also on target for the first handful of tenders to go live in the final quarter of 2011.

Andrew Baxter

more than €1bn of debt and facing a financial crisis over payment defaults under its €600m bank facilities.

There was a complete logjam, Mr Tett recalls. Various groups of lenders had conflicting agendas, and one was so unhappy that it wanted the company liquidated. For good measure, a subsidiary in England had filed for insolvency, with the administrators claiming millions of pounds from LSB, and liquidity was running so low that factories had to be mothballed.

"There were so many difficulties in 2009 that, when we had our restructuring partners' meetings on Monday mornings, we were often concerned about the direction this would go, because we thought that, while we were a strong business, the financial situation was a complete basket case, almost unrescuable," says Mr Golding, a fellow partner.

Under Spanish law, LSB had two options: reach an agreement with every creditor, or face a drawn-out insolvency.

The former was impossible and the latter would have been a ➤

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FINANCE

Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Freshfields Bruckhaus Deringer	La Seda de Barcelona	8	8	8	24	The first English scheme of arrangement of a Spanish borrower, achieved in Spain itself. Saved the company, led to a change in insolvency laws in Spain, and effectively transformed restructuring across Europe.
Arthur Cox	Developing solutions to restructure the Irish banking sector	7	8	7	22	Took a leading role in restructuring the Irish banking sector, beginning with the controversial Credit Institutions (Stabilisation) Act.
Shearman & Sterling	Establishing the Depository Trust & Clearing Corporation repository for European over-the-counter derivatives	7	7	8	22	Requiring a mixture of geopolitical negotiating skills and complex property-law expertise, the firm helped develop a key element of the Group of 20 nations' plans to make financial markets safer and more transparent. Most of more than \$6,000bn-worth (€4,400bn) of European derivatives are now being recorded by the system.
Mayer Brown	Developing the mining industry in Afghanistan	7	8	6	21	Instrumental in developing a legal framework to attract sophisticated investment into the country's mining sector, potentially worth \$3,000bn.
Uría Menéndez	Reorganisation of La Caixa	7	7	7	21	The Spanish group was the first savings bank to carry out a reorganisation by transferring its banking business into a holding company in which it has a controlling stake. The landmark transaction required a series of complex interlocking deals to occur simultaneously to enable its banking activities to continue.
Stephenson Harwood	Applying Islamic finance to enable a new way to own homes	8	7	6	21	Working for Gentoo, the firm developed a new structure based on the principles of risk sharing found in sharia-compliant financings, to enable a flexible and affordable way for people to own their homes. This has the potential to revolutionise the mortgage-finance market.

HIGHLY COMMENDED

Freshfields Bruckhaus Deringer	Solvent restructuring of Cattles	7	7	6	20	Invented a new model for debt-for-equity swaps using ideas from securitisation. The restructuring also involved novel balance-sheet re-engineering and pensions work, resolving a multifaceted set of problems to preserve maximum value in the company.
Garrigues	Accelerating restructurings in Spain	6	7	7	20	Convinced a court to agree a restructuring plan for Bestin before any subordinate proceedings were brought, vastly accelerating the process and saving the company. Established a precedent that a court must try to minimise exposure of insolvent companies.
Herbert Smith	Theolia's launch of €60.5m rights issue to restructure €253m convertible bonds	7	7	6	20	Developed a technique to give bondholders the option to extend the maturity date or redeem early below nominal value, circumventing the usual restriction, through an improved conversion ratio.
Linklaters	Accelerated structured bond offering (Asbo)	7	7	6	20	Conceived, designed, implemented and marketed by the firm, the Asbo meets the needs of the acquisition finance market in the wake of the recession. The bond proceeds are received on the completion date of an acquisition, saving costs and increasing ratings certainty.

COMMENDED

Allen & Overy	Reclaim fund	6	7	6	19	Structured a fund – the first of its kind in the UK – to use the balances of dormant bank accounts for good causes. A commercial perspective was essential to create a structure that made it easy for banks to transfer money to the fund.
Field Fisher Waterhouse	Developing a new way for building societies to raise tier-one capital	7	6	6	19	Created a mutually controlled banking business, backed by private equity, for Kent Reliance Building Society. The structure maintains a balance between mutual ownership and the ability to raise crucial capital.
Freshfields Bruckhaus Deringer	Achieving a share-pledge enforcement for Primacom	6	7	6	19	The first-ever German non-consensual debt-for-equity swap, using a "two-step" share-pledge enforcement strategy. With the firm as strategic and legal adviser, this restructuring has established hostile enforcement as a newly viable approach in Germany.
Linklaters	First holding company bond securitisation for the UK water sector	6	7	6	19	Advising Anglia Water, the firm developed a product to gain access to new investors. Effectively, the holdco bond is a securitisation on top of a securitisation, and enables flexibility in choppy market conditions. The firm has since taken the product to other companies.
Allen & Overy	Solvent restructuring of Cattles	6	6	6	18	Resolved intercreditor issues and took a leading role on negotiating with the UK Financial Services Compensation Scheme to organise the first "choreographed" default.
Norton Rose	Danaos restructuring	6	6	6	18	Worked for five international banks in the \$3.5bn restructuring and rescheduling of a large listed shipping corporation.
Skadden, Arps, Slate, Meagher & Flom	Tele Columbus restructuring	6	6	6	18	Put in place the first English scheme of arrangement for a German company. The scheme enabled €1.1bn of debt to be effectively restructured, expanding the range of jurisdictions in which a UK scheme would be effective.

