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## Coveting mid-market DEALS

Aird & Berlis LLP climbs two notches in our latest rankings of central Canada's top independent firms.

ELDON J. BENNETT,  
MANAGING PARTNER, AIRD & BERLIS LLP

PHOTO BY PAUL WRIGHT



# COVETING MID-MARKET DEALS

While national law firms duke it out for the shrinking pie of corporate work in Canada's rapidly consolidating capital markets, central Canada's regional firms say their strategy to remain independent and target mid-market deals and entrepreneurial clients will leave them standing at the end of the day — something, they say, that many so-called national law firms won't be able to accomplish.

Here's our latest ranking of central Canadian firms.

BY BETH MARLIN

Central Canada's leading regional law firms may have more in common with the most prosperous U.S. law firm than some of the country's national firms, the largest of which hovers around the 700-lawyer mark.

"The most profitable law firms south of the border aren't necessarily the largest," says J. Gregory Richards, managing partner of Toronto's 82-lawyer WeirFoulds LLP. "The most profitable law firm in the U.S. according to *American Lawyer's* survey, is a firm of 185 lawyers in one location, New York City. By U.S. standards, that's positively miniscule."

While Canadian law firms do not make their annual revenues public, and it's a safe bet Bay Street's earnings are still straining to crack the Wall Street stratosphere, there is a dawning realization that there's a critical mass unique to each partnership. And managing partners at *Canadian Lawyer's* top 10 mid-size regional law firms in Ontario and Quebec acknowledge their own profit-maximizing sweet spot isn't necessarily arrived at through the seemingly indiscriminate growth patterns employed by some national firms.

"We think our scale is probably a realistic scale for the Canadian market. It doesn't mean we're not going to recruit or add practice areas or strengthen existing ones — it's a dynamic market — but we don't think we need to be bigger just for its own sake," says Andrew Kent, managing partner of the 190-lawyer McMillan Binch Mendelsohn LLP, which placed first for the second year in a row.

Indeed, many law firm executive committees are musing aloud about the inevitable impact on their client base given the wave of mergers and acquisitions, many of them by U.S. and other foreign interests, that has been relentlessly consolidating the Canadian and global business landscape over the past few years.

"It wouldn't surprise me if there were some (law firm) mergers," says Gary Luftspring, chairman of Toronto's 110-lawyer Goodman and Carr LLP, which took second place honours in this year's ranking. "If you look at the number of clients who have disappeared over the last couple of years, it's huge. If you look at the national (law) firms or even the so-called, tier-one regional firms, I don't think there's enough work nationally for the number of firms that are chasing it."

Nor are the national firms, with high-end legal fees that top out at \$700 an hour and team-structured approach to legal

## How we did it

For the survey, we invited the confidential participation of some 300 central Canadian lawyers culled from the Canadian Law List. We sent emails asking them to rank a proposed list of leading regional law firms and/or add any nominations of their own, with reasons.

National law firms and specialized boutiques were excluded from the ranking, but lawyers at such firms were allowed to vote.

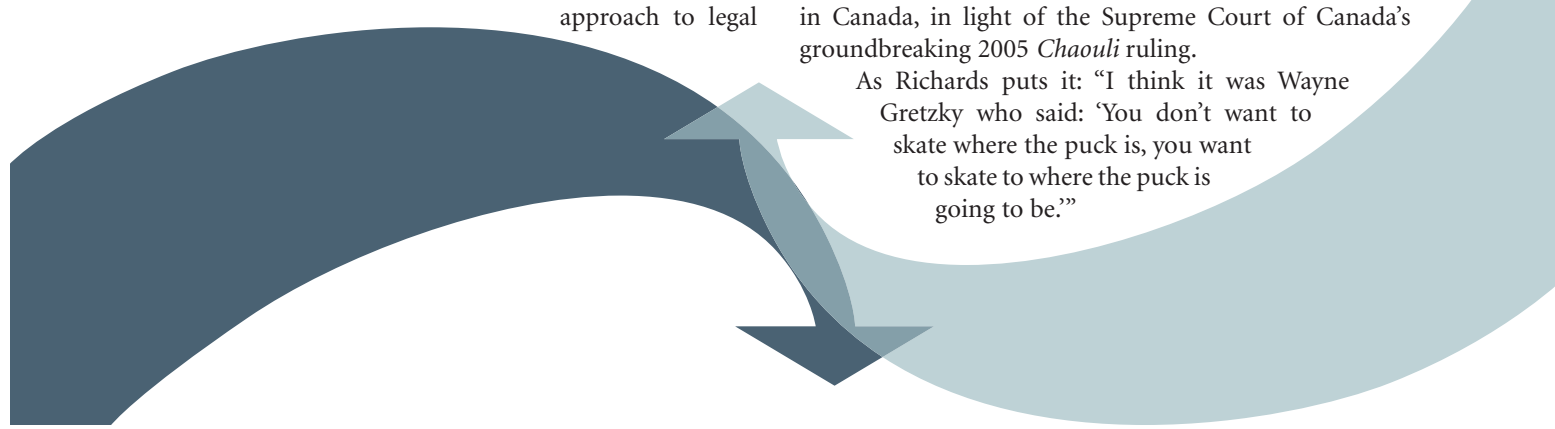
files, well-positioned to encroach on the less eroded mid-cap client work so efficiently serviced by the leaner firms. "Can they compete with the solid regional firms? Probably not," says Luftspring. "I think there's lots of opportunity for mid-market (law) firms."

