

Risk taking, creative strategies propel Butler Snow

► Regional law firm establishing itself as dynamic, progressive Southern-based alternative to big city competitors

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At the outset of the Great Recession, metro Jackson's Butler Snow, O'Mara, Stevens & Cannada borrowed a bit of Vince Lombardi football wisdom to frame its strategy for the hard times ahead: The best defense is a good offense.

The recession has largely passed but the regional law firm is still on offense, having capped a multi-year growth spurt with the luring away last summer of 35 members of Nashville firm Miller & Martin and preparing to go global in coming months with its first international office.

To get to this point, the lawyers and everyone else in the 58-year-old firm had to get used to the idea that Butler Snow would not be your father's law firm.

First, partners would have to agree to forsake sizable paydays in exchange for helping the company grow by 100 or so attorneys and expand its presence from a half dozen to 13 offices nationwide.

Second, racking up billable hours or opening new cases would not be the mark of success they are at other firms. Instead, a "team culture" would be emphasized.

Third, clients would be granted the option of a flat-fee arrangement.

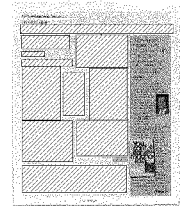
Fourth, the firm would be broad-based and not tied to the fortunes of any particular business sector. Clients would range from Fortune 500 companies to technology start-ups.

Lastly, business professionals would make many of the strategic and operational decisions.

Donald Clark Jr.'s eight years as chairman of Butler Snow includes the go-go days of the early part of the decade and the subsequent financial crisis that threatened to sink the nation's economic foundation. Like tracking a Category 5 hurricane moving in from the Gulf, Clark and the firm's executive committee saw the economic destruction that lay ahead.

"At the outset we decided we needed a strategy to get us through," Clark said in an interview earlier this week.

It helped that Butler Snow, though it grew slightly from 2004 to 2008, had become "pretty lean going into the recession," Clark recalled, noting the firm had attained efficiencies through technology and operational restructuring.



Like banks and other sectors of the economy, law firms by early 2008 began shedding staff in huge numbers, putting 31,000 lawyers among the nation's unemployed by early 2009, up from 20,000 early in the previous year, the U.S. Bureau of Labor Statistics reported.

Clark and company had a different idea: Launch an offensive to establish Butler Snow as an affordable Southern alternative for corporate clients around the country.

You could not achieve that by allowing gaps to show up in your services, Clark said, citing his most serious concern.

Thus, he noted, "Layoffs were not something that we thought would be productive for us."

Butler Snow wagered that competing firms would not reach the same conclusion. "We knew they'd e looking at cutting expenses," Clark said.

Adding lawyers with a range of experience levels, from senior to mid-level to new entries to the field would fill any gaps Butler Snow had in its service offerings, Clark said. "We didn't stop adding attorneys."

From 2008 to the end of 2012, the firm would put more than 100 new attorneys on its payroll, as well as an equal number of support staff.

As the economic slump began in earnest and businesses had fewer dollars to spend on legal services, Butler Snow began to extend its national reach, Clark recalled.

"We saw this as an opportunity for a Southern-based firm," whose lower overhead would allow more pricing flexibility, he said. "We felt like when a company is looking for a great lawyer, there are great lawyers in Jackson, Mississippi, just as there are in Washington, New York City or Chicago."

Along the way, Butler Snow's alternative fee offerings became a frequent deal closer. "We thought we'd offer our clients a mixture of alternative fees that our attorneys could quote from without having to go through a bureaucracy" for approval, Clark said.

Today, 40 percent of Butler Snow's revenue comes from something other than a billable rate.

The firm hasn't exactly started a new trend in billing but other firms are likely to take notice as competition from Butler Snow intensifies, said Dan Elrod, a Nashville member of Butler Snow's executive committee who joined the firm with the several dozen other attorneys from Miller & Martin.

"Our sense," Elrod said in a November interview with the *Nashville Post* business newspaper, "is that most firms in Nashville have not embraced alternative fee arrangements to the extent we have, and our strong presence in Nashville may accelerate acceptance of these arrangements."

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Clark said it comes down to value for the dollar. "We are able to quote fees against

national firms that are very much a value for the client."

Amy M. Pepke, who heads Butler Snow's Appellate and Written Advocacy Group, said the alternative billing and a staff compensation structure that does not rely on billable hours give the firm a strategic advantage "that few firms can offer."

