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COVER STORY

How to Fold 150 Laterals Into Your Firm

Morgan Lewis Fostered a Lasting Integration of Brobeck Band

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SAN FRANCISCO — As pandemonium reigned around them, Steve Finn and Brock Gowdy had a rule: keep smiling. It was January 2003, and the two partners at Brobeck Phleger & Harrison were seeing their world fall apart before their eyes.

Brobeck, once one of the state's top law firms, had closed its doors and was facing bankruptcy. Shuttling between staffers worried about their next paycheck, clients worried about their cases and interviews with law firms wanting to hire them was not easy, but it helped to stay positive in those dark days, Finn said.

And, things did work out in the end. On the heels of Brobeck's closure, Morgan Lewis, a large firm with roots on the East Coast, offered to take in a large group from Brobeck. The firm already had a Los Angeles office with 66 attorneys but wanted to expand its West Coast presence. The firm worked against the odds to make sure the Brobeck people melded seamlessly into its operations, including 19 new lawyers in its Los Angeles office. Now, nearly five years later, the majority of the Brobeck attorneys who joined the firm have stayed on.

With that, Morgan Lewis has been able to do what many other firms from outside California have struggled to do: successfully integrating a large group of local attorneys to become a major player in the state's legal market.

Morgan Lewis brought in 150 partners and associates and roughly 100 support staff from Brobeck. The firm, with more than 1,300 attorneys and 22 offices worldwide, has 317 attorneys in four California offices:



S. TODD ROGERS/Daily Journal

Morgan Lewis partner Jami Wintz McKeon captained the integration of a band of a few hundred Brobeck attorneys and staff with her firm in 2002 — a rare success story of legal expansion.

San Francisco, Los Angeles, Irvine, and Palo Alto.

Many East Coast firms have tried with less success to meld with California firms.

"You can't fake integration," said Jami Wintz McKeon, a litigation partner in Philadelphia who has been at Morgan Lewis since she graduated law school in 1981.

"People have to feel that you're invested in their success. That means the firm has to invest a lot of money and a lot of time and effort for that."

A whirlwind of energy and a self-proclaimed "people person," McKeon was charged with incorporating the Brobeck group. She likened herself to an old-fashioned telephone operator plugging in cables and connecting people across offices who shared practice areas. She made sure to get firm members in East and West Coast

offices face-to-face quickly and brought out all the firm's practice leaders for a two-day orientation in San Francisco. She hosted all the former Brobeck associates at her beach house on the Jersey Shore.

She even reached back to elementary school days for inspiration and assigned every Brobeck lawyer and staffer a Morgan Lewis buddy.

"Everyone makes fun of me for this," McKeon said. But it really helped in the early transition phase when Brobeck people needed someone to turn to with questions as simple as how to fill out expense forms to figuring out potential client conflicts, she said.

"In a lot of ways Jami is the heart and soul of the law firm ... she became an important bridge between East and West," said Gowdy, a Brobeck partner who now manages the San Francisco office.

Morgan Lewis Built Lasting Integration of Brobeck Laterals

Morgan Lewis expanded the firm's 15-member advisory board to include three Californians and added a West Coast representative to co-head initiatives in all the practice groups. And, after 18 months of weekly shuttling to San Francisco from Philadelphia, McKeon moved permanently to San Francisco with her husband and two children.

Not only were they dealing with equipment like coffee makers being taken out of the office, they were trying to hold onto clients and close deals. Tens of thousands of files had to be transferred, clients had to consent to changing firms and everyone had to learn a new e-mail and docketing system. They also had to come to terms with the past, recalled Gowdy.

"The hardest thing is that we were in a period of mourning over the Brobeck experience for a year or two," Gowdy said.

Brobeck went from being one of the state's top firms to shutting its doors within three years. Troubles for Brobeck Phleger & Harrison began after the dot-com bust left the firm bloated with attorneys and office space and not enough business. The firm's leader Tower Snow, who spearheaded an expansion of the firm's more traditional practice to the high-tech arena, was ousted in 2002. The firm shrank by hundreds of attorneys, but at risk of folding under its mounting debt, Brobeck began merger talks with Morgan Lewis in 2003. The talks fell through for reasons the partners still won't disclose and the very next day, Jan. 30, the firm leadership announced the 77-year-old firm was shutting its doors.

In the first chaotic days many Brobeck

attorneys scattered to other large law firms. But a core group, including the litigation, real estate and intellectual property people, had been with Brobeck for years and wanted to stick together. While other firms preferred to cherry-pick, Morgan Lewis was willing to take the whole group, Gowdy said. When he put the prospect to his practice group of moving for more money or moving a larger group from Brobeck to Morgan Lewis, everyone voted for Morgan Lewis, Gowdy said.

Morgan Lewis did try to ease the financial burden by giving partners two years to begin contributing to their capital accounts as well as no-interest personal loans.

"A lot of law firms go in and say who is the star? Who has the highest billing? And Morgan Lewis goes in and says 'We want the team,'" said Tom Kellerman, who now heads the firm's Palo Alto office. "Morgan Lewis had to trust that the Brobeck people wouldn't leave - you had to trust and be confident that people were going to try and make it work. ... Part of the grain that made it successful is that everyone made a leap of faith."

Anybody can be sold a bill of goods, but retaining a lawyer is a whole other thing, according to Larry Watanabe, a recruiter with Watanabe Nason Schwartz & Lippman. "It's one of the most successful transactions of its type that I've seen," Watanabe said. "There has to be some sort of a cultural fit, you have to have minds that think alike and good analysis of the fit with the practices."

Other firms that have made similar moves have not had such positive results. In 2004, London-based Clifford Chance shut three of its four California offices. New York-based White & Case shut its

San Francisco office in 2006. Minneapolis-based Dorsey & Whitney shut its San Francisco office last year, and Morgan Lewis picked up 10 of its intellectual property attorneys.

Kirk Pasich, an insurance lawyer now at Dickstein Shapiro in Los Angeles, has gone through three of these marriages, including when he led a group of 29 into Howrey when the firm Troop, Steuber, Pasich, Reddick & Tobey broke up in 2001. At the same time, 61 other Troop lawyers went to Dallas-based Akin Gump Strauss Hauer & Feld.

"The numbers [of Troop lawyers] left at Akin and at Howrey are in the single digits," Pasich said.

"These things frequently don't work," said Pasich, who stressed that he believes he has found a good fit now with Dickstein Shapiro. "The local office does not have the same vision as the national vision. It's as much about the culture as anything else."

Pasich said frequently a firm brings in a large group from another firm with an eye on a core group of people. "There are always people you are going to trim and prune," he said.

Rather than pruning, Morgan Lewis has promoted some Brobeck associates to partner and many former Brobeck people say they see themselves staying at Morgan Lewis for the long term.

"Five years later, all the Palo Alto partners from Brobeck are still with us," said Melinda Riechert, partner in Morgan Lewis' labor and employment group. "We have added new partners who were Brobeck associates, and many more partners from other firms. We have found a new home and our practice is booming."