

Small law firm scores with big clients

Offers high standards at low rates

BY TOMMY FERNANDEZ

AT THE MIDTOWN LAW OFFICES of Zeichner Ellman & Krause, partners proudly point out that the furniture is secondhand and the carpet is far from luxurious—or even new.

“We don’t go for gold doorknobs,” says co-founder Mark Zeichner. “We have offices that are adequate.”

At Zeichner Ellman, a 35-lawyer boutique with clients ranging from Citigroup Private Bank to Bear Stearns & Co., frugality is key. By skimping on overhead and by paying its attorneys a bit less, the firm is able to beat many of its competition on price.

In an era in which consolidation has created mega-firms, Zeichner is a small outfit that has found a way to fight back. It directly exploits the weakness of the legal behemoths—their bloated costs.

By hiring better lawyers than its wage scale might normally attract, Zeichner Ellman also wins cases—and in the process the loyalty of clients.

Its 16 partners’ hourly fees average \$370, while its associates bill around \$235. That compares with \$800 for partners and \$450 for associates at the big firms.

“Given the emphasis on cost-cutting and saving in corporate legal departments, firms like Zeichner Ellman play a valuable role,” says Richard Zakin, executive managing director at Strategic Legal Solutions, a recruiting firm. He notes that corporations can typically slice 10% from their legal bills by farming out to smaller shops all but the “bet-the-company” cases.

Cause and effect

Zeichner Ellman can charge such low fees because it pays less. Associates currently get a starting annual salary of about \$95,000 versus \$118,000 at big firms.

Mr. Zeichner also saves money by staying away from attorneys just out of law school. Instead, he and partner Stuart Krause aim for lawyers with at least a few years of experience.

“They have a very practical approach to litigation, very good common sense of how to accomplish what we need them to,” says long-time client George Pierce, general counsel of international trading company Toyota Tsusho America.

That preference for experience allows the firm to create a pool of associates who work more efficiently and with less supervision. As a result, Mr. Krause says, he can staff most of the firm’s cases with just one partner and one associate, as opposed to the three- or four-lawyer teams that others might use.

To make his approach possible—persuading promising your attorneys to work for less—Zeichner Ellman offers them more in the way of independence. It allows them, for example, to argue motions before judges sooner than other firms do.

Zeichner Ellman also promises its young hires more time to call their own. Mr. Zeichner insists that the firm set no strict minimums in terms of the billable hours associates have to log each week. In interviews with job candidates, partners stress that not only do most associates stay away from the office on weekends but that most also find the time to take vacations.

LESS IS MORE

Average hourly rates:

	PARTNER	ASSOCIATE
Zeichner	\$370	\$235
Top-tier firms	\$800	\$450

Home-friendly

Attorneys can even work part-time and still manage to make partner some day. That is exactly what Jantra Van Roy did. Ms. Van Roy, who litigates bankruptcy, real estate and harassment cases, generally works an abbreviated schedule from home, so she can spend time with her two small children.

“She has a cell phone and we reach her when we need to,” Mr. Krause says. “She comes in when she has to.”

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Success has brought growth. Later this summer, the firm will expand its office. There have also been buyout offers from larger firms, as part of the sector’s consolidation.

Mr. Zeichner admits that he has flirted with the idea of a merger, but says that he wants to remain solo and small.

“We kind of like the practice the way it is,” he explains. “We’re afraid the clients would lose their confidence in us if we were to join a big firm.” ■