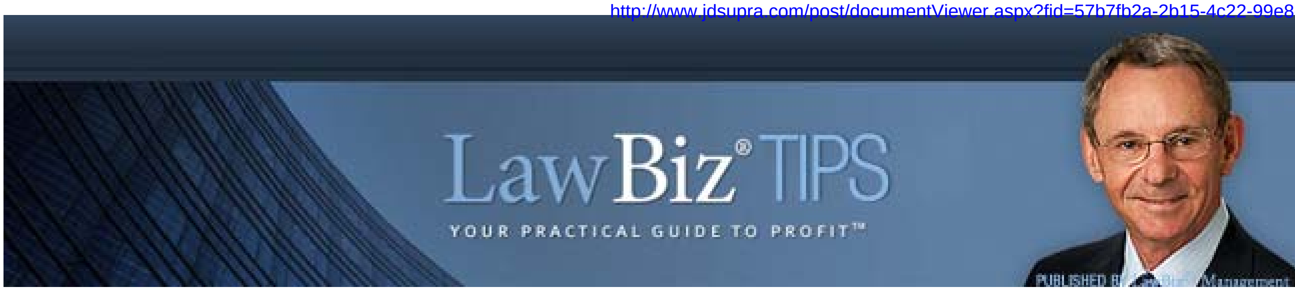

Week of **August 19, 2008**

Hotels for Lawyers

In a *LawBiz® Tips* posting earlier this year, we considered the issue of how big is too big when it comes to law firms, and concluded that there will always be a place for smaller, more personal and entrepreneurial organizations. However, it's undeniable that the big of the law firm world are getting bigger, largely through mergers and acquisitions (just as labor unions did in past decades). In fact, the Altman Weil consulting firm has established a "merger line" on its web site, and in the first half of 2008 it tracked 43 U.S. law firm mergers, compared to 28 in the same period last year.

The question is, does combining law firms to make them bigger actually make them better? Often the answer depends on whether the combination is a merger or an acquisition. In the former there is, by definition, some accommodation and agreement that the parties approach on the basis of equality. In the latter, the acquirer has control over the arrangements and the integration process, as it is generally the larger party and has the most financial clout. Either way, the business combination can only be successful if the parties systematically develop communication and integration strategies.

"Firm culture" is a primary determinant of law firm success. People must like the work they do and those with whom they do it. Lawyers who are members of the same firm should share a camaraderie that shapes the development of a shared firm culture. Many factors come into play including the exchange of ideas and the education of one lawyer by another. These are vital to a successful law firm, and to successful lawyers.

In many of today's geographically diverse firms built by merger, partners are that in name only. The partners often have little interaction outside their own practice areas. Unless there is continuous open and candid communication among equity partners in the merged firms, and acceptance and buy-in for the business plan by which the firms are combined, sooner or later there will be a dissolution of the firm, whether by withdrawal of individual partners or wholesale departure and formal liquidation.

Large law firms must be more than an amalgam of single practitioners. A firm with several thousand attorneys tends to become a hotel for lawyers, where people come and go with regularity. Client service suffers as a result—and dissatisfied clients take their business elsewhere.

Best wishes,

Ed Poll
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the way. Ed Poll's book is a must-read for any leader who wants to win at the great game of business!"

-Terry Paulson, PhD, columnist, business speaker, and author of They Shoot Managers Don't They?

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