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## Boutique Attys See Bright Future Ahead

By **Erin Coe**

Law360, San Diego (June 18, 2013, 11:10 PM ET) -- The recovering economy may only accelerate the growth of boutique law firms, as companies demand more customized expertise and attorneys tired of the BigLaw bureaucratic grind opt for a nimbler environment in which to ply their skills, boutique attorneys told Law360.

Corporate legal departments are more receptive to boutiques because of their specialized knowledge in particular areas of the law and the close relationships they build with clients, according to boutique attorneys. And the lower or more flexible rates that boutiques often offer are a bonus, they say.

"Boutiques are going to get more business," said Boris Segalis, a partner at national information law boutique InfoLawGroup LLP. "It's an ongoing process where clients are becoming more sophisticated consumers of legal services. They know the law pretty well themselves, and they often are not looking for advice on what the law is, but a sounding board that helps them understand how the law shapes their business decisions."

The economic recovery has been so long in coming for many in-house attorneys and general counsel that they are unlikely to double their budgets just because they can or stick to BigLaw firms just because they did so in the past, according to Joseph DeMarco of DeVore & DeMarco LLP, a cybercrime, data privacy and security compliance boutique.

"The profession has changed," he said. "Legal departments and in-house counsel have gotten used to spending money wisely, and they are not going to unlearn that lesson."

But it's a misconception that high fees are the main reason clients are leaving large firms for boutiques, according to Segalis, who says that most leave because they felt they weren't being treated right, their needs for sophisticated legal advice weren't being met, or they weren't getting good value.

Segalis said that when one of InfoLawGroup's large clients consolidated its legal services this year, it chose to keep InfoLawGroup as outside counsel based on its deep knowledge in the privacy practice area, even though a BigLaw competitor could have effectively done the privacy work for free as long as it was able to charge for work in other areas.

"If getting retained were an issue of cost, big firms would always win because they have the resources and the desire to undercut boutiques if they want to do the work," he said. "But the in-house lawyer for our client was focused on our expertise and not our fees."

Companies also are going to continue to bring business to specialized firms because boutiques staff their legal work with partners and other senior-level attorneys, instead of training less experienced lawyers on the company dime, according to boutique attorneys.

"General counsel are getting very tired of paying huge fees for overly staffed matters and matters staffed with junior attorneys who don't add significant value," DeMarco said. "The model of BigLaw firms is much more that model than the lean, mean and nimble model boutiques can provide and savvy general counsel are increasingly desiring."

Boutiques will also remain appealing for attorneys seeking more autonomy and fed up with working at mega law firms, where they are under constant pressure to bill clients and have to contend with conflicts of interest and layers of big-firm bureaucracy, according to boutique attorneys.

"I'm aware of many more lawyers leaving equity partnerships at big firms and starting their own boutiques in the last five years than boutiques that were subsumed up in BigLaw firms," DeMarco said. "And that's across the board [in practice areas], from general commercial to general intellectual property to white collar."

Dale Goldsmith, a founding partner of land use boutique Armbruster Goldsmith & Delvac LLP, said he does not miss being with a large law firm or being pressured to hawk business to clients on behalf of other practice areas.

"I didn't like having to constantly cross-sell business for lawyers I didn't know," he said. "[At Armbruster], I have confidence that if I give work to my partners, they are going to do it well and they are going to get a great result."

All three boutiques Law360 interviewed had seen their firms take off over the past several years.

InfoLawGroup, which focuses on privacy, information security, intellectual property, social media and advertising, has grown to 15 attorneys from three when it was formed in 2009, and it has more than 100 active clients. Segalis said privacy boutiques often are going after the same corporate clients, such as prominent companies in the social media, pharmaceutical and energy space, as BigLaw firms.

"Our clients are the same as BigLaw clients, but our client list is more impressive," he said.

DeMarco, who started DeVore & DeMarco with another attorney in 2007, has expanded the cybersecurity prevention and response boutique to five attorneys and has about 30 active clients, including CBS Corp., Sanofi-Aventis U.S. and A&E Television Networks.

"I wanted to do something entrepreneurial," DeMarco said. "I enjoy the challenges of running a small firm and the flexibility, the lack of conflicts, as well as providing excellent service at a price clients can afford."

Goldsmith said the land use boutique he co-founded in 2004 has increased its revenue and profitability each year. The firm, which has grown from three lawyers and one planner in 2004 to nine lawyers and two planners, has about 100 clients and recently worked with big clients like developer Anschutz Entertainment Group Inc. on the football stadium project in downtown Los Angeles.

"There was not a lot of development [during the recession], but we were able to dramatically increase our market share," he said. "If we thrived in the lean years, we should thrive in the good years. I'm very bullish on our future."

Boutiques are going to continue to crop up as more attorneys realize that these specialized firms are viable in a variety of practice areas and that the BigLaw track is not the only path to success, according to Goldsmith.

"There's a perception that to survive, a firm must grow and grow and grow, but that's not

the only way to have success and happiness," he said. "I'd never go back [to a large law firm]. I'm having more fun, I like the people around me, I'm making more money and I'm taking the clients I want to work with."

--Editing by Kat Laskowski.

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