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"Not to be Left Behind": interview with Irina Paliashvili

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The ancient city of Yerevan will be hosting the 7th CIS Local Counsel Forum on 6 - 8 June 2012. The event remains one of the most important gatherings of managing partner whose law firms do business on the post-Soviet territory. Irina Paliashvili, Forum Co-Chair and RULG Law Firm managing partner, is sharing her views on the Forum's history, program and prospects for legal consulting.

What topics will be covered at this Forum?

Globalization will be the principal topic this year. The Forum emerged thanks to it. Seven years ago these ideas were already in the air, but the understanding of their depth and significance came later. We were able to somehow get involved from the beginning, and to respond to the globalization challenge with the creation of our regional legal community. Business-minded lawyers got organized in order to join the process instead of just staying on the sidelines and watching globalization pass by.

Globalization is inevitable and irreversible, whether we like it or not, whether we want to be involved or not. We are a part of it anyway, but it is up to us to decide whether we want to be an

active participant or stay behind and be an outsider watching the rest of the business and legal community adapt to the changes.

The time has come for a thorough discussion. Not only to confirm the origins of the Forum, but also to renew our focus on this process and our place in it. That is why we chose this topic.

How was the principal topic identified?

As it often happens – by chance. I was at a globalization seminar in London organized by Allen & Overy. They have those Business of Law seminar series twice a year, where lawyers come from all over the world to discuss the legal community's hot topics from the global perspective. I saw how much interest the topic provoked, how active were the participants with their questions and comments.

When the meeting was over, I had a conversation with Stephen Denyer, a Global Markets Partner of Allen & Overy actively involved in IBA leadership. He kindly agreed to hold a similar session at our Forum. There will be a co-moderator from our region at this session, who will help to lead the discussion from our regional perspective. We will also invite corporate lawyers, who represent business community, and they will talk about the reaction of our regional or global companies to this process.

Globalization changes in a quick and significant manner the external conditions for doing business. The process has expanded, become more complicated and reached the regional levels. Let's say there's a region called BRIC that includes Brazil, Russia, India and China. Globally it is treated as a single region. But when it comes to Russia within BRIC, globally not only Russia is implied, but a much wider economic region. Major transactions and projects always cover not only Russia, but also any other country (or countries) of the region - Kazakhstan, Ukraine, Moldova, Belarus, etc. Therefore, we would like to see how global community perceives us within BRIC and what is our perception of ourselves in respect of globalization. These are the issues we are going to raise and discuss at the Forum.

How simple will it be to convince people that their business is already being affected by globalization?

We are not going to convince anybody, really. Everyone is free to take a position. Those who got involved in the process try to practice internationally on the global market. I am convinced such law firms will have an advantage. Those who are not interested in these developments risk losing their current position or any future prospects. Therefore, the Forum is not a place to convince. People come voluntarily with great expectations precisely because they want to be involved in the

process, and everyone makes a decision where he wants to end up in the process. Those lawyers who are focused only on local practices do not participate in the Forum, because it is simply not interesting for them. Forum participation is useless for someone who does not share the sense of community, dialogues and issues of interest to us.

I am very happy that many prominent national law firms from the CIS economic region took part in the Forum in the past seven years, and they are not from just capital cities. We host representatives from many regional law firms, for example from Russia and Ukraine, who understand the significance of globalization and are actively and enthusiastically involved in it. This is the most satisfying result of the Forum for me, I mean that we are not staying behind, but are actively participating in this process.

This is the seventh Forum, a lucky number and a big history ...

There is a saying: «Those who are happy do not notice the hours». Those seven years passed like one day for us. I remember the first Forum Kiev and the euphoria it caused. The same atmosphere is reproduced year after year. You attended almost all Forums and witnessed that they represent such a happy territory for all of us where everyone feels good and comfortable, making interesting contacts and developing projects, and simply taking pleasure in socializing with each other. That is why we have not noticed how the time flew so fast.

Has the event format been changed?

