

# Strategic Growth Propels Spencer Fane Into Big Law's Big Leagues

The strategy launched by managing partner Patrick Whalen six years ago has the Kansas City-based firm's revenue hitting \$111 million in 2018.

By Dan Packel  
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Kansas City, Missouri-based Spencer Fane has boosted its top line and bottom line by double digits over the last five years, positioning the firm to crack the Am Law 200 with \$111.68 million in 2018 revenue.

Managing partner Patrick Whalen, a veteran intellectual property litigator, is the architect of the firm's growth strategy, which overlaps with his arrival in the leadership seat six years ago.

Whalen said he's sought to navigate a path between the two extremes of embracing growth for growth's sake and the equally risky approach of resisting all expansion opportunities out of fear of the associated challenges and growing pains.

"We didn't want to be handcuffed," he said.

After closing 2018 with 243 attorneys in 15 offices in eight states, including a new presence in the Dallas suburb of Plano, the firm opened 2019 by entering the Upper Midwest and Florida for the first time, with new offices in Minneapolis and Tampa.

Whalen is trained as an economist, and the firm has a suitably methodical approach to vetting



(Courtesy photo)

*Patrick Whalen, managing partner of Spencer Fane*

expansion opportunities. In recent years, the list of new markets for the firm also includes Dallas, Denver, Las Vegas, Oklahoma City, Phoenix and St. Louis.

One parameter is whether a potential new market is aligned with the firm's existing client base and industry strengths, which, according to Whalen, are concentrated in four areas: financial

services, health care, real estate, and energy.

“If a market presents significant opportunities, and if that market is particularly strong in an industry we’re strong in, that’s going to check the first box,” he said.

Next, he looks at the cost of operations in a new market. “We want to keep our costs of doing business pretty consistent across the firm,” Whalen added.

The third metric is whether there’s a sustainable way to pay for the expansion, while avoiding debt, partner capital or diminished profitability. The firm does not have any debt, according to Whalen.

“The numbers year-over-year have been record-breaking, but it hasn’t been on the backs of bank debt and cash calls on partners,” he said.

Whalen added that seeing profits increase at a faster rate than revenue shows to him that the firm is getting it right, and also that the focus on identifying individual lateral partners over mergers and acquisitions of groups has been worth the effort. Retention of both new hires and legacy attorneys has been high as the firm has expanded, he said.

“It’s a significant investment of time on the front end, but it saves you lots of time on the rest of the cycle, because you’re not experiencing dramatic turnover,” Whalen said.

As the firm eyes further expansion, Whalen is focusing on Texas, the Southeast and the South-

west, in cities where the overhead matches the firm’s existing costs.

“For the foreseeable future, the big financial markets on the coasts are misaligned with our strategy,” Whalen said.

Growth has also come from slow but steady rate increases, which sat around 3 percent in the last year, according to Whalen. The firm has also seen a modest uptick in the use of alternative fee arrangements, a trend that it welcomes.

“We’ve typically tried to push that ourselves, because we feel that we’ve got an advantage in terms of efficiency and overall cost relative to the rest of the profession,” Whalen said.

Another component of the firm’s recent strategic shift is a change in how it handles business development. In addition to increasing its investments in growing business as a percentage of revenue, it’s also decentralized its spending. Most of the firm’s business development expenditures are put into individual and client budgets, a smaller portion is put into individual markets, and an even smaller amount is spent at the firm level.

“That’s an example of how the firm runs differently from other firms,” Whalen said.

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