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## LATERALLY SPEAKING

Arrivals and departures:  
What to consider for  
your next move

Photo illustration: SheppardMullin's Larry Eppley on a moving walkway at O'Hare



## What to consider when staring down a **lateral move**

By Roy Strom

**W**hen Paul Langer joined Quarles & Brady from Proskauer in February, it was not his first lateral move.

Langer started his career as a corporate litigator at McDermott Will & Emery, where he became partner and, in his 12 years there, developed an insurance practice representing policyholders.

In 1998, the practice he had built seemed better suited for Mayer Brown, which he said had a “highly dedicated” policyholder-side insurance group. After 10 years, though, the firm began representing his clients’ opponents, insurers, which created case conflicts and led him and two other partners to open Proskauer’s Chicago office in 2008.

By then, he had switched firms for a number of classic reasons: To be part of a larger practice group. To escape client conflicts. And for the chance to help build something new.

His move in February highlighted another increasingly common reason why partners are moving firms: Billing rate pressures.

“Quarles & Brady is a Midwestern firm with a Midwestern culture, which means that client service comes before the almighty profits per partner,” Langer said. “I was very drawn to that culture.”

Langer said partners at Quarles can bill about 30 percent below the rates of the largest New York firms, and associates’ time can cost as little as 50 percent of those

firms. Billing-rate pressures have contributed to Quarles’ Chicago office more than doubling in the past five years to 104 lawyers.

Real estate partner Christine Fisher, for instance, joined in 2012 from Dentons, where she said she had to fight to keep her billing rate around \$625. At Quarles, it’s \$475.

“My clients didn’t really care if I had an office in Oslo, Shanghai or Dubai,” Fisher said. “They wanted an ongoing relationship with a real estate lawyer who could handle deals of all sizes.”

Interviews with legal recruiters, data from 2013 self-reported by law firms to *Chicago Lawyer* and a review of hiring announcements sent to sister publication

*Chicago Daily Law Bulletin* paint a portrait of the city's lateral market in the past 18 months as one where midsize firms and Windy City newcomers are the most active.

That portrait shows that midsize firms like Quarles — one of the most active law firms in Chicago's lateral market this year, adding

11 partners and 10 associates through June — continues to attract larger firm partners who say their clients are becoming more cost-sensitive and do not need the bevy of services those large firms provide.

"It's not only these smaller offices of national firms but also a lot of spin-offs from the large firms" that are most active, said Jane Kim Funk, vice president of legal projects for Robert Half Legal in Chicago.

"It's a result of corporate clients really pushing on the market to lower fees."

The city's largest firms, meanwhile, are busily adding associates as practices that bottomed after the recession — such as corporate transactions and real estate — are beginning to bounce in the recovery. Kirkland & Ellis, for instance, reported hiring 28 associates last year and one partner.

At the same time, out-of-town firms continue to open offices in Chicago. Goldberg Segalla, a fast-growing, 12-year-old firm with 144 lawyers nationwide, hired six lawyers to start its office here in January. It has since grown to 10. Akerman, a Miami-based firm with more than 600 lawyers, opened here with eight lawyers in February. It now has 18.

Those openings and subsequent hires contribute to a Chicago lateral market that Ronald Nye, managing partner of recruiting firm Major Lindsey & Africa's Chicago office, said has "definitely increased activity" in the past 18 months.

"The associate market is not back to its pre-2008 days. But the associate market has come back in the last 12 to 18 months — much more than it was the three to four years prior," Nye said. "It's generally tied to stronger partner activity."

As the lateral churn continues, trends emerge. What's more difficult, for attorneys plotting a move, is finding the right match for your practice and personality.

As interviews with some of the most active offices in the lateral market show, there are vastly different approaches to

lateral recruiting, integration, compensation and culture.

#### 'The Tour'

When Larry Eppley, four other partners from K&L Gates and one from Winston & Strawn arrived in Manhattan on a Sunday night in spring 2012, the Chicagoans expected to have dinner together.

