

Business & Careers

A blueprint for growing your boutique

Some key lessons to bear in mind when starting your own law firm



Warren Smith
The Headhunter

With the recent shakeup in the Canadian legal marketplace, an emerging topic of conversation has been around the future of large, national firms. A number of lawyers I've spoken with have openly mused about whether now may be the time to form

their own firm, or break off with several colleagues into a boutique environment.

While there are some clear advantages for certain lawyers in making that move, some of the recurring themes I see when lawyers start new firms remind us all of the potential pitfalls and challenges to bear in mind.

Here are four of the most common issues new firms face as they seek to establish themselves in the local marketplace.

Firm management

The No. 1 comment I receive from lawyers who have gone off

to start their own firm concerns how they grossly underestimated just how much work the administration side would take. They all knew firm management would be a significant undertaking (what lawyer hasn't been told this?), but interestingly, even with advance notice, they're still taken aback by the amount of management and administration required.

When a group of lawyers enter into a new venture, one of the key issues to tackle is not only who will be primarily responsible for the firm administration, but perhaps more importantly, how the other partners

value that lawyer's time commitment in this area. All too often, one of the partners takes on the task with the best, often altruistic intentions, only to discover it's a significant undertaking their partners fail to properly appreciate.

While this may be a difficult conversation to have at the outset, it is critical to tackle it in advance in order to avoid potential conflict down the road.

Pay for talent

Lawyers are known for having a strong "do-it-yourself" approach to practice, particularly when starting a new firm. One of the greatest hurdles new firms have to overcome is how to properly delegate the non-legal adminis-

tration component of the business to a properly qualified individual.

Far too often, I see firms that have a partner managing the photocopier account, dealing with payroll issues, or fixing minor tech issues around the office — while there is a short-term savings to be had, it's rarely the best use of a lawyer's time. I've seen far too many boutiques limit their growth potential because the partners could not overcome their need to manage all aspects of the firm, combined with their reluctance to invest into qualified staff — leaving partners to administer to the firm's day-to-day activities instead of bringing in new clients or billing for their time.

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Warning signs: Intake session is an essential process

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But not every lawyer passes off the first vetting stage to somebody else. Ron Shulman, who has three lawyers and two students at Shulman Law Firm Professional Corp. in Toronto, doesn't believe it's appropriate for clerks to handle all of the client intake issues, even though it is very tempting to pass it all off.

"It's very important to start off on the right foot for the client," he says. "If we're not on the same page from the initial meeting, we're doomed to break up. If the client doesn't want to pay funds that they're going to have

to pay, what good am I going to do to the client?"

Shulman says the only task that he delegates is the conflict check. Once that's completed, he does his own screening of the potential client and determines whether it's appropriate for him to take the person on.

There are a number of scenarios in which he would refuse to do so, primarily in cases where the client wants something that he doesn't think is achievable, such as not wanting to pay spousal support when it's clear they must.

"It's very important to set the

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You shouldn't be too receptive to clients who are calling and who already have had multiple lawyers. They're just trying to find a lawyer who will say 'yes' to everything.

Cris Lam
Benmor Family Law Group

expectations of the client correctly as to what you will be able to do and won't be able to do," he says.

If a client meets with him and says they are looking to switch lawyers, Shulman immediately asks if he can give that lawyer a phone call, usually with the client sitting right there.

"The ones who say no, in my opinion, it's usually a no for me as well. If I can't speak to the previous lawyer, that impairs my ability to give advice," he says.

"The clients who say yes, that helps a lot because it helps me assess what really happened and what am I going to be involved

in if I take on this case."

One constant challenge for law clerks during the vetting process is ensuring they don't provide any legal advice to would-be clients, even if they're panicked or angry—or both—and demanding immediate answers.

"I have to be very careful in how I speak to them. If they ask a question and I believe it will lead to legal advice, I'll say, 'I can't answer that. You'll need to hear it from a lawyer,'" she says.

The repercussions of loose lips could be a report to the provincial law society, a penalty, a fine or even losing her job, she says.

Ownership: Lawyer's time shouldn't be spent buying toner

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Don't make client assumptions

When starting your own firm, those first few weeks are often critical in establishing your message in the market—with your existing clients, and also with potential ones. While most lawyers are good at reaching out to their core clients as they shift to a boutique environment, I have found that the best lawyers are also able to push the envelope—they reach for clients to whom they have had only limited exposure, or they are able to use the new firm platform as an opportunity to go into the market generally and connect with new clients altogether.

While there are clearly a number of administrative hurdles to overcome in the first few months of starting a new firm, it is critical to

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Warren Smith
The Counsel Network

recognize that those early days are also a rare opportunity to maximize your profile in the market as a new entrant and client option for legal services. Capitalizing on this window can set your firm up for even greater success down the road, and the best boutiques I have worked with find ways to take advantage of this window.

Use size to your advantage

One of the common challenges lawyers from large firms have when moving to a boutique environment is failing to recognize the advantages of a smaller firm platform. They may continue to approach decision-making with a large-firm mentality—heavy consultation, resulting in a slow, deliberative process.

While this might maximize your firm's ability to reach the "perfect" answer, the difficulty here is it fails to capitalize on one of the key advantages a smaller firm has: speed. Being able to make quick decisions, and respond to client demand in a timely manner, can quickly distinguish your brand in a market, particularly in the early stages of your firm's development.

Discuss among the partners certain thresholds where decisions need to be made as a collective, and then take advantage of the higher trust level your firm likely has as a group to empower individual lawyers to make key decisions on behalf of their clients and the firm. Doing so will allow you to better respond to market circumstances and client requests in a way that will quickly distinguish your firm in an already competitive landscape.

In the end, the key here is to

recognize what you are trying to achieve if a boutique firm is the end goal for your practice. Taking some time up front to understand who you want on the team, and what you can realistically empower others to take on in the administration and leadership of the firm, will set you up for the greatest chance of success in the market.

Warren Smith is managing partner of The Counsel Network, Canada's oldest and most respected lawyer recruitment and career consulting firms. He is also the first Canadian to be elected president of the National Association of Legal Search Consultants (NALSC), North America's leading legal recruitment industry association. You can follow him on twitter @lawheadhunter.

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