

Some attorneys, corporations attracted to smaller firms

BY ADAM STONE
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Bigger isn't always better.

In recent years, increasing numbers of corporations and attorneys alike have decided that while there is much to be said about larger law firms, the mid-size firms also have their virtues.

For many attorneys, this has meant walking away from big-firm clout in favor of the small-firm lifestyle. For corporations, it has meant handing discreet pieces of business to smaller firms, rather than leaving all their eggs in the baskets of the biggest providers.

Take for instance Dwayne Radel, general counsel at Securian Financial Group Inc., a St. Paul-based financial-services enterprise with \$24 billion in assets. He doles out legal work to some of the biggest firms in the country: Dorsey & Whitney; Sutherland Asbill & Brennan. But they don't get all his business.

"Generally speaking, we don't use those firms for litigation," Radel said. "We think that to be a really good litigation firm you have to specialize in it. You have to be really dedicated to litigation."

For this more specialized work, he turns to mid-sized players such as Lindquist & Vennum in Minneapolis and Larson • King in St. Paul.

"There is no one firm, probably no two firms, that have the expertise to cover the diverse issues we deal with," Radel said. "Business is so complicated today, there are so many regulations, that no one firm can provide all the services we need."

This trend of moving corporate legal work in the direction of smaller firms could be a potential windfall, considering the latest numbers on corporate legal spending.

In October 2005, legal-industry consulting firm Hildebrandt International reported a 6 percent increase in spending among corporate legal departments. For the median survey participant — a \$9 million corporation with 2,000 worldwide employees — legal spending totaled \$47 million.

More to the point, a good deal of that money went out the door. While the median company

spends 39 percent on in-house legal efforts, the other 61 percent goes to purchase outside legal resources.

At the 40-attorney offices of Larson • King, partner Shawn Raiter is more than happy to enumerate the reasons why at least some of that money is being spent among his and other mid-sized firms.

A lot of it comes down to the niche sell.

"At a firm like ours, they know they are getting trial lawyers and not just someone who happens to be down the hall from the tax people," he said.

Plus, there is the person touch. While at a big firm you might see 25 lawyers billing time on a

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case — and the client only knows three of them — a smaller firm has a more intimate appeal.

"At a firm like ours, they have a much better appreciation of who is doing the work," Raiter said.

No one here is knocking the big firms, however. Clients, attorneys and everyone in the loop say the big firms earn their keep. They have enormous resources, tremendous reach, depth of experience in diverse areas. It's just that there are other ways of doing things, too.

That's what Paula Adoradio had in mind when she took on the role of special counsel, corporate and banking, at the 50-lawyer Halleland Lewis Nilan & Johnson in Minneapolis a year and a half ago. She had done a stint in the corporate world and before that a big-firm run with Dorsey. It was

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time for something different.

Adoradio was seeking a new way of working, a job where she could be a driving force, rather than just a cog in the wheel.

“Being in a smaller firm, I have been able to play a greater role in the direction of the firm and the practice group,” Adoradio said. “One of the things you get to do in a smaller firm is to work on growing it, unlike at a larger firm where you might not be able to get involved at a strategic level.

“[At Halleland,] it is us. We are the ones who are doing it. It is a matter of not just being part of the enterprise, but being part of creating the enterprise.”

Along with this environment comes a change in the quality of one’s working life.

“There aren’t the kind of ‘bed checks’ you find at some firms — checking to see if people are there at certain times at night,” Adoradio said. “That can be a necessary management piece at some larger firms, whereas people here are all respected. It’s understood that everyone is a professional.”

Then there is the money.

While rates vary across the board, it generally is understood that in the legal profession, bigger firms get a bigger hourly rate. They need it, of course, to support a significant infrastructure of personnel, office space, technology and so on.

Radel said that’s another reason he is apt to send litigation to a specialty shop. Litigation is known to be pricey law, complex and time-consuming. He would just as soon get it done at a lower hourly rate.

As a veteran user of mid-sized firms, Radel does

balance his praise with a few words of caution. Before farming out corporate work to a niche player, one needs to ask: “Do they have the capacity to take on your work?” he said.

“You do have some concern that they will not be able to put enough people on the job to get it done,” Radel said. “That’s why we want to be important clients to those firms [by giving them substantial amounts of steady work]. You want to be important enough to them to ensure that your work is a priority.”

Attorneys at mid-sized firms likewise are concerned that their relative paucity of resources could hinder their ability to compete for work or to deliver satisfactory results. They say technology is a boon here.

“When you talk about depth — Can a mid-sized law firm handle a very large piece of litigation? — the easiest thing today is to partner with other law firms, if that is a real concern,” Raiter said. “You can scan a million pages of documents, put them on a server and share them with a law firm in California instantaneously.”

On a personal level, too, it is possible to compensate for the loss of a crowd of comrades by gathering a few well-chosen friends. Adoradio talks about the professional benefit of joining bar association groups, business forums and similar organizations.

“When you don’t have 500 or 1,200 other corporate lawyers around you, this can be a way of developing relationships with other professionals,” she said.

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