The core format we chose once remains unchanged, but with something new and interesting features being added each time. Last year in Almaty we implemented Olga Frolova's (EPAM) brilliant idea of having a panel of corporate lawyers in the form of an energetic and open "CNN-live"- format interview that will become a traditional part of the agenda. The principal globalization session in Yerevan will be an interactive discussion where audience involvement is expected with awards and prizes for the most active participants. This session will also include instant voting. Delegates will be asked 5 - 7 quite provocative questions and the audience will vote. Voting results will be displayed on a screen. We have had such instant voting sessions before, and they have been always fun and exciting. The voting gives everyone a chance to express an opinion that counts. The displayed results are sometimes absolutely unexpected.

A football match is a "must" on the agenda. It became the integral part of our program, a signature of the Forum. It is my favorite and most fun part of the Forum. I never had any interest in football, but after we did it in Minsk, where we had our first Forum Cup match, I attend every game. We always have a host country team composed of local lawyers against an international team

consisting of delegates from all other countries. I am the international team fan, although there are exceptions: if the Forum is held in Kiev or Tbilisi, I will support, of course, the host country team of local lawyers!

This year we will have a separate seminar on global planning and asset structuring for Russian and CIS clients organized by Withers LLP who specialize in this area. This firm will be represented by its partners, Olga Boltenko and Christopher Coffin. As always, this seminar will have a special Forum commentator - Irina Sidorova, a Paris-based attorney. This topic has never been raised at the Forum. Considering how many major companies, major local shareholders and various assets now exist in the CIS, I am sure that asset structuring and planning issues will be of high interest.

The Forum has always been a platform for business contacts. At this point, people have known one another well for a long time. What does the Forum have to offer delegates in this respect?

The Forum has become a community built around an idea. Members of this community are not simply devoted, but actively and consistently implementing this idea. These people try to be at all Forums, contribute their energy, expressing proposals. We call them Forum veterans. We have fifty to sixty percent of veterans and forty to fifty percent of new participants every year. Therefore, the audience is not always the same. The stability does not impair the quality of dialogue, because so many things happen during a year, people share news, opinions, new projects, experience, etc. There is always new blood, new delegates being wholeheartedly accepted in our community by veterans. There is a constant process of renovation, renewing contacts, making new once, developing new projects. Today's life is moving with phenomenal speed, everyone has tons of projects and ideas to be discussed with colleagues. The Forum offers perfect conditions in which within two or three days delegates are able to focus on each other and set aside all the rest. These are the conditions that produce the most interesting ideas and projects.

In my opinion, in the age of information technologies and social media the role of the Forum as a place of live socializing is especially important. When I was opening the Forum last year, I told a story that happened to me recently. At a professional conference I attended, the delegates were constantly engaged with their mobile devices - in the hotel hall, in elevators, during breaks between sessions instead of greeting each other and communicating. I told our delegates that if someone wants to socialize with their mobile device, they do not need to travel all the way to the Forum, this can be done without leaving the office. But if we do get together in Almaty, Yerevan, Minsk or elsewhere, let's take advantage of this opportunity to the maximum extent possible. I would like to see our Forum as a counterbalance to the virtual life or virtual existence. It is a real meeting, exchange of human emotions, human dialogue, which are very important, especially today.

You are able to observe changes in your professional area and in business in the CIS and in the USA. How these processes are similar or different?

As a brief historical background, our current private practice has its origins in the advocate's profession. It was considered to be a liberal arts occupation, a little bit artistic, intellectual and so on. Advocates have always perceived themselves to be above business and identified their occupation as something more inspirational. Of course, fees and incomes did matter, but the corner stones of the highest value have always been professional activity, client representation and services.

Today, we probably cannot pretend any more that we have a special profession that has nothing to do with business, that «legal business» is an incorrect definition, that legal profession and business are *a priori* incompatible. It is impossible not to see that legal market, legal business has developed in our region and in every country of the region. Certainly, the basic sense of consulting is not doing business for the sake of doing business; it means granting legal services, providing legal support, etc., but the consulting format today is indeed a business with all its attributes - processes, marketing, management, etc.

