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Law firms lay off staff, skip rate increases in recession

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Photo by Nicholas Griner, Staff

Benjamin Rosenberg's law firm has managed to grow, despite the recession. It recently added three new bankruptcy attorneys.

Like every law firm in town, Rosenberg Martin Greenberg is closely watching its costs.

But it's also trying to grow its top line despite the economic gloom.

That's why the Baltimore firm expanded its bankruptcy group last month by hiring three new attorneys, Managing Partner Benjamin Rosenberg said. The firm, which has about 40 local lawyers, wants to capitalize on the demand for bankruptcy attorneys.

Many regional law firms like Rosenberg Martin have held up better than large firms because they did less real estate and securities work than the big guns, said James Cotterman, principal of Altman Weil, a consultant to law firms in Newtown Square, Pa.

As of November, 51 percent of the nation's 700 largest law firms had laid off professional staff and 38 percent had let associates go, according to an Altman Weil survey. More than 80 percent of the firms had cut operating expenses.

Baltimore law firms haven't had mass layoffs that have plagued some New York firms, where a lot of business came from the investment banks that have fallen on hard times. That's partly because Baltimore has few legal giants, and regional and small firms make up much of the mix.

But tougher times could be on the horizon as the recession trickles down to regional firms' key clients — smaller businesses.

Some Baltimore-area law firms are laying off staff or asking workers to go part-time. Others are holding the line on hourly rates. And some, like Rosenberg, are adding staff and resources to practice groups that help troubled firms.

Baltimore's Bouland & Brush cut expenses by laying off one attorney and not replacing two others who left the firm, said Managing Attorney H. Dean Bouland. But the firm has a full plate of legal work, he said.

"We're going to have a good year this year because we've rightsized the firm," Bouland said.

Both Rosenberg and Bouland also decided not to raise their hourly rates this year because of the challenges many clients were facing.

Among other law firms cutting back:

- Baltimore's Whiteford Taylor Preston LLP recently switched two administrative employees from full-time work to part-time, said Managing Partner Albert Mezzanotte Jr. But the firm is in good shape financially, with more capital on hand than its bank requires, he said.
- Saul Ewing LLP cut 12 people firmwide, or 4 percent of its staff. Spokeswoman Leslie Gross said the cuts did not include attorneys, but she declined to say which offices cut jobs. Philadelphia-based Saul Ewing has more than 50 lawyers in Baltimore.

Even with the recession, Saul's profits per equity partner came in at 1 percent more than the firm had budgeted for in 2008, Gross said. Profits per partner are a key profitability measure for law firms.

- Another Philadelphia-based firm, Ballard Spahr Andrews & Ingersoll, laid off secretaries and other staff in January. The firm did not release the numbers or location of the cuts, and local Ballard officials declined comment through a spokesman. The firm has about 40 lawyers in Baltimore.
- Legal giant DLA Piper in December asked about 300 salaried attorneys to put cash into the firm so it could rely less on bank credit. Equity partners invest money into the firm and get a cut of its revenue, but it is less common to ask salaried partners to put up cash. DLA Piper also said it would reduce payments to some equity partners.