

## Area law firms grow by finding faraway clients

By **Emma Sapong** | News Business Reporter

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Damon Morey is a solidly Western New York law firm with its farthest afield office in Rochester.

But on a December afternoon, managing partner Peter Marlette was in Las Vegas taking a deposition for a New York City case for a client from Boise, Idaho.

“Our out-of-town work has been a major part of our practice for a number of years,” Marlette said.

Many years ago, Damon Morey and some other top area firms began expanding their client bases to New York City, offering Buffalo rates for work on par with their big-city counterparts. And some firms even opened offices downstate.

In recent years, those practices have seen a surge in clients as their geographical reach has extended to other cities.

“We’ve got a group of attorneys all over the place, all the time, and it’s increasing,” Marlette said. “We do a lot of New York City work; our clients get great lawyers doing sophisticated work and they don’t have to pay New York City rates.”

At Damon Morey, they now account for about half of the firm’s products liability work, Marlette said.

“Let’s face it, the pie in Western New York, while growing, is still limited,” he said. “There’s a great big, shrinking world out there. It would be foolish not to try to capitalize on it. Whether into Canada, down the Thruway, or across the country, we not only bring new business into our firm, but also new dollars into the community.”

While the area’s larger firms with the financial wherewithal are more likely to pursue distant clients, technology is making it easier for smaller practices to branch out as well, said Laurie Styka Bloom, president of the Erie County Bar Association.

The local firms that have successfully extended their geographical reach usually have expertise in speciality areas, such as construction law or intellectual property, creating niches and cultivating reputations that attract a client base statewide and beyond, Bloom said.

“It’s a benefit because it’s another market for work and another opportunity, obviously, to increase profits,” said Bloom, who is counsel at the Buffalo office of the global firm Nixon Peabody. “It allows you to develop a high profile and reputation for your Buffalo firm.”

Bloom, who specializes in environmental law and commercial litigation, spends most of her work time out of the area. She usually starts her workday by boarding a flight in the morning and returning home in the evening.

“Most of my work is not in Buffalo. I’m all over the state,” she said.

## **Offices elsewhere**

Phillips Lytle has had a New York City office since the 1980s, but “revenue from clients that have no connection to Western New York on work that we service in Western New York increased dramatically in the past 10, 15 years,” said managing partner David McNamara, adding that New York City is not the firm’s only out-of-the-area market. It also includes various cities, like Philadelphia, where large companies are headquartered.

Hodgson Russ also has operated a New York City office for the past 25 to 30 years, and also has seen a spike in business.

“It’s a very large market and there is room for middle-market firms because of the scope of the work there,” said Dan Oliverio, chairman at Hodgson Russ. “And we’ve tried to take advantage of that to increase our reputation.”

Hodgson Russ also has a bustling Canadian practice that began in Toronto 25 years ago and has grown to now include Calgary and comprise 10 percent of the firm’s revenue. In total, more than half of the work done by the firm is for clients in ZIP codes outside of the region, Oliverio said.

New York City is attractive because it’s a large market and it’s within the state, Bloom said. To practice in other states, local attorneys must be admitted to that state’s bar, unless the states have reciprocity.

## **Not just cost**

Since the economic downturn, companies have looked for ways to cut costs, Marlette said, and their legal budgets have been one of those areas. General counsels at large corporations have had to reduce their budgets 10 to 20 percent, and one of the ways was to use firms not in major markets, he explained.

In 2013, hourly rates in New York City averaged \$468.53 for an associate and \$709.82 for a partner, but it was just \$199.26 and \$285.89 in Buffalo, according to the “2014 Real Rate Report,” prepared by jointly by Datacert | TyMetrix and CEB.

But Marlette and McNamara said midsize firms are not only attractive because they are less expensive; they are competent and have the knowledge and experience clients are looking for.

“Price comes into play in some cases, but it’s usually not the selling point,” McNamara said. “I think it’s naive for a service provider to think they can go into a market like New York City and compete solely on the basis of price.”

He recalls making a pitch years ago to a prospective New York City client, which included, “you get all this expertise at Buffalo rate.”

But the client’s response was “ ‘I’m not going to hire you because you’re cheap. You have to have the credentials and you have to have the expertise to do the work,’ ” he said.

Phillips Lytle’s products liability defense and health effects litigation practices have attracted the most out-of-town clients, due to the experience and knowledge of the firm’s attorneys.

“We have teams of lawyers that have advanced scientific degrees that lend a great deal of expertise to litigation where scientific issues come into play in determining causation,” he said. “So we attract work from businesses that are involved as parties in that type of litigation from around the country. The cases that we’re involved in are virtually in every jurisdiction in the country serviced by lawyers who are here in Buffalo. Our access in this

market to the talent that is required for those types of cases has really helped us to drive business from outside of the region.”

### **Near and far**

While Buffalo’s firms may have the legal know-how, it can be a challenge getting their names out there. But Marlette credits ALFA International, a global legal network, for exposing the firm to clients all over the country and world.

“We get a lot of work through the ALFA Network,” said Marlette, who is vice chairman of the network’s board.

The reach for out-of-town business will be a growing trend for local firms.

“I think you’ll see our firm expand its footprint into another well-known geographic market,” Oliverio said. “We’re always looking for geographic markets that make sense for our size.”

Hodgson Russ and other firms emphasize that they are not losing focus of the local market.

“We’ve always maintained a presence in Western New York and we continue to grow in Western New York as we grow in other areas,” Oliverio said. “Our commitment to this community with the respect to what we do in the community – the charitable causes – that isn’t going to change because we diversify our practice to other areas.”

Additionally, out-of-the-area work is increasingly being done in Western New York, making the local practices more economically sound. McNamara said his firm also is doing more out-of-town work for local clients.

“For certain local companies, we handle transactions in various places throughout the world, like intellectual property issues, trademarks,” he said. “As we’ve seen an increase of the reach of companies that are located in Western New York and as they increasingly export products and grow their businesses to sell to other countries throughout the world, their need for legal representation on issues that pertain to those business activities increases, so we’ve seen a real increase in that type of work.”