

CULTURE, POWER, AND (OH, YES) MONEY LURE LIFERS FROM THE BEST LAW FIRMS

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Last year, legendary Silicon Valley lawyer Alan Mendelson stunned the national legal community when he left Palo Alto's Cooley Godward, where he'd been a wildly successful corporate attorney for nearly 30 years, to join the Menlo Park office of Los Angeles-based Latham & Watkins.

The question on everyone's mind:
Why?

Many who read similar accounts of partners leaving one big firm for another likewise wonder, "What's the point?" Despite what you might think, large law firms are anything but fungible, and partners have concrete reasons—including personality fits, compensation issues, and practice platforms—for joining one big firm over another.

Frank Currie, another longtime corporate lawyer who represents public and private high-tech companies, underwriters, and investment partnerships, left Palo Alto powerhouse Wilson, Sonsini, Goodrich & Rosati after 15 years to join New York-based Davis Polk & Wardwell's Silicon Valley office. Currie says he wasn't looking to leave Wilson, Sonsini, which he calls "a tremendously successful law firm with a ton of stuff to be super proud of," but was approached instead by friends at Davis Polk.

After many "long discussions to understand what the opportunity was," Currie left the security of one large firm for the vast unknown of another. In analyzing

the move, Currie says he found Davis Polk to be an extremely collegial firm with a global vision. It's "got a very consultative feel; it's not a dictatorship—people sit and talk to each other," he said.

Power...

Although Currie insists that his move "wasn't in any way a reaction against Wilson," he may be referring, when he speaks of a dictatorship, to Larry Sonsini's fabled one-man control over Currie's former firm, something you won't find at Davis Polk.

In fact, personality is one of the main reasons that partners travel among large firms, according to Michael Brown, A San Francisco-based legal recruiter with Major Hagen & Africa. "Power, political, or personality factors play a role," adds **Delia Swan**, a recruiter with **Swan Legal Search** in Los Angeles.

For example, the lure of being the proverbial big fish may drive partners' moves. Intellectual property lawyer Terry McMahon was reportedly offered millions to remain at Orrick, Herrington & Sutcliffe, where he had significantly enhanced the IP group in the Menlo Park office of that Bay Area firm. Instead, he left Orrick last year for Chicago-based McDermott, Will & Emery, which is using McMahon to lead and build a high-tech practice. "There's

probably the excitement of being a founder of a practice,” recruiter Brown speculates.

Still, while compensation couldn’t keep McMahon in one place, it does drive the lateral moves of many partners. The reality is that same-sized firms, even extremely successful firms, have varying per-partner profit levels. Partners at the San Francisco-based Brobeck, Phleger & Harrison, for example, earned more than \$1 million on average last year. At Morrison & Foerster, a similar-sized firm, average profits per partner were a respectable, but lower, \$665,000.

Interestingly, Davis Polk’s Currie was attracted to his new firm’s lock-step system of compensation. With a lock-step system, partners are paid largely by seniority without regard to their books of business or actual client generation. Currie says Davis Polk “could care less” about all of that. Currie says he didn’t want the “superstar system” that dominates other firms. “For me, to really do tech on a global scale, people can’t be territorial about their clients and instead must look at the work from a firmwide perspective,” says Currie.

And Platform...

For many partners, lateral moves are driven not by compensation, but instead by what’s known these days as “platform.” Partners want to join firms where their practice specialties are supported both philosophically and with firm resources.

In Mendelson’s case, he was long considered a “lifer” at Cooley, a firm he helped build into a major Silicon Valley force. He and the firm, however, developed what some have described as philosophical differences over resources devoted to his long list of high-tech and biotech clients.

Specifically, many of Mendelson’s clients had matured into large corporations that needed full-service, multi-lawyer legal work, and global resources. With more than 1,300 attorneys in 18 offices internationally, Latham could offer Mendelson just that.

As another typical example, L.A.-based recruiter **Swan** is working on behalf of labor lawyers whose current firm is not sufficiently committed to their practice. “Their current firm is only half-interested in what that group does,” says **Swan**, who is helping those lawyers find a home where labor law is supported.

“A person I’m working with now is willing to take less money for a platform that’s more conducive to his practice area,” adds Brown. “Most partners don’t want to be the ugly stepchildren of their firms.” Indeed, Brown sees a lot of lateral candidates “whose practice is considered passé” by New Economy-driven firms like Brobeck or Cooley.

At those firms, “billing rates for pure technology work went through the roof,” says Brown, “so those Old Economy partners were simply priced out of their own practice area.”

It was a better platform that drove John Montgomery to move in 1999 from General Counsel Associates, a small but well-regarded corporate firm in Mountain View, to Brobeck in Palo Alto. “From a personal standpoint, I spend six fabulous years at GCA,” Montgomery explains. “It was an absolutely terrific place for me to grow personally and professionally.” Eventually, he found that his own long-term goal, which was to build GCA into a full-service corporate law firm that could take start-up companies through all stages of their life cycles, wasn’t happening.

GCA’s other partners were content with smaller, more manageable matters that

didn't require associate leverage. As a result, Montgomery started losing clients that needed more "bandwidth" from their corporate lawyer. Working with a headhunter, he came up with a short list of Silicon Valley firms he wanted to meet.

Subtle Distinctions

In addition to Brobeck, Montgomery looked closely at Wilson, Sonsini, where he'd practiced as an associate earlier in his career, and at Morrison & Foerster. Eventually, he decided that Morrison Foerster's Palo Alto office, while strong, wasn't growing fast enough.

"On paper," Montgomery says he would have gone back to Wilson, Sonsini because he'd been an associate there, and the firm had referred work to him over the years. He worried that he would have been only one of many midlevel partners there.

By contrast, at Brobeck, "I was one of the older ones," he says. In the end, "Brobeck acted like they wanted me."

The surprising point made by these lawyers is that, despite a certain outward sameness, big firms are not all the same. In fact, according to Montgomery, "they're very, very different. Walking through the firms, they just feel different. You look at how they put you through the gauntlet [when interviewing], and you get a pretty good sense of the partners and their collegiality."

Davis Polk's Currie, who spent parts of his career not only at Wilson Sonsini but also at what was then Pillsbury Madison & Sutro, agrees. Each big firm, he says, "has its own personality."