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RECRUITING ROUND UP

Regional law firms discover success in lateral market

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Guy Halgren, chair of Sheppard, Mullin, Richter & Hampton LLP's executive committee, said the firm added about 18 to 20 partners firmwide in 2012, mostly in its intellectual property and corporate practices.

Lateral partner movement has changed drastically in the past five years. Some partners are moving to firms where they have more flexibility with their billing rates or better leadership opportunities. Others have been swept up in the recruiting pushes in labor and employment and intellectual property.

In 2012, some law firms added California partners in droves, while other firms shed them.

Among the firms that gained the most partners in California in 2012 were Sheppard, Mullin, Richter & Hampton LLP, which netted 10 partners, Seyfarth Shaw LLP, which grew by 12 partners, and labor and employment firm Jackson Lewis LLP, which added 13 partners. Bingham McCutchen LLP and Orrick, Herrington & Sutcliffe LLP each had nine fewer partners on Jan. 1, 2013 than the year prior, while Reed Smith LLP and Latham & Watkins LLP both shrank by 10.

Washington, D.C.-based McKenna Long & Aldridge LLP gained 73 partners in California after its March 2012 merger with San Diego-based Luce Forward Hamilton & Scripps LLP.

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— *Larry Stone*

Some firms have done well recruiting into new offices in the state, said Barbara Levenson, founder of San Francisco-based attorney placement firm Levenson Schweitzer. These firms will often give up-and-coming partners the chance to play significant roles in firm management and to become practice group leaders. She gave the example of Sheppard Mullin opening its Silicon Valley office three years ago.

"Although they had a San Francisco office for over 30 years before opening in Silicon Valley, they hired a number of local partners in Silicon Valley from a variety of firms and made that office very intellectual property oriented," she said. "They are getting massive support to grow that office from the firm chair, who comes up regularly to meet with partner candidates."

Guy Halgren, chair of Sheppard Mullin's executive committee, said the firm added about 18 to 20 partners firmwide, mostly in its intellectual property and corporate practices.

Recently, it lost a few, too — Palo Alto corporate partners Kevin K. Rooney and Louis Lehot jumped to Cooley LLP earlier this month.

Halgren said the firm is "aggressively recruiting" into its Palo Alto office, and the firm plans to bring in another 20 to 25 partners firmwide this year.

"I've seen the lateral market grow quite a bit," Halgren said. "As a result, firms need to be more careful in the vetting of candidates and making sure that they're going to be a good fit."

Lateral partner movement has appeared heavy in the labor and employment area. Larry Stone, managing partner of the Los Angeles office of Jackson Lewis LLP, a labor and employment firm, said many of its partner additions were litigators. In January 2012, the firm added employee benefits counseling and litigation partner David R. Johanson, who came over with one partner and two associates from boutique firm Johanson Berenson LLP.

Stone said that was a significant acquisition for the firm.

"California is kind of the center of the universe for wage-and-hour class actions," said Thomas J. Wingard, partner-in-charge of Alston & Bird LLP's Los Angeles and Ventura County offices, who said his firm's labor and employment practice has gotten "busier and busier" the past three years.

Stone said labor and employment work has been increasingly concentrated at fewer firms. "We've had success in attracting people from multi-service firms that are not in as many places as we are. Their feeling is they can grow their business here."

Levenson said because labor and employment is a very rate-sensitive practice, and because Jackson Lewis and other labor and employment firms offer much lower rates, many large law firms are losing partners in those areas.

"L&E is rate-sensitive because unless a case is a huge wage-and-hour class action or trade secrets case, most clients don't want to pay $700 an hour to a partner to answer a question like, 'Can I fire Bill the plumber?'" Levenson said.

Because a lot of big firms don't offer flexible rates on those types of cases, some labor and employment attorneys leave firms like Paul Hastings LLP, Orrick and O'Melveny & Myers LLP if they want to do work other than class actions, she said.

While some firms were beefing up their partners ranks, others were whittling them down.

Latham & Watkins LLP shrank by 10 partners in 2012. Some partners who departed the firm included Andrew S. "Drew" Williamson to Cooley LLP, IP and Korea partner Franklin D. Kang to DLA Piper and IP partner Yury Kapgan to Quinn Emanuel Urquhart & Sullivan LLP.

Legal recruiter Larry Watanabe of Watanabe Nason LLC said many of the partners who have left Latham were relatively more junior and wearied of the long path to partnership there. Latham & Watkins declined to discuss its recruitment strategy.

Bingham McCutchen LLP lost nine partners in the aggregate in 2012, including William F. Abrams to King & Spalding in Redwood Shores and Wendy M. Lazerson to Sidley Austin LLP in Palo Alto. Rick R. Rothman, managing partner for Bingham in Los Angeles, said California is an "ongoing focus" for him and others at the firm.

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— Stuart A. Shanu

"I don't think our recruitment strategy changes a whole lot. It really is to be opportunistic and find practices that complement the strengths that you have regionally or nationally," he said. "I think we're very strong in financial services, strong in environmental, strong in commercial litigation."

Likewise, Reed Smith LLP and Orrick both shrank by 10 partners in 2012. Watanabe moved five of those partners from Reed Smith to DLA Piper.

"A lot of the partners haven't seen growth in their platform at that firm," Watanabe said of Reed Smith. "They've lost people in San Francisco and Los Angeles for that reason."

Stuart A. Shanus, managing partner of the Century City office of Reed Smith, said the number of departures at his firm is high because of the group that left the firm's Silicon Valley office. The firm is consistently ranked high in terms of total size, he said, and the firm's partnership has stayed very stable for the past three or four years.

"I think that partners who leave think there's a slightly better platform somewhere else," he said. "You try as hard as you can to keep everybody, but some of that movement is going to happen."