



Get smart, go niche

Adam Greaves & Emma Sutton explain the many benefits of boutique firms

IN BRIEF

▶ Boutique firms are doing well in the international disputes and other markets.

▶ Advantages include agility, flexibility on fees, more specialists and fewer conflicts of interest.

Boutique law firms are part of a dynamic, expanding market as demand is on the rise for specialised and cost-effective legal services. These are firms with a dedicated focus on a particular area of practice, as opposed to traditional ‘full-service’ firms. Such specialised practice is particularly well-suited to the disputes market, where boutique firms have been thriving in recent years.

Boutiques often have the reputation of being young, driven and fast growing—the major examples being Signature Litigation (established in 2012) and CANDEY (established in 2009)—but many boutiques have been around for a long time (for example, Peters & Peters (1938), Sackers (now 50 years old) and Kemp Little (in business since 1997)) or have grown organically over the years in order to better adapt to the changing legal market. Peters & Peters, for example, started life purely as a white collar crime outfit, but diversified into commercial litigation after a saturation of the white collar market by other firms.

Others have been able to grow organically at an international scale, while still maintaining their boutique niche. One such firm is LK Law. Starting life in 2004

as Lipman Karas, a disputes-specialist firm founded in Adelaide, Australia, LK Law’s London office is about to celebrate its ten-year anniversary. LK Law’s core aims were to develop a highly focused commercial litigation, arbitration, cross-border insolvency and asset recovery, dispute resolution and regulatory investigations firm, which has led to it working on a number of significant cases and overseeing some of the largest and most complex cross-border litigation and arbitration disputes to date.

Benefits of boutique DR firms

There are some major advantages to the model.

Freedom from conflicts

Boutiques can act for anyone, at any time. And will. Freedom from conflicts is possibly the most useful advantage to a disputes boutique and the reason why many of them start life. Conflicts are a major problem area for full-service firms and they run into it all the time. Parties such as the ‘Big Four’ accounting firms and major banks are clients that full-service firms simply cannot act against given their breadth of work, making conflicts rife. Boutiques can take on cases against such parties without qualms and conflicts can be cleared almost immediately as opposed to the weeks it can take in larger firms. Boutiques are fantastic partners for other law firms and often get referred work where conflicts do arise, with the confidence that the boutique firm

will not ‘poach’ other work for that client (for example their non-contentious work in the case of dispute boutiques). Conversely, when an existing client of the boutique firm has needs beyond the firm’s expertise, it’s an easy reciprocal relationship, giving confidence to the lawyers and clients alike.

Specialists

Another key advantage of boutiques is that they almost always have a targeted focus and specialism—making them true experts. This places boutiques, such as LK Law, in a position to go head-to-head with the established elite full-service firms. Partners of boutique disputes firms need to be great rainmakers and renowned in their field in order to attract business, making it essential they have a vast breadth of experience and depth of knowledge in disputes across sectors, fora and subject matter.

Agility and personalised service

Boutiques have the ability to scale—up or down—rapidly to suit the clients and cases. Assembling the best people for the job in the most cost-effective way and without large overheads and hefty procedural hurdles, it is possible to be highly responsive to the needs of clients, through customised strategies and lower case to manager ratios. This is particularly helpful in large-scale complex disputes lasting many years as well as in fast-moving cases (a good example of this is preparing, or responding to, urgent injunctions).

This model has certainly worked for LK Law, whose lawyers are in a position to be closely attuned to the needs of the client and subject matter and highly responsive to the intricacies of complex multi-jurisdictional disputes.

Flexibility on fees

The advantage to clients of flexibility is also reflected in greater flexibility on fees than a full-service firm can provide. With fewer partners to share the profits, as well as lower overheads, these firms are more agile and less vulnerable to cost pressures. This enables boutique firms to offer better value to clients with more competitive rates. There is also the ability to offer alternative funding arrangements to which a more traditional firm may be less open. This means they are able to take on a more diverse range of clients and cases. LK Law, for example, has excellent links to traditional funders, brokers and also connections to private funders who trust in the firm's abilities and are able to consider funding of matters which traditional funders will not touch. In LK's Adelaide office around 50%–60% of turnover is funded by litigation funders.

People like working with boutiques

Working in international disputes, often in a variety of industries and involving several jurisdictions, it is important to appreciate the limitations of the firm and be able to identify the best team for the clients' needs, unhindered by firm politics and conflicts.

