

The Mid-Sized Firm Conundrum

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Many smaller and mid-sized firms are striving to find their place in a rapidly changing marketplace. As the market grows increasingly competitive and the pie smaller for many types of legal services, small firms are frequently faced with the ultimate question: Where do we belong?

Often, the decision comes down to one of three choices:

1. Merge with or acquire another small firm to increase our local or regional footprint.
2. Be acquired by a larger player and become a new office or part of an expansion.
3. Shore up and go it alone – a path which raises a whole set of strategic questions about whether and how to grow and sustain the practice.

Faced with this daunting decision, it is no wonder many mid-sized firms are increasingly looking at ways to evaluate the viability – and limitations – of each alternative. If you find yourself in this situation, we encourage you to look at these 7 facets of your law firm business model:

1. Market potential, including growth areas and law firm hiring trends
2. Culture and partner preferences
3. Financial implications for individuals and/or the firm
4. Core strengths and unique characteristics
5. Potential vulnerabilities (e.g., ability to attract talent)
6. Nature of client relationships
7. Long-term objectives

Each of these elements is a constraint that has an impact on the range of realistic and appropriate strategies the firm can successfully pursue. Combining and analyzing perspectives from your two most important constituents – partners and clients – will help guide your firm to the best possible outcome. It will also allow you to reframe the question, “where do we belong” to “where do we want to (realistically) be?” – making it possible for your small firm to forge its own path and retain control of its destiny.

Marcie Borgal Shunk provides the client voice to strategic planning and business development initiatives for law firms and practice groups from as few as 4 to over 1,000 lawyers. She works hand-in-hand with LawVision’s strategists and business development experts to define reality-based, market-tested paths to optimal performance.