



# Commercial Awareness

## What is commercial awareness?

Commercial awareness is a term that a lot of employers say they are looking for, but it is often hard to understand what it really means. Commercial awareness is simply being up-to-date on the business and commercial world. It is not a static concept and it is important that you have an appreciation of the constantly changing business environment businesses work within. It is not about regurgitating facts either—it is a way of thinking. Once you have a basic understanding, you will soon notice trends and be able to provide your predictions for how businesses might react to certain events or pressures.

## Why is commercial awareness so important to employers, and particularly for law firms?

Legal recruitment focuses heavily on the term commercial awareness. Clients increasingly expect their lawyers to know more than just the basic law and provide extra “added value” by understanding the motivations of the business as well. Great lawyers understand what their clients do, how their clients operate internally, what factors might impact their clients’ profitability and growth, their clients’ competitors, and the external commercial factors their clients are facing. Once a lawyer has this understanding, they can then understand how different strategies might impact on their clients’ businesses.

Because of the importance of commercial awareness in the role of a lawyer, legal employers will often place high value on whether a candidate can demonstrate they have an understanding of the political, economic and social developments of the day. They want to ensure that once they have provided you with the legal skills needed to become a lawyer you will be able to provide your legal advice while simultaneously understanding your clients’ business needs.

This skill is particularly important if you are applying for an apprenticeship or first year scheme (or if you study a subject other than law) as firms will not be able to test your legal knowledge. As such they will often focus on your commercial awareness.

## How do I demonstrate my commercial awareness?

It is important that you not only learn to develop your commercial awareness, but you also learn to demonstrate it! It needs to be clear that you have commercial awareness through your application form but also through your interviews. Firms might ask explicit questions on commercial awareness (using case studies for instance) so you can apply your understanding. However, they may not be so obvious/helpful – but will still want you to demonstrate this skill! For example, if you are asked why you want to become a lawyer, or why you are interested in a particular firm, you should try and use your knowledge of how a firm operates and perhaps link this to a topic you are really interested in. In interviews, think around the questions to consider the external pressures a business might be facing.

For example, if you are asked about what considerations a particular business (for instance an airline) should have when making a decision (i.e. buying fuel for the next 5 years), think through the different departments a firm has and different socio-economic factors and try and consider a point for each. At the same time, don’t forget the obvious!

*I.e. Financial: what about if the price of oil changes dramatically? What do you know about the price of oil at the moment? Employment/social: what about certain trends that might make people less likely to go on a plane at the moment (for example, COVID-19, environmental pressures)? What would it mean in practical terms to have 5 years of fuel?*

## How do I develop my commercial awareness?

There is no one way to develop your commercial awareness. It is important to find the way that works for you, and perhaps pick a few different methods from the points below:



**1. Read the news** – It is important that you understand the main news headlines for a basic understanding of what is going on in the world, but this alone won't demonstrate the depth of commercial awareness firms will be looking for! It is worth finding a few trends/topics that you find interesting and that are applicable for your chosen career/firm. i.e. if the firm does a lot of work in the EU law field, knowing the key developments in this area would be useful and applicable knowledge. It is useful to try and spend 10-15 minutes doing this every day so that you gain a full understanding. This is much better than trying to cram this work in just before an interview!



**2. Do your research** – It is important that you have an understanding of the type of firm you wish to apply to. For someone interested in working in the field of commercial law, it is key that you have an interest in business and finance. As stated above, firms will expect you to know about the factors impacting their clients, whether these be economic, regulatory or commercial issues. Reading the Financial Times can be tricky as an entry level source of information. But reading the news over a period of time, and looking into issues on YouTube may help break down these issues. Try looking at some of the student sites we have suggested in this pack. Tracking issues over time can also help build this understanding. It is also worth noting that fundamentally all businesses work in similar ways. Therefore it might be worth picking a business (whether it is a football team or a clothes brand for example) and researching how they work to build your understanding.



**3. Use social media** – Following law firms, businesses you are interested in and respected newspapers on Facebook, Twitter and LinkedIn can be a good way to become commercially aware in an easily accessible manner. The information on these sites will often be bite-sized already, and this can give you a good starting point from which to research the issues that interest you.



**4. Get some work experience** – Work experience is a perfect way to build your commercial awareness. You can get a first-hand understanding of how law firms work, as well as exposure to clients. Getting a job can also be an equally useful way of gaining experience. Part-time work in a shop or as a waiter can give you a basic understanding of providing a service and how to run a business. While this might not seem like it will obviously help your commercial awareness, firms will still value the skills you develop in these positions.



**5. Do some extra-curricular activities at school or university** – Committee positions at school or university and schemes such as Young Enterprise can give you exposure to running events, preparing budgets and other key skills that will demonstrate to a firm that you have an understanding of how businesses need to operate.