

KANSAS CITY BUSINESS JOURNAL

Spencer Fane outperforms flat legal industry in revenue, profitability growth

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With the legal industry experiencing revenue and profitability growth in the low single digits for 2015, Kansas City-based Spencer Fane LLP is one of the firms standing above the crowd, seeing 10.8 percent growth in revenue and 10.4 percent growth in income.

Managing Partner Pat Whalen said that although his competitors find growth by aggressively expanding into new areas, Spencer Fane's growth is organic, driven by a business model that helps the firm stand out.

"We're not in the big East and West Coast markets and have no interest in being in those big markets because it's not consistent with our business model," Whalen said. "To compete in those markets, to really make that work, you've almost got to export profits out of your Midwestern offices to finance all that. It's why we have no designs on those markets. We don't think you can be true to your model of delivering high expertise with high efficiency if you're paying \$90 a square foot for office space, paying your associates \$190,000 a year and having your partners expect to make triple that."

Legal costs became a huge focus when the Great Recession hit and clients started demanding that law firms get more efficient. They didn't want to hire a firm and end up with six people



Pat Whalen

on a project because the firm wants clients to help pay for training the partners' staff.

"That went out in every other industry 100 years ago, but until the recession, law firms were able to put apprentices on and have clients pay for a team of six or seven people," Whalen said. "That's never been how we staff projects. We usually have one or two people working on a project. Typically it's a partner. So we never got addicted to that bucket of profits, in having three or four associates on every project. So I think that model is serving us well. Clients know they're going to get truly world-class expertise at a Midwestern hourly rate, and no additional baggage of three or four other timekeepers. That value is resonating,

and it's a big reason for our growth."

Whalen said customer service also plays a role. Clients want direction, not a five-page memo they don't have time to read that doesn't take a position.

"We pick up a phone and say, 'These are the risks, and here is our recommendation,'" Whalen said. "They don't want a memo saying, 'Here are the pros and cons – you decide.' What they want is actionable advice on the best way to mitigate risk, while achieving their business objective."

The hottest areas of growth at Spencer Fane are in health care and real estate and development. The litigation and intellectual property groups also have been busy, and the bankruptcy practice has seen a spike in business during the past four or five months.