They were joined, instead, by about 15 partners from the New York office of Sheppard Mullin Richter & Hampton.

"That was impressive," Eppley said. "I mean, that was serious commitment."

That New York dinner came after a whirlwind three days in which Eppley and crew flew to San Francisco and drove to Los Angeles, Orange County, Del Mar, Calif., and San Diego.

At every stop, they met with about 20 partners from a SheppardMullin office. Their trip — a longstanding firm tradition for serious lateral hires known as "The Tour" — started on a Thursday and ended Monday night with a flight to Chicago from Washington, D.C.

"It's very invigorating," Eppley said. "And it's really an indication how serious the partnership takes (lateral) hiring, because this is how we're going to grow."

From a practical perspective (for those who eschew video-conferencing technology), the tour is meant to introduce incoming partners to the firm and to begin the integration and cross-selling process. Partners mostly asked about how Eppley and the other attorneys could support the incoming lawyers' practices.

But it is also a crucial part of the firm's old-school management style. Every partner has one vote on every incoming lateral. If each hire is decided by the entire firm, rather than a lateral hiring partner or committee, then the entire partnership should feel responsible for that new hire's success, Eppley said.

"The moment they're voted in, you own part of their success," Eppley said. "You owe it to them to make them successful."

Eppley and SheppardMullin have had some success selling the entrepreneurial challenge to build an office on the back of a nearly 100-year-old firm. Since opening with six lawyers in July 2012, the office has grown to 19 lawyers.

Most of those new hires are attracted by what Eppley calls an "esprit de corps" at the

firm and an excitement around building an office with the security of a well-established firm behind them.

"Sheppard's the perfect example of a firm that's great about collaboration and cross-selling," MLA's Nye said. "And part of their compensation process takes that into account."

#### A wide spectrum

Not every lateral target is attracted to the same things, and not every firm sells the same story.

Greenberg Traurig has been highly successful in the Chicago market with an approach to lateral hiring that lies somewhere on the opposite end of the spectrum from SheppardMullin.

According to data from the Chicago Lawyer 2014 survey, Greenberg Traurig added more lateral partners last year — nine — than any other firm. The firm also added 11 associates. And during the first six months of this year, the firm added six more partners, six associates and four other lawyers.

"Our goal is to move the process as quickly as the candidate is willing and able to move the process," said Keith J. Shapiro, vice president of Greenberg Traurig, chairman of its Chicago office and national chairman of strategic recruitment.

"We are urgent when it comes to making our analysis and making our decisions. We don't have courtesy interviews. We put the candidates in front of the people they need to meet in order to make their decisions and for us to make ours, and not a person more than that."

That, too, flows from Greenberg Traurig's management style. Partners do not have a

vote on every issue. The firm does not have committees. It concentrates decision-making power for things like hiring laterals or OK'ing alternative fees for individual lawyers.

"If you're really going to be an entrepreneurial law firm, you don't create artificial hurdles that stand in the way of lawyers building their practices," Shapiro said.

"That's why we don't have committees. That's why we don't fix marketing budgets that are artificial. That's why we like a streamlined decision-making process. We free our lawyers up to practice law. If they

need help ... our job is to supply it and stay the heck out of their way.”

Shapiro and John F. Gibbons, co-managing shareholder of the Chicago office, declined to go into specifics about the way compensation credit fuels what they called a uniquely collaborative firm. But Shapiro said the credit system creates a focus at the firm on properly staffing pitches and matters.

“We have been able to create a system that doesn’t pit the lawyers against each other,” Shapiro said. “And if you can get past your lawyers staffing pitches and staffing deals based on who’s getting how much credit, you suddenly have true collaboration.”

Proprietary systems designed to highlight potential areas of collaboration between Greenberg Traurig lawyers and their clients have helped a number of lateral partners multiply their book of business by three or four times what it was at their previous firms, said Shapiro, who added that his best years at Greenberg Traurig were 15 times better than at his previous firm.

