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## Tarter Krinsky & Drogin

*How to Stay True to Entrepreneurial Roots*

BY SUSAN DESANTIS

Managing Partner ALAN TARTER of Tarter Krinsky & Drogin discusses how the young, midsize firm strives to stay true to its entrepreneurial roots while continuing to grow. "As we change, we are very conscious to stay true to our values and maintain our close-knit and collaborative culture," he said.

**Q: How big is your firm, where is it located and what are its primary areas of practice and focus?**

**A:** We are a full-service, midsize, entrepreneurial firm that focuses on effectively and efficiently representing a broad range of middle-market businesses, as well as private and public entities from small businesses to Fortune 500 companies.

We're headquartered in New York City, with a satellite office in Princeton, New Jersey, and

we will soon be opening another satellite office in San Francisco. We currently have 74 attorneys across 19 practice areas and 123 total employees. Our full-service practice includes real estate, construction, corporate and securities, litigation, labor and employment, intellectual property, tax, retail, bankruptcy and corporate restructuring, trusts and estates, immigration, co-op and condominium law, not-for-profit and education, and a thriving international practice with a focus on Italy and China.

In 2017, we responded to client needs by launching practice areas in the areas of Corporate Investigations, White Collar and Government Investigations, Securities and Financial Services Litigation, and Reputation Management.

**Q: Please explain your firm's governance structure and compensation model.**



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**A:** The firm is governed by an executive committee composed of five partners, including me as the managing partner. We have various firmwide committees that consist of employees from both the lawyer and administrative sides. Our practice groups are led by department heads/co-heads. We have an administrative leadership team that oversees our nonlawyer team.

Our partners' compensation is based on a profitability model that takes into consideration productivity, collections and other contributions to the firm's operations and growth.

**Q: What do you view as the two biggest opportunities for your firm, and what are the two biggest threats?**

**A:** It's more important than ever to embrace change in our field to meet the evolving needs of our clients and our employees. More importantly, we need to anticipate changes that will affect our clients in this ever-changing and often unpredictable business climate. In the past, we've successfully adapted to change due to our size while staying true to our entrepreneurial roots, core values and commitment to our clients, but as a relatively young firm, we sometimes experience the growing pains that come with building any thriving organization. As we change, we are very conscious to stay true to our values and maintain our close-knit and collaborative culture.

One of our big opportunities—strategic growth—doubles as one of our biggest threats. We don't want to aggressively expand because that adds significant overhead in real estate, staffing and expenses, which threatens our core value proposition—which is to offer cost-driven legal services to our clients.

While we've been very fortunate to attract top lateral talent

from Am Law 200 firms over the past few years, we must remain careful and measured in our growth approach to ensure that we make the right lateral hiring decisions. To do this, we've developed a very thoughtful lateral integration process that does everything it can to support our new hires and maximize their success.

Our second big threat involves the pressure from in-house legal departments to keep more work inside to keep costs down. But I think this is something that midsize law firms are well-poised to turn into an opportunity—we are particularly rate sensitive, giving us an advantage in this area over Big Law, since we can offer clients greater flexibility with pricing.

**Q: After the recession hit, the prevailing theory was that midsize firms would start to see more work come their way from large clients who could no longer justify paying Big Law rates. What has been your experience?**

**A:** From the very start of our firm 17 years ago, we knew that we wanted to focus on the middle market and its unique challenges. While we now represent companies of all sizes, we've stayed true to our core concentration, and it has served us well. We don't have a lot of the overhead, staffing and other associated costs that many Big Law firms have from running dozens of offices around the globe. As a result,

we can share the savings from this lower-overhead model with our clients.

Despite our lawyers being at the very top of their fields and providing personalized service and the benefits of a full-service firm, our rates remain lower than Big Law. We're just more cost-effective. Some clients will still rely on Big Law for certain types of big-ticket, bet-the-company matters, but I think that today, there is much more of an understanding in the market of the true value that midsize firms can offer.

Of course, not everything is about cost. We work in a relationship business. The vast majority of law work goes to firms that understand their clients' businesses inside and out, make clients look good, and have lawyers with whom clients genuinely like working. Every day we look for ways to exceed expectations in these less quantifiable areas.

**Q: Are your clients pushing for more alternative fee arrangements, and if so what types? Is your firm amenable to those requests?**

**A:** Clients are increasingly asking their outside lawyers to look at alternatives to straight hourly billing as a way of translating the value of legal services. Our clients are feeling increased pressure to stay within budget and keep costs down and enhance predictability. That pressure, of course, trickles

down to the outside law firm that it uses.

We're often asked to consider alternative fee arrangements with our clients, and our unique size enables us to be open and flexible in how we address these types of requests. These types of billing arrangements are helping us better prepare for the future of the legal industry and become more predictable, incentive-based and client-centric.

