

How 5 Firms Grew Without Merging

By **Michele Gorman**

Law360 (April 15, 2018, 10:02 PM EDT) -- Of the firms that grew the fastest without merging in 2017, one stands apart — and it isn't for making headlines with a list of high-profile partner hires.

Last year, Los Angeles-based Wood Smith Henning & Berman LLP brought in 55 lateral attorneys. But only two of them were partners.

According to co-founder Dan Berman, the firm has long sought to build a pipeline of talent with the goal of promoting internally, a practice dating back to its inception in 1997.

“Our strategy obviously is to grow, support our clients,” he said, “but we’re also very wary as a firm ... of growing too fast at the partner ranks by bringing in lateral teams or partners.”

Wood Smith came in second behind only Buchalter PC for percentage growth among firms with at least 200 attorneys that didn't merge last year, according to data compiled for Law360's annual list of the largest U.S. law firms.

Buchalter, Wood Smith, Dorsey & Whitney LLP, Cozen O'Connor and Winston & Strawn LLP are the five fastest-growing firms without a tie-up, with each expanding overall headcount at least 14 percent, according to Law360 400 data.

The firms each outpaced an industrywide growth rate of just under 2 percent among those that provided year-over-year data, and to different extents, they each share Wood Smith's wariness.

Most credited the bulk of their expansion to efforts in targeted markets, and some also emphasized internal promotions. Above all, leaders of the five firms stressed the importance of growing from within or through lateral hires over mergers or even large acquisitions.

Adam Bass, president and chief executive officer at Buchalter, acknowledged it would be easier to find a 40-lawyer firm and hire all of them, but he emphasized that's not the way his firm prefers to develop.

“We generally don't take on large groups, and we don't acquire whole firms,” he said. “We do this sort of the old-fashioned way, the hard way, which is we spend the time to meet each potential candidate and get to know them very well.”

The Personal Touch

Buchalter, based in Los Angeles, brought in 10 lateral shareholders in 2017, and all work in the firm's home state. In total, it hired 47 attorneys last year, while also promoting two associates to shareholder, it said.

In February, the firm opened a Sacramento office focusing on banking- and energy-related issues, manned by four lawyers from the California Power Law Group and three lawyers from Downey Brand LLP.

One of the former Downey Brand partners is James Dyer, a veteran corporate lawyer who's the managing shareholder for the new office. Dyer was pulled into Buchalter after an intensive personal campaign lodged by Bass, and he ultimately grew the office to 14 by the end of the year.

In April, Buchalter added four more attorneys in Sacramento: a group from LeClairRyan focusing on commercial, bankruptcy and employment law.

Then in June, the firm expanded its Northern California practice by adding three litigators from Archer Norris PLC in San Francisco and Sacramento.

Bass, who has been leading the firm for five years, said he personally meets with possible lateral hires during the recruiting process. Buchalter's leaders spent an expansive amount of time connecting with potential lateral hires, many of whom they had been trying to attract for several years, he added.

Once the firm brings them onboard, the best way to retain laterals is to make sure they're integrated properly, Bass said. At Buchalter, they're presented with various opportunities — both during the recruiting process and once they have joined the firm — to mingle with their peers in different offices through lunches, dinners and golf outings, as well as through meetings.

"We don't offer huge guarantees. We don't offer multiyear contracts," Bass said. "What we offer is an open, transparent system where people are treated fairly and with respect, and where people like the folks that they work with."

A Well-Maintained Pipeline

Wood Smith's strategy to focus on associate hiring allows it to grow its ranks where market conditions require greater support. During some months last year, the firm completed as many as seven lateral hires — a process its co-founder called "a very consistent growth model."

By contrast, the firm has brought on just 18 lateral partners over its 21-year existence, Berman said. In 2017, Thomas Vandenburg and Carl Steccato were the only two lateral partners to join the firm — in California and New York, respectively.

BUCHALTER

206

2016 ATTORNEYS

241

2017 ATTORNEYS

+16.99%
CHANGE

99

2016 PARTNERS

113

2017 PARTNERS

+14.14%
CHANGE

“We have a very strong partner team to begin with, and really what we’re doing is building out the support for those teams,” Berman said.

In addition, the firm typically has at least 20 law clerks in a given year, and many of its partners rise up through this program. It’s this form of organic growth that has yielded more partners over the years than lateral hiring efforts, Berman said.

He attributed last year’s success to a combination of client demand, creative fee agreements and an uptick in several key practice areas including employment, real estate, professional liability and health care. The bulk of the expansion was in Southern California, Florida and New York.

“More and more of our clients are asking for us to have the ability to provide legal service on a national level,” Berman said. “In building out our 22 offices, our platform, we had to obviously provide the support and grow to support those client needs.”

Moving South

Minneapolis-based Dorsey & Whitney found a particularly opportunistic location in Dallas last year. After opening there in February with a group of partners from Schiff Hardin LLP, it brought on 15 lawyers in March and later added four more partners or of counsel.

