

New structures and services help law firms cater to small business clients; Entrepreneurs should think again when it comes to passing on legal help

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In the scramble to get a small business up and running, the task of lining up a lawyer is often lost in the shuffle.

It's an avoidance which can be disastrous later on, should a partnership flounder and lead to animosity over who owns what, which part of the intellectual property belongs to whom, or whether there is a need to prepare and sign non-compete or non-disclosure agreements.

When they start out, small business owners often assume that a good lawyer will blow their budget. To combat this perception, many legal service providers are changing the way that they interact with clients.

"Lawyers are problem solvers," says Steve Pellarin, but "small businesses only tend to see this after the fact." Mr Pellarin runs an advisory service at the London Small Business Centre in London, Ontario, where for \$20 businesses can get a half-hour consultation with a lawyer or accountant. "Really," he says, hiring a lawyer "should be about prevention."

Some small businesses don't know where to start when it comes to making arrangements with a lawyer, while others want top-tier advice but don't know where to look.

Toronto-based **Cognition LLP** has a fresh take on the concept of the law firm. Cognition, now 24-lawyers strong, was founded by Joe Milstone and Rubsun Ho five years ago. The firm was born of a desire to break away from the typical firm structure in search of a new range of clients.

Most of the lawyers at Cognition work directly from their homes or client's offices.

Each lawyer at Cognition bills around \$200 to \$225 an hour. In addition, Cognition offers set prices for certain services, meaning there are no surprises when it comes time to settle accounts. Still, many convert to hourly billing after they get comfortable with the firm, says Mr. Milstone.

Cognition also collaborates with Ogilvy Renault LLP to run a free legal clinic each week tailored to the needs of small businesses.

Cognition counts many small businesses among its clients, but also provides legal services to larger companies like Rogers Communications and Sony Canada.

Many large businesses with in-house counsel will still often outsource certain legal tasks to firms like Cognition.

“A lot of large and mid-sized companies have very tight legal departments with frozen headcounts,” says Mr. Milstone. Outsourcing can provide them with the services they need, “without killing their budget.”

Technology is the driving force behind this change in the way that firms interact with a new range of business clients, says Michael Carabash, a Toronto lawyer.

Mr. Carabash runs an online legal clinic, dynamiclawyers.com, which offers anyone the opportunity to post queries which certified lawyers can respond to via email.

His next project is an “assisted self-serve model” of legal advice, in which clients pay for a downloadable package of legal forms along with video tutorials on how to complete and file them.

He’s still building his inventory but has already developed packages for confidentiality and non-disclosure agreements, employment agreements, independent contractor agreements and general settlement agreements.

Once a client has finished with the paperwork, “a lawyer can review it, make suggestions, and ensure that they’ve covered what they wanted in the first place,” says Mr. Carabash. He adds that the cost is a fraction of what would have been spent with a traditional law firm.

Alternative structures can often benefit lawyers as well. In 2005, Pascale Pageau founded Delegatus Services Juridiques in Montreal with the intent of creating a

law firm that would grant lawyers a more flexible lifestyle and allow them to better balance professional and personal goals.

The firm of 17 lawyers run by means of a “virtual structure,” whereby the legal team works from home or the offices of clients, and communicates and collaborates online. This model reduces costs for the firm and it’s clients.

Still, price isn’t everything when it comes to a client relationship, says Paul St-Pierre Plamondon, Vice President, Delegatus Services Juridiques.

“I was at a networking event and I was chatting with an entrepreneur who was an IT start up, and he was more interested in our model – he never even asked the price,” he says, noting that younger entrepreneurs might be more likely to connect with a virtual law firm.