The lawyers involved in this business have somehow mastered marketing and other aspects that require humanitarian skills, like personnel management, PR and business development, but they are still far behind in terms of mastering the numbers. I will risk stating that the aspects that are the least interesting and most unpleasant for us are numbers, accounting, financial indices, costs and expenses, profit margins, etc. And of course we need to learn. If we were good at numbers, we would not be lawyers. We would be accountants, mathematicians, auditors. Whereas we are basically not on friendly terms with numbers and earning money has not been the purpose of our profession historically, this, in my opinion, is a painful area for most of the law firms. And somehow we need to overcome those barriers and we need to pay especially close attention to financial and business aspects of our practice. Those who do not - are losing their positions. You cannot operate a private practice today without earning enough money to cover costs, paying salaries to lawyers, earning some profit. Our profession has become more pragmatic and business oriented and probably more tough, competition being another booster.

With some reservations, processes in the western countries and in our region are very similar. In the US, however, the modern understanding of the profession evolved 100 - 150 years ago, but only 25 years ago in our part of the world. This means we have covered this path, especially those lawyers who work in business areas and in private practice, in a substantially shorter period of time and came to today's understanding.

There is an easily detectable distinction in the attitude to work on the part of the young generation of lawyers. In the US, young lawyers appreciate their job more, they work more and in a more intensive manner. I still get disappointed with our young generation. Everybody hoped that the crisis would be a good lesson for them, but no revolution of minds has happened so far. The boom period corrupted the young generation, discouraged them to invest in themselves to the extent that their minds cannot be changed even in hard economic times. There is a very strong competition between young lawyers in the US for a job, for a practice and for clients. Many capable lawyers have no job at all, and the sobering effect of the crisis is causing real changes in their legal profession.

What are the specific changes in external environment?

The tendencies the crisis provoked are still here. Buyer's market is still buyer's market. Our clients still dictate. This phenomenon takes new forms, new balance in relations arise between the client and a law firm. This process is global, and it is going in both - the CIS economic region and in the US. Recently, it became especially evident how clients are getting used to doing business without external lawyers. Before the crisis, in the US, for example, clients literally did not make a step without seeking advice from their external lawyers in any matter, however small. During the crisis legal services budgets disappeared, and clients somehow handle things on their own. Three years later they realize they can function without much assistance, budgets are saved and in-house legal departments are expanded. Many issues that would otherwise be referred to law firms are now handled by clients internally and they are satisfied with the results.

Recently, I was at an interesting conference in New York where major NY firms were represented by their managing partners. During a client session three General Counsels of major international companies spoke about their vision on the role of external counsel. After they had shared their ideas I turned to the person sitting next to me, the managing partner of an Australian firm, and said: «you know, it looks like we just need to commit a collective suicide after this session». He seemed to be of the same opinion. What we heard from the corporate lawyers could be summarized as follows: «We don't need you any more».

Heads of in-house legal departments firstly expand their staff, secondly limit the scope of the issues they refer to law firms, and thirdly have come to like the changes and are developing them further. The scope of the issues referred for external legal advice is being limited and narrowed, and the tendency is very obvious in the US, and, I think, will catch up in our region as well. We need to learn the lesson. We have to discuss this and identify the steps we have to take, to discuss how we can show our value to the clients and what products of value we can offer. This is a very important issue for the survival of our profession.

Where is the answer?

Come to the Forum and talk, discuss, brainstorm together. There is a separate panel in the program with a very interesting title: «The Modern Law Firm Conundrum: Structuring of Law Firm Business, Branding, Marketing». Private legal practice is a business. During our Forum everyone will be able to take part in the discussion of the challenges this business is facing. I hope both external and corporate lawyers will share their ideas at the Forum. The questions about value of external counsel will be addressed to our in-house colleagues. We will be looking forward to their comments and their vision of our place in servicing them, of what we need to develop in our practice in order to remain of value.

