

Boom time for London's disputes boutiques



Andrew Mizner - 11/07/2023 ([CDR](#))

More than a decade after a wave of pioneers broke away from Big Law to take on the banks, entrepreneur-lawyers enjoy the unique lifestyle and challenges of London's vibrant boutique scene.

London's disputes boutiques are thriving. Smaller law firms which specialise in litigation and/or arbitration have proven their worth in the 15 years since the multinational, White Shoe and Magic Circle litigation practices found themselves conflicted out of claims against the banks during the financial crisis.

The pioneers of that early scene were **Stewarts** – which predated the others, launching in 1990, **Quinn Emanuel Urquhart & Sullivan** – an established US firm which arrived in the UK just before the 2008 crash, **Grosvenor Law** – founded in 2011 with a slightly broader remit including family and criminal matters, and **Cooke, Young & Keidan (CYK)**.

LAW OR BUSINESS?

London's boutique sector has become a haven for those who feel out of place elsewhere. In May, **Ashkhan Candey** was one of a handful of firm founders who spoke at [London International Disputes Week \(LIDW\)](#) about their experiences. Candey did not feel employable at big firms and was motivated to establish **CANDEY** in 2009 by an entrepreneurial spirit, explaining: "I want to monetise law, I love law, but I'm a businessman more than a lawyer."

Similarly, **Marc Keidan**, who holds the rare distinction of having his name on two current London firms – **CYK**, which he co-founded in 2009, and current firm **Keidan Harrison**, established in 2020 – struck out because he did not enjoy big-firm politics.

That said, it would be simplistic to characterise boutique founders as businesspeople who happen to practise law. **Peter Chaffetz**, who established New York-based **Chaffetz Lindsey** (tagline "where advocacy meets business"), wanted more hands-on legal practice, arguing that at big firms "a lot of people don't know what a case is".

Beyond professional acumen, personal skills are also important. **Ayse Yazir** of third-party funder **Bench Walk Advisors** thought big firm associates "don't know how to interact with people" because "partners go

to meetings on their own”.

Perhaps the most important quality is energy. Candey and Keidan criticised big firms for spending too long making decisions by committee, while Yazir liked that, when she dealt with boutiques, “you work with the decision-maker”, reporting that some cases become “un-fundable” because big firms run up the costs with administration and delays.

SOURCES

Those relationships are important for bringing in referrals. Anecdotally, Chaffetz reported that some big US firms turn down matters worth less than USD 50 million, leaving space for him and others to scoop up cases worth low eight figures and build a reputation that leads to bigger work as well; they do not have to limit themselves only to smaller cases.

Suzanne Spears, who left **Allen & Overy** (A&O) [to found arbitration boutique](#) Paxus last year tells *CDR*: “Having been in big law for long enough to create a very good client network helps. It might be hard to go straight into a boutique because you wouldn’t have that network already.”

That does not mean it is easy, and working at a boutique has its own pressures. Spears continues: “You have to look for work more than you do when you’re in a big firm. Some people set up in such a way that they’re under a huge financial strain and it’s a panic to go get more work.”

Paxus, which specialises in environmental, social and governance (ESG) arbitration, shows how a niche focus can generate enquiries because of the relative lack of lawyers working in a field that is increasingly in demand. Being a smaller outfit also allows firms to bypass panels appointments, because there is no conflict with the bigger panel firms.

On the litigation side though, Keidan Harrison co-founder **Luke Tucker Harrison** tells *CDR* that a broader practice is a sign of how the boutiques have matured and survived since post-2008 disputes work dried up. Describing himself “with pride” as a “specialist generalist”, he says work is referred from other lawyers or professionals because it “hasn’t fitted into the traditional city market” and is not from any particular sector, adding that “cases often transcend different aspects of disputes”. Instead, like other boutiques, when Keidan Harrison needs specific expertise, it calls on specialist barristers, which allows it to scale up and down according to the situation.

NEW TERRITORIES

White-collar specialists sprang up to capitalise on the aftermath of the financial crisis and recently have been joined by the likes of [Seladore Legal](#) and [Quillon Law](#), while conflict-free arbitration work has become popular since a trio of Magic Circle [veterans launched Three Crowns in 2014](#), followed more recently by [the Parisian heavyweights at Gaillard Banifatemi Shelbaya Disputes](#).

