



PHOENIX LAW FIRM EMPLOYS UNIQUE BUSINESS MODEL APPROACH AND THRIVES

(Part 1 of 5)

Phoenix-based law firm, Tiffany & Bosco, P.A., is a 60-plus member law firm with five offices in four states. The firm steadily continues to grow, has been profitable even during market downturns, and has no debt. Shareholders at the firm rank the quality of their work experience as very satisfying. How does the firm do it? The firm attributes its success and growth to a relatively unique business model that the firm has pioneered.

Tiffany & Bosco, unlike many large law firms, does not compensate its shareholders on the basis of some subjective determination by senior shareholders or a compensation committee. Rather, each equity shareholder controls his or her income through a system where one hundred percent of the revenue received from his or her work for her or his clients is allocated to such equity shareholder (otherwise referred to as departments) and expenses of the firm are equitably

shared by the firm's shareholders. The firm has a low overhead per attorney and is managed in a conservative manner. As a result, equity shareholders derive the full profitability of their individual law practice. There is no portion of any equity shareholder's revenues that are redistributed to the firm or other shareholders of the firm.

To accomplish this outcome requires a meticulous accounting system. All equity shareholders at Tiffany & Bosco are provided copious accounting reports monthly detailing all of the financial activities of the firm. The firm employs a completely transparent accounting system where all equity shareholders have access to details concerning the entire firm, including each other. The benefit of such a system is that with full transparency there are no disputes among shareholders concerning earnings. Each shareholder receives the full benefit, after shared expenses, of their

practice. As firm managing attorney, Mark S. Bosco, states “when you cut out disagreements over what is fair compensation, you go a long way towards eliminating contention among shareholders.”

Notwithstanding this unique compensation system, Tiffany & Bosco is an integrated law firm governed by the consensus of the equity shareholders. It is not unusual for some outsiders who hear some incomplete explanation of how Tiffany & Bosco operates to assume that shareholders of the firm are essentially independent contractors or that the firm is a big “office share” situation. Firm COO, Kevin Newell indicates this is a total misunderstanding. “The firm is a single law firm in every sense of the word, and is managed as such.” Every attorney is an employee of the firm. Also, the firm has all of the insurance, employee benefit packages, human resources, administration, unified accounting and billing, firm wide social activities, committees, and other perks of a traditional law firm. The only difference is that at Tiffany & Bosco, the expense of those items are shared equitably among the shareholders, and shareholders control their own profitability.

What attorneys tend to thrive in Tiffany & Bosco’s system? Robert Mitchell, an equity shareholder who merged his small firm into Tiffany & Bosco nearly five years ago is a typical example. Mitchell had a good reputation in the Phoenix legal community and a solid commercial litigation practice. He was not necessarily looking for new referrals from the firm, but wanted to combine his reputation with the good reputation and multi-state platform of Tiffany & Bosco. Mitchell indicates that his business clientele based here in Phoenix and in Southern California have viewed his joining Tiffany & Bosco very favorably. Mitchell has also seen his expenses go down as he benefits from Tiffany & Bosco’s economies of scale when it comes to purchasing insurance and other necessary services and products. As Mitchell indicates “for enterprising attorneys with a solid book of business, who do not want to have their profitability diluted in the way that often happens in a large firm, Tiffany & Bosco provides the perfect platform to prosper, and I am glad I made the move. I only wish I had done it sooner.”

Another special feature of Tiffany & Bosco is its source referral program. At Tiffany & Bosco, shareholders can refer work to other attorneys in the firm and receive compensation equal to seventeen percent of the amount paid by a client for the work done by the attorney receiving the referral. This has several benefits. First, this creates an incentive for lawyers to refer work within the firm to other capable lawyers. Secondly, it provides a secondary source of income to shareholders of the firm. Third, it ensures that matters are placed in the hands of the lawyers in the firm who are best able to provide those services to those clients. For some attorneys who have good connections in the business and legal community this can be a substantial source of income. On the other side of the spectrum, for those attorneys who are building their practice, this can be an excellent source of client generation. This source system was originally developed by firm founder Michael Tiffany and modified by Mark Bosco when he joined the firm over 23 years ago and is an important part of the business model at Tiffany & Bosco.

For more information on Tiffany & Bosco, please contact Mark Bosco, Managing Attorney, or Chris Kaup or Robert Mitchell, cochairs of Tiffany & Bosco’s lateral committee at (602) 255-6000.