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Boutique Law Offices Appear More Charming

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In an economic environment that has stifled some legal work, many seasoned attorneys found themselves packing their briefcases after lackluster profits forced layoffs, or voluntary departures, at large, multinational firms.

As a result, San Diego attorneys who have spent years, even decades, at the local offices of larger firms have moved on to accept jobs with boutique law firms, some with just a handful of attorneys that specialize in single practice areas such as bankruptcy, white collar crime or employment law.

Unlike the well-known names that employ dozens of partners and hundreds of other attorneys and staff, the boutiques offer a chance to practice on smaller, sometimes individual cases that don't require armies of lawyers to handle. In an environment that has dimmed work prospects for certain practice areas, particularly corporate transactional and real estate law, many say the benefits also include job stability and peace of mind.

"Being a partner in a law firm isn't what it used to be," said University of San Diego law professor Shaun Martin. "It used to be you made partner and you were fat and happy the rest of your life. Partnerships are less secure, so there's need for mobility."

Kenneth Fitzgerald, a 20-year litigator with Latham & Watkins in San Diego, was one of four partners who recently left the 2,000-attorney firm that operates offices in 28 locations worldwide.

According to the latest Am Law 100 financial data, Latham's profits dropped 21 percent in 2008, with profits per partner down from \$2.3 million to \$1.8 million a year ago. In February, the firm cut 190 associates and 250 staff members, but in recent months has opened an office in Beijing — its fifth in Asia — and raised associate salaries that were frozen last year.

'A Homecoming Of Sorts'

Rather than move to another multinational firm with an office in San Diego, Fitzgerald said he found the best opportunity with Chapin Wheeler, a San Diego boutique founded by Ed Chapin and the late Jay Wheeler, Fitzgerald's mentor at Latham who died suddenly in January 2008.

"It was a homecoming of sorts," said Fitzgerald, whose name now appears as part of the firm's marquee.

Chapin Wheeler mostly represents plaintiffs in complex civil suits, something Fitzgerald said he's always wanted to do but didn't have the chance to do at Latham. High billing rates and inherent conflicts of interest kept him away, he said.

Unlike large law firms, boutiques generally operate with much lower overhead cost, little to no major debt and more flexibility when it comes to billing arrangements. As a result, many say they're able to attract more legal work and avoid laying off attorneys in order to keep the lights on.

"We don't have any offices in China or the Middle East or anywhere else," Fitzgerald said. "We have very little overhead and we make our own alternative fee arrangements, and we can do it quickly."

Leaving One's Mark

Another San Diego attorney, Regina Petty, spent 10 years with DLA Piper predecessor Gray Cary Ames &

Frye in San Diego before leaving to co-found boutique litigation firm Wilson Petty Kosmo and Turner in 1992.

The move, she said, offered "the ability to shape the identity and future of the firm."

Petty, who recently accepted another partnership with employment law firm Fisher & Phillips LLP, said small, specialized firms offer something the larger ones don't.

"The business model that larger firms typically follow to be successful is actually pretty standard," she said. "There isn't much of an opportunity for creativity."

But remaining profitable in the current environment requires flexibility to adjust, local attorneys said. For boutiques, their ability to adjust to change has historically been one of their strengths, they said.

While the boutiques typically don't draw as large a profit as the full-service law firms, local legal recruiter Larry Watanabe said he sees flexible billing arrangements as a major attraction to attorneys considering a job move.

"This option will be exercised with greater frequency if the economy remains sluggish," he said.

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