Let me give you an example of how this has worked for us and our clients in the commercial leasing area: We developed an innovative, client-centric pricing model where we budget and base pricing for office space leasing work on a per square foot basis. We are speaking in the language the landlords widely use in the industry with their other business partners. This makes life easier for them, and this billing arrangement eliminates billing surprises. The more we provide these alternative fee arrangements, the more competitive and helpful we can be to our clients by learning what works and what does not. So for example, having worked on hundreds of leases in many different buildings for our landlord clients over the past decade, we have been able to assemble quite a bit of valuable data to predict client costs on future leases. This allows us to more accurately price the next lease.

The upside to these types of billing structures is that we must truly partner with our clients to

make sure these arrangements are as efficient and practical for them and for us.

**Q: There is much debate around how law firms can foster the next generation of legal talent. What advantages and disadvantages do midsize firms have in attracting and retaining young lawyers, particularly millennials?**

**A:** The intimate size of our firm is a big advantage for recruits. We are the kind of place where co-workers are friends outside the office and employees look forward to coming into work each day. There is a unique energy at the firm, a sense of community and teamwork. Our lawyers receive meaningful work and experience at an early stage of their legal careers. Each person is a valued member of the team—we'll notice if you're out sick. You won't be lost in a giant summer associate class. Because we don't have a large number of associates, we need our associates as much as they need us. Our associates are involved in all aspects of our matters (in and out of court) and, as a result, build strong relationships with clients, partners and lawyers of all levels every single day.

We do have a bit less structure and formal training than one can find in Big Law, but, on the plus side, training and mentoring occurs on a more personal, individual basis, enabling our lawyers to form close bonds with their colleagues. We focus on training associates

on the practical and business aspects of being a successful lawyer today, such as establishing strong bonds with co-workers and developing business development skills at an early stage of their careers.

We aim to prepare our people to be their best professional selves from the moment they walk in our doors. For example, we offer an array of training programs designed to equip our employees with the skills necessary to be a better professional. We offered a course on building a strong professional brand, networking and a series on social media best practices, including how to effectively use LinkedIn. The cornerstone of our training program is a business development Pipeline program. Participants, who range from first-years to senior partners, meet together to brainstorm leads, discuss tactics and outreach and report back on their progress. The program also covers cross-selling, client service and networking. The program has been very successful in providing our lawyers with the critical skills they will need now and later to generate new business and develop stronger professional relationships. Our junior lawyers are learning from the experiences of our senior lawyers and our senior lawyers are feeding off of the enthusiasm of our junior lawyers. These meetings are often the highlight of my business day.

**Q: Does your firm employ any nonlawyer professionals in high-level positions (e.g., COO, business development officer, chief strategy officer, etc.)? If so, why is it advantageous to have a nonlawyer in that role? If not, have you considered hiring any?**

**A:** We have built an exceptional administrative leadership team with broad backgrounds—Big Law, midsize law, outside the law field and even an entrepreneur. They help us articulate our vision, identify market opportunities and execute strategy. Many of them have graduate degrees in their respective fields and hold leadership positions in professional organizations such as the Association of Legal Administrators and the Legal Marketing Association. These professionals are at the top of their fields and regularly collaborate with one another. The firm highly values the contributions of this team and strives to give them opportunities to advance. They certainly make us a better firm..

**Q: What, if any, technology advancements have you made in your firm in recent years? What are the challenges in implementing tech changes?**

**A:** We are committed to staying on the cutting edge of developments in technology. Our approach to technology is designed to mirror the firm's core values by providing maximum effectiveness at optimal cost. With careful planning,

management and budgeting, we are able to implement technologies that respond to the fast paced and ever-evolving demands of the practice of law across a spectrum of issues. By leveraging expert consultants who also represent some of the largest law firms in New York, coupled with our internal resources, we have advanced our cybersecurity program, disaster recovery response plans and application environment, providing our employees with the innovative tools they need to service our clients and protect our data.

**Q: What would you say is the most innovative thing your firm has done recently, whether it be internal operations, how you work with clients, etc.?**

**A:** I think our most recent innovation is our signature professional development program, called GOAL, through which every lawyer and staff member is given the opportunity—and the financial backing—to accomplish, or continue to pursue, a professional goal or learning objective each year.

I believe that client service begins with our employees, and since founding this firm, we've endeavored to create an environment that challenges each employee to become their best professional self. We don't draw lines between lawyers and staff. We invest in everyone's professional development. That's something unique in our industry.

**Q: Does your firm have a succession plan in place? If so, what challenges do you face in trying to execute that plan? If you don't currently have a plan, is it an issue your firm is thinking about?**

**A:** We are always thinking about the future and how to ensure that the firm thrives after our current partners, including myself, are no longer practicing law. I believe that there are two essential elements to a successful succession transition. The first is to help clients move from one generation to the next. All lawyers on our matters are intimately familiar with our clients' businesses and we are continually scanning our current client roster to ensure we're on top of the transition process. The second element is the transition of firm management to a new generation. A big part of this is identifying and cultivating future leaders.