



BY HEATHER SUTTIE

The End of Full-Service

It's survival of the specialized as full-service firms face competitive pressure from all sides

FIERCE PRESSURE ON large and mid-size domestic law firms is coming from all sides and fronts – including highly aggressive and hungry competitors – and success is being defined and measured by clients with permanent buying power.

Some of that competition is coming from global firms that now operate in Canada. Those include the likes of Norton Rose Fulbright, Dentons, DLA Piper and Baker & McKenzie, with Gowling WLG entering the market in January 2016. Each provides a full complement of service offerings bolstered by a strong brand and far-reaching infrastructure. Clyde and Co., another global firm best known for insurance law, has been operating in Toronto and Montréal since 2011, while Littler Mendelson, with its well-defined employment and labour practice, gained a foothold in Toronto in August 2015 and is likely to expand across the country.

NewLaw, which has been active in Canada for over 10 years, offers lawyers on demand, senior counsel and document review without passing along the traditional costs associated with huge overheads. Law-focused technology, from artificial intelligence to process management, also continues to take major bites out of traditional law firm work.

And let us not forget the corporate law departments, which are doing more work than ever in-house, while legal-service procurement is increasingly becoming a first-line deciding factor in which outside firms get files. Added to this are global accounting firms that – armed with bucks, brains and brands – continue to extend their reach into the legal space.

> THE SPECIALIZED

For traditional full-service firms, the days of being everything to everybody have been



gone for some time. The Australian and American legal market is experiencing this, and so is Canada. Law firms in this country, however, have yet to get serious about getting lean and focusing their businesses on the practice areas or industries where they are strongest.

This is not a new idea. There was a time when there were major Canadian corporate and commercial firms known for certain areas of work – banking, finance, M&A, etc. – and laid claim to their particular strengths and marketed themselves as such. By differentiating, these firms acted as beacons, drawing in particular types of work from clients and referring firms.

The challenge now is how to trim back. Is an abrupt cut-your-losses change the best strategy or is there a way to make a gradual transition that preserves revenue streams? Are these strategies mutually exclusive?

Philip Gleed, a former managing partner and legal management consultant based in Melbourne, Australia, believes that shifting is possible using different methods. “I’ve not seen a ‘one size fits all’ approach with a strategy to move from full service to a specialty,” he says, noting that firms have aggressively referred work to get out of certain practice areas. Others have employed “a slow-burn, long-term strategy where changes are made over a three- to five-year period, and with partners and staff either

being progressively retrained in those new areas or transferred, with the old work to the new firm who purchases it.”


There is a case to be made for streamlining to a lean practice and doing it well. The aforementioned US-based Littler Mendelson is one example of a firm doing just that. Orrick, Herrington & Sutcliffe LLP, which focuses on technology, energy and financial sectors, is another, along with Sedgwick LLP, which concentrates on international litigation and high-stakes, publicly sensitive business deals.

> THE BRANDED

The beauty of a lean and focused practice is the ability to be distinctive in an increasingly crowded, competitive marketplace and be recognized for it, as Littler, Orrick, and Sedgwick have done.

Firms that insist on being all things to all people dilute their identity, which results in the murkiness of the non-branded. Firms that aren’t known for anything run the risk of being regarded with uncertainty by current and prospective clients.

Defining who you are takes insight; working towards who you should be takes guts. That’s because defining strengths and building on them means identifying weaknesses and minimizing them. While difficult decisions and actions to get lean may be painful, the choice is this: amputate now or bleed to death later.

Given the changes in over the past five to 10 years, it’s a safe bet that there are firms doing business now that won’t be in five to 10 years time. The advantage of right-sizing now is that it will free all parties to focus on what they do best, while they still can, and build their brands accordingly. 

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