

Q&A

Kleinbard's Frattone: Midsize 'Agility' Is An Asset

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By **Lizzy McLellan** | April 24, 2019 at 05:54 PM



Firm Leader: Michael Frattone, Managing Partner

Head Count: 31 attorneys

Locations: Philadelphia and Harrisburg, Pennsylvania

Practice Areas: business and finance, real estate, labor and employment, government relations, political law, intellectual property, litigation, trusts and estates, taxation.

Governance structure and compensation model: Management by a three-person management committee. Compensation determined by a compensation committee.

Do you offer alternative fee arrangements? Yes.

The following answers were provided by Frattone, and edited lightly for style.

What do you view as the two biggest opportunities for your firm, and what are the two biggest threats?

We see our size as a big opportunity. Younger attorneys, especially millennials, tend to gravitate toward firms that are more entrepreneurial, where they have autonomy and more direct client involvement. This enables us to attract top-tier legal talent by selling the significant growth and development opportunities that a midsize firm offers.

In addition, the model of one large law firm handling all the legal work for a large corporation is a thing of the past. Large companies now have alternatives to hiring law firms, including in-house resources and alternative legal service providers. As a result, the legal services are more commonly allocated among those resources. This is a great opportunity for midsize law firms because we can do a portion of the work that aligns with how we are sized and structured. We also can work closely with clients in the overall management of their legal service providers and appeal to large, middle-market and small clients.

One threat we're seeing is competition for both clients and talent at unprecedented levels. In recent years, big firms have been competing for work that traditionally would have been handled by a small or midsize firm. Fortunately, our size allows for greater agility. For example, we can use flexible staffing models to scale-up to handle larger matters if necessary.

Another threat I see for midsize firms is the expanding global marketplace. For instance, our larger clients on the transactional side are primarily doing cross-border deals. It can be difficult for a smaller firm to provide the full range of services needed in these types of transactions. To alleviate this threat, we've worked to develop close relationships with local counsel in various countries, which enables us to continue to provide cost-effective services to our clients, without many of the disadvantages of multinational law firms.

The legal market is so competitive now—what trends do you see, and has anything, including alternative service providers, altered your approach? Is your chief competition other mid-market firms, or is your firm competing against big firms for the same work?

We view our competition as both large and small firms. However, we are routinely on the other side of matters against large, international law firms, especially on the transactional side. We view this competitive legal marketplace as an opportunity. Again, over the years, there has been a transition where large corporations are more willing to parse out their work among multiple firms and alternative service providers. This allows us to position ourselves to do the work we are best suited and structured to do. We also recognize the importance of technology in the performance and delivery of our services, and have made substantial investments to stay ahead of the curve, including the recent hiring of a Director of IT.

There is much debate around how law firms can foster the next generation of legal talent. What advantages and disadvantages do midsize firms have in attracting and retaining young lawyers, particularly millennials?

As a midsize firm, we're a smaller organization so we have greater agility over the larger firms we're competing with for talent. We typically staff matters in a one-to-one/partner-to-associate ratio, which means young lawyers at Kleinbard are getting more practical, hands-on experience. This is a huge benefit to our associates, because they are given the opportunity to play a significant role in the matters they are working on and are given direct client exposure at an earlier stage in their career than they would at a larger firm.

However, one challenge many midsize firms face is competing with the ever-increasing salary and bonus scale adopted by large firms. While it can be difficult to compete with this salary model, Kleinbard looks

to attract entrepreneurial lawyers who are interested in building their own practice. We give them the flexibility, support and resources so that they can shape their career in a way that's meaningful to them.

Does your firm employ any nonlawyer professionals in high-level positions (e.g. COO, business development officer, chief strategy officer, etc.)? If so, why is it advantageous to have a nonlawyer in that role? If not, have you considered hiring any?

Yes, we have several nonlawyers in director-level positions, including the firm's Controller, Director of Administration, Director of Marketing and Director of IT. Each of them has a significant amount of prior law firm experience in their respective areas of expertise, which is very advantageous to the firm.

These individuals are integral to our day-to-day operations. For example, our Director of Administration was critical in mapping out and implementing our long-term strategic plan and our Director of Marketing works hand-in-hand with individual attorneys and departments on development and marketing efforts.

What would you say is the most innovative thing your firm has done recently, whether it be technology advancements, internal operations, how you work with clients, etc.?

We understand our associates are vital to the growth and vitality of the firm, so we make a concerted effort to give them a voice and to listen to it. In most firms, the most senior rainmakers are the ones setting the strategic course and vision, but we want to be more forward-thinking. We have a group of smart and talented associates who we want to be fully invested in the success of the firm over the next 5 to 10+ years.

Kleinbard went through a strategic planning process a few years ago. The associates were integral in this process and offered meaningful input on succession planning and governance structure. We also have quarterly young lawyer networking events that give our associates an opportunity to network with prospects, client contacts and laterals at their seniority level.

Does your firm have a succession plan in place? If so, what challenges do you face in trying to execute that plan? If you don't currently have a plan, is it an issue your firm is thinking about?

Kleinbard underwent an in-depth strategic planning process about five years ago, with client and management succession as the key components of the resulting plan. I think it speaks volumes to the firm's forward-thinking nature. We wanted to be ahead of the curve and thoughtful about who the next generation of firm leaders should be. We identified three managing partners to drive both the short-term and long-term vision and strategy of the firm. We created a staggered succession plan to help ease the transition, and we're currently in year two of the three-year process. As mentioned above, insight from the firm's associates and laterals was essential in creating what we consider a very successful leadership roadmap. We have also placed a strong emphasis on diversity when hiring new attorneys, and have been quite successful in this area recently, including bringing on three female partners in the past year.

In addition to our own internal leadership succession plan, we also have a client succession plan, which is equally as important to the firm's long-term success. At Kleinbard we think about every client relationship as long-term and we give our young lawyers the opportunity to interface with clients early on so that down the road, when attorney succession happens, everyone is comfortable. At times it can

be a challenge to encourage a senior partner to begin transitioning the relationship, however, we're lucky as a midsize firm that we have the flexibility to be more creative about incentivizing that hand-off.

Lizzy McLellan

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