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Perfectly positioned

Law firm's focus on budget-conscious clients adds to bottom line

BY TANYA RUTLEDGE
SPECIAL TO HOUSTON BUSINESS JOURNAL

Wayne Risoli may not have known it at the time, but when the economic downturn took hold in 2008, his commercial law firm was perfectly positioned for growth.

Since its founding in 1965, Chamberlain, Hrdlicka, White, Williams & Aughtry had built its book of business as a mid-tier firm that charged less per billable hour than its larger counterparts, giving it a strong stable of small and midsize clients.

But when the recession hit, many Fortune 500 companies were anxious to drop their high-priced law firms in exchange for those offering more value.

CHAMBERLAIN, HRDLICKA, WHITE, WILLIAMS & AUGHTRY

2010 REVENUE: \$64 million

2009 REVENUE: \$63 million

TOP EXEC: Wayne Risoli, managing shareholder

EMPLOYEES: 247 — 115 of which are attorneys

FOUNDED: 1965

BUSINESS: Commercial law firm

WEBSITE: chamberlainlaw.com



Wayne Risoli of Chamberlain Hrdlicka

Law firm follows relocating employees to spur multistate expansions

As a result, Chamberlain Hrdlicka's client base has shifted from about 10 percent of revenue coming from Fortune 500 companies as recently as 2004 to about 40 percent now. Total revenue has risen from \$35 million in 2003 to \$63 million in 2009 and \$64 million last year. Risoli, who started with the firm in 1987 as a trial lawyer and became managing shareholder in 2004, expects 2011 revenue to surpass that of last year.

"We are coming off of our three best years ever," Risoli said. "2008 caused a significant hiccup for many large law firms, but for us, it was business as usual. And we were lucky enough to be in a position to take a lot of business away from larger firms."

Risoli said while the firm's business model wasn't necessarily structured to capitalize on economic downturns, it has worked in the business's favor more than ever over the last few years, as Chamberlain Hrdlicka grew from 85 lawyers in 2004 to 115 today.

"I wish we could say that the growth didn't come as a surprise, but even we were surprised about how good the last few years have been, given the downturn in the economy," he said.

Indeed, the 247-employee firm has used the value-based business model since its founding as a boutique tax firm in the 1960s. Chamberlain Hrdlicka was started by Hank Chamberlain and George Hrdlicka, two veterans of the tax division of the U.S. Department of Justice. Hrdlicka still practices with the firm, while Chamberlain left about 15 years ago.

While tax law represented the bulk of the work in the early years, client demand took the firm into other areas of commercial law, including corporate law, securities and finance, employment law and employee benefits, energy law, estate planning and administration, intellectual property law, international and immigration law, commercial and business litigation, real estate law and construction law.

Chamberlain Hrdlicka now has offices in Houston, Atlanta, Philadelphia, Denver and San Antonio. About 45 of its 115 law-

yers are tax attorneys, with the rest spread across other disciplines.

And while some law firms follow clients to other cities when opening new offices, Chamberlain Hrdlicka has actually followed its people.

For example, the firm opened an Atlanta office in 1986 after one of its top attorneys decided to move there for family reasons.

"We thought enough of him to open an office around him, and now we have 40 lawyers in Atlanta," Risoli said.

And earlier this year, Chamberlain Hrdlicka expanded into Denver after one of its attorneys decided to relocate to be closer to his wife's family. The Philadelphia office, meanwhile, came to fruition when Chamberlain Hrdlicka took on a group of tax attorneys that were dissatisfied with their former firm.

"We are very opportunistic in the way we expand," Risoli said. "It has worked well for us."

Chamberlain Hrdlicka has focused on slow and steady growth, only adding three or four attorneys per year — unless an opportunity presents itself to take on an entire practice group, which Risoli said could add as many as six or seven attorneys per year.

"Our growth is very judicious," he said. "If we do it, it's because there is a great opportunity, like what we had in Philadelphia."

While growing from one office to five has its share of challenges, Risoli makes it a priority to travel to each office in person at least once every four to six weeks to sit down and get feedback from the staff. The firm also has a shareholders' meeting each January and a company retreat each summer.

"Even with all the videoconferencing technology and other technology we have, I just feel like nothing can replace face-to-face interaction," Risoli said.

So far, that, and the other ideas he has implemented at the firm since taking over as managing shareholder in 2004, have been right on track. When Risoli took the management reigns, the firm had been struggling through a string of down years after facing a slowdown in tax work.

“

I knew when I took the position that we were treading water, and I had lots of ideas to help turn the firm around"

WAYNE RISOLI | CHAMBERLAIN HRDLICKA

Risoli said he had to immediately make some "tough decisions," including letting go of some nonproductive attorneys and replacing them with ones who better understood the firm's business model.

"I knew when I took the position that we were treading water, and I had lots of ideas to help turn the firm around and get the juices flowing again," he said. "I like being in a position to help make a difference."

And he has done just that.

Building on the lower-priced billing model already in place helped Chamberlain Hrdlicka land some major clients that Risoli is confident will stay with the firm even after the economy rebounds.

He said the firm's equity partners, for example, bill out at \$430 per hour. By comparison, a Texas Lawyer survey of 101 Texas law firms, published Aug. 29, found that the average billing rate for equity partners was \$570 per hour.

Risoli furthers the example by pointing out that Chamberlain Hrdlicka made a presentation to a large energy firm in 2008 to handle about 40 immigration matters per year. Chamberlain Hrdlicka proposed to bill hourly for the work but would cap each case at \$9,000. The firm won the work and now handles about 100 matters per year for that client. Risoli said the client told him last year that the previous firm had given them a cap of \$15,000 per matter and routinely bumped up against it.

"All along, we have been telling our clients that we get it — we understand concerns about budget," Risoli said. "The proof has come in the last three years being our best years ever. And I am convinced that if the economy comes back with vigor, we are going to maintain the client base we have built on this model."