

# Going From Good to Great

**A**LMOST 15 YEARS AGO, Littler Mendelson made a strategic decision – to spread beyond its California roots while sticking with their specialty of labor and employment.

While other labor firms corralled cash-cow work in broader litigation areas, such as intellectual property (Seyfarth Shaw) or insurance defense (Jackson Lewis), Littler burrowed deeper into its traditional haven.

“In the 90s, everyone was jumping into employment law because it was red hot, but recently it has not been the flavor of the day,” says Marko Mrkonich, Littler’s managing partner. He notes that competition has made it hard for law firms to charge premium rates for most employment work.

Despite passing up some big-ticket practice areas, Mrkonich insists that his firm chose the right strategy, noting that savvy clients are increasingly focused on the depth and specialization of service providers. “We’re not managing for short-term quarter to quarter results; we’re focused on being the best at what we do,” he says.

Mrkonich argues that his firm is THE best at what they do because of religious adherence to business principles outlined by Stanford-trained Jim Collins in his study on successful companies, “Good to Great.”

Not only have Littler lawyers burrowed into subspecialties like hedgehogs, they have spent years building a flywheel of efficiency. Littler utilizes technology, knowledge management and “the right people on the bus” to deliver nearly instantaneous solutions to client problems, as well as forward-looking preventive counseling.

In the short run, less time per matter means less revenue and more prevention means fewer chances to sock a client with premium billing. Indeed, the numbers show that Littler’s revenue per lawyer has not kept pace with blue-chip competitors, but the firm is winning the battle for clients and the best lawyers to serve them.

As one former general counsel remarks, “nobody does a better job of providing quick responses, anticipating problems and delivering value-added services.” Since 2002, *Corporate Counsel* magazine’s survey of Fortune 250 General Counsel has annually ranked Littler number one or two in its specialty and in the top 10 for all firms in value.

With that kind of record, Littler rarely loses a client, and in the last nine years, it has added more than 21,000 new clients who have brought 89,000 matters with them. Furthermore, Littler’s fast-growing Global Migration Group (a subsidiary that handles the immigration issues of increasingly global workforces) has helped to produce a 64 percent increase in gross revenue since 2000. See databox, “Littler by the Numbers.”



*Robert A. Domingues, Chief Operating Officer;  
Kipley Bruketa, National Director of Client Relations and  
Marketing; Marko Mrkonich, Managing Partner*

*Photo: Russ Curtis*

Managing lawyers at Littler, who assert that they’ve now reached a tipping point in client growth, articulate four big factors in their business development success:

- A shared passion for their labor-employment mission that drives people to burrow deeper into their subspecialties;
- A well-developed internal flywheel that enables clients to get faster, more accurate solutions while keeping them out of trouble in the future;
- A well-executed strategy for advertising, branding and image that facilitated Littler’s nationwide growth; and
- A business development program focused on publications, conferences, webinars and events that provide added value for clients.

Kipley Bruketa, national director of client relations and marketing, says the firm is successful precisely because “it does not try to be everything to everybody.” She adds that the marketing group focuses its advertising on a few objectives while aiming business development initiatives at client valued information.

“Law firms and marketers too often jump from one trendy idea or practice area to another, but you really don’t have a strategy until you say ‘no’ to something,” she asserts.

Mrkonich argues that “a superior Web site, advertising and personal contact all help to build our image,” adding that “we put resources behind them all to keep our profile measurable, reinforcing the adage that nobody ever gets fired for hiring Littler.”

DEPTH AND PASSION

Littler's leader says his firm does not operate on "Wall Street models" that constantly look for bigger dollars per share. "Other firms are acquiring IP and high-profit practice segments, but we don't worry about what the real estate department thinks of our billing rates," he says. "We look at long-term market share captured through client retention and growth," he says, adding that stable revenue follows from superior client service through specialization and depth.

San Diego's managing shareholder Jeremy A. Roth affirms that "we are in it for the long haul, so there is no pressure to bill for yield per client or matter." He says that management constantly emphasizes that "we would rather have repeat business than one big dollar hit."

Roth adds that "it's hard to be stuffy or money-grubbing in a labor firm because our cases are all about the human condition." In California cool tones, he earnestly states, "If you groove on labor and employment, this is simply the place to be."