For the full finance results table, go to www.ft.com/ii11

disaster for all concerned. Things looked up when an Iberian investor offered to put in money in exchange for an equity stake. But more new equity capital was needed, and there was still the issue of how to bind all the lenders into a debt restructuring.

Freshfields had explored the idea of moving the centre of main interests, but LSB had traded in Spain for decades, had Spanish headquarters and was a listed company there.

"We couldn't just take the name plaque off the door and stick it somewhere in London," Mr Tett says.

Towards the end of 2009, the Freshfields team began focusing on a different solution – to show "sufficient connection" between LSB and England alongside an "establishment" to enable a scheme of arrangement without a shift in the centre of main interests. After much debate at Freshfields and discussion with lenders, the idea was put to the court. The judge accepted it, essentially because the company had debt facilities governed by English law and operations.

"As a lawyer, it's always exciting to help develop something new, but clients tend not to share that excitement," says Mr Tett.

In this case, however, the landmark innovation opened the way to a solution that has changed the restructuring landscape both in Spain and elsewhere in Europe, with similar schemes being pursued for companies such as Metrovacesa, the Spanish property company, and Tele Columbus and Rodenstock, respectively a German cable provider and eyeglass lens producer.

"It's a bit like cutting a way through the jungle," says Mr Tett. "For the first team it's sweaty, dirty work and you get scratched and it goes slowly. But once you've cleared a path and a precedent has been set, it's much easier for others to walk down it."

There was further notable innovation in Spain – this time homegrown.

Uría Menéndez carried out a landmark reorganisation of La Caixa, under which the group became the first savings bank to transfer its banking business into a holding company in which it has a controlling stake. The transaction required a series of complex interlocking deals to occur simultaneously to enable its banking activities to continue, and was repeated for Caja Madrid and six other savings banks.

Meanwhile, Garrigues' work for the Bestin group of logistics and trans-

portation software design companies necessitated convincing a judge to accept the accelerated approval of a proposed arrangement with creditors, a first for a Spanish court.

In Ireland, Arthur Cox worked for the government on the €80bn bail-out by the International Monetary Fund and the EU. Led by Pádraig Ó Ríordáin, managing partner, Arthur Cox was in uncharted waters as the first private law firm to have negotiated the legal terms of a sovereign bail-out under the European Financial Stability Facility and the European Financial Stability Mechanism.

"It all had to be negotiated in about two weeks [in December last year] because the markets were watching very carefully," says Mr Ó Ríordáin. The work has set a precedent that is already being followed in Portugal, he notes.

The firm's work continued to this year on the second element of the engagement, advising Ireland on a multifaceted restructuring of the banking sector that was required by the IMF and European Central Bank under the terms of the bail-out. ■

SWAP SOLUTION

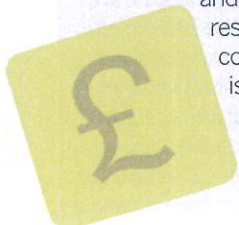
WORK ON PENSION FUND deficits has become increasingly common, and Slaughter and May's debt-for-equity swap for Uniq, the convenience food group, was a groundbreaking solution to a potentially disastrous problem.

Uniq had a market capitalisation of less than £10m (€11.53m) but a pension fund deficit of more than £400m. Martin Whelton, a Slaughter and May corporate partner, credits his client for coming up with the idea of the swap – transferring the bulk of the equity to the pension fund so that the fund could sell it and retain the proceeds.

"It was certainly an interesting challenge – to my knowledge it had not been done before and it was very complex," he says.

Sandy Maudgil, pensions partner, and George Seligman, restructuring partner, co-led the work. Uniq is set to be bought by Ireland's Greencore for £113m.

