‘We’re a little bit DIFFERENT’ – McDowell Rice brings libertarian ethos to law practice

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McDowell Rice Smith & Buchanan is the formal kind of law firm where the chairman, R. Pete Smith, is listed as “Mr. Smith” on the nameplate on his door. It’s also the kind of place where Smith feels free to play the occasional game of fetch with his dog, Roxie, who is hanging out on a couch in his office.

“Of course I’m a good lawyer,” Smith jokes. “Do you think I could bring my dog to work if I weren’t a good lawyer?”

That attitude — it’s OK so long as the work gets done — sums up the essence of McDowell Rice’s approach to the law, if there is such a thing as a “McDowell Rice” approach. As Smith describes it, the firm is not a system to direct the actions of lawyers but an umbrella organization to help them do their best work.

“We’re a little bit different than most law firms are,” said Smith, who has been with the firm for 52 years. “We don’t lead with the law firm; we lead with the lawyer.”

Despite its unusual structure — or more likely because of it — McDowell Rice has been a consistent contender in the MOney 20 financial rankings. In 2011 the firm had annual revenues of nearly $18.2 million and ranked 17th for the year. Yet by 2014, revenue slid to just $12.1 million, denying the firm a spot in last year’s rankings.

But in 2015 it was back, with reported revenue of $14.2 million, an increase of more than 17 percent from the prior year. Profit was up nearly 25 percent, to more than $9 million. They are the largest percentage gains of any of the firms on the MOney 20.

Smith said in 2014 the firm started getting out of medical malpractice insurance defense work, which he described as low paying and restrictive. That shift, and the accompanying change in lawyers, took some time to implement, he said.

“It takes a while to get things back in the pipeline. By the time 2015 came along, we were steaming ahead at pretty good force,” he said. The firm’s remaining practice areas range from personal injury and litigation to business transactions and tax law.

Smith, who is partial to sports metaphors, also said the firm renewed a focus on “getting back to the basics.”

“You do the work, you record the time, you bill it and you collect it,” he said. “Just like block, tackle, pass and catch. It’s just that simple.”

Billing and collecting are the lifeblood of any firm, but McDowell Rice makes it personally important to each of its members. On top of their base salaries, attorneys receive a percentage of the amount collected each month on account of their individual efforts. As a result, an attorney who works an extra eight hours on a Saturday would expect to see a larger paycheck within 60 days, when the bills for that work are collected.

Smith said he leads by example, billing 2,500 hours last year at $525 per hour. Money left over at the end of the year is distributed among the equity partners — which, under the firm's flat structure, is nearly every partner. Twenty-two out of 27 lawyers last year had equity status, giving McDowell Rice by far the lowest leverage of any firm on the MOney 20.

The best lawyers, Smith said, "float to the top and make more money." That's critical, because the vast majority of work at the firm is performed by a single lawyer, from discovery to briefs to the trial.

Smith is dismissive of assigning a "team" of lawyers to handle anything but the most complex cases, saying it makes no more sense than hiring a group of artists to paint anything less than a mural.

"If you had a team drawing a painting, it would look lopsided, and it may never get done, and it would cost a lot more than it should," he said.

On the wall near Smith's door is a framed set of Ayn Rand stamps. They're not just for show. "If it was a government model," Smith said of his law firm, "we'd be libertarians all the way."