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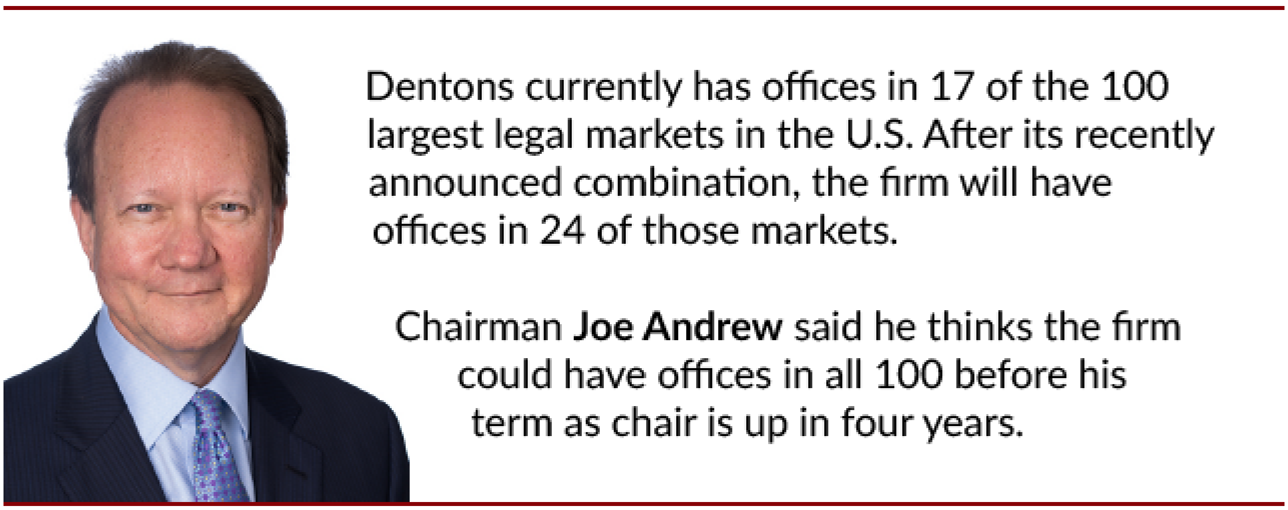
Dentons' Newest Tie-Up Kicks Off Big US Expansion Plans

By **Aebra Coe**

Law360 (October 8, 2019, 8:55 PM EDT) -- Dentons' combination with two midsize U.S. law firms is the tip of the iceberg as the legal giant looks to expand into all 100 of the largest legal markets in the country using a novel model that firm chairman Joe Andrew insists is "the opposite" of a franchise.

Post-combination, partners of the two medium-sized law firms in the **deal announced Monday** — Bingham Greenebaum Doll LLP and Cohen & Grigsby PC — will become partners of Dentons' U.S. arm, with a voice in the national law firm's operations.

But at the same time, those attorneys will remain partners in their own legacy law firms and will continue to independently control the internal workings and finances of those firms, which will be rebranded to include the Dentons monicker. That local control is important to Dentons' ethos, Andrew said.



"The way in which you practice law is different in Nigeria, New York and New Orleans. You therefore want to make sure you're the opposite of a franchise — where a hamburger, for example, is the same everywhere. You want to be tailored to the markets you're in," he said.

The law firm has used the same concept with its international verein model in which firms that become a part of the larger Dentons umbrella continue to operate as they see fit when it comes to appointing partners or deciding compensation, while coming together to share a name and elements like clients, technology, global training programs and billing.

The only difference is that the model has now been tweaked to fit the U.S. legal market and will be leveraged for an ambitious campaign to expand into cities that are largely untouched by BigLaw.

Right now, Dentons has offices in 17 of the 100 largest legal markets in the U.S., measured by the amount of spending in those cities on outside counsel. After the combination announced Monday is complete, the firm will have offices in 24 of those markets. The ultimate goal is to have a presence in all 100, and Andrew said he thinks that can happen before his term as chair is up in four years.

The law firm is already in conversation with at least half a dozen other firms that have expressed interest in combining under the model and becoming a part of Dentons U.S., he said.

BigLaw has largely ignored cities like Indianapolis; Louisville, Kentucky; and Grand Rapids, Michigan, because of the lower rates demanded by attorneys in those cities, but Dentons can make use of its model, with its members operating as separate financial entities, in order to offset some of the strain of combining firms that demand different rates from clients or pay their partners differently, Andrew said.

“The Big Four accounting firms are there [in these medium-sized cities]. So if it’s big enough for them, it’s big enough for us,” he said. “This is just the beginning of the journey, a journey led by the leadership of the firms we’re combining with.”

The structure Dentons has come up with is one where the partners of the law firms party to the combination are also partners of Dentons US LLP. And Dentons US is a member of the global verein, Dentons Group.

The umbrella entity in the U.S. will be operated by a management committee made up of the leaders — chairs, managing partners or CEOs — of the member firms. The firm will also have national practice groups made up of attorneys from the various member firms, and eventually each will select a practice group leader.

The firm will have a budget for items that are shared, with the goal of saving money by sharing costs, and each member firm will have a say in how that budget looks.

While a client may receive one bill with the Dentons letterhead, the member law firms will work together on legal matters and split the resulting profit depending on who originated the matter and how much work their partners or associates put into it.

“It’s a partnership, and the economics look like a partnership,” Andrew said.

At the same time, the member law firms' internal finances and governance will be kept separate from one another, and each of the firms will continue to be a separate legal entity.

There are those who say the model sounds a lot like a franchise. Law firm strategy consultant Jaap Bosman is one. Because of the lack of financial integration between the member firms and their use of Dentons' name and logo, it appears that way to him, he said.

“Looking at it from the outside and talking with people in the industry, it seems that Dentons resembles a franchise,” Bosman said.

But Joseph Altonji, a law firm consultant at LawVision Group who aided in the creation of Dentons' U.S. model, said there are no franchise fees and that costs of the umbrella entity are shared among the member firms, based on their respective revenue size. It's not a franchise, he insists.

“This does create a legally real and practically real and culturally real partnership where all of the partners of the member firms are partners with one another,” Altonji said.

--Editing by Aaron Pelc and Jill Coffey.