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## Mid-Market Trendspotter: What's Driving a Wave of Midsize Mergers

Staring down market uncertainty, larger midsize firms are adding scale and new markets, while smaller firms look for dance partners to cut costs and hand off administrative duties.

By Dan Roe | July 25, 2022



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## The Trend

After a quiet first half of 2022 on the midsize merger front, July hit with a flurry of merger activity as mid-market firms around the country gobbled up boutiques and found comparable dancing partners (<https://www.law.com/2022/05/24/as-the-value-proposition-changes-in-emerging-markets-firms-and-clients-look-for-the-best-fit/>). Larger firms are expanding into new markets as they absorb smaller firms that sought mergers for a variety of reasons, among them a desire to remain competitive in the face of market headwinds and leadership burnout.

Midsize firms jockeying for the most specialized, profitable bolt-ons are also finding competition from Big Law, as large firms add countercyclical boutiques around the country.

## The Drivers

**Scale** is the name of the game for midsize firms of all sizes, whether they're reaching for the efficiencies of a three-digit headcount or wanting to offer their clients additional services that they can't provide as currently constructed.

**Succession planning** is driving smaller midsize firms and boutiques to consider their future against market headwinds and leadership burnout, ultimately causing some to link up with larger firms.

**Geographic expansion** is top-of-mind for firm leaders hoping to gain an advantage in recruiting and client development by reaching new markets.

**Recessionary fears** are driving competition for bankruptcy boutiques and making litigation shops look like a safe bet, too.

## The Buzz

The magic number for 250-lawyer Mountain West firm Fennemore Craig (<https://www.fennemorelaw.com/>) is actually 200, said firm leader James Goodnow in an interview with The Recorder that followed the firm's recent merger (<https://www.law.com/therecorder/2022/06/23/fennemore-seeking-a-sweet-spot-in-the-market-has-paved-a-path-to-the-am-law-200-through-mergers/>) with 56-lawyer Oakland firm Wendel Rosen. Before his firm could hit 250 lawyers, Goodnow said the key was climbing out of the 50- to 150-lawyer range.

"You're not a boutique where you can be streamlined with overhead and targeted in the type of work you do," Goodnow said. "On the other hand, you're not big enough to have the infrastructure that large, sophisticated clients want."

Motivations were similar when the nearby Utah law firm Parsons Behle Latimer (<https://parsonsbehle.com/>) absorbed the lawyers of now-defunct 31-lawyer Salt Lake City firm Jones, Waldo, Holbrook & McDonough at the end of June, putting Parsons' headcount above 180. Parsons merged for scale, CEO Shawn Ferrin told the Recorder, seeing the reduced costs and additional revenue (<https://www.law.com/therecorder/2022/06/28/the-people-we-want-as-our-partners-regional-firms-unite-as-big-law-acquisitions-press-on/>) possible in a merger of two regionally aligned law firms.

Jones Waldo, like several other recently absorbed midsize and boutique firms, had concerns (<https://www.law.com/therecorder/2022/06/28/the-people-we-want-as-our-partners-regional-firms-unite-as-big-law-acquisitions-press-on/>) about its future as a small firm. "We wanted to be proactive in light of the changing market. Calls from recruiters gave us a heads up that national and regional firms were coming to Salt Lake. That motivated us to focus on our goals to maintain our culture and our local firm feel," said former Jones Waldo chair Liz Butler.

Succession planning factored into the decision of Tony Giannascoli to merge his Pennsylvania and New Jersey litigation boutique Giannascoli & Thomas into 47-lawyer, West Chester, Pennsylvania-based firm Lamb McErlane (<https://www.lambmcerlane.com/>). Approaching retirement, Giannascoli told the Legal Intelligencer that he had tried to delegate leadership roles to the attorneys at his seven-lawyer firm, but found they preferred to focus on their practices.

"I also worked long hours for many years, and it's getting a bit tiring. By making this move, I should be able to eliminate a substantial amount of the administration (<https://www.law.com/thelegalintelligencer/2022/07/13/lamb-mcerlane-expands-into-nj-with-latest-law-firm-merger/>) time of running the firm, networking, et cetera," he said. "It will cut my terribly long workweeks down some."

In Houston, the thought of more administration helped Bale Law Firm founder Jeff Bale decide to merge (<https://www.law.com/texaslawyer/2022/07/06/schouest-bamdassoshea-benmaier-eastham-combines-with-trial-boutique/>) his firm into 100-lawyer regional firm Schouest, Bamdas, Soshea, BenMaier & Eastham (<https://sbsb-eastham.com/>). "I sleep better at night. Now all I have to worry about is docket deadlines and clients. I don't have to worry about payroll, overhead or lines of credit," Bale said.

Several firms in recent midsize mergers cited a desire to expand to new or growing markets. In Kentucky, Stoll Keenon Ogden (<https://www.skofirm.com/>) (SKO) achieved a 145-lawyer headcount and grew (<https://www.law.com/americanlawyer/2022/07/05/boutiques-dominate-2022-law-firm-mergers-as-big-law-looks-to-new-markets/>) its footprint in Indianapolis by acquiring 38-lawyer area firm Katz Korin Cunningham. Lamb McErlane gained its first New Jersey office, with close proximity to key banking clients, in its tie-up with Giannascoli & Thomas. And in Virginia, the July merger of 80-lawyer Woods Rogers (<https://www.woodsrogers.com/>) and 50-lawyer Vandeventer Black (<https://vanblacklaw.com/>) created geographic and practice area synergies, the firms' managing partners told Virginia Business in April (<https://www.virginiabusiness.com/article/woods-rogers-vandeventer-black-law-firms-to-merge-july-1/>).

As firm leaders prepare for a bear market, larger firms are looking to add bench strength in litigation and bankruptcy through mergers. Among midsize mergers, leaders at Parsons Behle & Latimer of Utah and Schouest Bamdas of Houston said they sought to add litigators in their acquisitions of smaller firms.

And in Big Law, bankruptcy boutiques are on the menu. After Paul Hastings (<https://www.paulhastings.com/>) took 43 bankruptcy lawyers off its hands in March, Stroock & Stroock & Lavan (<https://www.stroock.com/>) announced the hiring of five of six bankruptcy partners from White Plains, New York boutique Luskin, Stern & Eisler (<https://sellp.com/>) earlier this week. Greenspoon Marder (<https://www.gmlaw.com/>) also found a plug-and-play bankruptcy practice in nine-lawyer Los Angeles boutique SulmeyerKupetz, which the Florida firm absorbed in July.

Midsize firms may also find merger competition in Big Law: Discussing a deal she brokered between San Francisco litigation boutique Cooper, White & Cooper and Womble Bond Dickinson (<https://www.womblebonddickinson.com/us>), Northern California legal recruiter Avis Caravello told The Recorder (<https://www.law.com/therecorder/2022/07/13/womble-bond-dickinson-to-merge-with-san-franciscos-cooper-white-cooper/>) that Womble "hit a sweet spot" for mid-market firms by offering an extensive platform without requiring unreasonable rates.