

Think Big If Your Firm Is Small

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The challenges confronting the smaller law firm now and in the future are many and varied. Whether practicing in an emerging, developing, or highly developed jurisdiction, the smaller law firm still proliferates in terms of numbers; but there is a growing divide between those that are prospering and those that are struggling.

More small firms these days are struggling than not, and many simply fail, although sometimes the owners are in denial and are unable to admit that the game is over. Activities in the firm they see as signs of life may, in fact, be only post-mortem twitching.

If a firm is not growing, it is dying.

As with life in general, the health of a law firm can be measured by its energy. No matter the size of the firm, if positive energy is flowing through it, then the firm is proceeding toward growth of some kind, but if this energy is blocked, then the firm will begin to suffer decline. So, the first step toward developing and marketing the smaller law firm is to rev up the energy in your firm and get growing.

Make this a project for everyone: partners, associates, support staff, even your clients. Create an environment for soliciting and discussing ideas on a regular basis. Make the process fun (food often helps) and keep the atmosphere light and non-threatening. Make certain that everyone feels appreciated. This all sounds so simple, but it is surprising how infrequently it is done, in large firms as well as in smaller ones.

What does it mean for a small law firm to grow? There are, of course, different ways in which a firm can grow. It can grow in its own size in terms of the number of attorneys and support personnel and the size of its facilities. It can increase its number of clients. It can increase the business it gets from its existing clients, and it can increase the fees it charges.

Usually, growth of a law firm involves a combination of at least some of these things. But none of these outward signs of growth means much, unless your firm actually appreciates as a business, and a meaningful measure of such appreciation (or increase in value) is an increase in net profit per partner, which may be likened to increasing the net earnings per share of a general business corporation.

So, how do you want your law firm to grow? Because if it doesn't, it will stagnate and eventually die.

Bigger is not always better.

A major issue for small law firms wishing to grow is how to compete with the larger firms. Getting bigger, by itself, is not the answer.

The reason bigger is not always better is no different in the legal profession from most other industries. In law, as well as in other areas of professional service or commerce, a small firm may have an advantage

in servicing certain clients or customers. Generally, a major advantage is the ability to offer personal service, which many clients value highly. They want to be able to pick up the telephone whenever the urge strikes them and talk with their lawyer, or send e-mail and get a prompt reply. With most large law firms, only a relatively few clients enjoy that privilege. Most are left to deal with the firm's impersonal bureaucracy. So, make the most of this advantage.

- Use every personal contact with a client or potential client to build on the relationship, and make sure your clients feel appreciated (many clients of large law firms don't).
- Let your clients know that you value them and their business.
- Tell your clients, "Thank you," whenever it's appropriate for you to do so. Tell them at every opportunity. No matter what the language, the "thank-you" sentiment, when expressed with sincerity, is extremely uplifting and powerful, and it's good business.

Another major advantage that may be offered by a smaller firm is price. Based on my experience, it may be concluded that there are more clients and potential clients that are price conscious than those that are not. Therefore, price does matter, and that gives smaller firms an edge in competing for business among the worldwide pool of potential clients. One caveat about price, however: Be careful not to price your firm's services too low. While you want to be successful in your price competition with the large firms, your fees should reflect the value of your services in the legal marketplace; and you want this to be apparent in the eyes of your clients and potential clients.

Small firms have another advantage that must not be overlooked, and that is the ability of a smaller firm to handle small matters, either for clients of a larger firm on referral, or for potentially budding clients of its own. In either case, opportunity portends.

Never let the client go.

Years ago, there was a romantic song that was popular in parts of the world called, "Some Enchanted Evening." That song had a line that said, "Once you have found her, never let her go."

Herein lies a lesson for the smaller law firm, "Don't lose a good client or potential client because your firm lacks the capacity to meet the client's immediate need." Establish and nurture a business structure for your firm that can expand the scope of your capabilities. This can be done in the choice of business entity for your firm itself and also through co-counseling and other strategic relationships with other law firms and legal practitioners.

Cast a larger shadow.

A smaller firm can establish a larger presence in the marketplace. Most big law firms have significant advertising budgets that enable them to maintain prominent visibility. A smaller firm can close the gap to a degree by developing an inviting and useful (as well as user-friendly) web site that informs visitors about the firm, its people, resources and capabilities. In this sense, the web can be an equalizer.

