

MARKETING

Branch Offices Help Develop Business

By SALLY J. SCHMDIT

OPENING BRANCH OFFICES is a subject of much discussion and activity among those in the legal profession, but few attorneys would classify "branching" as a marketing activity. Yet, branching logically falls under one of the "Four P's" of marketing: "place." The basic benefits of branch offices are certainly marketing-related: expanding the firm's client base, expanding the firm's practice, and improving client service. A well-conceived and implemented branch office strategy indeed can result in all of these advantages for a law firm.

Witness Hinshaw, Culbertson, Moelmann, Hoban & Fuller, headquartered in Chicago. The opening of a Boca Raton, Fl. office in September 1988 brings the total number of Hinshaw, Culbertson offices to 16, housing over 300 attorneys located in four states. Since 1984, the firm has increased the number of lawyers by over 70 percent, and has expanded its practice areas significantly. Boasting the largest number of attorneys in the country practicing in the insurance defense area, the firm has been able to expand its general business practice by 21 percent over the past five years.

Yet for every successful law firm branch office, there has been a failure. Many firms have discovered—often at great expense—that just because there is business in a particular geographic location does not mean that the firm will be successful in developing it.

What makes a branch office an effective marketing strategy? I offer these five rules for successful branching.

(1) *The new office location must fit into the firm's overall strategy.*

For a firm with numerous national corporate clients, a Washington, D.C. office may make sense. For a firm with a large insurance defense practice, many offices in smaller locales may be a viable strategy. Since merging with the Hinshaw, Culbertson firm in July of 1986, Robert W. Schneider, the partner in charge of the Belleville office, has seen his professional staff grow from six to over 20 lawyers, not including the five that spun off from Belleville to open Hinshaw, Culbertson's St. Louis, Mo. office in 1987.

One of the most frequent yet worst reasons for branching is because other firms have done it. In Los Angeles, virtually every major firm has opened a San Francisco office. Yet Latham & Watkins, perhaps the most consistently praised law firm in the country for its management acumen, has resisted the temptation.

(2) *The people in the new office must fit with the firm's practice and culture.*

One large Minneapolis firm targeted a fast-growing suburb as an attractive branch location. A merger with a well-

known suburban firm seemed a natural and intelligent way to quickly position the firm in the new market. The result, however, was an unsatisfying relationship, terminated after less than two years. What went wrong? The suburban firm was positioned as a low overhead, personal injury practice, while the Minneapolis firm had a downtown, corporate presence. The suburban lawyers wanted to advertise; the corporate lawyers were afraid of clients' reactions. There was virtually no opportunity for cross-selling either side.

(3) *The firm must have good contacts or an existing clientele with needs in the new location.*

The firm should assess realistically its ability to generate work in the new location. Many law firms view this as the "chicken or egg" syndrome: Should we wait until we have clients in a location or do we need the office to get clients? A firm needs some immediate access to business—through existing clients or excellent contacts—to start up in a new location. It also needs a key lawyer in the location who is an aggressive individual with proven business development skills. Another useful tool, vastly underutilized by law firms, is market research, to assess the potential for expansion.

The desire for immediate business is what leads many firms to consider a merger, rather than starting an office from scratch. In the case of Hinshaw, Culbertson, a Rockford merger provided access to a large base of local clients. According to Charles F. Thomas, the partner in charge of the Rockford office, clients in Rockford had a mentality that the large Chicago firms had more expertise in complicated matters. "We were taking care of the tires, oil changes and lube jobs," he says, "but they were buying the cars in Chicago." Since the association with Hinshaw, Culbertson, Thomas has watched his office grow from eight to 19 full-time lawyers over the past year-and-a-half, and business files opened there have far exceeded the rate of growth experienced prior to the merger.

(4) *The home office must have a plan and patience.*

Law firm consultants who deal in mergers tell their clients not to expect the venture to be profitable for at least 18 months, and probably closer to two years. For firms starting an office from scratch, a five-year plan is probably more realistic. Regardless of the time frame, the firm must put in writing what it expects to achieve in the new location, and how those results will be obtained.

Creativity can be helpful, too. The Rockford office of Hinshaw, Culbertson, called Thomas & Hinshaw, Culbertson, operated for three years as a joint venture before the merger became final, to be certain both sides were satisfied.

(5) *The firm must pay attention continually to communication and integration issues.*

Making the branch offices feel part of the whole is a dif-

ficult task, which must be carefully and constantly tended to. Many lawyers in branch offices see themselves as orphans or outposts, with little or no input into firm decisions. In addition, many firms find ongoing internal strife between lawyers in different locations, representing different needs and points of view. One national law firm, with large offices in three diverse regions of the country, has experienced continual compensation and finance-related battles at firm-wide partnership meetings. Amazingly, no one has stopped to realize that until a lawyer becomes a partner in the firm, it is unlikely that he or she has ever met colleagues at the other locations, much less visited their offices. It isn't difficult to fight with strangers over money.

Even in the best possible circumstances—that the branch office is hugely successful—integration and communication issues are still of utmost importance. One Arizona law firm, at which the branch office exceeded expectations, suffered recently from threats of secession; the branch office, now more profitable than the home office, has gotten notions of independence.

What can a firm do to encourage integration and communication? One technique, which often works, is to use "home office" people to start up the new location, even in the case of a merger. Long-time Hinshaw, Culbertson attorneys frequently are sent to the new locations to help the merging lawyers get oriented to Hinshaw, Culbertson practices, such as the billing system, administrative services, and so on. Other simple yet invaluable tools include regular communication vehicles such as in-house newsletters and periodic face-to-face meetings of all lawyers.

The opening of a branch office can be an enormously expensive and time-consuming proposition, and more than one firm will attest to the fact that many business opportunities, which appear to have excellent potential, are never realized. However, for firms that take care to research, plan and integrate their new locations, branching can be a win/win situation. For Hinshaw, Culbertson, the branch offices have expanded the firm's client base—and financial strength—significantly. For the branch offices, the link to Hinshaw, Culbertson means access to sheer numbers and a level of specialization previously unachievable.

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