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Make Mid-Sized The Right Size

BY PETER MARLETTE

SOME SAY that the best way to become a mid-sized firm in 2010 is to have been a large firm in 2008. The convergence of a weak economy, the refusal of corporate clients to continue to pay ever-increasing hourly rates, and an explosion in communication has dramatically changed the business of running a law firm in recent years.

Those firms that refused to change have either failed or experienced dramatic decline. Their failures have created incredible opportunity for those firms with a true commitment to high quality while maintaining a reasonable rate structure.

Ninety-two-year-old, Buffalo, N.Y.-based Damon Morey has been able to achieve growth and ever-increasing profitability over the last decade, and, most significantly, through this downturn, by embracing the flexibility and innovation uniquely possible with a mid-sized firm.

Based on that success and experience, five strategic suggestions for mid-sized firms to achieve greater success follow.

Ignore Geography

To those who have grown up and live in Buffalo, it is a beautiful city of magnificent architecture, incredible natural resources and attractions, and is a wonderful (and affordable) place to raise a family. In the rest of the country, Buffalo has been viewed as a

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place of blizzards and economic decay.

The low cost structure that upstate, central and western New York firms enjoy has allowed those like ours to flourish by marketing themselves as a lower-cost alternative to big city, large-firm pricing.

The flattening of global communications has made "what," "how much" and "who" much more important than "where." In today's legal marketplace, your next client may very well come from a place you have never been.

Damon Morey has seen the number of its out-of-state and out-of-country clients grow each year as these clients realize that "New York" expertise is not solely limited to big

firms in Manhattan. These clients have come to recognize that high quality attorneys and firms exist outside of the major metropolitan areas that can provide exceptional service by senior attorneys, with the "right" number of associates and at billable rates that are often half of what they typically pay for large firm attorneys. As general counsel and chief legal officers are being asked to pare their budgets by 10 to 20 percent, the economic benefits of going with a mid-sized firm cannot be ignored.

Develop a Positive, Proactive Culture

There are several tactics that a firm can employ in an attempt to elevate itself, but all must originate from a well-conceived strategic plan.

Get rid of all preconceptions and the "that's the way we have always done it" attitude, get your major stakeholders together, decide where the firm wants to go, and then discuss, formulate and document a plan to get there. A strategic plan must be stated clearly and communicated completely and often throughout the organization. It is not just an intellectual exercise to make everyone feel better; it is a commitment that will serve as a litmus test for all issues, obstacles and opportunities as they arise.

Five years ago Damon Morey adopted a strategic plan and action steps that have been the blueprint for its success. A decision was made by its partners to invest in the future of the firm through the aggressive acquisition of laterals in specific practice areas believed to need strengthening; to relocate its primary offices to ultra-modern, green, efficient office

space; and to purchase new computer and telephone systems. The decision has paid off many times over.

Coupled with a renewed commitment to attract, train and retain top associates and to maintain a collegial and positive work environment and culture, these steps have allowed Damon Morey not only to survive but to thrive through the down economy.

A key move for the firm in recent years has been the physical move from a fragmented, "vintage" (i.e., outdated) downtown office space to a new, eco-friendly building. That has not only allowed the firm to reconfigure its working space more efficiently and productively, but, as the building's first office tenants, given the firm extensive publicity related to the much-touted downtown project. The move and publicity were supplemented by a new branding campaign in conjunction with a local advertising agency. Working with the management committee, the tagline "progressive.firm." was adopted and incorporated across all newly branded materials.

In today's competitive atmosphere even community involvement and charitable donations must be re-thought. A mid-sized firm is large enough to make a splash in a few key areas, but cannot reasonably be expected to be all things to all people. While there will always be some level of support for charitable giving and involvement, firms need to seek opportunities to separate from the "sponsor pack" in every involvement.

Recruiting presents both a challenge and an opportunity to the proactive mid-sized firm. While unable and unwilling to compete dollar for dollar with large firms for salary, mid-sized firms can offer the lifestyle, positive work environment and hands-on training and nurturing that do not exist in the dog-eat-dog atmosphere that often exists in the big organizations.

In today's mobile workforce environment, survival of the fittest is no longer a viable business model, as the "fittest" associates will often exit the high paying larger firm for greener pastures once their student loan obligations have been paid.

Break Rules, Even Your Own New Ones

In the past there were reasons for lock-step compensation structures, but those days are long gone. Higher performance associates cannot be retained with the hope of future awards. They need to be given the opportunity and enough rope to show their capabilities and then be rewarded based on their ability and hard work rather than on age, length of service or status of their peers in their class.

Many mid-sized firms were already working with alternative fee arrangements before the practice was given a name and made part of professional discourse. The principals of a mid-sized firm typically have a more intimate

and trust-based relationship with their clients and can more effectively work through the ebb and flow of business on both sides of the relationship in order to make sure that the arrangement is mutually beneficial and fair.

It is important to recognize that there is no straight path to long-term success. The more flexible the firm, the greater likelihood of a better journey.

Law firms of all sizes are notorious for over-studying, over-discussing and, especially, over-committing every decision. The "Ready, Aim, Aim, Aim..." practice is agonizingly

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familiar to the way that they traditionally make decisions.

Members of a firm's management have an obligation to their partners to quickly educate themselves on the issues and then make the hard decisions that are critical to ongoing success. Leaders have to be prepared to discard worn or unsuccessful ideas or ventures (even if their own) and act effectively and aggressively on new opportunities.

Don't Stand Alone

Membership in a law firm network is an outstanding benefit that should be considered by firms that do not have a multi-state presence or the ability to consistently get their name in front of the Fortune 1,000 type of clients that we are all seeking. Networks and affiliations can present tremendous networking, marketing and referral opportunities for mid-sized firms.

Damon Morey has been a member in ALFA International for almost 20 years. ALFA International is a global network of independent business-focused law firms. Of the 145 member firms, 85 are in the United States and 60 are in Latin and South America, Canada, Mexico, Europe, Africa, Australia/New Zealand and throughout Asia.

Membership in ALFA International has allowed our firm to extend high level service

to its clients anywhere in the world by similar firms with rates that are much more reasonable than those able to be offered by large, multi-national law firms. A network further allows mid-sized firms to compete for multi-location business as well as offering the opportunity to be heard on a national and international platform.

It takes time to lay your roots in these organizations, but with the proper attorney involvement, the value and return on investment will flourish over time.

Thrill Your Clients

Every firm works hard and invests a great deal of time, expense and effort to bring a client in, and the most successful firms know the importance of maintaining that level of attention and service.

Mid-sized firms have the advantage of a breadth of expertise not available in smaller firms coupled with the ability to regularly offer direct client interaction with senior attorneys that larger firms cannot match. Clients are invariably pleasantly surprised to discover that the senior partner they first met is not simply a "front person," but is the attorney actively involved in their matter.

There are all sorts of seminars and programs available today marketing their ability to turn younger attorneys into successful salespeople. Without commenting on the merits of such programs, the greater opportunity comes in teaching your attorneys to listen, respond, think more creatively, and, most of all, to "service the heck" out of their clients, no matter what level client relationship they are handling.

Education and legal expertise are a given in today's competitive marketplace. Exceptional client service will always prevail and will separate the best from the only good.

While areas of practice will expand and contract as the market dictates, a commitment to service and core values remains the underlying key to success for a firm of any size. Regardless of market conditions or geographic location, there will always be a place for a firm that offers sophisticated work done by people of high character who have an unwavering commitment to client service.

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