



MIDSIZE LAW FIRMS

Ganfer Shore: Midsize Firms Will Lose Ground To Big Law, Boutiques

"One potential threat to the industries that we serve is any future commercial slowdown, including in the real estate markets. However, in the past, these circumstances have actually provided us with opportunities," says **Steven Shore**, managing partner and head of Ganfer Shore Leeds & Zauderer's litigation practice.

BY SUSAN DESANTIS

STEVEN Shore, managing partner and head of Ganfer Shore Leeds & Zauderer's litigation practice, foresees a time when there will be only two kinds of law firms. The biggest firms will continue to grow while boutiques will gain market share, he said.

"By growth and mergers, ever-larger law firms are being created," he said. "We think this trend will



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ultimately result in the emergence of two main tiers of firms: boutiques specializing in a limited number of areas and large firms. Many mid-level firms with a general business practice can anticipate difficulties because they are too small to compete with the large firms, yet too big to compete economically with boutiques."

The Q&A is part of an occasional series on the challenges and opportunities faced by small to mid-size law firms in highly competitive New York City and beyond.

Firm name: Ganfer Shore Leeds & Zauderer

Firm leader answering the Q&A: Steven Shore, Managing Partner

Head count: 26

Locations: 360 Lexington Ave., New York, New York, 10017.

Practice areas: Our two main practice areas are litigation and real estate. Commercial litigation, real estate litigation, securities and financial litigation, professional malpractice litigation, commercial and high-end residential real estate transactions, cooperative and condominium law, and complex title litigation.

Our litigators are experienced trial and appellate lawyers who are often called on to handle the most difficult and complex litigations. We represent clients in major financial, business and cross-border litigation in federal and state courts in New York and throughout the United States. National law firms frequently engage us as co-counsel

because of our experience in New York trial and appellate courts. Many of these cases are “bet the company” controversies involving hundreds of millions of dollars.

In real estate, a large part of our history includes working with developers, financings, and other aspects of commercial and high-end residential real estate. We also have particular expertise in the area of cooperative and condominium law, including representing sponsors under offering plans, cooperative and condominium boards, investors in unsold shares and units, lenders and leasehold condominiums. We are also very active in the burgeoning area of commercial condominiums, and assist clients that take advantage of governmental programs that encourage the development of special housing. We are flattered that we are often asked to act as special counsel by large law firms and clients, to assist with matters as to which we have specialized expertise that the larger firms do not have.

Q: Governance structure and compensation model:

A: The managing partner and executive committee (currently comprising Shore, Steven Ganfer, Matthew Leeds and Mark Zauderer) make day-to-day decisions and the full partnership makes major decisions. Compensation is determined by the executive committee with input from the full partnership.

Q: Do you offer alternative fee arrangements?

A: We generally work on an hourly fee basis, but we are flexible in special circumstances and, on occasion, enter into partial contingency fee arrangements. Fixed fees are used for certain specific types of cooperative and condominium work.

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

A: First, our biggest asset is our ability to provide top-quality, sophisticated legal services on a cost-effective basis. Our staffing always takes into account appropriate levels of experience and billing rates. This ethos has been responsible for our firm’s growth and success during the past 40 years, since our founding in 1979. Second, our firm was recently privileged to add to our ranks a prominent leader of the New York Bar, Mark Zauderer, together with three younger, but experienced, attorneys from his former firm. Mark’s ability and renown in and of themselves create many new opportunities.

One potential threat to the industries that we serve is any future commercial slowdown, including in the real estate markets. However, in the past, these circumstances have actually provided us with opportunities, as many clients have come to us for our background, expertise, and business experience with workouts in prior downturns, such

as the one that took place about 10 years ago. In addition, downturns lead to clients’ needing help with dispute resolution. The stability of our real estate practice is aided by the fact that we work with a substantial clientele of approximately 150 boards of existing cooperatives and condominiums.

Another issue we have addressed is the potential loss of key personnel by retirement, a prospect we have been ahead of by broadening our expertise within our practice areas; expanding business generation responsibility within the firm; bringing on new partners with particular experience and developing younger attorneys with partnership potential. We strongly encourage all our attorneys, at every level, to be active in their communities and develop contacts that will lead to long-term client relationships.

Q: 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 midmarket firms, or is your firm competing against big firms for the same work?

A: We are very optimistic about our future. By growth and mergers, ever-larger law firms are being created. We think this trend will ultimately result in the emergence of two main tiers of firms: boutiques specializing in a limited number of areas, and large firms. Many midlevel firms with a general business practice can anticipate

difficulties because they are too small to compete with the large firms, yet too big to compete economically with boutiques. Given this trend, we see a bright future for boutiques such as our firm, which can offer specialized services on a cost-effective basis.

Q: 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?

A: Because of the sophisticated nature of our practice and firm reputation, we have been able to attract and retain excellent young lawyers who want responsibility early in their careers. We encourage newer lawyers, under a partner's supervision, to perform work that lawyers in larger firms may not typically have the opportunity to perform. We pride ourselves on being a cutting-edge firm where young attorneys can thrive in a modern, 21st-century environment, all while being trained by some of the biggest names in New York City law.

Q: Does your firm employ any non-lawyer 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?

A: We employ a nonlawyer office manager who handles day-

to-day management issues. We avoid adding what, for a firm of our size, would be excessive layers of costly management.

Q: 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.?

A: We have been at the forefront of developments and developed expertise in the areas of technological issues relating to litigation and the practice of law. We use this expertise both internally within our firm and in connection with client matters. One of our partners is a cutting-edge expert in cybersecurity, social media policy and e-discovery issues. We also have expertise in emerging areas of real estate practice such as the growing area of commercial condominiums, including leasehold condominiums. Our attorneys are encouraged to participate in bar associations and other legal groups, both to keep abreast of current developments and to share our expertise with other lawyers and the business community.

Q: 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?

A: We recently promoted several senior-level associates to partner status and two others to the status

of counsel. In many practice areas, younger partners are the direct client contacts. In addition, as noted above, we were privileged to have recruited three younger, but experienced, attorneys who joined us with Mark Zauderer. By bringing in this "youth," we believe it will enable our firm to prosper for years to come.

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