

Room at the Waterhole: Midsize Firms Making the Most of the Middle

By Pamela Woldow
Partner, Edge International



Many pundits would have us believe that sweeping changes in the legal profession will crunch medium size firms between the “we-can-do-everything-for-everybody” Goliaths and the new generation of super-lean virtual firms and narrow-niche boutiques. However, a number of midsize firms I’ve spoken with claim, to paraphrase Mark Twain, that reports of their imminent demise are greatly exaggerated.

Quite the contrary, they say. Midsize firms are perfectly situated to offer clients several compelling differentiators. Edge International partner Ed Wesemann confirms that cost-conscious clients are feeding the migration of more legal work to smaller regional firms. “It’s a notable trend that is escalating as satisfied clients compare notes,” he says.

Bang for the Buck

According to Jeff Lutsky, Managing Partner of Stradley Ronon, “the last few years have finally laid to rest the outdated notion that bigger is better, and that size and geographical reach are necessary to achieve competitive profits. Clients want excellent legal services at a fair price and are finding those qualities more and more in sophisticated midsize law firms.”

The idea that midsize firms can rival larger competitors in sophistication and service quality is echoed by David Antzis, Managing Partner of Saul Ewing: “Midsize firms are uniquely positioned to compete both for clients and talent. Because of our regional footprint, we bear comparatively lower overhead than national or global firms, enabling us to offer greater value.” Ametek’s General Counsel, Robert Feit, affirmed Saul Ewing’s value proposition when explaining his company’s decision to throw more work to the midsize firm.

Like Ametek, Georgia Pacific Corp. has sent significant new business to a midsize firm. Houston-based 100-lawyer Chamberlain, Hrdlicka, White, Williams & Martin now handles commercial litigation for Georgia Pacific that formerly would have gone to big firms.

Attracting and Energizing Top Talent

Many midsize firms are gleefully welcoming high-profile, highly-skilled defectors from big firms whose global strategic plans mandated hourly rates that priced many practitioners out of their local markets.

Says Antzis, “[Our regional footprint] is also a draw for lateral candidates who want to continue doing interesting, sophisticated work but are feeling the constant fee pressure from clients.”

For example, IP litigator Angela Agrusa left Baker Hostetler after 16 years and joined 50-lawyer Liner Grode Stein Yankelevitz Sunshine Regenstein & Taylor. She saw the opportunity to pursue mid-market regional clients who would not pay BigLaw rates. “I did not have the flexibility to do contingency fee work,” she says, but at Liner Grode “if you make a business justification for interesting and complex work, you can do it.”

Midsize firms also engage lawyers' interest and inspire a sense of ingenuity and adventure. These firms can be ideal platforms for forays into new or marginal industries that large firms won't touch but that may evolve into healthy clients or profitable niche practice areas. Amanda Robert recently reported in *The Chicago Lawyer* that midsize firms can enable development of unique practices in such diverse areas as luxury goods, sports, and even fire and explosions – practices far too esoteric for larger mainstream firms.

Firm Be Nimble, Firm Be Quick

Midsize firms also can tout the benefits of lean decision-making structures and greater responsiveness. “Our flexible, entrepreneurial approach to the delivery of legal services allows us to respond quickly to the demands of the marketplace,” says David Moran, Managing Partner of Jackson Walker's Dallas office. “For example, a pricing issue or AFA can be decided internally by a phone call to one partner, and that often allows a decision in literally minutes, rather than the cumbersome or top-down inflexible approach imposed by ‘management’ in some larger firms.”

The Punchline

The current competitive posture of midsize firms is that they can match the service quality of large firms, or close enough, and far more cost effectively. To be sure, big firms are not going to roll over and play dead, at least in their attempts to reclaim major clients from smaller firms. However, while larger firms are actively taking their own steps to address clients' budgetary concerns, midsize firms can still boast of the collaborative, more responsive relationships that benefit from a less cumbersome and costly infrastructure.

[For readers interested in this topic, I commend the article by my Edge Partner, Ed Wesemann, [*What is the optimum size for a law firm?*](#)]

© 2011, Edge International US, LLC. All rights reserved. No part of this post may be copied or reproduced without the express permission from Edge International US, LLC.