Without the firm's members competing to be highest in billable hours, teamwork is enhanced, Pepke said. "We can bring in the right people for the job without worrying about competitive issues other firms face."

Clark conceded the flat-fee approach has pitfalls, especially now that the firm is offering set amounts for trial representation. But each flat-fee arrangement is closely vetted by the business pros on staff, he said.

"A lot of effort goes into that. We don't just throw something up against the wall to see if it sticks. We work with our clients to make sure we come up with something they are comfortable with and we are comfortable with. And we partner going forward," Clark said.

"We win some and we lose some," he said of the money the firm takes in from flat-fee pricing.

As the economic recession closed in, Butler Snow had a drop in corporate work, especially in mergers and acquisitions. Litigation, bankruptcies and credit work offset a lot of the lost corporate activity, according to Clark, crediting the firm's range of specialties for ensuring its growth.

While its product liability practice, especially its defense work for pharmaceutical companies, has grown and along the way acquired a national reputation, Butler Snow has been careful not to have any single line of business dominant its work, Clark said.

No one client "accounts for above 5 percent our revenue in any given year," he said.

Other growing practice areas include health care, business litigation and international tax advice, Clark noted.

Lawyers at the firm do not fret over administra-

tive or day-to-day business details. That's work left to a roster of business professionals headed by COO Lance Bonner, who is based in the **Butler Snow** HQ building in Ridgeland along with 125 lawyers and dozens of support staffers.

Butler Snow even keeps a cadre of business professionals on hand to provide consulting services to businesses in the region. Designated as the Butler Snow Advisory Group, the consultants have recently been busy advising companies on how to comply with the Affordable Care Act that begins taking full effect next year.

A collective approach has marked the decision making of the firm's executive committee, a governing board made up of members from throughout the firm's 13 offices and 14 practice groups. The committee is vested in the idea of creating a strong -- and lucrative -- future rather than "just wanting to take profits out of the business," Clark said.

The result has been seven new offices in the last two years and a non-stop quest for new talent. "Quite frankly, right now we are so busy we have to make sure we have the bench strength to manage our clients' demands," the chairman added.

"I don't see our growth slowing down based on what's in the pipeline."

Clark, who joined the firm 15 years ago, conceded Butler Snow's success could put it on a much bigger firm's acquisition radar. But remaining independent -- and in metro Jackson -- "certainly is the wishes of our partners."

Butler Snow Offices

- » Ridgeland
- » Atlanta
- » Nashville
- » Memphis
- » Birmingham
- » Montgomery
- » Baton Rouge
- » New Orleans
- » Bay St. Louis
- » Gulfport
- » Oxford
- » Bethlehem, Pa.
- » Fort Washington, Pa.



Clark



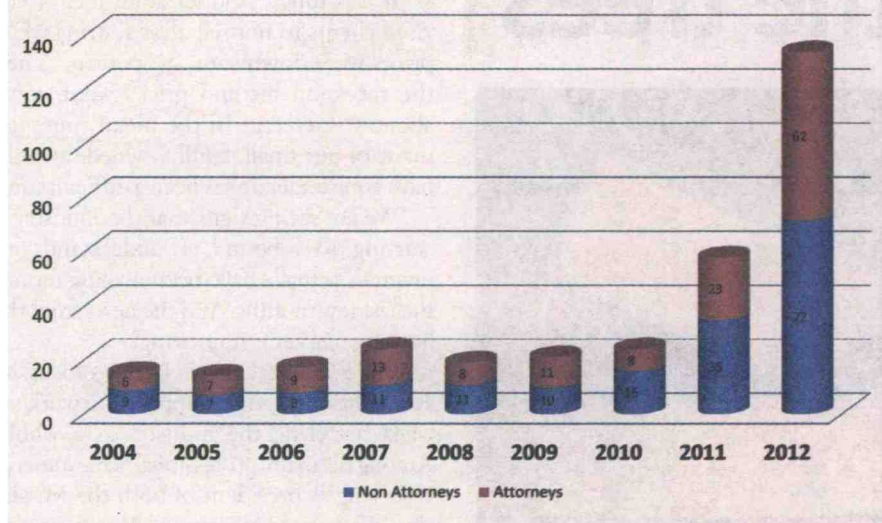
Pepke

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Don Clark

Chairman, Butler, Snow, O'Mara, Stevens & Cannada

Annual Additions to the Firm
2004 - 2012



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