6 Lessons BigLaw Can Learn From Boutiques



Harry Nelson was quoted in a May 13 article in Law360, "6 Lessons BigLaw Can Learn From Boutiques" by Carolina Bolado. The Law360 article explored advantages that boutique law firms may have over big law firms, including "flexibility, personal involvement with clients and a laser-like focus on select practice areas." The article describes Nelson Hardiman's ability to be more "nimble" than bigger rivals. One example has been the firm's ongoing efforts to creative models to deliver value in meeting specialized needs of healthcare clients.

The article references two now independent consulting groups that launched out of the firm's practice, one focused on proactive healthcare compliance (Compliagent) and the other on digital healthcare innovation strategy (RX4). RX4 was named by Onalytica as one of the top 50 digital healthcare brands. "We love the ability to be hyper-focused on understanding and meeting the present and future needs of our healthcare clients," says Nelson. "We don't want to be everything to everyone," says Nelson.

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Full Article:

6 Lessons BigLaw Can Learn From Boutiques

By **Carolina Bolado**

Law360, New York (May 13, 2016, 6:28 PM ET) — Although they can't compete with large firms over the menu of services they might offer, boutique law firms can edge out bigger rivals for legal work through flexibility, personal involvement with clients and a laserlike focus on select practice areas.

Here, experts share six ways BigLaw can learn from boutique competitors.

Include the Whole Team

Marc Markel of Roberts Markel Weinberg Butler Hailey PC, a 40-attorney firm in Texas, said his whole team, from

senior partners to young associates, gets face time with a client.

“We’re not as isolated from the consumer of our product as I believe the large firms are,” he said.

Markel said when the firm gets a new client, one of the first things he does is take a group out to see the company’s operations. While a BigLaw firm might just take the senior partners, he brings partners, associates and sometimes even paralegals, he said.

That way everyone on the team becomes familiar with the client’s operations. Markel pointed out that another benefit of bringing everyone out there, particularly with industrial clients, is that more eyeballs checking out operations can be on the lookout for potential risks.

“You can’t be afraid to get dirty sometimes,” he said.

Cut the Churn of Associates

Attorneys at boutique firms say their clients often come to them and complain about the revolving door of dozens of associates at BigLaw firms who work on their matters. At boutiques, fewer people will handle a file, and the client generally can get to know each person.

“Continuity in staffing at the senior and junior levels is a big deal to clients,” said Paul Skiermont of litigation boutique Skiermont Derby LLP in Dallas. “It’s unsettling when a client sees a lot of churn on a matter. Continuity of the team on litigation is something they pay attention to.”

When dozens of different names appear on invoices, clients may begin to wonder about the efficiency of having new people constantly coming in and getting involved when others who already know about the case might have been able to do the work better and more quickly, he said.

“They know they’re going to pay for that turnover one way or the other,” Skiermont said.

While some parts of the boutique model would be impossible to implement at a large, full-service firm, Laura Reich of Tenzer PLLC in Miami said a partner committed to keeping a client’s team small could slow or shut the revolving door.

“If you have a partner or multiple partners who are committed to making sure the client knows everyone on the team, then I think it can happen,” she said. “Clients appreciate that.”

Cynthia Arato of New York litigation boutique Shapiro Arato LLP said she prefers working with the same close team of attorneys all of the time, which is a necessity at her nine-lawyer firm.

“We’re able to build a strong identity and collaboration, and I feel like we can do better work,” she said.

Treat Every Client Like Your Top Client

Reich says every one of her clients, no matter its size, keeps her practice afloat. When you’re part of a seven-attorney team with a small practice, every client takes on increased importance and is treated accordingly, she said.

Big firms need to make sure that smaller clients are getting the same attention and same level of service that the big clients are, she said. Reich said she was fortunate that the partners she worked for at White & Case LLP, where she spent a decade as an associate, taught her that, but she’s not sure it holds true at every big firm.

“In the big firm setting, yes, maybe 70 or 80 percent of our work came from a couple of key clients, but to the other clients, this lawsuit was the scariest thing that had ever happened to them, and we had to be very mindful of that,”

Reich said. “If their matter was important enough for the firm to take on in the first place, then that client deserves to feel like an important client to the firm.”

Embrace Alternative Fee Arrangements

Clients, who have more market power now, are “relentlessly pushing down margins,” said Michael McGee, CEO of full-service firm Miller Canfield Paddock & Stone PLC. Boutiques with lower overhead are better able to keep costs down and offer alternative fee arrangements to price-sensitive clients wary of the billable hour.

“What a firm like ours learns from that is, boy, we have to really watch our costs,” McGee said. “We have to be as efficient as we possibly can. We have to push our costs to try to be competitive and need to ramp up technology to be more competitive. We have to be entrepreneurial and more efficient.”

Skiermont, who **set up his firm** with alternative billing in mind, said clients appreciate that boutiques can tailor engagements according to their needs and expectations.

But Roger Barton, who left Sidley Austin LLP to found Barton LLP in New York, said large firms will have a very hard time deviating from the legacy way of doing business because of how the finances are structured around the billable hour.

“BigLaw has gone through an evolution and it’s going to continue, but fundamentally until they change the nature of their compensation and the nature of their structure, it’s going to be hard to innovate,” Barton said.

Support Your Specialty Practice Groups

For highly specialized areas like intellectual property, boutiques provide the specific support that attorneys need to excel, according to Michael Ray of Washington, D.C.-based IP boutique Sterne Kessler Goldstein & Fox PLLC.

“I’ve talked to a lot of patent lawyers who grew up in patent boutiques that merged into big firms, and the biggest complaint is that the big firm doesn’t understand what they need or provide the support they need,” Ray said.

That support comes in the form of non-attorney patent agents and technical specialists, as well as dozens of staff members with specialized training, all supporting the IP practice, he said.

Think Outside the Box

Los Angeles-based health care boutique Nelson Hardiman LLP has increased revenue by developing ancillary businesses, including two successful consulting groups on risk and compliance and digital health innovation, according to partner Harry Nelson.

The firm’s small size allows it to be nimble and take chances on new businesses like this, he said. Nelson said the firm is using creative models for the consulting groups to meet client needs.

“You see big law firms launching consulting arms, but they’re locked into the same model,” Nelson said. “They tend to be unadventurous consulting models where really you’re just bringing in nonlawyers who can drive business to the law firm.”

Nelson Hardiman’s risk and compliance group helps companies be proactive and set up a culture of compliance and training so that they won’t run afoul of government regulations, he said.

“We found it was magnetic for clients,” he said. “It’s been an incredible tool for us and saves our clients at lot of money.”