

BvdV, Lawyers, Tax advisers

2015 - Bruggink & Van der Velden, Lawyers Tax advisers (BvdV) is an office in Utrecht. It was founded 10 years ago by Harm Bruggink and Sjoerd van der Velden. It employs 27 people including two secretaries and two employees performing other supporting jobs. Of the 23 others about half is lawyer and half lawyer attorney tax adviser. A number of them is a trainee solicitor or lawyer assistant. This casesdescription is based on an interview with Sjoerd van der Velden, lawyer, Maartje-Molenkamp Mathijssen, lawyer and tax consultant, Jolien Weijers, lawyer and on various publications in newspapers and magazines (see below for references).

Inspiration and motivation

The inspiration for BvdV to organize their office differently was the management philosophy of Ricardo Semler. Which means in short that you should treat your employees like adults and let them use their brains. Control is an illusion, on the contrary you must use as core values: trust, democracy and participation, transparency and freedom.

A reason to do organize the office differently was that the traditional business model of law firms came under pressure by increasing competition and adverse effects of the usual partner structure, which is hierarchical and offers limited growth opportunities for the lawyers. An entrepreneurial concept should be used and costs must be kept as low as possible. In addition, the pyramid structure of most law firms and the long road to the partnership discourages lawyers. Talent will leave to start his or her own firm.

The founders were convinced that if you give people confidence and control and if there is democracy and transparency (even in the field of finances, so therefore in terms of salaries, management fees and dividends) employees will be fully committed to the firm. Indeed, in that case self-interest is parallel to the offices interest.

The social innovation

The company is innovative in its strategy, structure, labor relations and in the operations.

Strategy

At BvdV they work from the values: trust, freedom and transparency. The lawyers work as independent contractors; they themselves keep in touch with their customers or debtors. They prefer to work with fixed prices and as good, as transparent and as cheap as possible for the customer. Unlike most other offices that primarily aim at maximizing revenues, BvdV also tries to limit costs. There are few supporting staff members, no reception; lawyers don't get a lease car or phone from the firm. But there is no cutting on budgets for knowledge sharing, knowledge development or quality. Because of the salary system and the way decisions are made (see below) employees have a vested interest in keeping down the cost.

They consider 'goodwill' as belonging to a person and not to the company as it is the case elsewhere. Therefore, no goodwill is paid to the lawyer upon joining as a shareholder, and no paying back to the lawyer on departure.

There is no long-term plan for the company, but they have agreed not to grow more than fifty people.

Structure

Initially the founders, Bruggink and Van der Velden were the only shareholders. Meanwhile, several colleagues have become shareholder. It was agreed that the shareholdership may not exceed 13 years. After those 13 years the lawyer/former shareholder may participate as advisor or 'of counsel'. All employees can opt for shareholder. The entire staff decides about that, partly on the basis of objective criteria such as 'the candidate acquires enough orders to keep him or herself and others at work', but also on 'social criteria'. Shareholders - now there are four of them - are financially privileged, they share the profits. But they have no greater voice in the decisions about strategy and operations etc. than other office colleagues.

There are no sections, the people who work in a particular area or with a particular specialism, consult with each other and for a certain judicial file they look for the matching colleagues to work with or to discuss the file.

The decision on strategic and non-strategic issues is done by the entire staff. Once every six months there is "philosophy consultation," which is a consultation on important issues that affect the philosophy of the firm, such as the duration of the shareholding. They do not decide by majority, but aim at consensus. If a minority has profound objections to a particular decision they talk longer about it and try to find solutions to the objections.

Labor relations and HR

The recruitment of new staff is also done by the lawyers themselves. Before appointing, a candidate is invited for a drink with the entire staff; it may also turn out that this candidate does not fit with the company. In that case the appointment will be canceled.

Every employee who works for customers, determines his or her hourly rate him or herself. There's a special reward structure for the lawyers. The basic principle is that every employee receives a basic salary amounting to 64% of a year's salary at a comparable office. The total office costs are divided by an average hourly rate. Then it is clear how many sales and hours everyone should run to reach the break-even point (BEP) for the office. Half of the hours (turnover) a lawyer works above the BEP, he or she can keep. But there is a limit to the days (4) and hours you can make: 1120 hours (4 days x 47 weeks x 6 hours). Arrangements have been made for what the salary should be in case of illness or pregnancy. In short it comes down to that that person will not experience financial disadvantage for the loss of earning capacity.