Andrew Baxter



FINANCE: PENSIONS

Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Slaughter and May	Pension deficit for equity swap for Uniq	7	7	7	21	Faced with a £400m (€461m) pensions deficit that threatened the company's survival, the firm invented a life-saving transaction. Transferred 90 per cent of Uniq's equity to a new company, to be sold for the benefit of the pension scheme.
HIGHLY COMMENDED						
Slaughter and May	Pension funding partnership structures	7	6	7	20	Developed a structure in which the employer transfers assets to a partnership that uses those assets to generate income by leasing them back to the employer. This solution has been rolled out to a number of blue-chip UK companies.
COMMENDED						
Eversheds	Pension-deficit re-engineering	7	6	6	19	Working for a private equity investor, the firm combined a management buy-out with a pension-deficit restructuring. Creating a new company for the express purpose of being wound up, the firm transferred the pension liabilities to it. This enabled the pension deficit to be transferred to the UK Pension Protection Fund.
Baker & McKenzie	Advising the trustees of the Merchant Navy Officers Pension Fund	6	6	6	18	An innovative security package was developed to enable a £600m pension scheme buy-out by Ludica. Going beyond the role of lawyers to develop the broader commercial strategy, the firm's solution represents a new benchmark in the field of pension buy-outs.

Some call
it **innovation**
We call it **talent**



GARRIGUES

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Customer focus

Law firms are taking a good look at what they offer and providing services that make it easier to navigate the legal world. By *Jeremy Fleming-Jones*

LAW FIRMS' EFFORTS TO gain a competitive advantage in the services they offer to clients have often centred on use of technology. By contrast, risk management has tended to take a back seat, perhaps being offered in response to one-off pieces of legislation, such as regulations on money laundering.

Now, however, in the wake of the 2008 credit crisis that hit businesses all over the world, risk management is taking centre stage, and law firms are responding regarding the services they provide.

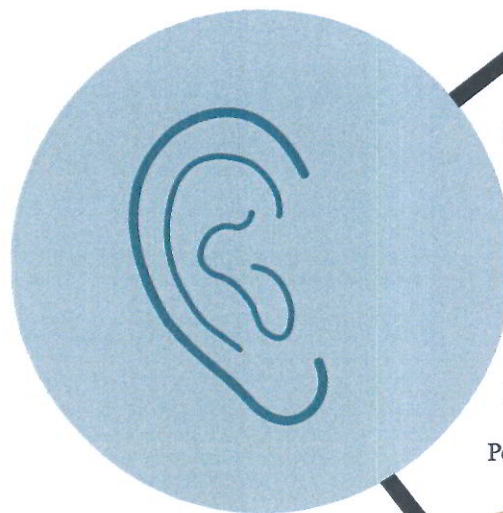
One such firm is Freshfields Bruckhaus Deringer, whose crisis-management initiative demonstrates how corporations are increasingly looking to their legal advisers for help in responding to the unexpected as well as the ordinary.

Linklaters' DVD package – based on interviews with Keith Packer, a former British Airways executive jailed in the US for breach of competition rules – is an innovative way of bringing risk to the attention of board-level executives, who are often too busy to consider hypothetical situations.

Using an example of someone who has paid a heavy price for failure to comply with the rules gives Linklaters' product gravitas. The package includes a range of tailored examples to cover more junior scenarios and engage staff at all levels.

Another risk-management service, this time tailored to a specific business sector, is Portolano Colella Cavallo's "traffic-light" benchmark, which enables advertisers to gain a quick assessment of risks posed by their campaigns.

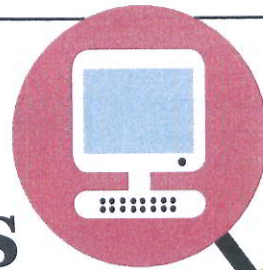
In Italy, where the firm is based, the speed of the service – it takes 24 hours to turn around – and the avoidance of meetings make it genuinely innovative and a provider of tangible savings.



With work tougher to come by, firms seem to be investing imaginatively in services

Law firms are directing some of their best client-service efforts towards sectors with the potential to deliver well into the future. With work tougher to come by, firms seem to be investing imaginatively in services that will capture seed investments or small enterprises at the outset, in the hope of ensuring long-term working relationships.

The China Network from Denmark's Kromann Reumert gathers know-how from across the commercial world to provide advice and guidance



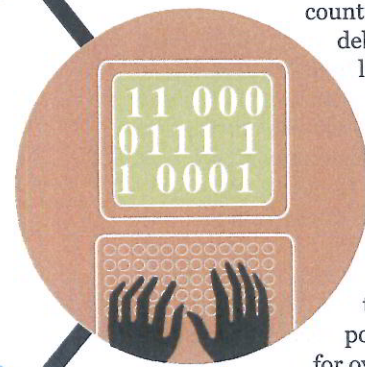
on setting up a business in China. The project, which attracted the backing of the Danish embassy in Beijing, reflects the business world's increasing shift towards Asia. It is designed to capture the market for new openings among Danish and European companies in China, potentially an extremely lucrative source of future business.

