

TOP 10 ONTARIO REGIONAL FIRMS EVOLVING WITH THE TIMES



GLOBALIZATION IS NO LONGER A THEORETICAL TREND FOR ONTARIO'S REGIONAL FIRMS, BUT THEY ARE UNIQUELY PLACED TO PROVIDE VALUE FOR CLIENTS

BY MALLORY HENDRY

Though the landscape in the province looks much the same for Ontario regional firms as it did last time *Canadian Lawyer* ranked the top 10 in 2015, there are some emerging areas having an impact.

Issues for regional firms include globalization of business, increased competition, the use of technology and where that fits into providing services and the shift in how legal services are offered and purchased.

“These are trends people have been observing over the past couple of years, all of which, of course, affect our business,” says Lisa Borsook, executive partner at WeirFoulds LLP.

“We start to train our lawyers from the minute they come in the door about nurturing their relationships with their clients, understanding their clients’ business, being more entrepreneurial, understanding they may have to do heavy lifting on files in circumstances in which other firms may have an extraordinary number of people working on the same file,” she says. “You can call it project management, you can call it streamlining services and cost, you can call it whatever you want, but these are things we have been doing for a long time to remain competitive.”

Maria Scarfo, managing partner at Blaney McMurtry LLP, says that, in 2015, regional firms could say proudly here we are, we understand our clients because we are up close and personal with them and are able to effectively interpret client needs — but now, firms need to “put the proof in the pudding.”

“You have to actually show them how you can meet their needs and bring along your firm to change as a profession — to leave that denial that things are changing — and become more modern and effective,” Scarfo says. “The firms that are getting it are starting to invest in that infrastructure to meet those client needs and to meet the professional’s needs, because you have to evolve as a lawyer.”

Scarfo says her firm has taken steps to show Blaneys isn’t just talking the talk, including establishing an international affiliation of mid-sized firms called TAGLaw.

The firm’s insurance group also recently helped form the Global Insurance Law Network with a firm from the United States, Blaneys, a firm from the United Kingdom and a firm from Spain pooling resources “so if my client needs a firm inter-

HOW WE DID IT

Canadian Lawyer asked lawyers, in-house counsel and clients from across Canada to vote on the top full-service, regional firms in Ontario. They were asked to rank their top 10 firms from a preliminary list, with a chance to nominate a firm that was not included on the list. Respondents’ rankings were based on firms’ regional service coverage, client base, notable mandates, service excellence and legal expertise. To be considered in the vote, firms were required to have offices only in Ontario and offer a wide range of legal services. The final rankings were determined through a points system, in which firms were rewarded on a sliding scale for the number of first- to 10th-place votes received.

nationally, I can now introduce them,” says Scarfo.

“We’re one office, but we can move across Canada and we can move internationally.”

Bobby Sachdeva, managing partner at Pallett Valo LLP, says regional firms can no longer ignore the reality that they need to be able to assist clients in other areas, even if the firm doesn’t have offices there. His firm is also part of an international group and, therefore, has the ability to put clients in touch with trusted advisors in different jurisdictions.

“Fifteen years ago, we didn’t look beyond Mississauga, 10 years [ago] we didn’t look beyond the GTA; now, we’re looking for inbound work from the U.S., we’re looking to help our clients facilitate their relationships in Europe and Asia because a lot of manufacturing is no longer here,” Sachdeva says. “It’s a big difference from 10 or 15 years ago when that wouldn’t have occurred to us.”

For Jeffrey Cohen, managing partner at Torkin Manes LLP, globalization was a challenge when it was relatively new and the impact on the landscape was still uncertain. But now that they know what it looks like, says Cohen, what impacts his firm is the growing — and strengthening — number of specialty firms. He cites firms such as Wildeboer Dellelce LLP, a mid-sized corporate-only law firm, and litigation boutiques such as Lenczner Slaght Royce Smith Griffin LLP and Paliare Roland Rosenberg Rothstein LLP.



“I think that is partially a trend from the globalization of the firms because those specialty firms are often breakaways from the larger firms and as those firms become even larger from globalization, more people leave and for some reason they drift toward those types of firms,” he says.

“The diversification of our service and practice areas has always been fundamental to the growth and development of the firm — we’re very strategic about it. We respond [to the rise of specialty firms] by saying we just want to have the best lawyers we can have in these diverse practice areas that we’ve chosen to be strategic on.”

The ongoing impact of technology is also demanding a response from the firms.

A lot of the work traditionally done by throwing people at it can now be done more effectively and efficiently by throwing technology at it, says Sachdeva. For him, the challenge is getting lawyers to stay up to speed on modern technology and make the most use of it, but he notes it’s difficult to get lawyers — especially older lawyers — to change the way they’ve always done things, but that task is “going to be front and centre for a lot of us.

“Clients are saying we’re going to pay you X for this project, we don’t care how you do it, how you manage it, that’s what you’re getting paid,” he says. “So, we have to figure out how to do it for X while still maintaining a profit margin.”

Says Cohen, “People who are being prudent understand what

the technology offerings are today and what you need to do to as a firm to try and be current.” But, he says, the challenge lies in how fast things can change operationally.

He says you just don’t know what the next six months might bring — you’re “trying to keep up with what you don’t even know yet you’re going to have to keep up with. That’s become a bit more of a topical business issue.”

Another area where Torkin Manes makes it a priority to stay current is technology security.

“I think it’s become more of an issue for our clients,” he says. “They want to make sure we’ve taken the necessary precautions and implemented the appropriate security measures to protect our systems, which contain their information.”