When they want to agree upon new regulations at BvdV it may appear that their special employment relationship does not fit in labor law. For example, the group might decide that all base salaries will be reduced, but if an individual employee does not agree, he or she can appeal to the labor law (that forbid a unilateral change in working conditions is in principle) and object. Here democracy and entrepreneurship clash to labor law.

The shareholders participate fully; they receive a management fee (instead of a salary), 50% of sales above the BEP and a share of the dividend (consisting of the total of 50% of turnover over the BEP that the lawyers cannot keep for themselves). The salary of the supporting staff members will be determined in consultation.

Everyone has at least an annual performance and appraisal interview with one of the shareholders. The review is reciprocal. Everyone writes his or her own report. After three years of working for a patron, lawyer trainees are independent.

Operations

The professionals work as an independent contractor; many acquire their own assignments, but can also transmit these orders to others or take over business from colleagues. There are no quality control procedures, the lawyer or adviser decides whether he or she wants to consult a colleague. Trainee lawyers get a patron (comp. mentor) and work on a judicial file under the responsibility of that patron or another experienced lawyer.

Employees register hours on a file of a customer. Holidays are not recorded you simply do not register any hours. Support tasks such as administration, answering the telephone, typing a record, copying, tidying up, clearing the dishwasher, replacing a bulb are done by anyone when it comes on his or her way, or if he or she is good at it.

Everyone works up to four days and also to sales above the BEP is set a maximum. This prevents people from working too much and for too long. The fifth day is to spend to their own choice for family life, sporting, professional training courses etc. People are given the space to develop in preparation for another phase of life (eg. 'of counsel' after a temporary shareholding) or a career switch.

Working from home is not encouraged; "We find it important that there are people in the house." says Van der Velden. Great importance is attached to the exchange of knowledge, sparring and informal contact.

Approach

When they started this office Bruggink and Van der Velden began operating from the Semler management philosophy. Consequently new employees were selected because they appreciate this way of working, they can handle entrepreneurship and they are willing to share knowledge and to "share everything with the group." All are grown, and have helped shape the company to what it is now and how it looks like.

Would you like to make a transition to this model from an existing traditional law firm, Van der Velden expect more and also 'technical' problems. Indeed often lawyers have invested in these offices, for example they have paid goodwill.

Results

The costs of the office are relatively low. The break-even point is achieved in relative few billable hours, approximately 3.2 per day. According to Van der Velden all employees earn a good salary because of this and Jolien Weijers and Maartje Mathijssen confirm that. According to the interviewees, at BvdV staff is more enterprising than at other offices. They are more innovative and come easily to new services, (if desired) simpler contracts and transparent interactions with customers. Weijers and Mathijssen speak of 'friendly employment relations'. And they agree that they are still learning of each other.

In 2014 the office is appointed as one of the 'smartest companies' in the Netherlands in the annual competition of the 'MKB Krachtcentrale'.

Tips

As tips for other companies the interviewees say:

"You have to put difficulties in the group" and "just trust on the collective intelligence". And you have to "rely on your own strength, do not build on outside help."

References

The following articles are added as an attachment or can be downloaded:

- *'Talent moet de ruimte krijgen.'* ('Talent must be given the space. '), in: Het Financieel Dagblad, Consensus, 18-04-2015, p3
- Peter Nilwik: *'Een democratie werkt beter, fijner én goedkoper. BvdV schudt de traditionele advocatenpraktijk op.'* ('A democracy works better, finer and cheaper. BvdV shakes the traditional law practice.') In MO, Kwaliteit in Bedrijf, January 2015, pp 10-13.
- Nahalie Gloudemans-Voogd, *'Controle is een illusie'* ('Control is an illusion.') Practice 53-54, May 2015.
- PowerPoint presentation of BvdV: *'Semco-stijl.'* ('Semco-style').
- Anne Vegterlo, *'Hier zijn we allemaal de baas'* ('Here we all are the boss.') Interview NRC March 7, 2015; downloadable from: <http://bvdv.nl/actualiteiten-art/45-algemeen/203-hier-zijn-we-allemaal-de-baas>
- *'Als ik iets wil, moet ik anderen overtuigen'* ('If I want to realize something, I have to convince others.') Interview by Hans van de Ham in: AD 6 Stad & Regio. Saturday September 5, 2015. See: http://www.bvdv.nl/images/AD_2015-09-05.pdf

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