I have scrutinized web sites of large law firms. From this, I have come to believe that they can easily be matched, both in terms of form and content, by small firms. The effort to do so can be most worthwhile. A smaller firm's impressive web site might not lure the largest clients, but it can be instrumental in conveying the idea to others that they need not go to the largest firms (and pay the highest prices) to obtain the quality of service they are looking for.

Another way for a smaller law firm to achieve notice is for its professional staff to be active in the profession by hosting and attending meetings, and by writing and speaking publicly on a regular basis.

This can best be accomplished by joining and becoming actively engaged in bar associations, law societies, civic associations and professional and trade groups representing the interests of your clients or the clients you wish to attract to your firm. Find out which publications and other information media your target client base subscribes to and then, if you can, advertise in them. Better yet, contribute an article or other commentary that demonstrates your proficiency in the subject matter of interest. In short, speak publicly and write at every opportunity. A useful and informative article, plus a discreet advertisement, in a publication of interest to your target readership can be a winning combination.

Continue to learn.

Also, along this line, it is important to constantly strive to improve your professional performance, just as it is for the practitioner of the arts or for the athlete. Take courses – in the classroom or online – and make it a point to read professional journals. Look for opportunities to gain more hands-on experience in your areas of practice. This is particularly important for the younger attorneys. This sounds like a simple prescription, but it is one that often gets neglected in the smaller law firm, where attorneys tend to be saturated with multiple tasks.

Work "on" the firm, not just "in" it.

Finally, it is especially important for attorneys in the smaller law firm (particularly the partners) to achieve a proper balance between working "in" the firm and working "on" the firm. Working "in" the firm pertains to professional services directed toward individual clients, while working "on" the firm relates to managing and developing the law firm itself (including all its people) as a business enterprise. Frankly, this latter category is where many, if not most, attorneys can use some help.

By and large, lawyers are quite adept at practicing their profession, but relatively few have the training or experience (and often the requisite level of interest) to make good managers and to develop and sustain successful businesses. The large firms have a distinct advantage when it comes to business management and development. They hire subject-matter experts for these areas and, for the most part, let the attorneys practice law.

Smaller law firms generally do not have this luxury, and, accordingly, attorneys are required to perform both the line function of practicing law as well as many staff functions in order to keep the firm going. This can make for an unmanageable task load. Trying to do strategic thinking and planning and development work, while managing the firm's day-to-day operations and practicing law at the same time, can be overwhelming and damaging to the firm, to say nothing of the toll it takes on the lives of the people involved.

In most of the smaller firms, the immediate requirements are given proper attention. Cases get settled or tried in court, transactional work for clients gets done, and the most urgent of the management tasks get accomplished, but assessment and development issues are often neglected, and partners may feel time-stressed and have little definitive understanding of where they are as a firm, where they want and need to go, and how they are going to get there.

A solution is to gain leverage by using outside subject-matter experts, the same kinds of people the large law firms hire for their in-house support staff. And, here is an observation: the outside consultants are most often better trained and have broader experience than the people employed by the large law firms. Also, with outside consultants, you avoid bloated overhead and pay only for the services you need. So, don't neglect this important resource as you plan to move your firm forward toward reaching its full potential in the legal marketplace.

Use outside consultants to advise you on your choice of business entity and strategic relationships, your

professional and support staffing and training, your office location and organization, your areas of practice, your overhead and cost containment, your billing practices, and your future as a firm (including succession planning), just to name a few areas where the smaller law firm can benefit from outside help. You should position your firm to be an attractive business for those seeking merger or acquisition opportunities, whether or not at the time you wish to accept such a proposal. The mere fact that your firm is perceived as being attractive for a merger or acquisition adds to its value. So, dress up your firm and keep its best foot forward in the marketplace.

Plan for growth and follow the plan.

If you are in a smaller law firm, then you should plan for growth and follow the plan, and this should be a continuing process, because if your firm is not growing, it is in decline. Remember that energy cannot be stopped. It is going to move in some direction, and forward is not just the best direction, it is the only direction if you wish for your firm to survive in an increasingly competitive legal market. The smaller law firm can compete successfully with the large firms, but you have to work constantly “on” your firm as much as “in” it, and although your firm may be small, you have to think big!



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