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Forum

Don't Fly the Law-Firm Nest Without Thorough Preparation

By Michael M. Amir

Of course you've thought about it. Every law firm associate I know has thought about it. And the two questions that pop into our minds when we begin thinking about it seriously probably begin with the words whether and how. That is, whether to leave the safety of the established law firm to become a founding partner of your own law firm; and, once you decide to take the plunge, how do you go about building a successful practice, especially if you don't have an established book of business?

I answered the first question - whether - two years ago when I joined one of my former Gibson Dunn colleagues to form what is now the Century City firm of Doll Amir & Eley. As to the second question - how - my thoughts continue to evolve daily. I've learned a lot about starting and operating a boutique law firm. For those of you considering a similar path, here's what I've learned so far.

Take a Risk

While the idea of starting a practice was not foreign, I had given it no serious consideration until my friend and now-partner asked me about it. After all, my career appeared to be going as planned: I was a senior associate in a litigation boutique in downtown Los Angeles; I had spent the first several years of my career at a top law firm; I admired all my colleagues, enjoyed the cases that I handled and was optimistic about my future at the firm. Professionally, there seemed little reason to consider such a move. Personally, my wife and I were imminently expecting the birth of our first child, and the status quo appeared to be the safe, logical choice. Nevertheless, I began exploring the idea of starting a new firm.

My friend and I spent countless hours discussing all the pros and cons. On the positive side, we were hopeful that our own firm would afford us autonomy, the ability to control the quality of our lives and the potential to reap greater financial success.

We also saw the risks. First, we were uncertain how we would make money. We had collected handsome paychecks every two weeks since law school. Those bimonthly infusions funded our many expenses, not the least of which included mortgages, car payments and school debts. A new firm would shatter this predictable pattern.

In addition to the financial uncertainties, we also faced the risk of career derailment. Headhunters had told us repeatedly that lateral moves should be made between our second and fifth year. We both were well past that stage in our careers, and, if we were unsuccessful in our new venture, the

prospects of returning to a dream job were slim. Finally, and perhaps the most troubling, we did not know whether we would have enough clients.

While we appreciated the risks, we decided that the potential rewards were too great to ignore. We therefore shook hands and decided to take the risk of our lives.

Focus on Your Advantage

Before we opened our doors, our vision for the firm was to compete for the same high-level work we handled at our previous firms. We knew our success depended on finding a niche in the marketplace. We chose to offer the same high-quality work we had been trained to provide to sophisticated clients with high expectations at rates significantly lower than the big firms. Our business model, staffing cases efficiently without compromising quality, permitted us to lower our hourly fees to rates that were far below what we billed as junior associates.

We believe that our ability to work at relatively low prices is the primary reason our firm is able to compete with larger firms. There appear to be two important keys to succeeding under this model. First, low rates, alone, will not carry the day. The firm can't sacrifice quality. Second, the firm needs to run its cases efficiently and always keep the client apprised of upcoming expenses. Clients who bring their business to smaller firms expect to realize the benefit on the monthly invoice.

Build and Keep Relationships

One of the most important parts of growing our practice has been finding the time to nurture old professional relationships and devoting time to build new relationships. The difficult challenge that we initially faced was that we thought that we had neither the time nor the resources to execute an effective business development plan. We had spent most of our savings on office equipment, furniture, marketing material and the deposit on our lease. We also were extremely busy running the cases that we had and learning for the first time how to hire and manage staff.

Nevertheless, we formulated a business plan that required each of us to meet with as many business contacts as possible during the week. That meant that we no longer had lunches together, unless we were meeting with a potential new client. We filled our calendars with lunches that we planned with old colleagues, clients, acquaintances, law classmates and opposing counsel. Many times, our wives would join us in the evenings for business development dinners. Our lives revolved around business development.

Although spending time and money on busi-

ness development at such a critical juncture of our lives took its toll on us, it was well worth it. Our contacts began referring work to us. The single biggest source of such referrals came from our old law firms. Partners and associates with whom we had worked began sending us all types of matters.

In some instances, our former colleagues referred matters to us because of conflicts that required them to send the work to a firm they could trust. In other instances, our former firms referred their clients to us on matters that were not large enough to justify the higher rates that national firms charge.

Our in-house brethren were also tremendously helpful. Before long, we found ourselves giving pitches for work in the conference rooms of Fortune 100 companies. Confident as we might have been in our ability to service the needs of those clients, the doors never would have been opened without a contact on the inside who could vouch for our skills and work product. For us, this vote of confidence was offered by the very same lawyers with whom we had begun our careers at our former law firms. These attorneys were comfortable retaining us because we shared a history of working well together.

We cannot overstate the importance of having a business development plan. Although it may appear difficult, if not impossible, to devote time and money to it when you first start a firm, it is critical. However, there is no need to wait to open a new law firm to focus on business development. Friends and former colleagues are the best sources of business. To succeed, either as a lawyer in someone else's firm or in your own firm, you must cultivate these relationships.

Get Experience Before You Start

It is also critical to feel confident. Although my partners and I started our own firm at a relatively early stage in our careers, we were comfortable with our level of experience. All of us had started our careers at the same large law firm. We all then moved to smaller firms that enabled us to get trial experience and client exposure. We were thus very comfortable and, in fact, confident when we started.

Our career paths are not the only road to starting a firm. If you are at a big law firm, try to work on as many matters as possible that give you experience. If you want to try cases, for example, work on smaller matters where you will have the opportunity to take depositions, meet the clients and be directly involved in trials. No matter where you are, pay attention to your clients and listen their needs.

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