Because Littler is not obsessed with quarterly cash register ticks, it also maintains a non-leveraged shop (partner to associate ratios are nearly even) and it retains part-time partners who maintain specialized skills that clients value. That approach does not "dress up" the revenue-per-lawyer or profit-per-partner numbers, but the firm's PPP of \$445,000 would translate to an elite \$1.3 million with 3-1 associate leverage.

Boston's managing shareholder David C. Casey affirms that "there is no up or out model here and associates know they can make partner, so they can focus on developing the employment skills clients want." He adds that Littler's hedgehog focus not only fosters deep specialization by young lawyers, but shortens their learning curve.

"It's also a completely different environment here because labor and employment is not an ancillary function. One of the first things I noticed coming from another firm is that people actually love to go to meetings and everyone is passionate," he observes.

In fact, "passion" is a word that many Littler lawyers use enthusiastically. San Francisco's Lindbergh Porter returned to Littler after several years of building a labor department for a full-service firm because of "the true passion for labor and employment here." He explains that "because we have one product to sell, we know we darn well better be good at it, and that fuels our passion and drive to be the best."

Porter also asserts that firm sub-specialties in areas such as worker's comp, medical leaves, privacy and fair credit laws make him comfortable telling clients "we can do that" for any employment matter. "Not only can I find the right lawyer here, but I can find the right personality fit for the client too," he says.

One of the hot specialists that lawyers seek out is Philadelphia's Marguerite S. Walsh, who left a full-service firm to carve her niche as an expert in non-compete and trade secret agreements. "It is good to be the person who knows something that nobody else does here, and I am often working for someone else's client," she says.

Walsh, a member of the executive committee, contends that "the level of service we can give in employment matters stands out because we can get the right people and let them exercise their passion, whatever it is."

Mrkonich points out that Littler has developed not only subject matter specializations but industry specializations as well. "We can put together service teams to fit the industry and the subject matters affecting a client." He touts that his firm also encourages expertise in employment related non-legal skills, pointing for example to Alan King, who utilizes a Ph.D. in labor economics in cases requiring statistical analysis, such as class actions or suits over reductions in force.

"the flywheel is a leveraged combination of expertise, technology and knowledge management"

—MARKO MRKONICH  
MANAGING PARTNER

THE ECONOMIC FLYWHEEL

According to Mrkonich, every great organization has not only a core focus and discipline, but also a well-oiled flywheel that keeps it running at hyper-efficiency. Indeed, institutions like Wells Fargo Bank and Bank of America built flywheels of efficiency long before they were titans (sometimes capping their short-term profits) to deliver better services more competitively.

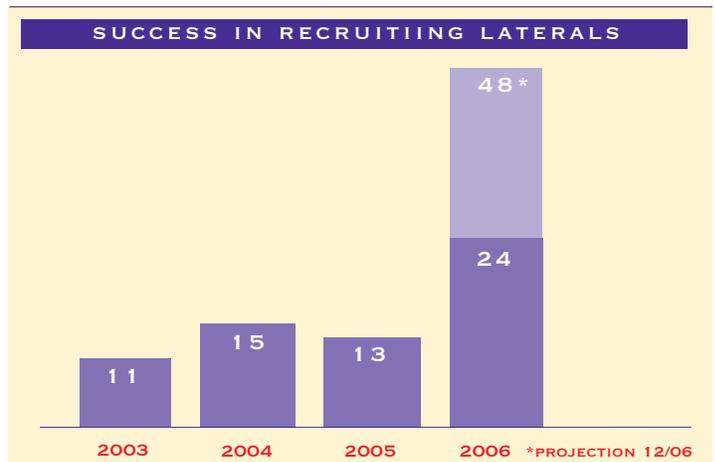
"For us, the flywheel is a leveraged combination of expertise, technology and knowledge management that allows us to deliver rapid solutions," says Mrkonich.

Every lawyer in the firm carries a laptop with wireless capability and many have Blackberries for instant access to Littler per-

sonnel and knowledge banks from anywhere on the globe. Furthermore, a staff of lawyers and techies is constantly building a knowledge management library and internal Web page that lawyers can access for indexed and updated answers to recurring problems in every employment specialty.

