

# David Joins Goliath: Is Your Small Law Firm Ready for a Merger?

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Over the last few years, law firms have merged in record numbers, and 2018 has been no exception. The trend has been most prevalent in Big Law, but also holds true for small law firms seeking to expand their footprint and maximize resources through combinations with midsize and large firms.

Altman Weil MergerLine™ tracker reveals that small and midsize firms continue to attract Big Law suitors, as the legal industry is on pace to close out another record-setting year for law firm mergers, with 76 combinations taking place through the month of September (51 of which took place in the first half of the year).

In the 21 deals announced in the second quarter, the average size of the acquired firm was 25 lawyers. But it's not all law firm giants combining forces; we are also seeing more small firms merge with Magic Circle firms as they seek to grow certain practice areas.

Several of The Am Law 200® firms have made small U.S. acquisitions in the quarter: Stinson Leonard Street added its first Texas office with 16-lawyer Lackey Hershman in Dallas; Vorys Sater acquired Beck & Thomas, a 10-lawyer IP boutique in Pittsburgh; Goulston & Storrs grew its New York City presence with five-lawyer Miller & Wrubell; and Lathrop Gage expanded its Los Angeles office with the addition of the four-lawyer Scheidemantle Law Group.

With specialized mergers and acquisitions, it's not always about boosting the bottom line. In August, Holland & Knight announced that it had acquired Sharp Partners, a six-lawyer international tax boutique based in Tampa. In this instance, the firm benefits from being part of a larger entity, since U.S. tax law has become more complicated for its clients following the passage of the Tax Reform Act.

To the extent that your law firm would consider a merger, achieving growth in this manner requires a larger strategy that considers not just the potential impact on the bottom line, but also how a merger could help advance a practice area, as well as the message that a merger can send internally to employees and externally to clients and beyond. In fact, [false incentives to growth](#) include increasing profits and the notion that "bigger is better," as quoted in Ward Bower's article, *A Growing Problem?* from Altman Weil, Inc.

"Grow or die still applies at some level to most law firms. The difference is that not everyone will be able to grow, and that ill-conceived growth plans will surely fail," Bower said.

But a word of caution for small law firms: If you are not intentionally growing your firm, you should expect to lose lawyers and potentially market share. Most healthy law firms should be actively pursuing an intentional growth plan.

While a merger is not the end goal for every law firm, it's something partners should consider if they plan to attract potential suitors. As you can imagine, combining two unique law firms requires planning, communication and discipline. If this scenario is a remote possibility for your firm in the near future, the time to start planning is now.

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