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Stepping over to the small firm side

By Correy E. Stephenson

Small is the new big – at least when it comes to legal practice.

More and more lawyers are leaving the “big law” life and making the transition into smaller firms or solo practice despite the shaky economy. And some say the current economic climate is actually a good time to think small.

“I am doing the

same work for lesser rates, which has particularly resonated with clients in this economy,” said William M. Heberer, a partner at Morritt Hock Hamroff & Horowitz in Garden City, N.Y.

In January, Heberer left the Manhattan office of 450-lawyer Manatt, Phelps & Phillips and cut his hourly rate by two-thirds, bringing several clients with him in the process.

Nancy L. Hendrickson, now a sole practitioner in Chicago, spent 18 years working at big firms, most recently at Steptoe & Johnson, before she went out on her own in November 2008.

“It did seem

counterintuitive to leave a steady paycheck and the nice big firm lifestyle,” said Hendrickson. “But I realized that I could use the economy as a marketing pitch to potential clients because I had cut my rates.”

The trend of leaving big firms for a small or solo practice is not surprising, said Carolyn Elefant, a sole practitioner in Washington, D.C. and the author of “Solo By Choice” as well as the popular solo-focused blog, www.myshingle.com. Link to book: <http://www.myshingle.com/promo/services/>

“Clients are starting to complain about the cost of legal services,” she said.

Elefant noted that in the past, lawyers would spend a few years at a big firm and then “go in-house, or to a government agency.”

But because the economy has limited those options, lawyers now see going small as another alternative. And for lawyers who have been laid off from a big firm, “this is a way for them to continue to stay in the law,” she said.

Big to small – or solo

Heberer left Manatt, Phelps & Phillips for his new firm in January 2009.

“The big firm model is to push all the work down to the associates, and I found myself in a situation where I was discounting my time in order to keep my clients,” he said. Heberer realized that his marketing and advertising practice wasn’t conducive to hanging out his own shingle, so he chose to go smaller instead of solo.

“I’m at a firm that still has the platform to help my clients on a range of issues from transactions to litigation, but I can now offer my services at a much more cost-effective rate,” he said.

Hendrickson didn’t consider leaving her firm until a few years ago when a former colleague left and started his own practice.

“I was shocked,” she admitted. “But he was very successful and so much happier – you could see it on his face.”

As more time went by, she realized she also wanted more autonomy and flexibility and more time to spend with her family.

“There wasn’t a moment of epiphany; it was a gradual process,” she explained.



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Hendrickson took about a year to plan her departure and set up a business model for her solo securities practice.

“My goal was to have it take one year to get back up to the same income level I was at at the firm,” she said.

After almost five months, “that looks like a reasonable goal.”

Hendrickson said that soon after she opened her doors, she got a pretty large case.

“My initial reaction was, ‘Oh my God, what am I going to do?’” she laughed. “But I had invested in good technology and made connections with good service providers, so I was able to handle a massive electronic document production on an expedited basis” with the help of some contract employees.

The client was happy with a job well done for a lower cost than it would have paid at a big firm, she noted.

For Heberer, the switch paid off in a huge lifestyle improvement.

Instead of commuting an hour and 20 minutes in and out of Manhattan every day, he drives to an office on Long Island.

“There is not a whole lot about the big law experience I’m missing right now.”

– William M. Heberer

While his salary is lower, Heberer said he is “betting on the belief that in the long run, I am taking a step back to take many steps forward.”

Doing it on your own

Initially, Hendrickson said,

she was completely on her own, even doing without an assistant. But then she discovered how frequently colleagues or clients asked if she had one.

“When I said no, I would get a look like, ‘Then you aren’t a real law firm,’” she said.

So when a secretary at her former firm became a victim of the economy, Hendrickson hired her on a temporary hourly basis that has evolved into a full-time position.

“It does increase your credibility” as a sole practitioner, she said.

One thing that has also helped, she said: discovering that “technology is the great equalizer.”

Elefant agreed.

“Lawyers are pleasantly surprised to discover so many tools available to them, such as practice management software,” she said.

Heberer said his new practice is “more nimble.”

Big firms require bureaucracy to operate, he noted, with policies and procedures in place for every situation.

But at his new firm, “if I have an issue, it’s a matter of walking down the hall and taking care of it,” Heberer said.

Hendrickson occasionally misses the camaraderie of her former partners.

“But I pick up the phone instead and bounce ideas off people instead of going down the hall,” she said.

And given the daily news of another firm terminating employees or shutting down, many big firm refugees are feeling satisfied with their choices.

“There is not a whole lot about the big law experience I’m missing right now,” Heberer said.

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