Peter Cronyn, partner at a newcomer to the list, Ottawa’s Nelligan O’Brien Payne LLP, says the judicial system and to some degree the legal world has not kept pace with the rest of the world in terms of its utilization of information technology.

“Our clients are going to look for other ways to solve their problems, so we as a profession and in general in the legal industry need to move much more in the direction of solving that problem,” he says.

Nelligan O’Brien Payne sees technology as “a way for us to remain nimble in terms of responding to clients’ needs” using traditional knowledge sources but paired with the ability to share that information and provide solutions much more readily and cost effectively through IT, Cronyn says.

Then there are the perennial issues facing regional firms.

“I think the challenges never really change to a degree,” says Cronyn.

“The reality of it is clients would like to receive efficient, cost-effective legal services. If you look at just trying to, as much as possible, provide some value to your clients, you’re going to have lots of them.”

Scarfo agrees, saying the challenge remains delivering services with as little waste as possible, but she notes it can be difficult because “it’s the change of the mindset between a lawyer thinking, ‘This is what I must do because I’ve always done it this way’ to ‘No, this is what I have to effectively do in order to provide excellent service for the client’

“It’s that ability to think about how to provide legal services in a way that someone actually wants them, will pay for them and is looking to you to actually deliver them because they feel [that] ‘these lawyers get us’ — that’s effective lawyering,” she says.

Succession planning is also a continuous issue for mid-size firms.

Cohen says his firm is very strategic in terms of recruitment and growth and focus on the transition from current management to the next group of managers.

“When we look at recruitment opportunities, we will always take into account the demographic component,” he says. “We see future leaders in our firm in their 30s, we see them in their 40s, we see them in their 50s.”

Sachdeva says the heart of the issue is that firms that have been around for 30 or 40 years now have the name partners retiring. While not a problem to the same extent for the bigger



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firms, if you're a firm of 30 to 50 lawyers, it's likely a critical time in the next few years, he says.

The focus is on recruiting and retention at Pallett Valo.

"It's a generation of lawyers who move around a lot and it's important for a firm our size to get the right people and hang on to them," Sachdeva says. "It's constantly making sure you get the right people, keep the right people and have them come up the ladder."

Cronyn says that from generation to generation, there are always changes between how lawyers see the world, but "when you look at the world that younger lawyers have grown up in, which has completely been dominated by full and robust internet, with iPhones, with texting — the way they communicate is so vastly different from the generation before.

"All of us have to find ways to make that succession work and certainly we are trying to do that in our firm," he says.

Despite the challenges, there is still a seat at the table for regional firms.

"Over the course of the past decade, the larger firms have vacated the field when it comes to small and medium enterprises and so for regional firms that's where the opportunities lie," Cronyn says. "I think that's where most of the regional firms are going. There's plenty of room for great opportunities and lots of room for innovation on the legal side. Our task is to evolve and work in a way to provide solutions for that kind of market."

"We live in challenging times — anybody who pretends that

they aren't struggling with challenges every day aren't being candid," says Borsook. "But I think as a regional firm we have something to offer to our clients that they seem to be interested in which is sophistication with respect to what it is we have to offer at a price point that's reasonable compared to our competitors."

Sachdeva agrees, saying he thinks there's still a strong market for regional firms.

"There's plenty of work to be had within Ontario," he notes. "Privacy has become a big area in the last two to three years that wasn't there before. So it's looking for new areas where you can provide services to your clients and add value as opposed to just doing the traditional real estate, litigation, corporate-commercial."

Cohen says his firm is happy with where it is in the market, but that doesn't mean it can't "continue to improve or do things better."

Scarfo says it remains a really exciting time for the regional firms and the main reason is "they can provide their services locally, globally, nationally."

There are ways to do it in a variety of practice groups, she says, even if it means having different kinds of arrangements.

"With a little creative thought, you can run a very profitable business and you can run a business where you have the added value that everyone knows each other well and can enjoy practising together because having that small community is a wonderful thing."



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Total lawyers: 37 lawyers

Office: Mississauga

Core practice areas: litigation including commercial, construction and estates; commercial real estate and leasing; business law; insolvency and corporate restructuring; wills, estates and trusts; employment and labour

Key clients: HOOPP Realty Inc.; Peel District School Board; Stewart Title Guaranty Co.; Parmalat Canada; Canam Group Inc.; Bayshore HealthCare Ltd.; Yamaha Motor Finance Canada Ltd.

Notable mandates: significant mandate in claims arising out of the construction projects for Pan Am Games venues; lead law firm providing legal advice and information to business and homeowners affected by the anticipated Hurontario LRT project in Mississauga; acted for a large pension fund in the divestiture of a multiple property industrial portfolio

Star alumni: John Pallett, MP from 1954-62; Sidney Valo, founding director and the first CEO of the Greater Toronto Airports Author-

ity; Thomas Santram, vice president (legal) at Cineplex Inc.; Robert Wasserman, director of legal services for Canada and Latin America, Starbucks Coffee Co.; Suzanne Michaud, senior advisory counsel at RBC law group; Maria Tassou, vice chairwoman of the Criminal Injuries Compensation Board; Liana Turrin, general counsel and secretary of Altus Group Inc.

Affiliations: Integrated Advisory Group International

Firm history: It began with the establishment of Pallett & Pallett in 1948. The firm merged with Millman Valo in 1980 to become Pallett Valo LLP. After 1997, Pallett Valo changed its historical focus as a real estate firm to become a business law firm with specialized groups focusing on its core practice areas. Pallett Valo has grown into the largest law firm in Peel Region and has expanded its reach outside of the GTA to become a truly regional firm.

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