Having the knowhow and the contacts to bring in others to the team, whether they are barristers, foreign lawyers, expert witnesses, investigators, forensic accountants, funders or eDiscovery professionals is of huge benefit. Barristers, for example, naturally become significant additional members of the team during cases and, as such, it is advantageous that many enjoy working with boutique firms. This is especially important to LK Law, as many of its referrals come via barristers and clerks.

Professional development opportunities

Another advantage for the lawyers working at boutiques is that a completely different experience and culture is offered to that of working in a full-service firm. At LK Law, there is a flexible and equitable structure with many opportunities for personal and professional development and a well-balanced career. Even the most junior team members of LK Law are encouraged (and expected) to engage in business development. This is all in addition to being involved in complex cases

and having greater responsibility within a streamlined team. Such a structure attracts talented lawyers who are invested in the firm's success and passionate about its future development. It also means the lawyers coming up through the ranks are well connected and able to assist in the development and growth of the firm.

Outgrowing initial intentions

Generally, a boutique will be small compared to other firms in the market, giving each lawyer greater involvement and connection to their matters. However, there is no 'one-size-fits-all' concept for a boutique firm. Some boutique firms such as Signature Litigation have almost 100 employees. In the US, even a firm of around 400 fee earners could still be classed as boutique. LK Law has some 73 employees in Australia and London (with 22 of those being in London).

However, the larger a firm gets, the less able it is to gain the advantages of a boutique status. It is not unknown for boutique firms to form as break-aways from other boutique firms, often due to an uneven distribution of profits and equity guarding. Quillon Law, founded last year, is one such spinoff with one founding partner joining from the boutique Grosvenor Law. The model works because boutiques are not trying to be all things to all people and these benefits are interdependent on the firm's ability to streamline its approach and allow itself the flexibility to adapt to a changing business climate.

The defining benefits of boutique firms, such as competitive pricing due to lower overheads and flexibility, may become diluted with growth. Some boutiques are even as expensive as the large City firms. Firms may try to reduce increased costs from growth by relocating some work to offices outside London or operating virtually, but this is not practical for all.

As a boutique becomes larger, it may no longer be able to claim a no conflicts status. Similarly, where big firms have referred them work due to conflicts, this may dry up when the so-called 'boutique' starts to look more like a competitor. For example, the contemplated merger between boutique litigation firms Stewarts Law and Enyo Law in 2017 would have meant a combined revenue of more than £80m and a place in the UK's top 50 law firms by revenue at the time.

The reasons that were cited for abandoning the merger were preferences for 'organic growth'. Had the merger gone ahead, the firms may have risked their size overshadowing the unique selling points of being a boutique.

Types of matters & clients

These benefits can all be set against the knowledge that boutiques attract some interesting matters and clients.

Boutiques have no limits on the size or nature of the matters that they can handle successfully, and a comparatively small firm may have the capability to take on major cases in terms of complexity and value. For example, dispute boutiques such as LK Law tend to act for high-net-worth individuals, family trusts, corporate groups and liquidators. LK Law's well-honed expertise in conducting large-scale multi-jurisdictional projects, has led it to being involved in a number of cases of interest, including acting for the Algosai family in the \$9bn *AHAB v Maan Al Sanea and Saad Group* fraud, acting as lead global counsel for the Kingate feeder funds in the Bernie Madoff ponzi scheme fraud, and acting in the Bell Group litigation which involved one of the largest schemes of arrangement in any common-law regimes. **NLJ**

A new (model) direction

Rupert de Cruz QC,
Littleton Chambers



'I am very impressed by the boutique disputes model. In my experience, you can be confident that boutique firms will have quality lawyers at every level—

from paralegal to partner. This is evident in the care and attention devoted to their cases, their niche legal knowledge and their strategic acumen. As a result, boutiques are usually amongst my first recommendations to clients and foreign lawyers.'

John Wardell QC,
Wilberforce Chambers



'Boutique firms tend to be less stuffy, more creative and fun to work with. LK is a prime example; it has an excellent team of talented but down-to-earth lawyers.'

Joe Ferrigno,
Senior clerk at Essex Court Chambers



'Essex Court Chambers has worked with boutique firms for many years. They often have no conflicts, allowing them flexibility in the market when taking

on new work. Their ability to grow counsel teams to suit a case is particularly helpful. Chambers has an agile model, taking a hands-on approach and moving dynamically with fast-moving cases, something that often a boutique firm can match.'

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