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Broking the law

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The introduction of legal broker networks greatly improved legal services in Australia for both consumers and solicitors

Reform of Australia's legal profession in the mid-1990s saw the abolition of many restrictive practices and gave rise to new business models capable of competing in the legal market. Such business initiatives transformed the country's legal landscape by understanding consumer trends and advancing the quality of professional services. Today, by following consumer directives, innovative Australian business solutions are continuing to drive major developments in the legal services market.

Broking new ground

Fifteen years ago, poor customer service standards among Australian solicitors paved the way for the induction of client referral networks into the legal markets. Known as 'law brokers', these new entities restored consumer confidence by offering secure points of access to legal advice.

Similar to insurance or mortgage brokers, law brokers occupied an intermediary niche between consumers seeking the right solicitors and solicitors seeking new clients. Performing the function of 'personal shoppers', they helped consumers efficiently wade through the myriad of available legal service options and identify those that best suited customer needs.

While law brokers provided their services free to the public, solicitors paid a fixed annual fee to join the referral network. The attraction for Australian solicitors was the chance to pool their advertising budgets with other practitioners, which afforded substantially larger promotional campaigns than individual solicitors could pay for on their own.

All new 'client leads' generated by such advertising were referred to network members in accordance with their respective areas of expertise and experience. Reliance on these referrals, as well as the responsibility to maintain a positive image on behalf of other practitioners in their network, resulted in higher professional standards and better quality of service among participating solicitors.

Understanding consumers

Ongoing referral feedback from both consumers and solicitors enabled law brokers to collect invaluable information about lawyer-client relations. Such information provided insight into customer expectations that had not been previously identified. Law brokers discovered that satisfying clients was not necessarily linked to high customer care levels, close geographical proximity or low professional fees. The key to customer satisfaction was to find lawyers who had the ability to deliver the desired result.

Subsequently, law brokers questioned why some solicitors were better at delivering results than others. Following further data analysis, they found a link between successful cases and practitioners' previous experience in dealing with target parties. For example, if a client had a case against a major insurance company, the client's best option was to seek the services of a solicitor who had experience in dealing with that particular insurer.

Solicitors taking on 'familiar cases' had a natural tendency to achieve positive outcomes as they took advantage of their established relations with the target party, communicated using the right language and saved consumers considerable time, money and grief. Law brokers' knowledge of which practitioner previously acted against, or dealt with, a given party became their main business asset. For many years such information was treated as a trade secret.

Lawyers participating in law broker networks were naturally loath to share the benefits of their new-found marketing knowledge with competing solicitors. As a result, the networks became increasingly insular by operating within the confines of their members' experience. Over time, these conditions distorted the law broking principle and lead to a compromise of consumer benefits.

Advent of technology

In response to this, law brokers are now changing their market strategy. Consumer purchasing trends, combined with developments in information technology, are forcing their trade secrets into the open.

The reality is that the evolution of internet search engines has significantly affected the way Australian consumers go about making choices – including their choice of legal services. The ability to 'pull' information about service providers online is becoming a more attractive proposition than the 'trust me' message frequently 'pushed' onto consumers by advertising campaigns.

Price comparison websites, which are cashing-in on the benefits of merchandise consumer information, send a strong message to solicitors about the way legal services can be marketed. Legal practitioners, who recognise the importance of such technological developments, can let the wave of change work to their advantage. That is, make sufficient information about their practice publicly available and simply let prospective clients find them.

The future

Law brokers understand that discerning consumers will always seek out value for money, which means giving prospective clients the opportunity to weigh up an individual lawyer's measurable expertise and experience criteria. For example, a consumer may wish to locate a lawyer with the most number of cases handled in a given area of practice, or with at least five years' experience, or with prior dealings against a specific type of organisation.

Most lawyers are already armed with an abundance of distinguishing information about their professional experience. By consolidating their profiles in a single web directory law brokers can offer consumers a broader scope of information and greater searching capabilities.

Such online legal directories, where lawyers can state their unique marketing proposition and where consumers can find it, is set to become the future of legal service delivery, not only in Australia, but in jurisdictions such as the UK, where

the government supports increases in competition, flexibility and choice for consumers.

By creating websites capable of 'lawyer-comparison', online legal directories will offer substantial advantages for both participating lawyers and consumers. Lawyers will not need to spend as much on advertising to attract new clients, while consumers will benefit from the fact that lawyers will only take on the type of work they are actually good at doing.

The next revolution in the world's legal markets may well be attributed to the history of Australian law broking combined with recent advances in internet technology. It could be the kind of revolution that everyone wins.

Dr Yuri Rapoport (SJD) is the founder of Prime Law Brokers (Australia), the world's first legal broking service. He plans to launch an online version of a similar service in the UK, called Rapoport's Directory, in 2008.