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The Law Firm—Reconstructed

Industry fallout spawns smaller, quicker shops

By DOUGLAS S. MALAN

The friends' life-changing plan took shape in the dead of winter. Holed up in Philadelphia for a week in February, Richard Rochlin and Scott Sigman talked about their escape. They'd had this discussion before, but always on a more informal and less urgent basis.

This time was different. They had a checklist. They were making concrete decisions. All around them, chunks of the legal industry crumbled. Law firms had dissolved. Lawyers were being fired at an unprecedented pace. And the security of big-firm life became relative. Even at Shipman & Goodwin in Hartford, where Rochlin was a partner, there were signs of distress and news of layoffs. Rochlin and Sigman traveled to Washington, D.C., back to the American University campus where they met as freshmen roommates in 1993. They walked the familiar grounds and pondered the unknown. Then Sigman returned to Philadelphia and Rochlin to Hartford. "At some point, I said it's time to do this," Rochlin said. "I was asking Scott to leave his job, and I said it's now or never."

This spring, the friends made the jump and started Sigman & Rochlin on the strength of Sigman's litigation background as a former assistant district attorney in Philadelphia and Rochlin's experience as a high-end corporate finance lawyer with international law firm experience.

"Even though the economy is not doing great, there's opportunity to provide service that's affordable because we don't have the overhead" costs of larger firms, Sigman said.

They're not alone. For the past several months, lawyers in markets from Philadelphia to Atlanta to San Francisco have split off from big law firms and their billable hour pressures to create much smaller firms where the lawyers can call their own shots and serve clients who are demanding lower rates.

Frank D'Amore, of Attorney Career Catalysts outside of Philadelphia, said the majority of recent lateral movement has been from larger to smaller firms. "If you were to generalize, it's probably...because of rate pressures," D'Amore said.

Bill Jawitz, a small-firm consultant in Milford, receives a few calls per year from lawyers in Connecticut considering the same sort of career move. "I think some people are getting the notion that they'd rather figure it out on their own before they get furloughed," Jawitz said.

A primary consideration, he noted, is to determine if one's practice area and book of business are enough to sustain a new, smaller firm. "Your contact list and expertise are critical," Jawitz said. "They have everything to do with your credibility and visibility right off the bat."

Out Of The Box

Rochlin has been practicing nine years, starting at the Hartford offices of Bingham McCutchen and Dechert before he joined Shipman & Goodwin and created its Islamic finance and banking practice. He has brought his clients with him, but they're not as active in the down economy. That's allowed Rochlin to spend time working on entertainment law projects, including some pro bono financing work that has led to for-pay financing deals for 3-D film producers in Hollywood.

"At a big firm, you're a business lawyer and a finance lawyer, but you're nothing else," he said. "I've been able to get out of that box, and it's led to so many opportunities."

Sigman, who focuses on white-collar criminal defense, said the firm's referral business benefits from his connections to the Philadelphia legal and law enforcement community. He recruited commercial and construction litigator Wally Zimolong, a Republican politician in the city, to the Philadelphia office.

Rochlin leaned on Richard Agins, a former colleague at Bingham McCutchen, to add a bankruptcy practice to what is now a four-lawyer firm with main offices in Philadelphia and Hartford. The firm also has virtual office space in New York City and Cherry Hill, N.J., which is space the firm's lawyers can use for a certain number of hours each month for a fee of about \$200.

"It's incredibly exciting to be a small business owner," said Rochlin, who serves as managing partner.

"You're always worried about your next dollar, and you have to be. But I don't worry like I used to worry" about job security.

A Calling

A couple of months after the Sigman & Rochlin move, three former members of an AmLaw 100 firm also were ready to shift gears.

In March 2008, Mark Seiger, Charles Gfeller and Robert Laurie left the Hartford office of Edwards, Angell, Palmer & Dodge to open the West Hartford office of Goldberg Segalla, a 100-lawyer international insurance and products liability litigation boutique. The lawyers expected to have more autonomy in the smaller firm, but it didn't happen.

This past March, they split from Goldberg Segalla following many after-work hours spent finalizing their business plan. In May, they officially opened Seiger Gfeller Laurie in the same West Hartford office where they had been working.

"There's a real calling, certainly among our clients, but the market overall is calling for our type of firm that's smaller with the ability to do high-end work," Laurie said.

The lawyers brought their clients—such as Wells Fargo, Axis Capital and Lloyd's of London—to their new firm, which remains focused on insurance, products liability and risk management for sports and recreation facilities.

"Where we've really seen the effect is in going out to new clients and telling them about our

backgrounds and explaining our philosophies,” Gfeller said.

A major change in business has been moving toward a largely paperless office, using secure off-site servers for document management and time billing. Seiger said what used to cost in the low six-figures for hardware, software and IT support at their old firm now costs about \$6,000 a year.

“We realized that if we could shed the overhead, we could market a more agile firm with more reasonable costs,” Seiger said. That has included more alternative billing arrangements with clients who are “getting frustrated by law firms raising rates every year.”

But the decision to go small didn’t come without hesitation. “I’ve always been tethered to a large law firm,” Seiger said. “My biggest fear was once you cut ties, can you build your brand?”

They did so with the help of a marketing consultant. In May, they added two new partners who left Pullman & Comley, commercial litigators Katherine Scanlon and Peter Vodola. The firm now has eight lawyers and additional offices in Princeton, N.J., and New York City.

“We’ve been talking about how to do things more efficiently for many, many years,” Laurie said. “We thought now is the opportune time to go into this. This is where we think the law firm of tomorrow will be.”