Mrkonich says that clients don't care how the flywheel was built, but they marvel at the results. He recalls a visit to a new client who raised a thorny wage and hour question that was transmitted by Blackberry to the pertinent practice group. "When we got a PDF file e-mailed to us in five minutes with two cases right on point, the client just laughed and said, 'you're kidding me.'"

Whether a client wants a 50 state survey on payroll rules for



direct deposits or the latest rulings on uniforms and wage practices, Littler's flywheel can probably deliver it in a matter of hours if necessary. "Whatever it is, we've probably done it before, and often we can update a survey for \$2,500 that would have cost \$10,000 without an organized delivery system," Mrkonich asserts.

He adds that "the flywheel efficiencies are starting to take over throughout the organization" after years of hard work on national knowledge building, and argues that this has made a huge difference for the firm in lateral recruitment.

"Lateral hires just rave about our technology," Walsh affirms. "If we need TRO papers in Texas in two days, or rules on wage withholding in New Mexico, the necessary documents can be quickly pulled from Web-page postings or our library bank," she exclaims. "Laterals see that our efficiency is so great that clients love to send us work."

Casey, a refugee from a growing full-service national firm, agrees. "My move was the best choice I made in 27 years of practicing law," he proclaims. "I dropped my hourly rate more than 25 percent and our knowledge management further reduced my bills, so my clients get premium service for as much as 40 percent less."

He points to an instance where a partner delivered to him – in a matter of hours – the legal answer and the practical insurance industry contacts for solving difficult liability problems for a manufacturer operating under a joint employer arrangement. "The solution could have cost my client \$30,000, but we charged him closer to \$1,000," he says.

Casey adds that Littler naturally attracts people who are thrilled about better serving clients, which compounds the effect on client growth. "Boston now has an all-star team of lawyers, and we have seen a five-fold increase in clients in less than three years."

Roth says that Littler's national footprint and systematic efficiency have made it "the safest choice for laterals who want to keep their clients happy." In fact, 2006 has been a watershed year that may mark the tipping point for Littler's success. Through June of this year, Littler was on pace to hire 48 lateral partners, more than three times the average of recent years.

Casey also credits other parts of Littler's economic engine for generating this success. "The compensation system uniquely rewards the sharing of business and servicing of clients, and that's fundamental glue for bonding people together." He says the spreading of origination credits to others involved in servicing gets people excited about servicing clients around the country and encourages teamwork. He also credits COO Robert A. Domingues for making all attorneys savvy about their clients.

Domingues is praised for his work in creating management dashboards that allow every attorney in the firm to pull up data on their clients, matters, originations, margins and other business performance concerns. Laterals agree that these management tools have made them even more efficient.

Domingues affirms that "the flywheel is taking hold," noting that the costs of establishing a national footprint are coming down while other indicators are going up. He points to recently significant growth in Fortune 1000 clients, as well as the complexity of matters being referred to Littler. "We have also seen eight years of growth in the percentage of revenue originated outside of California," he adds, noting that nearly 60 percent of gross came from other states last year.

## LITTLER BY THE NUMBERS\*

### REVENUE GROWTH

- ▶ Gross revenue reported for 2006: **\$199.5 MILLION**
- ▶ Gross Revenue (with Global Migration Group numbers): **\$211.0 MILLION**

### NEW MILLENIUM FLASH

#### ATTORNEYS

2000	303
2006	404

#### GROSS REVENUES (MILLIONS)

2000	\$128.5
2006	\$199.5

#### REVENUE PER LAWYER

2000	\$425,000
2006	\$495,000

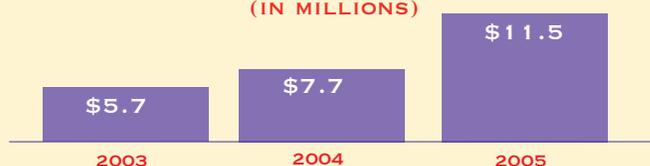
#### AMLAW 100 RANK\*

2000	77	2006	157
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*\*AmLaw 100-200 rank based on revenue per lawyer  
Numbers based on actual revenues for 1999 and 2005, reported in the AmLaw 100 in 2000 and 2006.*

## GLOBAL MIGRATION GROUP REVENUE

(IN MILLIONS)



## ADVERTISING BRANDING AND IMAGE

Mrkonich says the momentum in nationwide revenue growth has been aided by a focused advertising and branding campaign with particular attention to markets where the Littler name was not as well-known. "We rely on a national budget and local spending directed by local managers," he says.

