

WHAT DOES IT TAKE TO BUILD A LAW FIRM ?

CYNTHIA PALMER interviewed six lawyers and an accountant to find out what it takes to build a law firm. The interviewees came from different types of firms and included people who had started a firm from scratch and those who had made a dramatic difference to the fortunes of the firm. Her aim was to give lawyers an insight into how others managed and developed their law firms, to demonstrate that there were many pathways to success, and that law practice can reflect individual needs and styles. The interviewees included Danny Gilbert, co-founder and Managing Partner of Gilbert + Tobin, national large firm; Joe Ganim, founder HopgoodGanim, Queensland and Western Australia; Paul Matthew, Matthews Folbigg, suburban commercial law firm; John Nerurker, Mills Oakley; Leonie Chapman from Lawyal, a virtual law firm that outsources in-house operations; Simon Morrison from personal injury law firm Shine Lawyers, which has floated on the stock exchange; and Maurie Stack from Stacks Lawyers, which follows a franchise model. Here she shares their key opinions on the leadership required and the lessons they have learned.

A CLEAR VISION



No one claimed to have had a long-term vision or plan when they started. Many expressed surprise at how their firm had developed, particularly regarding the size. Initially, all seemed to have had a clear idea of the type of firm they wanted to be and the type of work they wanted to do.

For Shine Lawyers it was being a plaintiff firm “acting for the little guy”. Gilbert + Tobin wanted to focus on communications and media, and HopgoodGanim sought good quality commercial work.

Mills Oakley aimed to be a leading national law firm with at least an eastern seaboard presence.

Over time, all plans changed either through setback or success, and all of the firms adapted to or took advantage of the new environment. Gilbert + Tobin widened its offerings in response to the collapse of the tech bubble.

Lawyal changed from a focus on SMEs to larger banks when it became clear that the product offered didn’t really suit the smaller client.

Matthew Folbigg benefited from the opening of the M7 Freeway, which brought industry into western Sydney, the firm’s market. Stacks initially grew through supporting good employees as they moved to different locations in NSW. Of all the qualities mentioned, most thought the ability to adapt as the most important to the continuing success of a law firm.

After the initial period of growth it was not uncommon for a firm to back themselves and to develop a more ambitious plan. Often this included moving to larger and more expensive premises. ■

“Let’s do this and see where it takes us.”

DANNY GILBERT

BRINGING IN WORK



The commercial firms needed to be strategic in how they broke into a market dominated by established firms. HopgoodGanim focused on the ‘80s phenomena – entrepreneurs – and used social networks to make approaches. Gilbert + Tobin decided on telecommunications and technology as the old Telecom monopoly was undergoing

deregulation. In their early days, both firms were successful with landmark court cases which helped to cement their reputations and their places in the market.

HopgoodGanim successfully took *Ogle v Comboyuro Investments Pty Ltd* to the High Court and Gilbert + Tobin won a role in the Fairfax litigation, involving Warwick Fairfax, Alan Bond and Laurie Connell.

Matthews Folbigg focused on emerging areas of law and made direct pitches to the heads of business in Sydney’s western suburbs.

All these firms hired people with expertise and connections in the areas in which they wanted to practise. These lateral hires were important to the development of the firms, both as a way of attracting work and building up the capacity of the firm to service its clients.

As the firms matured, there was more focus on developing their own lawyers and then partners.

Shine Lawyers has adopted an acquisition model to sustain growth. Even though Lawyal’s model depends on its innovative IT program, Leonie Chapman credits most of her success to building good relations with both co-workers and clients during her career. ■

“You have to be prepared to do a lot of client development. I didn’t really expect how many coffees and meeting I’d need to have.”

LEONIE CHAPMAN

THE RIGHT PEOPLE



Everyone agreed that people were the most important element for a successful practice. Practices need good lawyers to compete and to meet quality clients’ needs. The belief in the importance of people has to be more than lip service. In at least two cases, a firm paid a valuable recruit more than the partners were receiving at the time.

The firms want their people to hold values they think are important to successful practice. While many of the values expressed were similar, they became different when translated into action. Some firms worked towards offering work/life balance while for other this was a luxury they couldn’t afford. A common theme was that a harmonious, respectful and non-hierarchical workplace offered lawyers the best working environment.

