

Strategic Options for Commodity Practices

By Gerry Riskin

In response to the reduction of corporate transactional work available to law firms during the early 2000s, a number of general practice firms became progressively dependent on other areas of practice, particularly litigation. But, the slow down in corporate practice reduced the spin-off of commercial litigation so lawyer plates were often filled with discounted work that firms might otherwise not have pursued. In many cases, these involved higher level insurance defense work. In some firms it included consumer practices like criminal defense and domestic relations. At the same time, new areas of insurance coverage, such as employment practices liability, caused traditionally full rate labor and employment litigation to become increasingly commoditized. The result is that firms that spent a decade pursuing strategies to raise their litigation practice to more sophisticated levels find themselves again doing substantial amounts of low rate work.

The question for both general practice firms and boutiques is whether they can strategically position themselves to provide needed revenue streams from commodity level work while viably competing for more sophisticated higher priced matters.

But, beyond the economic pressures, what makes commodity practices tough is that their characteristics become engrained in a firm's culture and become a significant part of the firm's self-image. While the precise impact may differ from firm to firm, most share several specific characteristics that may be difficult for them to admit to, never mind change.

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