



Defining a National Strategy

Recently there has been some public debate about the nature and definition of a 'national' US based law firm and strategy, and which firms qualify as 'national' firms. We have seen a version of this same debate in the international context, and some of those definitions can also be applied to the question of national strategy and position as well.

The question of a national strategy, versus a local or regional strategy, tends to be limited to jurisdictions where the business base and population are dispersed across multiple major centers. This includes countries like the US, Canada, England, China, and Australia, among others. In some instances, there is a combination of federal and state/provincial/local laws which influence how some firms think about their national strategy.

Ultimately there is no single definition of a national strategy. Based on our experience, there are at least three different paths to a national strategy, depending on a firm's practice position, practice mix, and client base. These paths can broadly be defined as a national practice strategy, a multi-local national strategy, and a focused market national strategy. Note that having a national strategy does not preclude also having an international strategy. Certainly, for US-based firms, there are few firms with a truly national strategy who don't also have at least some presence outside the US.

National Practice Strategy

The first path is a national practice strategy. There are firms whose practices are national practices but who do not have many offices outside their home office. Some of the top New York firms fall into this category, where unquestionably, for major corporate transactions, those firms are the go-to firms regardless of where the client is based. The fact that the firm does not have an office in the client's headquarters city is not a barrier to attracting that work or delivering the services. These firms are typically handling the most complex work for their clients, rather than the routine work which might require a local presence. To be fair, these firms also often handle significant banking and finance work which does have a major New York-based element. These firms may have a domestic branch office or two, typically in Washington, DC and California, but the lawyers are largely centered in a single office. The branch offices are more likely to house specialty practices rather than mirror the full set of services in the New York office.

There are firms outside of New York who also fit this national practice model, particularly boutique firms such as litigation or IP boutiques. Because this group of firms tends to have more focused practices and a more limited geographic footprint, they are on average smaller than the firms in the next two categories.

Multi-Local National Strategy

A second approach is a multi-local national strategy. This strategy is focused on serving clients locally, in their primary place of business, as well as serving clients who have needs across jurisdictions. In multi-local firms there is a premium on having a reputation in the local business community, and often in the local/state courts as well. These firms tend to have offices in many if not the majority of jurisdictions or states across the country, and those offices are often full-service offices. The business generated by lawyers in the office is likely to be serviced within that office, but there may be specialty practices which do not have resident lawyers in each office. There will of course also be instances where clients are able to call on the firm's resources across multiple jurisdictions on a single matter where the offices work closely together.

Some of the large insurance focused firms fit this model. One such US firm has 52 offices across the country. A twist on this is the leading labor & employment firms, who are located where their clients have employees and where they need state law expertise. The two largest US labor & employment firms have 47 and 52 domestic offices, respectively. There are also multi-practice firms following this model, often with a focus on middle market clients and matters and typically with offices in a mix

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of the largest cities and smaller markets.

Other than the firm's origin office, the majority of the firm's other offices tend to be relatively small. And in some instances, the firm may not have a dominant office, or have several geographic centers, sometimes as the result of mergers.

Focused Market National Strategy

The third, and most common, path to a national strategy and position is a hybrid of practice and geography. Firms in this group tend to be full-service firms driven by a strong corporate practice and a dispersed but focused domestic platform. They are often firms with an origin office in a leading legal market, and they tend to have offices in the majority of the largest business and legal markets - in the US this includes New York, Washington, Chicago, Los Angeles, the San Francisco Bay Area, Boston, Dallas, and/or Houston. Most are not New York-based but have a significant New York presence. They may be in a handful of smaller markets but typically with a small focused presence for a particular practice or sector rather than a full-service office.

This set of firms is more diverse than the other two groups in terms of practice and client focus. While most will have a strong corporate practice, they will have different areas of strengths across their other practices, whether that is IP, product liability litigation, private equity, bankruptcy, white collar and government investigations or other areas. There will be further distinctions in the sectors served. Some will have particular strengths in technology, energy, health care, financial services or real estate, among others. And some firms will be principally focused on Fortune 1000 clients, while others will have a mix of large and middle market companies.

A key feature, and priority, of firms in this group is taking advantage of the geographic platform and practice mix and providing cross-practice and cross-office services to clients.

There are differences in the practice mix, pricing model, and expense structure of firms in each of these three categories which can result in different profitability outcomes. These differences tend to be driven more by the practice focus rather than the geographic platform alone, although of course the practice mix ultimately determines the appropriate geographic platform for a firm.

In the end, there is no single path to becoming known as a national firm, and there is room in the legal market for firms following each of these strategies.

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