Attracting talent became easier as the firms became more established. Even in the early days, firms attracted quality people by appealing to people whose vision of practice was similar to the their own. From the start, Lawyal has attracted high-quality lawyers because it has offered good-quality work with life flexibility, including the ability to live in Byron Bay. Others have been attracted to being part of something new or being part of a non-hierarchical structure. Mills Oakley has targeted practitioners who were disenfranchised by their firm’s remuneration structure and have competed on providing absolute transparency on entry to partnership and equity participation. Early on, Gilbert + Tobin recognised value in people who were not the traditional recruits to large commercial firms and recruited talented lawyers from community legal centres. ■

“We’re a human-capital business and the more leading lawyers we can employ, recruit, train and retain, the better the value proposition.”

JOHN NERURKER

A SOLID STRUCTURE AND MANAGEMENT



The larger firms retain the partnership model while the firms with fewer partners seem to opt for incorporation. Only Shine Lawyers has taken the step of floating on the stock exchange. Stacks offices are part of a franchise model. Lawyal is incorporated with the directors being a lawyer and an IT

professional. Mills Oakley is the only firm which is led by a non-lawyer. John Nerurker is an accountant who quips “that you don’t need to be a pilot to run an airline”. The focus of managing a law firm is on people management and financial management.

Paul Matthews remembers Neil Oaks, a consultant to the firm, saying, “When you’re managing partner, your main job is to manage your partners. Sorry, that’s the gig.”

In most cases it was considered important to offer equity to secure the right talent. Further, entry to partnership should not be expensive. Most people who were entering partnership were at an expensive time of their lives and didn’t need the burden of buying in.

Again, there was agreement that there was little point in valuing goodwill. One of Shine’s motivations for floating was that it would allow any staff member to have a slice of the action.

The general attitude was summed up by Maurie Stack who said, “I think the very best model for a law firm is nothing in, nothing out.” ■

“I think the very best model for a law firm is nothing in, nothing out.”

MAURIE STACK

VALUES IN DECISION-MAKING



It is clear that values are hugely influential when it comes to making any decision, whether it be the decision to start a firm and the original plan for the firm, the people who are recruited to the firm, or the even the work the firm will undertake.

Although it is not often stated, it is clear that some just wanted to be captain of their own ship and starting their own firm is a form of self-expression.

Others had different motivations. Leonie Chapman wanted to expand her family and “wanted to make sure that our work revolved around our family, rather than having to shift the family around work”.

Danny Gilbert wanted “to have a significant presence in the justice space and pro bono work”, and this commitment to serving the needy in the community was a distinguishing feature of the firm.

It was obvious that all involved were proud of their involvement in building their firms and that they had put a lot of themselves into developing and nurturing the firm.

One thing was clear – the job is never finished. The task of building a law firm is relentless and ongoing. ■

“Philosophically, we loved acting for people who were in a bit of trouble, needed help, and couldn’t afford to litigate by themselves.”

SIMON MORRISON

THE FIRM AS A BUSINESS



Almost all made the point that firms needed to be run as a business and this was something that wasn’t taught at law school. To overcome this,

some sought a considerable level of outside expertise.

The partners from Shine adopted a very deliberate approach of joining a network of chief executive officers and appointing an advisory board, long before floating. Profitability is essential to all firms, although what the level of profitability needs to be differs.

Successful law firms offer the opportunity to earn a good income, but as these firms offered no capital payment on retirement it put the onus on the individual partners to take advantage of their healthy incomes and invest for their retirement. ■

“If you run it as a business, you can reward those who are working for you, rather than trying to break even all the time. You run it as a business. You watch your overheads.”

JOE GANIM



CYNTHIA PALMER is a leading coach and mentor to lawyers, helping them to achieve their professional goals. She brings to the role many years’ experience in the legal industry, in practice, professional development and law firm management. The podcast series is a result of a collaboration with the University of NSW Law School CLE Department and the interviews are available to buy from their website www.cle.unsw.edu.au/audio-recording-and-paper

THE POWER OF TECHNOLOGY



Lawyal stands out as a firm where an innovative IT program is integral to the firm’s operational model and its competitive advantage.

From the other firms there was one clear message about technology: be an early adopter, and use the technology to shore up the firm’s strength or dominant strategy.

If the strategy is to outservice the competition, use technology to speed up the work. If the firm is competing in a process and volume marketplace, use technology to create efficiency and consistency.

If the position is that the firm is different from other firms and always ahead of the pack, then the use of technology to reinforce this message. ■

“Younger lawyers I know ... [who] are early adopters of new media ... are learning skills that will give them an edge in the next five to 10 years.”

PAUL MATTHEW



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