“That’s our magic at GT,” he said. “And that’s why we’re getting the calls ... from the lateral market, why the market is pursuing us.”

Gibbons said the firm is “opportunistic” about its hires, and that, oftentimes, partners from other firms reach out to the firm rather than vice versa to set up interviews. In those interviews, Gibbons often tells prospective lawyers that they will be coming to “a firm of adults, run by adults.”

“We expect people to come in here, do their job, collaborate well, and the firm will support that collaboration,” he said.

### Personal decisions

The vast differences in how firms recruit, integrate and compensate their lawyers highlights the fact that moving between law firms is a very personal decision.

But a survey this year by recruiter MLA that asked 1,175 lateral partners about their satisfaction after a move provides insights for both firms and partners on how to approach the process.

For lawyers, the takeaway is simple: Do

your homework.

For firms, likewise: Don’t create unrealistic expectations and focus on integration.

One of the most determinative factors for partners to feel “satisfied” versus “unsatisfied” was how they viewed the firm’s efforts on integration. Partners who felt “satisfied” overall with their move ranked the firm’s overall integration efforts a 3.9 compared to a 2.1 out of a possible 5 for those who felt “unsatisfied.”

“There is a striking correlation between low integration and low satisfaction,” the survey notes.

Meanwhile, unsatisfied partners were much less likely to report that firms were “very candid” with them in the interview process compared to those who felt satisfied. Some of that might fall on the partner, however. The study found nearly 40 percent of lawyers did not review the partnership agreement at the firm they joined.

And money, it turns out, isn’t everything to prospective laterals.

Expected compensation ranked sixth among a list of eight factors lawyers considered before moving. “Culture” was first.

“When they have multiple offers, people rarely take the highest offer,” MLA’s Nye said. “We’re not talking about mega (differences in) dollars here ... but a partner will be willing to forego some level of compensation to go to a firm where they perceive the culture is going to be better for them.”

### Another ‘startup’ takes off

When Paul Lillios decided to retire from his position as associate chief administrative law judge of the U.S. Social Security Administration, he had plenty of firms willing to hire him.

Lillios had all but made up his mind to join a large, established firm in town. But a legal recruiter he was working with, Kay Hoppe, asked if he wanted to interview with Akerman, which opened in Chicago in February.

Within a week, Lillios had met with Scott Meyers, the Chicago managing partner, and held a video conference with

Andrew Smulian, the firm chairman and CEO, and James Miller, head of litigation.

A day after the video conference, he called the firm and told them he would like to join.

“I’ve always tried to value talent and value people in an organization,” Lillios said. “And I saw the same thing in this firm, unlike what I’ve viewed with respect to other firms, quite frankly, and other components of government as well.”

Lillios said he was excited to join the firm because he felt it had a collaborative nature similar to what he experienced in the U.S. attorney’s office as a younger lawyer.

That was apparent in his first two weeks at the firm, when a financial-services client had an emergency matter. Lillios, Meyers and a number of other partners stayed up working together until 3 a.m. Somehow, this cemented for Lillios that his gut feel about the office had been correct.

“It took me back to my old days,” Lillios said. “It was a neat experience where we all worked together, all pitched in to help. And that, for me, characterizes what the firm represents.”

Meyers said the firm is organized by practice groups and serves clients through “teams,” which means partners who join the office will be connected to many more than the 18 others in the Chicago office. They are financially incentivized to work closely with lawyers in other offices.

“We do share credits. And we don’t — unlike other firms that I’m familiar with — have intense negotiations over credits,” said Carlos Mendez-Penate, a New York-based partner who also serves as the firm’s lateral recruiting partner. “The firm culture is one that encourages that and rewards it. And

I think we maintain all the statistics that everybody else maintains, but we’re not slavish about it.”

Prospective partners have been receptive to that style, Meyers said, as well as the opportunity to start something new in the city.

“There is a real hunger in this city for a platform where you really can have control and autonomy and be engaged in building something,” Meyers said. “It’s not just about pushing a heavy rock up a steep hill.” ■

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