Meanwhile, Cuatrecasas, Gonçalves Pereira, the Spanish firm, picked up on the surge in interest in that country's distressed-

debt market. It launched a series of marketing and training programmes designed to explain the local situation and promote the firm as the point of contact for overseas financial groups.

Íñigo de Luisa, a partner at Cuatrecasas, says that in addition to giving the firm access to clients in the UK, the marketing and training programmes have made it the reference adviser for subsequent deals involving distressed debt in Spain.

Another popular business sector is renewable and green energy. Simmons & Simmons believes companies starting up in the sector can benefit from an off-the-shelf tool that gives them legal guidance across the perilous first few years of corporate life. The tool, "Cleantech Curve", recognises that many such companies have similar problems at their outset. More importantly, it taps into the growing need for



– and state encouragement and subsidies offered to – innovative technology and environmental companies.

Steven McNab, a Simmons partner, says: “The initiative has required a subtle strategic shift ... We had to start thinking about providing a ‘product’ to a ‘customer’ rather than ‘services to clients.’”

Combining technological solutions with pragmatic predictions about where advice may be needed was behind another Simmons idea. The firm teamed up with Morningstar, the data provider, to offer an online service focused on asset managers’ need to respond to new regulations requiring them to provide key investor information documents.

The service is designed to combine functionality and ease, and also to demonstrate how the law firms are tracking mainstream business in the shift from content to design, sharpening their ability to attract clients with systems that add value through their form as well as substance.

This shift is well demonstrated by Allen & Overy’s “GlobalView”, which offers clients a simplified, online way of navigating complex changes in the regulatory world after the credit crisis. The firm describes the programme in terms of a “visual solution”, not an expression a City of London firm would have been happy with – let alone understood – a few years back.

Law firms may be constrained by conservative corporate structures, but they can still evolve these in innovative ways – as two firms showed with wily repackaging of old ideas.

Linklaters used a secondeé – usually sent to provide general or specific services – to overhaul the risk-assessment systems for the capital transactions of a large retail bank. And Eversheds took a knowledge-management system – which always includes an implicit offer to assist the in-house lawyer in facing up to fellow executives – and gave it a more explicit twist.

Kevin Doolan, partner at Eversheds, says the idea originated from wanting to enable in-house lawyers to deliver the same kind of statistically rich board submissions as their executive colleagues. The system explicitly picks up on this theme, offering corporate counsel a practical toolbox for arguing the legal corner in the boardroom.

It is an idea that, given threatened cutbacks to corporate spending, neatly taps into client sentiments. ■

CLIENT SERVICE

Firm	Innovation	Originality	Rationale	Impact	Total	Description
STAND-OUT						
Cuatrecasas, Gonçalves Pereira	Creating a market for Spanish distressed debt	8	7	7	22	Using a suite of marketing and educational techniques to aid the institutions, the firm created a slew of deals and capitalised on a first-mover advantage, effectively making a market for Spanish distressed debt in the UK.
Linklaters	Dramatising risk with a multimedia approach	7	7	7	21	Secured an interview with Keith Packer, a former BA executive jailed in the US for anti-competitive practices, to create a training tool to convey the importance of compliance for top executives. Praised by clients as unusually effective.
Simmons & Simmons	“Cleantech Curve”	7	7	7	21	A product designed to help start-up companies in the cleantech sector to become viable entities. Sold for a fixed cost, the product packages the firm’s know-how into a step-by-step approach to save clients thousands of pounds in legal fees.
Eversheds	Vital statistics for general counsel	7	8	5	20	Runs workshops to equip in-house lawyers with the ability to use statistics and financial data to demonstrate the value of their departments to their boards and better manage external legal spending.
Portolano Colella Cavallo	Advertising-risk “traffic light”	7	7	6	20	Created a tool to advise the advertising industry. Specialist approach to risk in advertising enables a rapid response for agency clients on tight timelines.