All told, the firm attracted 39 lateral partners and of counsel — including 34 outside of its headquarters in Minneapolis — as well as 39 associates in 2017.

Dorsey managing partner Ken Cutler said he thinks the lateral hires last year were attracted to the firm in part because of its collaborative culture, where partners and associates are willing to offer help without asking how they will receive credit on a matter.

By the end of November, for example, the lawyers in Dallas had worked with more than 190 of their colleagues outside of their office, Cutler said.

“That’s your dream,” he said, when a firm brings in attorneys and “they immediately felt connected with and ensconced with the rest of the firm.”

Earlier this year, the firm continued the momentum when it picked up an intellectual property team of 10 attorneys from the Salt Lake City office of Holland & Hart LLP. With the newest additions to the firm’s IP group, Dorsey’s ranks in Salt Lake City have grown to more than 50 lawyers.

Cutler said he expects the year to continue with strategic additions in various locations and practice areas.

“If we wanted to merge and become 1,000 lawyers, I’m sure that could be easily done,” Cutler said. “But that’s not our goal, unless that turns out to be both a strategic and cultural fit.”

Expanding in Pa.

New outposts were also part of the 2017 growth efforts of Cozen O’Connor, which hired 67 partners along with 51 associates, seven of counsel and nine counsel.

The Philadelphia-based firm announced at the beginning of May that it would expand its footprint in the Keystone State with the opening of a Pittsburgh office helmed by a three-attorney team from the upper ranks of Buchanan Ingersoll & Rooney PC.

Taking the lead in launching the office were Thomas Giotto, who served as chair of Buchanan Ingersoll's labor and employment section, Jeremy Garvey, co-chair of its corporation section, and Gene Giotto, co-chair of its post-acute and long-term care practice group.

During 2017, Cozen added a total of 28 attorneys from Buchanan Ingersoll, and it had 17 attorneys in Pittsburgh by the end of the year.

The firm also added 10 attorneys, eight of whom were partners, from the Los Angeles real estate and commercial litigation boutique Gilchrist & Rutter.

"The L.A. market is growing from both a real estate and corporate perspective," said Marty Schrier, the firm's chief strategy partner. "Many of our national real estate clients have a presence in California, and we wanted to be able to service those national clients on the West Coast."

For a growing firm like Cozen O'Connor, which expanded its ranks 15 percent to 704 attorneys in 2017, change can be challenging.

But Garvey, who joined as the managing partner of the Pittsburgh office, credited the firm's resources and efforts in trying to ensure the attorneys are connected to others throughout various offices.

"There is an understanding of what the firm is trying to achieve, and ultimately the goals and aspirations of what we're trying to build," he said.

Going Big

With competition escalating in Texas, the Chicago-based Winston & Strawn sought top talent there in a dramatic fashion.

Last year, 28 of its 76 lateral partner hires were in its new Dallas office.

The office took on 12 partners from Fish & Richardson PC, seven partners from Locke Lord LLP, three partners from Jones Day, and partners from Norton Rose Fulbright, Greenberg Traurig LLP, Squire Patton Boggs LLP, K&L Gates LLP, Miller Egan Molter & Nelson LLP and Weil Gotshal & Manges LLP. Two Locke Lord partners also joined Winston & Strawn's existing Houston office, and one Fish & Richardson partner joined the firm's existing Charlotte office.

"It was a very ripe spot for the right firm with the right vision to come in and really cherry-pick the landscape," said Steve Stodghill, a partner in Dallas who was brought over from Fish & Richardson.

Winston & Strawn's partnership grew nearly 14 percent to 389 partners last year. The main practice areas for growth include private equity, finance, mergers and acquisitions, and real estate on the transactional side, and commercial, white collar and intellectual property in litigation, Chairman Tom Fitzgerald said.

Partners who joined the Dallas office said the tipping point in Winston & Strawn's recruitment process was when the firm made clear whom their potential colleagues would be. They added that the firm also demonstrated a pervasive feeling that all of the attorneys were working toward similar goals while simultaneously showcasing their individual talents.

When Dallas managing partner Tom Melsheimer was brought to the firm early in the year, Fitzgerald told him he was hired to bring his skills to the firm, not to be reshaped to fit its existing form.

"I don't mean that as an egotistical statement," Melsheimer said. "He wasn't looking to remake us into the image of Winston."

"That's the kind of attitude that you don't always see, but I think it's the kind of attitude that's necessary."

--Editing by Jocelyn Allison, Jeremy Barker and Emily Kokoll.

Methodology: Law360 surveyed U.S. law firms, and vereins with a U.S. component, on domestic attorney and partner headcount information as of Dec. 31, 2017. Firms based outside the U.S. were not surveyed, and only attorneys based in the 50 states and the District of Columbia were included in the responses.

The analysis of the percentage changes in year-over-year attorney and partner headcounts includes only firms in the Law360 400 with 200 or more attorneys who responded to Law360's headcount survey in 2017 and 2016. In compiling our list of the firms that grew fastest without merging, we eliminated any firm that executed a merger or mass acquisition with a firm of over 20 attorneys in 2017.