

Spare index



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A Scottish business newspaper I used to work for once had a great idea. It compiled a list of stockmarket-listed companies headquartered north of the border and produced a share index akin to the FTSE 100. Patriotic investors could follow the progress of their Caledonian stock portfolios on a daily basis.

Royal Bank of Scotland and HBOS were the behemoths of the index. (You will infer that this was a long time ago, back when ‘Fred the Shred’ Goodwin was in his pomp.) Some years back, I planned to do something similar for the Gazette. ‘LexIndex’ would have charted the ups and downs of a portfolio of all the listed law firms, serving as a bellwether of the wisdom and welfare of legal practices going public.

You will not be surprised to learn that the idea came to nothing.

Much ink has been spilled on the prospects for law firm IPOs since the landmark Clementi report sanctioned non-lawyer ownership 17 years ago. Yet now there are just four law firm businesses listed on the stock exchange – RBG (Rosenblatt/Memory Crystal), Knights, Keystone and Gateley. None is trading above its share price a year ago except Keystone, which is not really a law firm (or it is, but hardly a conventional one). RBG is trading at a sixth of its share price in January 2023.

DWF was swallowed by private equity outfit Inflexion last year.

Ince, meanwhile, slumped into administration only to be rescued by Axiom DWF (about which I need say no more here).

‘Disappointing to dismal’ is the verdict on legal IPOs from law firm M&A specialist Jeff Zindani, of Acqira Professional Services.

Irwin Mitchell went cold on the idea, while Mishcon de Reya burned £11.7m on preparations before also shelving flotation plans. No law firm has floated since DWF in 2019.

More interesting in the context of external investment is what private equity is up to. PE remains invested in the legal sector, as Inflexion and others have demonstrated. But for PE, there is always an end game. What is it? Could it be that we will – eventually – see more law firm IPOs, when private equity's 'buy and build' model starts to yield the hefty returns anticipated? Maybe, says Zindani.