“It helps see other [founders] do it to know that they’ve led the way,” says Spears, who saw them establish the pathway and the support market that allows newer arrivals to flourish. “The virtues of a boutique are what one would expect: a lot more freedom in the sense that I’m not plagued by conflicts the way I was before, because in a big firm like Allen & Overy all your partners were involved in disputes or transactions in countries around the world.”

As the market continues to fracture and become more fluid, Spears foresees more “atomised” operations appearing and then banding together to pitch for clients or joining forces with bigger firms on individual matters.

“I have a much more multidisciplinary approach than I was able to take at a big law firm” she says. “When working at a big law firm the clients came strictly for legal advice and I wasn’t able to give the full service

that I'm capable of." Now she can advise boards of directors on a much wider and holistic range of ESG matters.

WORK-LIFE BALANCE

Over the past year, big US firms have led a wage war, pushing up associate pay and forcing the rest to decide whether to follow suit "causing a pressure we didn't have at the beginning", according to Chaffetz.

Big salaries are easy to quantify and an easy sell, but not every trainee understands what they will give up in return. "If you want to be rich, that's fine," Candey said, "but you develop skills over time from working with good people." The boutiques try to offer that alternative. Both Keidan and Candey profess to offer career progression, partnership prospects, training, business development opportunities and travel, although opinions diverge over working from home, something associates need to be aware of up front. The pandemic changed the working paradigm for many and Spears has found home and hybrid working "has a huge virtue not just for lifestyle, but actually for client service" because it has allowed her to recruit an international team without opening overseas offices.

Flexibility and balance do not necessarily make life easier; Chaffetz dismissed the concept of a "lifestyle law firm", warning: "You can't be satisfied in your work unless you go to the coalface and push yourself to the limit of what you would like to do when it is needed," but, he added, "we offer a much better deal for a young person."

THE FUTURE

The financial crisis was a great opportunity for the upstarts in more ways than one, thanks to the availability of cheap premises and low costs. "In that market you couldn't help but do well as a boutique disputes firm," Keidan told LIDW. But with London's market having swollen to an estimated 25 to 30 credible boutiques, these days "you have to fight harder" for the work and there are new and ambitious entrants [to the market, such as Pallas Partners](#), founded last year by veterans of **Boies Schiller Flexner**'s London office, which has already opened in the US.

Law, like other industries, is cyclical and after the rush of expansion during the pandemic, some consolidation is probably due. "There is going to be an element of survival of the fittest, because there is a lot of competition," says Harrison. The economics and administration of running a business "can be quite challenging, particularly for the quite academically focused lawyers who like to have their heads down, you have got to have you head up or you will run into bumps in the road".

So how do the boutiques survive and thrive without losing their unique characteristics?

Harrison explains: "Our model is high quality work. That comes in fits and starts and there is no consistent supply of it, so you get natural peaks and troughs in revenue and capacity utilisation. You need to keep a certain amount of capacity on tap for the big case, but then that case might settle. You need a certain amount of capital to smooth out those gaps."

This is where ties with third-party funders are likely to grow. [Over the past few years](#) funders have been experimenting with taking ownership stakes or forming joint ventures with firms. Taking external capital makes a lot of sense for the boutique business model, which differs from multinationals' high-volume approach.

Harrison continues: "You grow to a certain point and then the requirements for management increase. The danger is that the lawyers who left the big firms to set up the boutiques get sucked into more and more management work, so the natural solution then is to combine and have the shared economies of scale."

Chaffetz accepted that that "you have to grow", but felt that his firm should be able to fit into one room

together to remain a boutique, something echoed by Candey who has had to accept pushing his ideal headcount up from 35 to 40, but was insistent that “when it gets to 50, I lose interest”.

As Keidan joked to the LIDW audience, “if you have to hire HR, it’s too big”.

For now though, “clients seem much more open to the idea that you don't have a huge firm behind you than they might have been before” says Spears.