HIGHLY COMMENDED

Allen & Overy	“GlobalView” tool	7	7	5	19	A step change in law firm products, the tool gives clients a picture of changes in global regulation and is equally about its form as its content. Largely targeted at the big banks, the key is its visual, rather than linguistic format.
Linklaters	HSBC information-adviser secondment	6	6	7	19	Seconded a full-time information adviser to the bank to create a risk analysis system for its capital markets team. Indicative of a new wave of highly collaborative and standardised client services.
Allen & Overy	Global Law Intelligence Unit	6	7	5	18	A legal think-tank designed to produce accessible global comparative legal analysis for clients.
Dundas & Wilson	Legal project management tool	6	6	6	18	Real-time updates on legal matters. Enables clients to see trends and issues in high-volume legal work. Clients praised the intuitive interface for increasing flexibility and usability compared with similar products.
Freshfields Bruckhaus Deringer	Crisis-management initiative	6	7	5	18	Clients attest to the unusually joined-up nature of the firm’s crisis-management expertise, which gives them a head-start in understanding the multilateral legal, media and political issues involved in crisis situations.
Simmons & Simmons	Online “Key Investor Information Document” (KIID) generator	6	6	6	18	With Morningstar, the firm will provide a service to automate the production of KIID documents, which are now mandatory for all cross-border fund products.

COMMENDED

Kromann Reumert	China network	6	6	5	17	The firm developed a forum for Danish companies to meet and discuss Chinese business opportunities and share know-how.
Baker & McKenzie	Global emerging-markets team	5	6	5	16	The team looks for opportunities for clients, and assists their businesses with local legal know-how. Covers more than 100 emerging-market jurisdictions.
CMS Cameron McKenna	“Reflect”	6	5	5	16	Co-ordinated added-value services delivered through a toolkit designed to prepare partners for client meetings. Enables relationship partner to act as more of a gatekeeper to the whole firm.
DLA Piper	PPP network	6	5	5	16	Created a platform enabling clients to share information and best practice on private-public partnerships.
Hogan Lovells	Co-ordinating client response to planning law changes	6	6	4	16	Grouped key clients and lobbied the UK government on planning-regime reforms. This led to the publication of a select-committee report critical of government’s agenda in planning.
Lawrence Graham	Family Business Advisory Group	6	6	4	16	The group fosters relationships with wealthy individuals and gives advice on governance and succession planning for family-dominated companies in the Middle East.
PLMJ	Partnering with Tempus on community projects in Portugal	5	6	5	16	In a relationship that has spanned a decade, the firm has been consistent in adding value to make projects happen.
Wolf Theiss	“The Power of Relationships”	5	6	5	16	A programme to inspire the firm’s younger lawyers in central and eastern Europe to be better commercial advisers to business.

Competitive advantage

Many firms in mainland Europe have emerged from the recession in better shape than their UK rivals. By *Reena SenGupta*

THOUGH THE CRISIS in the eurozone has cast doubts over the fiscal competence of some governments, it has allowed many lawyers in continental Europe to show their mettle. Work by law firms in Spain and Ireland – in advising savings banks and the financial bail-out, respectively – has contributed significantly to shoring up the stability of those countries.

The efforts of Luis de Carlos, managing partner of Spain's Uría Menéndez, were crucial to the successful reorganisation of the La Caixa savings bank, one of the largest financial groups in Spain. Keeping La Caixa operational as a savings bank was critical to many of the country's large companies, in which it was a significant investor, and to several important welfare projects.

Meanwhile, Pádraig Ó Ríordáin, managing partner of Arthur Cox, was busy behind the scenes advising the Irish government on the legal terms for that country's sovereign bailout under the European Financial Stability Facility. The firm's work will become a template for other countries such as Portugal.

Arthur Cox also continues to create legal firsts as it advises the Irish government on the restructuring of the country's banking sector to meet International Monetary Fund regulations.

Unlike their peers in the UK, continental European law firms have had a better time weathering the global recession.

They were not forced to make large-scale redundancies, and many continue to report that they do not feel the same downward pressure on fees that is inhibiting their counterparts in the UK and the US.

Many continental firms have used the past three years to consolidate and innovate without the burden of outside competition. In some cases, they have been able to narrow the gap between themselves and UK firms, which have traditionally been seen as more corporate in structure and better managed.

Spanish firms have consistently shown their ability to compete against the larger, more advanced UK law firms. Possibly as a result of this competition and their own national culture and tradition, the Spanish firms have developed into outward-facing legal businesses, able to work in emerging markets such as Latin America and China.

They have also begun to devise sophisticated compacts with their employees that rival – and in some instances exceed – those of the UK firms. For example, Cuatrecasas, Gonçalves Pereira has a strategic approach to cancelling out gender inequality and meeting the needs of Generation Y that is comparable to the approaches taken by other professional services firms such as accountants and management consultants. Many UK law firms are still merely tinkering with such issues.

