

Rainmaking

How Small and Midsize Firms Can Land Big Business

SUSAN SALTONSTALL DUNCAN | Now is an ideal time for small and midsize firms to take advantage of their size. In this down economy, business clients are looking for smarter, more effective and less expensive options in legal services. Many are using boutiques and smaller regional firms for some work previously done by AmLaw 100 firms. If you're nimble enough, you can reap benefits from the shift, too.

How do you promote your size to reel in the big fish? First, as with any approach to getting new business, do your homework to see how you can best position yourself so that you end up selling something that clients want and need. Here are tips for how to position your firm.

Be Creative in Billing and Pricing

Legal fees are a major cost to many businesses, and one that company executives and in-house counsel are trying to reduce. Companies also want greater predictability in those costs so they can manage budgets more effectively. So don't just rely on of-

fering a lower hourly rate than the large firms. While that may be attractive to clients initially, they are also looking for longer-term solutions to manage their risks and expenses.

There are many new approaches to pricing, budgeting and billing that firms of all sizes are using. Options include fixed fees, contingency, fee caps, monthly retainers, bonus and incentives, blended fees, hold-backs with success fees or penalties, shared risk and reward billing, phased pricing, volume discounts and other alternatives. No two clients are the same, so before you offer one specific type of pricing to clients, talk to them about what they value and the degree of importance the business places on different levels and types of legal services. Each client is likely to have a unique set of criteria with which it evaluates its risk and cost-benefit ratio, which in turn determines the client's willingness to pay or not pay premium fees for various kinds of work.

Offer and Promote the Leaner Model

Many clients believe that the smaller the firm, the more efficiently and nimbly it can operate. But there is a tipping point for midsize firms at which they become more or less profitable based on their infrastructure and overhead costs. And there are numerous smaller and midsize firms that, owing to their budget constraints, operate without the newest technologies and knowledge-management tools that help provide services to clients more efficiently. Nonetheless, it should certainly be true that midsize firms can offer several of the following benefits to clients:

- Direct contact with the partner they selected for their work
- Breadth of different specialties to call on as needed in a matter
- Adept teams of lawyers without over-lawyering, so there's cost-efficiency as well as some backup
- Use of paralegals and non-lawyers for appropriate elements of work to keep the cost of certain services down
- More personal attention from everyone in the firm

In addition, you may want to explore relationships with outside providers to pool and share resources, or for contract-lawyer work or research. This allows you to add efficiency without incurring the costs of full-time



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employees. Make a concerted effort to streamline your operations and implement cost-control measures. Be able to articulate to clients how you are training associates at little or no cost to them—and how you are reusing past work product and knowledge to prevent duplication of effort and cost. If you have an experienced paralegal staff, promote this as an effective alternative to a large associate base.

Substantiate Your Track Record

Regional and smaller firms often bemoan the fact that their lawyers are every bit as experienced, credentialed and qualified as lawyers in the large national or bicoastal firms but they often aren't given a shot at the big work. Historically, major companies have perceived too much risk in not using a "name brand" firm for big litigation and deals. Now, though, companies' attitudes really are changing when it comes to a significant portion of their legal work.

Consider this. For most companies, only 15 to 20 percent of the services they need from outside law firms is defined as significantly complex or bet-the-company work for which they might feel pressured to hire the big name firm. That leaves 85 percent of the legal work for other firms to be considered for—and of that, 15 to 20 percent is often highly routine, or commodity, work that is extremely price sensitive. That means more than half of the legal services that outside firms provide for clients falls in the category of difficult but not precedent-setting. What this work most requires is experience, track record and judgment.

The key to gaining this work is to promote your special experience and strengths. Target your particular "sweet spots," including the size of deals or

litigations you are best suited to handle. Include client testimonials and names on your Web site (with permission, of course) and provide tangible examples of the matters you've successfully handled. Specify the types of clients you represent by size and industry, too.

Also, build teams that combine related areas of expertise or industry knowledge. This will add dimension to your problem-solving approaches and increase perceptions of your depth in a given industry. When you are courting new clients, be sure to offer insights and specifics on how you proactively approach problems and solutions by taking a particular interest in understanding each client's challenges and business needs.

Don't Be Greedy: Nibble at the Edges

Don't be pushy and try to convince your prospects to give your firm all the new work at once. Look for a "hook" to

use instead—offer, for example, a small, discrete service like an audit or contract review. If you try to wedge yourself between the client and a big firm with a long-standing relationship by being too aggressive, it will feel threatening to the client. Find some smaller projects you can do at a discount or at no charge, just to give you both a chance to work together. Demonstrate how seriously interested you are in working with this client and in ultimately forming a mutually rewarding and larger relationship.

Then, given the chance to do some work for the new client, you want to knock their socks off with highly responsive and personal service, practical problem-solving advice, value-added benefits and sound legal counsel. Consider every interaction with new clients an opportunity to assure them that they made a very wise decision in shifting some of their work your way so they will continue to expand their work with you. LP

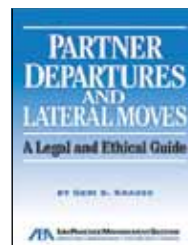
SPOTLIGHT

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The Law Firm Associate's Guide to Connecting with Your Colleagues (Main Volume and Trainer's Manual), by Barbara Miller and Martin Camp (ABA, 2009). The second volume in the *Law Firm Associate's Development Series* will help associates learn how to effectively work together with their colleagues to achieve high levels of productivity and success in the law office. While work relationships can be challenging, this guide shows associates how they can communicate and maintain positive work relationships. The companion training manual puts the book's ideas into action with practice exercises and techniques that can be customized specifically to personality type and experience level.

Visit www.ababooks.org for details.



Partner Departures and Lateral Moves: A Legal and Ethical Guide, by Geri S. Krauss (ABA, 2009). Once it was the exception for a partner to leave a firm. Now "the revolving door" of departures has been deemed a modern-day law firm

fixture. What steps can a departing partner or an acquiring firm take to minimize risks and reduce potential liabilities? This essential guide answers those questions, including how departing partners should communicate to clients, and what information can be disclosed to a potential new firm. With years of experience, author Geri Krauss provides guidance for both the partner and the acquiring firm in connection with exploring a new affiliation. Visit www.ababooks.org for details.