Other managing partners interviewed by *Canadian Lawyer* magazine also spoke of a need to calibrate their firm's optimal size and practice specializations with almost surgical precision as the legal services industry comes under greater pressure.

Eldon Bennett, managing partner of Toronto's 120-lawyer Aird & Berlis LLP, which climbed two spots this year to fifth place, expects the regional marketplace to become more competitive as the financial markets become more globalized, forcing the Toronto Stock Exchange to compete for listings of Canadian companies with overseas bourses, drying up some of the legal work that has historically fed the national firms. "I think we're better able to cope with that [than the national firms]," says Bennett. "We're probably a more resilient size."

Still with any economic change comes opportunity for the nimble. Luftspring points to the re-emerging tech sector and the strong entrepreneurial market, as well as creative tax work, such as advising wealthy individuals. "That's not work that the biggest firms want, yet it can be very lucrative, very important, and it's very satisfying for those who do it," he says, acknowledging that he, like some of his rivals, is closely watching for signs of an emerging private health care sector in Canada, in light of the Supreme Court of Canada's groundbreaking 2005 *Chaouli* ruling.

As Richards puts it: "I think it was Wayne Gretzky who said: 'You don't want to skate where the puck is, you want to skate to where the puck is going to be.'"



Total Lawyers: 120

Offices: Toronto

Lawyers by Office: Toronto: 120



Eldon Bennett  
Managing Partner

#### Core Practice Areas:

Banking; corporate/commercial; corporate finance; environmental; insolvency and restructuring; litigation; municipal and land-use planning; real estate; tax; and energy.

#### Key Clients:

Allied Canadian Group; BMO; Dynatec Corp.; Falcon Oil & Gas; GMAC Commercial Finance; La Salle Business Credit; Ontario Power Authority; ROW Limited Partnership; Royal Bank; TD Financial Group; Wachovia Capital Finance Corp.; the municipalities of Markham, Mississauga, and Oakville, Ont.; Enbridge Group; Environment Management Solutions Inc.; and Enersource Corp.

PHOTO PAUL WRIGHT

#### Notable Mandates:

Counsel to Falcon Oil & Gas Ltd. in a \$100-million public offering; Dynatec Corp. in the acquisition of a 27-percent interest in FNX Mining Company and a \$119-million share issuance; St. Louis-based Ralcorp Holdings Inc. in the Canadian aspect of their US\$80-million purchase of Western Waffles; and Allied Properties REIT in the acquisition of a \$56-million portfolio from Camwood Properties Ltd.

#### Star Alumni:

Founding partner John Aird was appointed to the Senate and served as Ontario's 23rd lieutenant governor from 1980-1985; Gilbert Bennett, chairman of the board of Canadian Tire Corp. and Fortis Ontario Inc.; and Toronto Mayor David Miller.

#### Pro Bono/Community Service:

Sponsored speedskater and Olympic gold medalist Clara Hughes during the 2005-2006 competitive season; organizes a law firm challenge for the Juvenile Diabetes Research Foundation's annual Ride for Research; and partner Nick Torchetti recently received the Villa Charities' Heart and Hand Award for embodying the true spirit of volunteerism.

#### Affiliations:

Toronto representative of Interlaw, an international association of independent law firms.

#### The Firm:

Aird & Berlis, situated in BCE Place, is the product of the 1974 union of Zimmerman Grant Hugo Paddon Worley & Bennett, founded in 1919, and Edison Aird & Berlis, founded in 1953. Today, the 120-lawyer Aird & Berlis enjoys a strong reputation as a leading corporate finance and real estate and development law firm. Toronto Mayor David Miller once practiced law with the firm, specializing in employment and immigration law and shareholder rights. While Aird & Berlis once had an Ottawa office and an association with a Vancouver firm, it is now content to maintain a single Toronto office, says managing partner Eldon Bennett. While the firm plans to hire about 15 lawyers in banking, financial services, corporate finance, and energy law, Bennett says the firm's modest size leaves it well-positioned to cope with a consolidating Canadian business world that is placing downward pressure on the domestic legal services market. "We're on the opposite side of lots of sides of deals with larger (law) firms," he says. "The way they man the deal is so much more expensive than the way we do the deal." **Q1**

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Eldon Bennett

Managing Partner

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**AIRD & BERLIS** LLP

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