The other type of firm that has been innovative in continental Europe is the boutique, a focused or newly established practice that has the freedom to create new ways of working and fresh approaches to client relationships.

Notable among these are Portolano Collelo Cavallo, the Italian media firm that continues to create and sustain its competitive advantage through a self-awareness and commitment to innovation that is missing in many larger law firms. Its ability to innovate means it has enjoyed compound growth of 65 per cent

in turnover since the financial crisis and, despite a freeze on fee levels, its profits per equity partner increased by 47 per cent in 2010.

These impressive financials have been achieved through a relentless focus on strategy and on the implementation of forward-thinking accounting techniques. "We continue to think of and manage ourselves as a business," Portolano says.

Like many of the most successful European firms, Portolano saw the financial crisis as an opportunity to get closer to clients, and to redefine its

European firms have used the past three years to consolidate and innovate



offering in a repetitive and staid legal market. Assistenza Legale, another Italian firm, was born in the wake of the Bersani decree of 2006, which started the liberalisation of the legal market in Italy.

Founded in 2008 in Milan, Assistenza Legale, which calls itself a “disruptive innovator”, gives consumers and small businesses access to the law in an unintimidating environment. The first consultation is free, and with more than 20 offices and 100 lawyers, the firm has rapidly evolved into a provider of essential legal services to Italian business, 95 per cent of which have fewer than 10 employees.

Meanwhile, Germany-originated Noerr has gained significant recognition for its fearless approach to taking strategic gambles. Its establishment as a multidisciplinary practice, which includes consultants and auditors, and its recent conversion to an English limited partnership, are two of the signs that this firm is one to watch.

Unsurprisingly, its creative thinking has helped it come up with an approach to Generation Y called “Noerr 2015”, which it hopes will have changed the way the firm works by that year.

Broader-based practices that are leaders in their countries for innovation include PLMJ in Portugal. Similar to Garrigues and Eversheds, the archetypal Spanish and English law-firm innovators, PLMJ has a string of national offices.

It decided some years ago to diversify into markets outside Portugal, with offices in Africa and Latin America. In spite of its home economy’s troubles and the relatively small size of its legal market, PLMJ continues to be optimistic, and it recently opened an office in Mozambique.

The top-ranked continental European firm this year in the FT Law 50 is Garrigues. Its merger in 1997 with Arthur Andersen, the accountancy firm, reinforced a tradition of entrepreneurship. Every year the firm launches a string of insightful initiatives, such as multidisciplinary teams of professionals who can offer more rounded advice to clients.

Along with its European peers, Garrigues exemplifies a continental European legal profession that is unafraid to take bold decisions and experiment with structure and approach. ■

CONTINENTAL EUROPEAN FIRMS

Firms (in alphabetical order)	2011 total score for all entries submitted	Number of stand-out entries in FT report	Number of highly commended entries in FT report	Number of commended entries in FT report
Arthur Cox	68	1	0	1
Assistenza Legale	19	0	1	0
Bredin Prat	41	0	0	1
Cuatrecasas, Gonçalves Pereira	263	1	3	2
De Brauw Blackstone Westbroek	36	0	1	1
Garrigues	264	1	3	3
Hergüner Bilgen Özeke	134	0	0	1
Kromann Reumert	60	0	1	1
Kyllingstad Kleveland	18	0	0	1
LABLAW	19	0	1	0
Legal Grounds	17	0	0	1
McCann Fitzgerald	124	0	1	0
MLGTS	18	0	0	1
NautaDutilh	17	0	0	1
Noerr	72	0	0	2
PLMJ	134	0	0	2
Portolano Colella Cavallo	41	2	0	0
Țuca Zbârcea & Asociații	200	0	0	1
Uría Menéndez	144	2	2	0
Vieira de Almeida	93	0	0	1
Wolf Theiss	16	0	0	1

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COMPARED WITH other industries, the legal sector was a late adopter of innovations such as information technology and outsourcing. In the past few years, many law firms have tried to improve efficiency using overseas back-office functions and computerised services.

Nevertheless, some of the deals struck in the past year could come to be seen as important pointers to the future of legal services provision. The moves by Eversheds and CMS Cameron McKenna to divest key elements of their organisation to trusted third parties could mark a step change.

Under the Eversheds deal with Accenture, the consultancy, elements of the firm's support functions will move to India – not in itself a new idea, but the significance of the arrangement is the extent to which Accenture will play a role in the firm's accounting, human resources, financial and business processes.

Similarly, CMS Cameron McKenna's 10-year deal with Integreon, the legal and business outsourcer (and supporter of the research for the 2011 FT Innovative Lawyers report), to create a law-firm services platform will provide savings that the firm says will enable it to “engage interested clients in discussions about alternative sourcing methods”.

