

Europe 1992

The Challenge for Professional Services

Canadian business law and public accounting firms that wish to benefit from the mergers, acquisitions and re-organizations accompanying the Europe 1992 Single Market initiative must themselves undergo the same types of organizational change.

In order to guide other businesses through the 'Europeanization' process, these professional services sectors must increase their

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size and means on a national level through mergers and acquisitions; form partnerships to expand foreign offices; use established international networks and/or develop niche markets in areas of traditional expertise. Failure to do so may mean the firms will be unable to face increasingly stiff competition in the Canadian domestic market.

The European Community Trade and Economic Relations Division (REM) of External Affairs and International Trade Canada (EAITC) has produced a report on the strategies available to Canadian law and accounting firms in the face of changes in these sectors under the European Single Market initiative.

Prime among the changes taking place in the European Community is the widespread move toward deregulation of business law and accounting within each of the Community's member countries. The Single Market initiative facilitates this national deregulation through a series of Community directives aimed at harmonizing standards and procedures and providing for freedom of practice and establishment across all member states.

The move towards the creation of multi-disciplinary consulting firms in continental Europe, even though the jurisprudence framework does not yet exist, also presents a challenge to Canadian firms in the international business law and public accounting markets.

Business Law: Europe 1992 creates new opportunities for Canadian legal firms but these opportunities must be seized or they could quickly become dangers. The risks facing Canadian firms are in many ways similar to those facing continental European firms, although Canadian firms should be better able to confront them.

One of the principal assets of Canadian legal firms is the quality and reliability of their work methods, which are similar to the leading American and British firms. In addition to giving them a size advantage over their col-

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leagues in continental Europe, the mergers and acquisitions which have recently been rocking the business law profession ensure Canadian firms a national dimension, or in other words, the size and influence they lacked in the past.

The mastery of English as the language of business and the fact that many firms have the ability to work in both English and French are assets which should not be under-estimated.

Canadian law firms are studying the opportunities and adding an international dimension to their strategies. Some of these include:

- a reinforced position — via mergers, acquisitions, associations, etc. — at the national level so as to have the means of growing at the international level;

- the development and fortification of foreign offices, either alone or with partners — an example being the association between Osler Hoskins & Harcourt and Ogilvy Renault of Montreal expanding common operations abroad under the name Osler Renault;

- the development of adequate expertise in Community Law — an increasing number of Canadian branch offices abroad have been addressing this matter over the past few years; and

- the development of specialized niches — such as euromissions for Canadian issuers of eurobonds, euronotes, etc.

The stakes are high and the international competition is growing — facts which seem to have been grasped by the leaders in the profession.

Public Accountants: The restructuring of European industry, the mergers and acquisitions taking place within Europe and those coupling European firms to companies outside the Community have resulted in an increased demand for business consulting and trans-European and international audits.

The past few years have also been marked by major reorgani-

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zations of international networks of accounting firms. The clear winners have been the "big six" (formerly, the "big eight") — the world's largest consulting firms. They are experiencing phenomenal success worldwide and have absorbed the largest national firms in Europe.

The principal assets of Canadian public accounting firms are

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