

## The Secret of Our Success

We view Ivins, Phillips & Barker as more than just another law firm

In recent years, many tax specialty law firms have disappeared. Most sophisticated tax lawyers with large business clients now work for large public accounting firms and general practice law firms. Ivins, Phillips & Barker is an exception, and we are often asked how we maintain our independence as a specialized law firm devoted exclusively to tax practice. The answer lies in an operating philosophy that we believe is both unique and innovative and operates to the mutual benefit of our clients and the lawyers who work here.

We believe our clients are best served by a practice environment in which lawyers concentrate in an area of specialization within the tax law, so that they see all the issues that come to the firm in that area. Although our lawyers receive broad-based training, we do not pretend to be jacks of all trades in a practice that requires a high level of expertise and experience in niche areas. Although other firms may preach this gospel, many fail to structure their compensation to promote the desired goal. In contrast, our firm has structured a practice environment that is devoid of internal competition for control over particular clients. Most important, we have rejected the eat what you kill system that many firms use to compensate lawyers based on the business they bring in, the billable hours they produce or both. At Ivins, Phillips & Barker we refer to that practice as territoriality. In our view, this system is bad for everyone, clients and lawyers alike. In a large firm such a system may be necessary to maximize incentive. At Ivins, Phillips & Barker, however, incentives result from the small size, collegiality, and nature of our practice.

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Many firms assign billing credit to a particular lawyer based on the fact that the lawyer originated the client's business or controls the client's work. This practice engenders many client complaints, although clients may not always realize the cause of their complaints. For example, if a lawyer is compensated on the basis of the business he or she produces, why would that lawyer assign to or share responsibility for the client's work with a colleague in the firm, even if another lawyer is more qualified to do the work needed by the client? Even if the originating lawyer does seek help from a colleague, why would the colleague want to devote full attention to a project for which he or she will not get fair credit? Even if credit is shared, it behooves the originating lawyer to remain involved, regardless of whether he or she is knowledgeable about the subject. The results often are over-billing and duplicative work.

Territoriality also damages firm morale. When an originating lawyer needs to maintain control over a client, there is no incentive to expose other lawyers in the firm to the client and the work the client needs. The client may be led to believe that the originating lawyer is indispensable when that is often not the case. In such an environment, lawyers who do not bring in clients can look forward to a career of working for other lawyers without much client contact, while clients rarely work directly with the lawyers who actually do the work. At many large general practice law firms, this problem is exacerbated for tax lawyers by the fact that non-tax lawyers tend to control most of the firm's business relationships.

At Ivins, Phillips & Barker, we strive to break down the tendency toward this type of territoriality. Mainly, we avoid a compensation system that tracks responsibility or credit for particular client work. In our firm, bringing in or developing a client does not result in compensatory reward. Moreover, from the very beginning of all client relationships, clients are made to understand that they are clients of the entire firm, not just of a particular lawyer. Clients are quickly introduced to lawyers throughout the firm, informed about which lawyers specialize in which areas of the tax law and are encouraged to contact the lawyers whose expertise they need when they need it.

In practice, our lawyers are diligent about directing client work to the lawyers that can best perform the work. By developing specialties within tax, our lawyers tend to see more of the issues in their own areas than do lawyers who practice in a more general environment. Our feeling is that if you went to the hospital for brain surgery, you would want a brain surgeon experienced in the type of operation you need. We apply that same type of philosophy to tax practice. At the same time, we avoid tunnel vision by working closely together and sharing expertise as we collaborate.

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Another important point is that much of our practice is built around the task of simply answering client questions. No question is too narrow for us to take time to answer. At other firms, profits depend on handling large projects that can be staffed with numerous associates and para-professionals and taking advantage of leverage. In that environment, simply answering a client's question is not profitable and therefore has a low priority. Thus client questions may go unanswered for days or even weeks. In contrast, we have structured our practice so as to concentrate on quickly and efficiently answering client questions without overdoing the work, but still making the practice highly profitable. When answering a client question quickly is profitable, the questions will get answered quickly. Our clients are used to this level of service, and we often hear how much it means to them.

This method of providing service may sound expensive, but in fact the cost is quite reasonable. There is nothing more expensive for a client than having a problem handed off to one or more inexperienced lawyers who must research every question. The hourly billing rates of inexperienced lawyers are lower than the rates for more senior lawyers who have the requisite expertise, but the time devoted to research and generally reinventing the wheel will more often than not make up the difference. Moreover, as the work of less experienced lawyers is reviewed by higher level supervisory lawyers, bills get larger and larger. If we were the client, we would prefer to talk to the expert at the top of the pyramid and get the direct benefit of his or her experience and expertise. That is what our firm offers, and that is how our firm is structured to answer the question as quickly as possible.

Naturally, we also get involved in more complex and extensive matters. Even in those engagements, the lawyers who are the experts on the subject actually do the work, rather than hand it off to lower level associates. Associates are judiciously employed to research issues on which amplification is required, with the goal of turning those associates into experts themselves as quickly as possible.

We view Ivins, Phillips & Barker as more than just another law firm. We believe we make a real alternative way to get the job done available to clients. We are confident that our operating philosophy allows us to deliver the best legal services in the shortest time at a reasonable price, as well as the best training for recent law school graduates seeking a truly satisfying career in the practice of tax law.