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Business of Law

Law Firms Show Clients They Know Their Business

Law firms are increasingly touting their industry knowledge as well as their legal expertise in hopes of getting new business. The result is more and more firms are forming industry sector groups to complement their practice groups as a means of distinguishing their services and enticing clients.

“Clients want to know you have expertise in their industry,” said David Bruns, the director of client services at Farella Braun + Martel in San Francisco. “From a trend standpoint, more law firms are creating industry groups,” he told Bloomberg Law.

With industry groups, law firms can pool attorneys from various practice areas who have expertise in specific industries or pull in lawyers from other legal specialties that clients from particular industries may need. Industry groups are popping up at more and more law firms, including Farella; FordHarrison; Epstein Becker Green; and Orrick.

“Clients are now willing to shop projects one case at a time” until they find a firm that can meet their precise needs, Fisher Phillips chairman Roger Quillen told Bloomberg Law. A firm’s experience in gender pay cases may not impress a potential client unless it’s in the client’s industry, he said.

Susan Saltonstall Duncan agrees. “There are firms that have had these for 10, 15, 20 years,” but the trend is “relatively new,” Duncan said. She is the president of RainMaking Oasis, a legal management consulting firm. “Some firms are doing a much more substantive job. Others are doing it for marketing purposes,” she told Bloomberg Law.

Airlines, Health Care at FordHarrison Labor and employment law firm FordHarrison has had industry groups for a long time, particularly for the airline and health-care industries, FordHarrison executive committee chairman C. Lash Harrison told Bloomberg Law.

FordHarrison used to represent about 60 airlines and still represents many that resulted from consolidations. The firm, which has nearly 200 lawyers in 28 offices, also represents several hospital groups and health-care chains, Harrison said.

Each year, FordHarrison hosts a two-day symposium, alternating its focus between the airline and health-care industries. The symposia are attended primarily by employees of the firm’s clients in the targeted industry,

Melodie Tilley, FordHarrison’s chief client development officer, told Bloomberg Law.

The firm’s industry groups hold webinars, distribute e-mail alerts, write reports, conduct 50-state surveys, and produce online tool kits to help clients navigate situations particular to their industry, Tilley said. The restaurant group describes its services in a marketing brochure that looks like a menu.

Representing Clients’ Competitors Of course, representing numerous companies in the same industry often entails working for companies that compete with each other. Nevertheless, FordHarrison hasn’t had many problems with conflicts of interest, Harrison said. “Since what we do is not transactional,” such as buying and selling or mergers and acquisitions, most of the firm’s clients don’t mind if the firm represents them as well as their competitors, he said.

Instead, Tilley said, “In labor and employment, representing their competitors tends to be seen as an advantage because they know we really know their industry.”

Deep knowledge of an industry can be very helpful. For example, the airline industry is “a different world” that requires “a completely different approach,” Harrison said. The airline industry’s crew scheduling practices are very complex, and the Railway Labor Act rather than the National Labor Relations Act governs its labor relations.

FordHarrison also represents several franchisors in the restaurant industry, so the firm’s lawyers must understand the franchise system and its complicated joint employer issues, Harrison said.

At FordHarrison, lawyers in the firm’s airline group usually work only for airline clients, but other lawyers may belong to more than one industry group, such as both the restaurant and hospitality groups, Harrison said.

How Do Your Industry Groups Grow? Many firms let the realities of their caseload guide their formation of industry groups. “It’s not just a marketing ploy, it’s about how to best service our clients,” Mitchell Roth, the managing partner of Much Shelist, told Bloomberg Law.

Before deciding whether to establish an industry group, a law firm should determine whether it has “clusters of clients in an industry,” Duncan said. “Map out the top five industries that the top clients come from,” she said. “Usually 20 percent of your clients represent 80 percent of your revenue.”

A law firm shouldn't create several industry groups simultaneously. "Pick one or two at a time and then go on to the next one," Duncan said.

Structure, Budgets Important for Industry Groups

Not all industry groups listed on law firm websites function as true working groups, with a director, a budget, and monthly meetings, Duncan said. Budgets could cover expenses for attending conferences and meeting clients and prospective clients, sponsoring conferences, conducting surveys on timely topics, and publicizing the group. When there's no industry group budget, lawyers must get money from their practice groups, which makes it hard for a law firm to measure the return from having an industry group, she said.

"The advantage of industry groups is to bring different areas of expertise to your clients," Duncan said. For example, a large firm may want to expand its labor and employment work into tax "so they can begin cross-selling" to clients, she said. "Seventy percent of a law firm's business comes from existing clients," she said.

An employment law firm, for example, may find it helpful to have separate industry sector groups for the retail industry, the restaurant industry, the casino industry, and the health-care industry, Duncan said.

In a full service firm, a life sciences industry group could pull in mergers and acquisitions lawyers to help the life science clients acquire new companies, an intellectual property group could help clients register patents, and a regulatory practice group could help clients navigate Food and Drug Administration rules, Duncan said.

Some law firms bolster their industry knowledge by hiring non-lawyers who are experts in particular sectors. For example, some firms hire specialists in international trade, patents, cybersecurity, or government relations, Duncan said.

Once an industry group is established, the firm should support its activities. "Make sure you're out there presenting yourself through networking and speaking," Duncan said. A firm with several industry groups could host a series of webinars on a timely topic, with each webinar showing how the topic affects a particular industry, she said.

Health Care Focus at Epstein Becker Green Epstein Becker Green is another firm that has a longstanding industry focus. "We were founded on an industry focus,

the industry being health care. We've always seen it as a differentiator," Steven DiFiore, chief operating officer of Epstein Becker Green, told Bloomberg Law.

Of Epstein Becker Green's 260 lawyers, at least 45 percent work on health care industry matters, DiFiore said. "We consciously hire people" who have experience in health care, he said.

Epstein Becker Green organizes its legal practices around industries, including the health care, financial services, hospitality, retail, and technology sectors. "You have to know the legal practice area, but you bring it to market along with a deep expertise in that industry," DiFiore said.

Orrick Focuses on Three Sectors

Orrick began emphasizing industry groups four years ago when Mitchell Zuklie became the firm's global chairman. "Instead of trying to be good at everything," the firm started focusing on three sectors—technology, energy and infrastructure, and finance, Zuklie told Bloomberg Law.

"We picked them because they were an authentic representation of who we were," Zuklie said. At the time, 65 percent of the firm's work came from these sectors. Now that the firm officially focuses on these sectors, they provide 85 percent of its work, he said.

Orrick's 1,100 lawyers belong to practice groups as well as industry groups. "It's a constant process of our trying to find the right balance" between the two, Zuklie said. "We certainly invest more time, effort, and energy in making sure our thought leadership is centered around industries," he said.

Zuklie thinks a firm should limit its industry groups to sectors where it's really knowledgeable. Some firms claim to have numerous industry groups, but "it's very hard to focus on five or seven things," Zuklie said. "I'm skeptical a law firm can do that."

"If you know my industry, you're going to be able to give me more nuanced advice," Bruns, of Farella Braun + Martel, said. "Clients very much appreciate that our firm can understand their industry and the unique issues they're dealing with."

By GAYLE CINQUEGRANI

To contact the reporter on this story: Gayle Cinquegrani in Washington at gcinquegrani@bloomberglaw.com

To contact the editor responsible for this story: Terence Hyland at thyland@bloomberglaw.com