

The Legal Intelligencer



©2004 *The Legal Intelligencer Online*

Page printed from: <http://www.thelegalintelligencer.com>

The Art of Thinking Small

Stephanie Lovett

03-16-2007

Though many Pennsylvania firms have what seems to be a “grow or die” mentality, not all firms have that philosophy. In fact, many small and mid-sized firms don’t want to get much bigger, and their reasons are just as strategic.

In fact, legal industry experts and attorneys agree that growing for the sake of growing is never smart. Instead, they say, firms need to look at the market they serve and decide how best to serve it.

They also generally agree that niche practices often benefited from staying that way, which consequently means those firms stay smaller.

Lisa Goldstein, president of Rainmaker Trainers, said one of the biggest reasons for firms to stay small or mid-sized is to focus on their clients.

“I think that there are advantages to not being a mega-firm, because client service can get weakened. And those [smaller] firms are more nimble to offer better client service,” Goldstein said.

In smaller firms, she said, name partners can spend more time with key clients. And they can spend more time going after clients.

Firms who spoke to *The Legal* for this article cited a variety of reasons for staying small or midsized, the most common being lifestyle factors, firm management style, keeping fees low and avoiding conflicts.

Despite a desire to stay small or midsized, most firms said they had not devised a “cap number” that, upon realization, the firm would halt growth. But some firms did have a specific size in mind.

For Jacoby Donner, an 11-attorney construction boutique, that number is 20.

“We’ve found that ... once [firms] get into the area of about 20 [attorneys], you start incurring the additional overhead cost of a larger firm. And in order to support larger overhead you have to grow rapidly and may have to make room for noncomplementary practices to be housed under the same roof,” said Christopher Lee, the firm’s managing shareholder.

Lee said that to avoid that situation, Jacoby Donner had made a conscious choice to remain focused on the firm’s original concentration, construction law.

And he said the firm sometimes had to make difficult choices in not acquiring attorneys who had strong books of business, but ultimately did not fit into the firm’s focus.

But he said Jacoby Donner has grown over the years by adding complementary practices, like estate planning, that fit into the firm’s core.

Another firm that has a specific size limit is personal injury firm Kolsby Gordon Robin Shore & Bezar. According to name partner Nadeem Bezar, the firm likes to stay about 10 attorneys strong, but not many more or less. Currently the firm has 11 attorneys.

“We’ve had a successful practice for more than 50 years using that model. ... Having a limited number of attorneys handling a limited number of cases means we can focus on individual cases and exercise the team approach we use,” Bezar said.

Bezar said the firm has had offers over the years to be acquired by other firms, but he said Kolsby Gordon has not been tempted. The firm operates like a family business, he said, and its attorneys like it that way.

“We don’t have the formalities of corporate retreats or the requirements that we notify lawyers weeks in advance to have a meeting,” Bezar said.

But Bezar said this philosophy doesn’t mean the firm isn’t interested in opportunities to add more attorneys if they are the right fit. In fact, he said, in the last 10 years or so the firm had twice acquired a smaller practice. But the model remains the same, he said.

“We ask ourselves the question, but we really feel no pressure to grow,” Bezar said.

Kleinbard Bell & Brecker has no growth cap but is committed to staying a midsized firm, according to Robert Bodzin, a managing partner.

Over the past few months, the firm has added six attorneys, making the 16-attorney firm now 22 strong. Four of those acquisitions came from Tannenbaum & Chanin, which merged with Kleinbard Bell.

But that growth isn’t representative of a trend, he said. Instead, he said, the firm’s new attorneys were merely a good fit for the firm.

According to Bodzin, Kleinbard Bell wants to stay midsized to avoid the rate pressure felt by so many of the largest firms. To do otherwise would price out the firm's clients, he said.

"Big firms have the pressure to increase rates across the board, regardless of the market they serve. A lot of middle market clients get the brunt of that. Some large institutional clients can pay \$700 an hour, but midsized clients can't," Bodzin said.

Another reason Bodzin cited was avoidance of conflicts. As big firms consolidate it creates opportunities for smaller firms, he said.

"Every time [other law firms] make an acquisition, they acquire potential additional conflicts. We market ourselves to large firms who maybe don't want to refer to other large firms that they may view as competitors," Bodzin said.

Staying smaller means a firm can't handle all the matters that come its way. But Kleinbard Bell is OK with that, according to Bodzin.

"We don't try to be everything to every client. ... We only provide services where we have a high level of comfort with our expertise. In other matters, we act as a general counsel and help them find other lawyers and firms if their needs go beyond that," Bodzin said.

A number of firms that spoke to *The Legal* were focused on the close-knit atmosphere their small and midsized firms engender. Those firms were less interested in their number of attorneys and more on how growth would affect their ability to serve clients or would affect their culture.

Ron Klasko, of immigration firm Klasko Rulon Stock & Seltzer, said his firm was sensitive to the issue of maintaining its small-firm atmosphere as it grows.

Klasko said the nine-attorney firm did not have a growth goal or limit, but said the firm would think carefully about pursuing an opportunity where it would double in size or grow too quickly.

Chip Babst, managing shareholder of Babst Calland Clements & Zomnir in Pittsburgh, said while his firm had grown from seven attorneys in 1986 to about 60 now, the friendly culture had never changed. And he said the firm would not be interested in growing to the point that the culture did change.

Babst said he couldn't guess at what number of attorneys the firm's culture would be in jeopardy, but he said the firm continued to take steps to prevent that issue from arising.

"We don't look at it quantitatively ... it's more a qualitative feel for how we are doing. I just know we have not exceeded that point nor are we getting dangerously close," Babst said.