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Out of the Pocket

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LOS ANGELES — When associates tell recruiter Delia Swan that they want some breathing room from big-firm life — but still want to practice with top credentialed attorneys — she lets them in on a little secret.

"I call them my pocket listings," said Swan, a Los Angeles-based recruiter, who said she borrowed the term from real estate brokers who whisper about listings that haven't yet hit the market.

Swan says her "pocket" firms, typically spinoffs of major L.A. firms, offer top-notch lawyers and clients but set the billable hour requirement around 1,600 hours. The pay isn't as high, but Swan and other recruiters see growing demand for such placements as associates protest big-firm drudgery.

"Everyone wants these jobs, because where else can you go and get a life?" Swan said. "I have this discussion 10 times a day."

Peter Ocko, an L.A.-based recruiter with Major, Lindsey & Africa, agrees big-firm spinoffs can be an attractive option for candidates seeking a better lifestyle — a request he hears "very often."

Swan estimates there are more than two dozen of these options throughout the L.A. area. But since they're small — and want to preserve their brand-name credentials — it's nearly impossible to place all her clients at one.

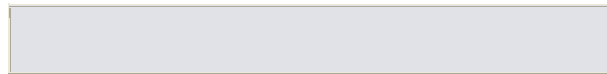
Though Swan didn't want to hand over her entire list of lesser-known gems,

she offered some examples.

WILLENKEN WILSON LOH & LIEB

This 11-lawyer firm started in 1999 when several Quinn Emanuel Urquhart Oliver & Hedges attorneys launched a litigation shop. They joined up with Harvard-educated Jason Wilson, another big-law refugee, who helped the firm develop clients such as Shell Oil, Hilton Hotels and Southern California Edison.

Despite its size, Willenken is able to boast an impressive litigation resume. Recent work includes a patent case for Sempra Energy; appellate briefs for PG&E and T-Mobile; and a successful defense of client Fremont General in a \$128.5 million reinsurance dispute this year. Partner billing rates are in the \$400 range.



But with only one hire a year on average, it's hard to secure a spot there, Wilson said. Headhunters will hand him a tall stack of resumes, "and even when we cut to the top of the stack, there's still a very significant number of very qualified candidates from the best firms in town."

Wilson attributes the interest to the fact that the firm does things differently — and he's not just referring to the dress code. (In the summer, he said, his personal selection is often a Hawaiian shirt paired with shorts.)

Wilson said the firm's compensation structure is part of the lure. The firm lets associates work a reduced schedule — what would be called, at a big firm, part time — for a reduced salary. For example, a 1,600-hour schedule — about 80 percent of the 2,000 hours big firms require — would provide 80 percent of the "market rate" paid by big firms.

"This was a deal that wasn't offered in the marketplace," says Wilson, "so it was a way for us to distinguish ourselves and get better candidates than we could for our size." Hour by hour, he said, associates "get paid as they would at any big law firm — there just aren't as many hours."

That worked for fifth-year associate Leemore Kushner, who came over from Morgan, Lewis & Bockius last year in search of a better lifestyle.

She worked out an arrangement with Willenken that calls for her to work 1,700 hours for 85 percent of the \$230,000 base salary earned by most fifth-years at big firms.

"I always said when I was at Morgan that I just wish I had the option to work less," she said. "And the politics between partners and associates always made me nervous: Am I allowed to say no to more work? Can I say that I have my best friend's wedding this weekend and I can't work?"

Now Kushner works 9 a.m. to 6 p.m. and can't remember the last time she worked a weekend. If she wants to work less — or more — the firm will just adjust her pay accordingly.

"I hope more firms adopt this model," she said.

ZUBER & TAILLIEU

This O'Melveny spinoff made entertainment headlines this year when it represented the fraternity members who sued over their portrayal in the movie "Borat."

But this 12-lawyer firm, started in 2003, offers a lot more than the insider scoop on Sasha Cohen's antics.

"No one is throwing coffee cups at you," said founder Thomas Zuber. He contrasts that with Big Law where there are people "who jump out windows — that's how miserable they are."

Zuber and Olivier Taillieu met at O'Melveny's L.A. office where they bonded over 3 a.m. cigarette breaks when working on a big transaction together. They decided they wanted the same quality of work — but not the same quantity — and struck out on their own as mid-level associates.

With partner hourly rates at \$395, they're able to do smaller litigation matters for big-firm clients. Zuber wouldn't name any specific clients; in addition to the "Borat" plaintiffs, news reports have identified the firm as representing a teenager who sued AOL over an allegedly unsafe chat room.

Zuber claims not to track billable hour requirements, but said lawyers there probably come in around 1,800; pay is about 80 percent of the market rate.

"We don't want people here on weekends," he said. "If they are, we need to hire again."

The firm is growing quickly, Zuber said, and has hopes of becoming a mid-sized player in Los Angeles within 10 years. But the firm is picky about its hires. The last was a Stanford Law School grad. "We'll only pick the cream of the crop," he said. He looks for Big Law experience because of the training that usually comes with it. "There's also a snob factor," he said. "If you work at O'Melveny or Skadden or White & Case, you can ride the coattails of that trademark."

LANDMARK LAW GROUP

Landmark Law Group is an even smaller perch. The firm was started by Gulwinder Singh, who worked at Paul, Hastings, Janofsky & Walker and O'Melveny & Myers before starting his own real estate shop in 1999.

"I felt like the large firm environment wasn't fulfilling, and it was incredibly demanding from a work perspective," Singh said.

So he founded his five-lawyer boutique on the premise that there will be no billable hour requirements and no titles. (He's the primary rainmaker, he said.) He's attracted clients such as Hilton Hotels, Morgan Stanley Real Estate Fund and Bank of America.

Since it's so small, the firm structures pay in a way that directly reflects a person's contribution. If someone wants to work fewer hours than at a big firm, they earn less. In theory, one could work big-firm hours for more pay — but no one's wanted to do that yet.

Singh pointed out that it can be difficult to find top-tier associates willing to make the leap from a big firm to a tiny one.

"People who gravitate from big firms aren't big risk takers," he said. "That's the path of least risk, so even when they're looking for alternatives, there's a lot of concern about the risk of working for a small firm."

He tells candidates that he's been around for nearly nine years and has established many institutional clients, and shows them cases in which his firm has been opposite Gibson, Dunn & Crutcher, O'Melveny & Myers or Allen Matkins Leck Gamble Mallory & Natsis.

"I wish that more good lawyers would take risks," said Singh, to find firms like his that can be professionally and personally satisfying.

That sentiment is what fuels Swan's search for new "pocket" firms. But she and other market observers suggest that growing dissatisfaction with the big-firm model could bring better work-life balance to more than just pockets of the profession.

She points to the publicity won by a group of Stanford law students asking big firms to reduce billable expectations — and the move by some regional firms around the country, such as Dallas' Strasburger & Price, to do just that.

"Gen Y is inspiring a new way of being lawyers," Swan said. "This move is afoot because no one wants to kill themselves like that."