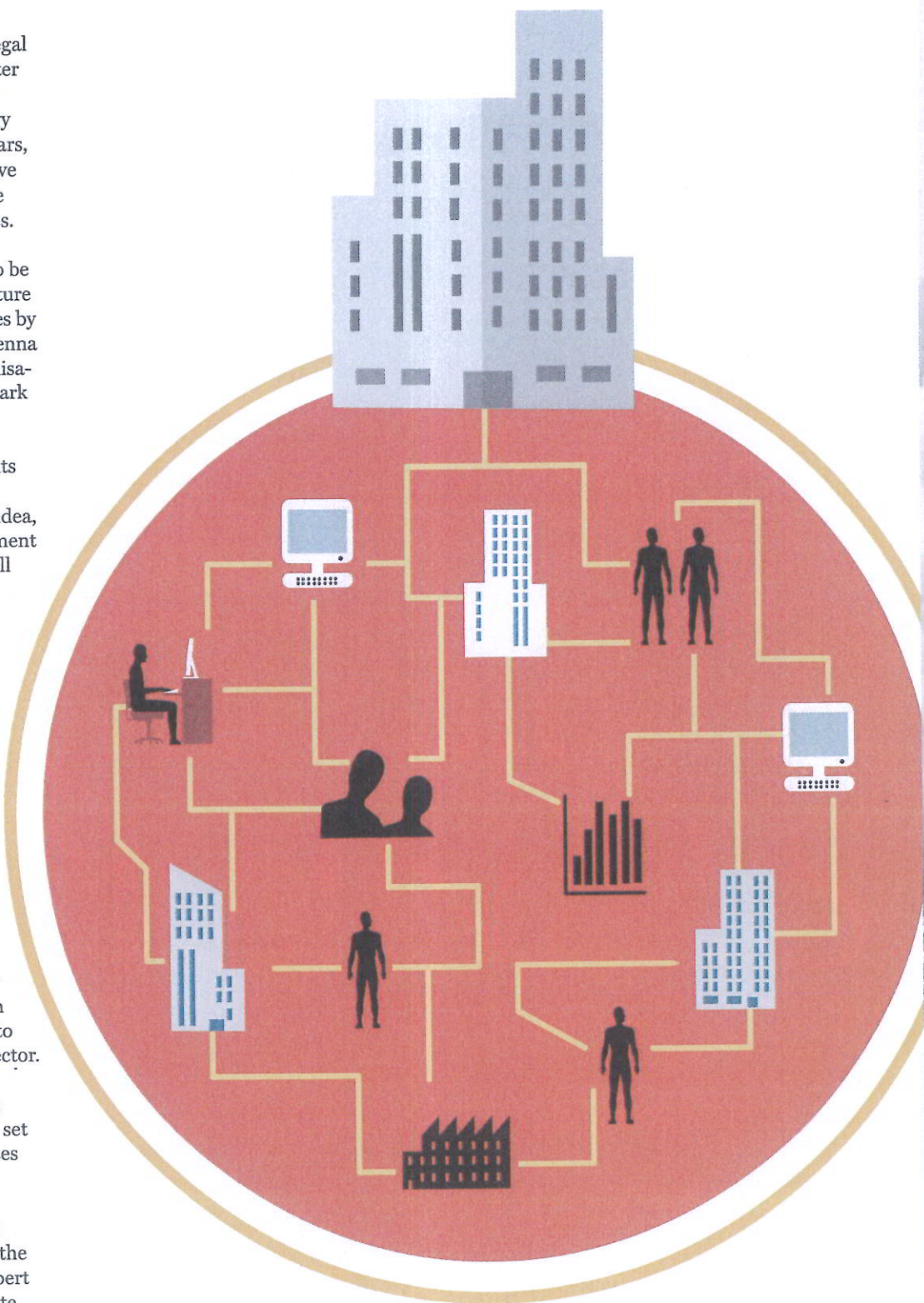
These are radical arrangements because they mean the firms' partners will bring new models for efficiency and service delivery from their own consulting perspectives to inform management of the legal sector.

Barbara Mendler, international operations and projects director at CMS, says: “Lawyers have the skill set to understand whether legal services are provided well, but not if other services are provided well.”

More conventional outsourcing has also seen big developments in the past year with the decision of Herbert Smith and Allen & Overy to relocate key services to Belfast.