We have to do our business today in a more tough and pragmatic manner than before, while the firms of our region face this challenge in the time of generational shift. Those who began in the early nineties have matured to the extent that the next generation is ready to take leading positions in our law firms. I always welcome evolution, instead of revolution in everything related to generation changes, because there are many examples, particularly on the Ukrainian market, where law firms either collapsed or somehow lost their positions because the generation change went on as a revolution. We always highlight this aspect, by the way, at internal meetings of CIS law firms, and discuss how the generation change could be handled smoothly without any negative developments.

Environmental initiative support looks unexpected. How did organizers come up with this idea?

It seems very logical to me. Globalization in the business world has produced such phenomena as social responsibility of companies, businesses and professional communities. This idea has been in the air for a long time. We often said that the Forum as a legal professional community can support a social initiative, prove itself in this domain of social responsibility. Why environmental initiative? Well, firstly, our Forum this year is held on the World Oceans Day (8 June). Secondly, the idea was suggested by Nonna Paliachvili, Forum's Global Coordinator, who has great interest in environmental issues. It will be our first experience in this respect. We wanted to do it long time ago, but made the first step in 2012. I think from now on, each Forum will always have a topic of social responsibility and will support an organization or a group of organizations that work on the issues we all find important.

In the seven years of the Forum's existence we have had delegates and guests from many corners of the globe: Europe, Asia, North and South America, Middle East, representing at least 45 countries. Our program this year is focused on globalization, and we believe it would be natural to

include in the Forum agenda such an important issue as environment protection. This topic unites all of us regardless of where we live, our nationality, religion, political views, etc.

Why oceans? Oceans and waters cover 70% of the globe, but only 1% of the waters are covered by full-fledged international or national protection. During the last century, in particular last decades, huge damage was inflicted on oceans, and we - members of the world community - cannot remain indifferent.

While choosing the organization we wanted to support, we sought to present to our delegates an entity that is well-known in this area and does practical steps, and chose Sylvia Earle Alliance (SEA). Dr. Earle is a world famous oceanography expert, honorary member of the National Geographical Society, "Living Legend" according to the Library of Congress. SEA is creating a global network of sea reserves or, as they put it, "Hope Spots" - sea areas sufficient to allow the recovery and preservation of ocean inhabitants and underwater vegetation.

This initiative has already found a response from our delegates - after all, many of them are not only deeply concerned about the environment and particularly world oceans, but are also experts in maritime law. We are happy that the Forum gives us a chance to draw attention to this important problem - oceans and their inhabitants have no nationality, almost half of the planet is covered by open seas that have no national jurisdictions.

What is the status of the Forum preparations in Yerevan? A grandiose cultural program has been proposed, are you successful with all arrangements?

As always, we have a wonderful host firm - «Ameria CJSC», a leading national firm of Armenia. We visited Yerevan, met with David Sargsyan, their managing partner, and maintain daily contact with him and his brilliant team. Preparations progress according to the schedule. We feel a sincere and deep interest on the part of «Ameria CJSC» in hosting in Yerevan the leaders of the legal markets of not only from the CIS countries, but from all over the world. During those three days Armenia will be in the focus of our legal community. Our host law firm is working on producing the most interesting and remarkable program. Armenia is a wonderful and very beautiful ancient country, with lots of "must see" places. I am sure the event will be very successful from both professional and cultural perspectives.

Business events of the Forum will be held in Tbilisi as well, so will Georgia be the second host country?

The event in Tbilisi is a program separate from the Forum. We have scheduled an anticorruption workshop and a meeting with the Georgian legal community. The event is organized by RULG jointly with a Georgian law firm BLC Law Office. My firm participated in organizing several similar anticorruption workshops in Moscow and Kiev. External and corporate lawyers are always very interested in these events. I believe Tbilisi was chosen this time for a reason, because objectively in our region Georgia is the country that has achieved the most prominent and real results in anticorruption efforts. Everyone will appreciate learning about this successful experience and understanding how it can be used in other countries of the region.