

# LAW WEEK

## COLORADO

# Investing Westward

*Spencer Fane leaders reflect on post recession growth*

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LAW WEEK COLORADO

The 2010s have been a good decade to Spencer Fane so far, and the firm has some theories as to why.

With 16 offices across seven states, and locations in Denver and Colorado Springs, Spencer Fane has experienced atypical growth for a national law firm post-recession. The firm saw its net income climb each year since 2012, with 17.2% growth in 2016. Last year it grossed more than \$73 million, which was a 15.5% increase over 2015.

The firm also more than doubled its attorney headcount in Colorado over the past year. The Denver office now has almost as many lawyers as Spencer Fane's Kansas City headquarters.

Spencer Fane's Kansas City-based chairman and managing partner, Pat Whalen, said the firm has been able to thrive in recent years by embracing non-traditional law firm models. That success drove it to further invest in the Colorado market and expand to new locations. As it did with many law firms, the recession prompted Spencer Fane to reassess its staffing, pricing, and delivery models to meet clients' demands for more value.

Whalen credits part of the firm's success in recent years to shunning the traditional law firm model of leveraging a large base of associates. It was considered almost standard practice for firms to keep a high population of associates relative to partners, and have those less-experienced, less-expensive lawyers carry much of the workload. Clients, Whalen said, are generally fine with law firms pulling a young, talented lawyer in on a project; what clients are uncomfortable with is getting billed to essentially train a whole team of them. Spencer Fane instead operates on a

more top-heavy structure, tending to deploy more seasoned lawyers who command a higher hourly rate but work in smaller teams, Whalen said. The individual partners tend to work on fewer cases and devote more time to each, he added. He doesn't see many firms sustaining growth post-recession if they're still following the old leverage model.

Whalen attributes Spencer Fane's success to responding to clients on another pet peeve.

"What we hear from clients (about the traditional law firm model) is frustration with both the staffing and the way advice is delivered," Whalen said. Many law firms have been content to lay out for clients the legal services they offer in a sort of take-it-or-leave-it, one-size-fits-all approach.

"Instead of taking some legal inventory off the shelf and selling it to the client, we are constantly tailoring our expertise to fit into the client," Whalen said. He describes the firm's lawyers as taking an adaptable approach toward how each client prefers to receive legal services and deliver actionable advice, as opposed to writing lengthy memoranda of the scenarios the client might face, for example.

Spencer Fane's revenue growth has fostered its growth in general, and in the past two years the firm has expanded its geographical footprint westward. The firm opened a Las Vegas location in May and one in Phoenix in March, following up on its new offices in Oklahoma City and Dallas in 2016. The firm selected those locations by looking at myriad factors, including indicators that they, like Colorado, show economic promise.

"When we think about a new market, there's a whole playbook of criteria we look at ... that includes client data and market data," Whalen said. "All of those

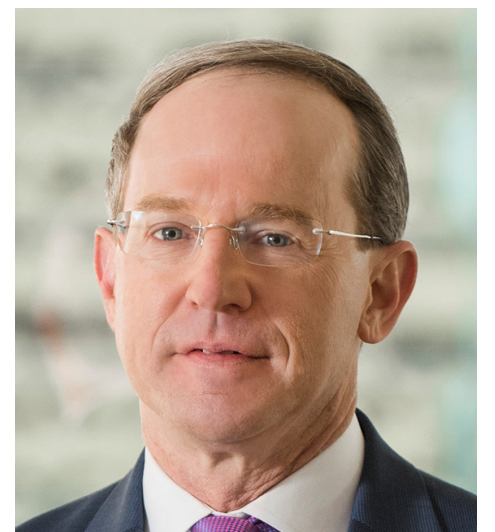


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markets are experiencing significant economic and population growth over the next 10 years."

But it's mostly a matter of following clients to those markets, as was the case in Colorado.

"We were finding hundreds of our best clients all increasing their presence in Colorado over the last four years," Whalen said. Since opening its first Colorado office in 2012, Spencer Fane has invested in its Denver practices largely through acquisition and attracting laterals. In December 2016, the firm more than doubled its Denver ranks when it combined with Berenbaum Weinshienk, bringing aboard 31 attorneys from the 70-year-old local firm. In July, agribusiness attorney John O'Brien and commercial litigator Scott Sandberg joined Spencer Fane from Snell & Wilmer as partners. Ron Fano, managing partner of Spencer Fane's Denver office since February 2014, said the firm has more than 50 attorneys in Colorado now, including those in Colorado Springs. The moves were a response to the needs



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of the Denver office's clients, who were growing themselves.

"We have certainly not gone with a model of 'let's add lawyers and then go try to sell that to clients,'" Fano said. "We have seen the need from clients and grown accordingly in various practice areas."

Real estate development became the Denver office's fastest growing practice sections, and the firm's banking clients began needing more services in Colorado, which were two of the biggest factors driving its merger with Berenbaum Weinshienk. Attorneys coming aboard from that deal brought other deep expertise Spencer Fane didn't have previously in Denver, like in employee benefits. "It's much better to be able to find, attract and retain the talent" than to have to farm out work for clients like the firm used to, Fano said, adding the key to sustaining the firm's growth in Denver will be continually seeking clients' feedback and acting on it to keep improving its services. •

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