



BY HEATHER SUTTIE

# Why Size Matters

If they play their cards right, small and mid-size firms could actually benefit from the consolidation craze

## WHILE MEGA-MERGERS

and transnational law firms seem to be in vogue these days, there is an argument to be made that small and mid-size firms can also be beautiful. Indeed, with a good marketing strategy, smaller firms can gain a big advantage over their larger competitors.

This observation was confirmed when an in-house friend of mine – counsel at a North American telecom that allocates files to a number of outside firms – mentioned that law firm consolidation was making it much harder to find particular varieties of external legal talent.

## > BIG AND BIGGER

Only a few years ago, the Canadian legal sector was calm and quiet. Some might even say it was a bit staid and stodgy. After the global financial crisis in 2008, however, the business of running a law firm kicked in big time and now, with all the changes and mergers, you almost need a program to recognize the players.

To cite a few examples, Norton Rose has been on a big merger spree and, since 2010, has joined up with Deacons Australia; Deneys Reitz of South Africa; and Canada's Ogilvy Renault LLP and Macleod Dixon LLP. When the knot is tied this June with US legal giant Fulbright & Jaworski LLP, the firm will have a stable of 3,800 lawyers worldwide.

The 2013 merging of Fraser Milner Casgrain LLP with SNR Denton Group and Salans LLP, meanwhile, will bring 2,500 lawyers around the world under the fold of the newly named Dentons.

Not to be outdone, Canadian boutique insurance law firm Nicholl Paskell-Mede



LLP got into the international act when it joined forces in 2011 with UK-based Clyde & Co., which resulted in a worldwide lawyer head count of 740.

Even within Canada, the official merging of Lang Michener LLP and McMillan LLP in 2011 brought the firm to the 400-lawyer level, a roster count that historically may seem large, but isn't anymore. Today, about a third of the firms on *Expert's* "30 Largest Law Firms in Canada" have over 400 lawyers.

Now, while a high head count can be impressive, it's important not to lose sight of the fact that bigger isn't always better. Generally speaking, the larger the firm, the more likely it will be able to sell itself on its name rather than the factors that make it unique. With that in mind, it can be expected that, as they take on increasing heft, law firm behemoths will model their marketing efforts along the lines of the Big Four accounting firms.

In some circles, this marketing model is considered advantageous. In the accounting world, for instance, a firm is either a member of the Big Four or not. However, from the client's perspective, it's tough to tell these firms apart because they offer the same types of services and use similar terms to describe themselves.


## > SWEET SPOT ADVANTAGE

Small and mid-size law firms would be wise to recognize that they offer a sweet spot in the legal market. For these firms, a powerful and differentiating brand has never been more important. Supporting this brand by sending clear and consistent messages pertaining to their unique traits and strengths helps carve out a very attractive expertise niche that

is instantly recognizable and valued by clients in search of specific talent.

Clients who need or want to move away from a giant firm will appreciate the extra attention they'll get from being a big fish in a smaller firm's pond. With respect to referrals, work sent to Canadian firms that have become global players will likely need to be rerouted to alternate firms; therefore, alliances will be changing fast if they haven't changed already. And there will be lawyers looking to move to a firm where they can conduct their practice without constant client conflicts.

At the heart of this dichotomy is the business decision of whether a small or mid-size firm wants to be big or whether it wants to be profitable. These factors do not necessarily coincide, after all; there can be big money in small practice.

As the big firms get bigger, there will be many advantages for small and mid-size firms to gain profitability, provided they understand and embrace their brand, and acknowledge that it relies on two key factors: the firm's approach to doing business; and the fact that clients judge brand value on promises consistently kept. 

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