Walsh, who says that Littler was "an unknown quantity five years ago in Philly," credits national and local advertising, breakfast briefings and seminars for growing the brand locally. She recalls a mid-size company that called her after seeing a run of ads and lawyer articles in a well-known trade journal. "Just working hard is not enough," she says, adding that "hard work builds the value of the brand but advertising builds your name recognition with clients." Walsh also credits Bruketa for a solid national campaign.

Bruketa stresses that "you don't have to spend the big bucks to get results," noting that her team has often produced ads in-house while relying on outside experts to help them study their targets and the impact of their work.

"You have to know where to be," she says, citing – for example

– hospitality industry periodicals as the place to be during union organizing campaign aimed at hotels.

Bruketa adds that Littler has prospered from advertising aimed at lawyers, not only because in-house lawyers and HR professionals are their clients, but because lawyers have been a source of referrals. “People know that Littler means labor and employment, so referral sources aren’t worried about us taking other business.” Their ads have appeared on a national level in *Corporate Counsel*, *The National Law Journal* and diversity publications, as well as in regional legal magazines and newspapers.

She says the key to good advertising is “consistency of messaging without the dullness of repetition.” Littler achieves those goals with the help of independent research on advertising effectiveness. Bruketa says recall studies – aimed at measuring how well readers recall brands and messages – show that Littler’s ads outperform all but a few competitors.

Bruketa says the firm avoids “me too” ads that follow competitors while staying focused on “who we are and what we do.” Her group also works with the lawyers to produce memorable pieces, such as one on 50 Littler appellate cases that changed the working world in just five years. She believes the firm’s advertising also gets a bounce from effective public relations as well. “We made a big move into PR in recent years and it has raised our visibility,” she explains.

That raised visibility, according to Mrkonich, is one reason the firm can now run many ads saying “thanks for voting us number one in your survey of readers.” He adds that their hedgehog focus aids in recall and perception. Porter agrees. “The firm has done pretty well with the implicit message: ‘We must be pretty good at labor and employment if that’s all we do,’” he quips.

Porter also stresses the importance of pro bono work in raising community image, but he sees another benefit from the firm’s voluntary local involvement. “Handling tough problems with limited resources teaches you to be the best and most efficient lawyer you can be,” he says.

## VALUE-ADDED PROGRAMS

Lateral hires and clients alike also recognize Littler’s enormous commitment to value-added events and publications. “We are not just selling litigation services and advice; we’re delivering newsletters, books, CD-ROMs, compliance audits, ethics groups and employer conferences,” Mrkonich emphasizes.

Bruketa credits the passion of lawyers for “getting the word out on new regulations” for the ability of her department to produce two “ASAP” newsletters per week to brief clients on breaking news in the employment law world.

She also credits lawyers for producing the *National Employer*, *The Texas Employer* and *The California Employer*, thick books that provide clients with summaries of statutory, regulatory and case law in virtually every employment-related subject.

Roth says that the combination of books, CD-ROMs, newslet-

MEMORABLE MESSAGING



A singular focus on employment and labor law.

It's what sets Littler Mendelson apart from other law firms. And provides business with unsurpassed resources to address all of its labor and employment law needs.

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ters and other reference tools give him an advantage in business pitching. “When I go to visit a prospect, I’m like the Fuller Brush salesman who has the best brushes in the business in my bag, and the beauty is that the firm puts them there for me.”

Roth is also enthusiastic about the firm’s annual “Executive Employer” conference. Over 400 clients and client prospects attended last year, and Roth says they happily walked away with bags full of Littler products.

According to Bruketa, the conference has grown in popularity to the point where many non-lawyers have noticed. “We don’t just have our lawyers on the panels, but in-house counsel, EEOC people, architects and ADA specialists, and all kinds of experts,” she exclaims.

Porter says these tools are just one more reason he returned after years of building another firm’s employment practice. He specifically points to the Littler Report, a forecast of future trends and solutions to problems, as a key business development tool. “While I was gone, I noticed how much clients see Littler as the source of forward thinking and anticipation of their problems,” he reflects. Now he’s glad to be back home.