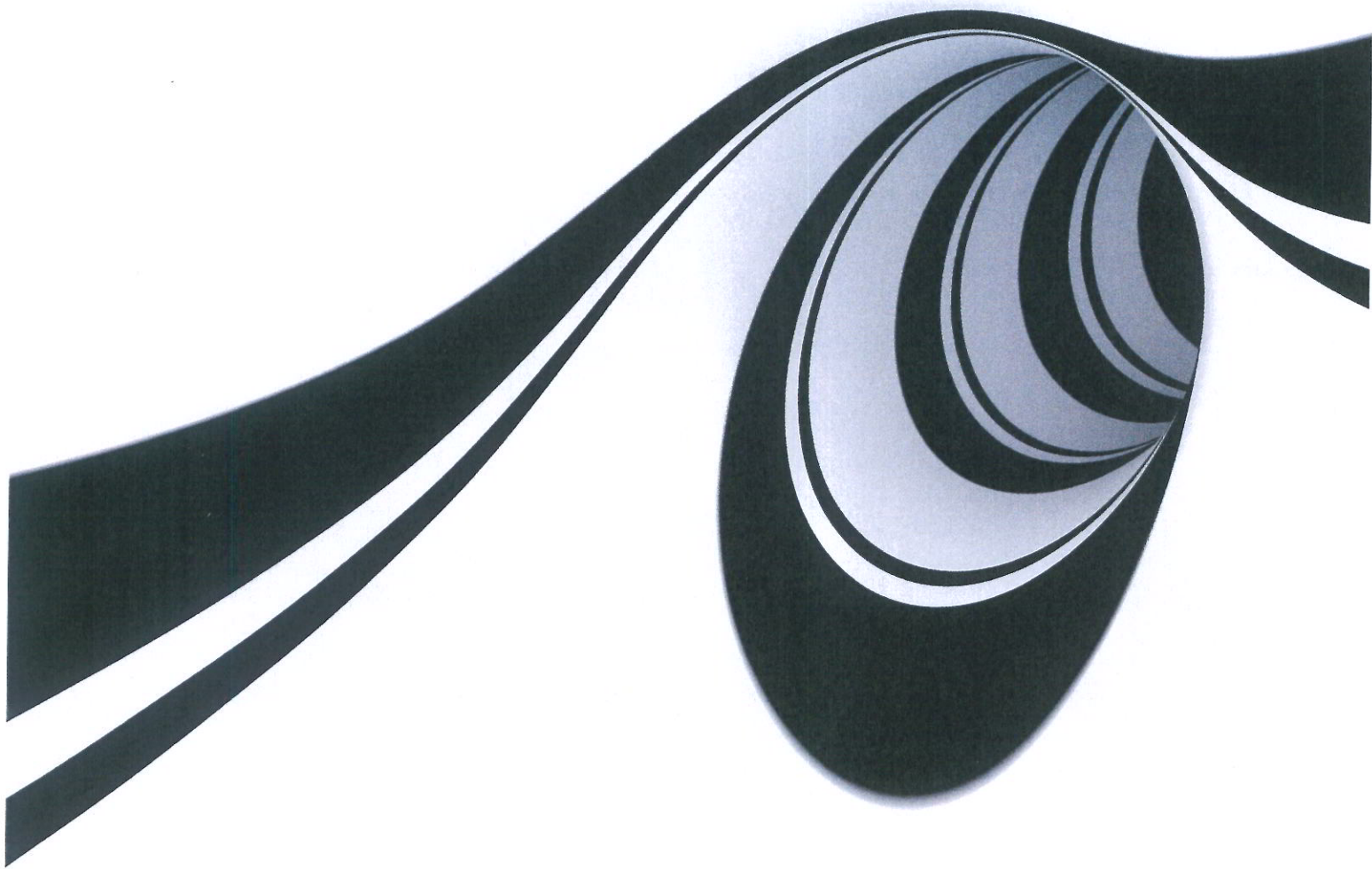
Herbert Smith's move effectively creates a service operation for one of its departments, while A&O aims to move 8 per cent of its staff – 317 lawyers across all sectors and levels of seniority – to Belfast in four years.

Although the moves differ, both take advantage of lower costs and a surfeit of highly educated labour in a nearby and legally compatible jurisdiction. ➤



The future is here

Some of the deals struck in the past year could be seen as pointers to the future of legal services. *By Jeremy Fleming-Jones*



Not just ahead of the curve *But shaping it*

Eversheds, the FT's most innovative law firm of 2010–11, continues to redefine the modern international law firm. Our progressive thinking and commercial approach is reflected in a service to clients that addresses the issues that matter to them.

Eversheds has pioneered new ways of working in client service, pan-global delivery, cost control, people management and more. This is a law firm providing good old fashioned results in new and better ways.

Bryan Hughes
+44 (0) 20 7919 4500
bryanhughes@eversheds.com