

Taking the business plunge

BY JIM MIDDLEMISS

For Law Times

The death of the sole practitioners or small law firms is greatly exaggerated.

In fact, going solo or “downsizing” from a Bay Street firm might very well be a good exit strategy for lawyers seeking to have more control over their careers in their latter stages.

The key to survival is finding a special niche that works, targeting and segmenting your clients, using technology to level the playing field, watching your costs and building out and leveraging your business network and connections.

Take Barbara Hendrickson, who started her own boutique, BAX Securities Law in 2012, after working at a couple of large law firms and the Ontario Securities Commission.

“It’s a bit of a myth that you can’t practice securities law at a smaller firm,” she explains.

While she won’t be doing an Agrium-Potash merger any time soon, Hendrickson says securities law covers a lot more than mergers and acquisitions, much of which can be handled in a small practice.

In fact, she points out, big-ticket M&A is the exception and not the rule.

“Most of Bay Street is not doing that,” she says. “People can count those kinds of transactions on one hand.”

The one thing she learned working at a larger law firm was that “you don’t really control your clients; in a smaller firm you have that independence.”

She felt that with the right infrastructure, she could “keep more of the time I was billing,” so she opened her own shop.

While she knew the law, she says it wasn’t until she opened her own practice in Toronto that she “started learning the business of being a lawyer.”

Networking was critical, she says, and prompted her to start the Toronto Business Lawyers Association, a referral group of like-minded lawyers from small firms that focus on servicing businesses.

“It’s very informal,” she says. “We have some lively conversations,” and it’s resulted in referrals.

Brad Cran, a commercial litigator at TaoCran Law who is active in the TBLA, says, “Technology advancement in the past few years makes it very competitive for solo lawyers and small firms to compete against bigger firms for work.”

Cran formerly worked as a litigator at a Bay Street firm, before joining technology firm Research in Motion as in-house litigation counsel. He later joined an international law firm in Hong Kong and, upon his return to Canada, he started his own law firm with a focus on



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litigation, arbitration and regulatory investigations geared to serving business.

For him, his business referral network of lawyers, accountants and other professionals is key.

“You’re primarily relying on your network,” he says. “That’s the source that can vouch [for you].”

Rather than invest his time in blogging or cold calls, Cran says he focuses on those trusted connections.

“I work my network; that is where all the work is,” he says. “I think of my network almost as my virtual law firm.”

The lawyers say it is not easy, though, and the focus is constantly on the bottom line because they fully appreciate that their clients are price conscious.

Not every business needs or can afford a Cadillac, but they

want high-end service. Being in a small firm allows Cran the opportunity to take on commercial litigation on a contingency fee basis, something that’s seldom done at a big Bay Street firm.

For Hendrickson, the focus is on fixed fees.

“Clients love the billable hour. They just hate paying it,” she observes. “My whole pitch is you get highly experienced legal advice at a reasonable rate.”

Relying on fixed fees means Hendrickson has to “control the number of timekeepers on the file . . . otherwise, it is really hard to make money.”

She must also have a strategy for flow control, in case she gets too busy. She brings in contract lawyers when needed.

There are many reasons for striking out on your own.

In fact, most lawyers work in firms that have fewer than 10 lawyers. Sometimes, partnership agreements require lawyers to move on when they reach a certain age.

Other times, the fit is no longer right or maybe it is simply personal aspiration.

Take long-time litigator Gavin MacKenzie, who worked most of his career at large law firms.

Earlier this year, he opened MacKenzie Barristers Professional Corporation, a litigation boutique, with his daughter Brooke. They focus on professional liability issues and appeal work.

“The opportunity to practise with my daughter is an oppor-

tunity most lawyers don’t have the privilege of doing,” he says.

Brooke MacKenzie, who worked at a Bay Street firm before obtaining her LLM and then deciding to join her dad, says, “It was an opportunity to build a business from the ground up.”

Hendrickson says the key to striking out on your own is sticking to your plan and staying focused.

“You kind of go where the work is, but you also have to create a niche for yourself,” she says.

Her focus was securities.

“It would have been very tempting to have a broader practice, but I didn’t want to become a generalist,” she says.

Now she serves smaller investment dealers, real estate developers and promoters, portfolio managers and a range of investors involved in the capital markets. They’re not Fortune 100 companies, but the legal work is rewarding.

“It’s never too late” to strike out on your own, says Hendrickson.

“I have former colleagues who are practising law in their 70s and 80s. It’s a different ball game. People just aren’t walking away from their practice at 55,” she says.

Adds Cran, “The trick is to get going and take that first step.” **LT**

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