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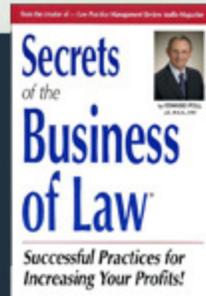
The Next Wave of Competition for Small Firm Lawyers

There has been much speculation, but no hard evidence, that the drumbeat of stories about lawyer and staff terminations means at least some of the newly-terminated lawyers will find the prospect of having their own firm attractive. Nearly 90 percent of the 1.1 million U.S. lawyers are either solo practitioners or in small firms, so the competition will intensify if laid-off big firm lawyers open their own firms. The question is, how much more competition will there be?

Logic suggests that new lawyers straight out of law school might be more attracted to small law firm practice. Past recessions have often led to an increase in law school enrollment as people seek to enter the more "stable" legal profession. That image of stability has been shattered, particularly at the large law firms. Even if a big surge in enrollments does not materialize this time around, more law school graduates may be willing to consider big firm alternatives.

Even more competition in the small firm pond will likely come from the fish already there. Not long ago, the emphasis in the profession was on the estimated 400,000 Baby Boomer lawyers who will likely reach retirement age in the next 10 years. However, as this entire generation of lawyers moves toward retirement age, the current crisis may make it financially impossible for them to do so. Lawyers have seen their 401Ks become 101Ks, and fear they may outlive them if they don't continue working.

Add to this environment the laid-off big firm lawyers. Some of them may be fed up with the 2,000 or more billable hours that is the rule at many big firms; some of these lawyers may see solo practice as a means to better work/life balance. However, some of these otherwise successful big firm lawyers may pursue a small firm setting not because they want a life of



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leisure, but because it enables them to better pursue their passion or specific practice area. But it takes more. A successful transition to small firm life will require all the traits of an entrepreneur: motivation, acceptance of risk, resiliency, and commitment. Can former big firm lawyers make the adjustment?

To assume that laid-off corporate firm lawyers won't be able to learn the competitive ropes is naïve at best, but it is true that small firm lawyers may have a competitive edge from the concept of ownership. They know that this means being the last person to receive financial benefit from the firm, that it means being personally responsible for its debts and liabilities. Will the ownership mentality bred into small firm lawyers be enough to ensure their survival against a new wave of competition? It's a hard discipline, but it may be the small firm's salvation.

Personal Commentary

A new proposal, supported by the Board of Governors of the State Bar of California, appears to make it illegal for a lawyer to charge and accept an advance retainer in matters involving loan modifications. Do you think that, after the work is completed, the lawyer will be able to get the client to pay the fee? How similar is this to the new San Francisco City ordinance that forces landlords to reduce their rent if a tenant loses his/her employment? I thought these matters were the government's responsibility or charities? What are your thoughts?

Best wishes,

Ed Poll

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If you have a colleague who could benefit from having a coach on their side or know of a law firm that could benefit from elevating their profits and effectiveness in these challenging times, [please let us know](#).

What Readers Are Saying...

Secrets of The Business of Law@ is the most insightful book I've read on this topic. It is written in an engaging, easy-to-digest style, and there was never a dull moment. I recommend it to anyone who runs a law firm and needs to turn a profit.

-CM, Massachusetts