

civil litigation, to release the partners from their fee-earning jobs so they can concentrate on managerial roles. Would they go as far as opening the firm's capital to non-lawyers?

Like most smaller firms, the answer is no. Likewise Bevis and Beckingsale is not interested in a tie up with accountants, which could cut off the firm from other referrers.

Kitson Hutchings on the other hand, a full service 12-partner firm with a strong commercial leaning, would more readily consider the move to LDP.

Headquartered in Torquay with branch offices in Exeter, Plymouth and Newton Abbott, the firm will first become an LLP next month. While in no rush to take a further step towards a LDP at this stage, managing partner Andrew Perkins says it – and even so the forthcoming ABS structure – could be an opportunity for law firms to get into new markets.

Kitson Hutchings' core business is built on its expertise in leisure and licensing, complemented with commercial litigation in the 1990s – a team that has had a record year and has helped compensate for the sluggish performance in corporate work.

Expansion and modernisation

But, like Nigel Cole, Perkins feels that the region is now past the worst of the recession. The firm has started recruiting, with new lawyers joining its insolvency, litigation, and housing teams, and it is looking to expand its personal injury and family teams. "We need to broaden the base as we come out of recession," says Perkins. "Commercial work and property are not going to bounce back to previous levels soon, so we're looking at other areas to develop."

The Legal Services Act reforms however are just one reason for the firm's decision to modernise and grow. Moving to LLP status is part of the strategy. "LLP is a more modern approach. It's about the way you do things, you're more like a business. And we've got a young team with partners in their 30s and 40s with a 'get up and go' attitude," says Perkins.

As to the need to grow, Perkins points to the small, three to four-partner firms on the high street and comments they are particularly vulnerable. "Time was never infinite but the recession has accelerated the process," he says.

The downturn has also worked to the advantage of firms like his. Clients have become more cost sensitive and are more prepared to consider smaller firms as alternatives to the larger ones. In addition to cementing its position as a credible alternative, Perkins says the firm will need to move

up to higher end work in the private client area. And as more medium size firms adopt similar strategies, this could realistically upset the position of the larger firms.

The war for talent

"Smaller firms will want to reposition themselves as non-commoditised services," says John Westwell, managing partner at 41-partner Foot Anstey, and as the recession eases, he warns, there will be a war for talent in the region.

Foot Anstey's past 12 months saw turnover rise by four per cent – though not profits – a result that Westwell says is based on strategic decisions made as soon as the economy looked like it would deteriorate. "A series of interest rate rises started pointing to problems in the economy and we decided to recruit key litigators and expand that team in anticipation of a downturn," he says.

Aside from litigation, another key area for the firm is employment; Foot Anstey has the largest team in the South West and has national clients such as Odeon cinemas, Kingfisher, and the Royal Shakespeare Company.

But the firm is placing its chips on its expertise in three specialist sectors: agriculture, education, and charities. As more firms are targeting these sectors, however, how does Foot Anstey differentiate itself?

"Education is a good example," says Westwell. "We mostly act for schools, rather than further education, and our activity in this sector links with our CSR policy which supports children and education initiatives. Potential clients hear we're giving something back to the community, not just taking, and it helps."

But Westwell also comments that the Clementi pressure on the lower rungs will be felt further up. To protect itself Foot Anstey must continue to offer "bespoke services far away from commoditised services", he says.

The firm's strategy also includes more organic growth, a focus on national and international clients, and the recruitment of "top talent to deliver first class legal services". And, while acquisitions are not strictly on the agenda, the firm would not be closed to it if an opportunity arose.

Like other firms, however, Foot Anstey remains cautious about ABSs. "They're an exciting opportunity to introduce capital into the firm that could deliver strong growth potential," says Westwell. "We are unlikely to move into a joint accountancy-law offering but we could use the new legislation to open up our offering by securing talent to provide advice that complements legal advice, such as finance, HR, or business advice."

Over at TLT in Bristol, managing partner David Pester is also doubtful about the

benefits of ABSs for larger, non-commoditised firms. "The current model for law firms, involving partner capital and bank borrowing, keeps firms in balance," he says. "The early days of the new legislation are more likely to see firms getting risk capital to either expand or merge with others."

But Pester says TLT will be interested in reviewing the options. "We do need to increase our investment capacity but are still considering how best to finance the practice and who takes the risk."

In the meantime, the priority for the 64-partner firm is to focus on its key industry sectors: financial services, leisure and retail, both in the region and nationally.

"As our work in those areas grows we are sharpening our skills further," says Pester. "The more clients we have in those areas the more our knowledge of the industry increases and the more we can demonstrate our technical expertise in supporting businesses in these sectors."

Along the way adjustments may be necessary – Pester refers to the redundancies in the property department and in the contraction of the leisure team when the work that came in on the back of the smoking ban and of the changes in licensing rules started drying up naturally.

But he also points out that, as a rare exception in the current climate, the firm has retained all its trainees and has offered jobs to all the newly qualified. Without specifically talking in terms of 'war for talent', like Westwell, Pester says TLT is keen to resource effectively the growing areas of work and make the most of the current recruitment opportunities.

"There are lots of good people on the market, even willing to relocate to Bristol or work cross-office," he says. "It could also be a good time to make some countercyclical appointments."

Picking up on the IT theme mentioned by all lawyers, Pester says the firm will continue to invest more in case managements and technology. "It's all going to be about efficiency," concludes Pester. "Clients have been subsidising inefficiencies. Now they want to know two things: whether their lawyer knows the sector and if they are technology-enabled and efficient."

Does that mean the recession is over in the South West? Clearly not – it's not over anywhere, really – but there is a general sense of optimism, both in the region as a whole and in the legal community. "People just want to get on with things," says Bevis and Beckingsale's Nigel Cole. That's got to be good news.

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