

## After the Honeymoon

It's not just the chase: What happens post-merger matters more.

### Law Firm Administration

A Special Report

BY KENT A. GARDINER

We are in an era of law firm consolidation and rapid-fire lateral movement. In that environment, firms devote much of their energy and resources to the “chase.” Potential lateral candidates are wined and dined, and promises are made about the melding of cultures, the flexibility of rules, and the lateral lawyers’ ability to influence their new organization.

Then the honeymoon ends.

As the stories of failed mergers attest, comparatively little attention is paid to successfully integrating the new lawyers into the firm’s clients, practice areas, and culture. As a result, firm rules are imposed and promises are broken. Individual laterals pack up and leave, and smaller firms that join bigger firms grow nostalgic for their former autonomy and sense of true collegiality and partnership.

Our firm, Crowell & Moring, is no stranger to lateral growth and the unique challenges that attracting new talent brings to a firm’s culture, client service, and business operations. In addition to an array of top-quality lawyers who have joined us either individually or in small groups, we have had the good fortune to attract four different boutique law firms, specializing in health care, intellectual property, international trade, and litigation. Though there have been many challenges with integration, all four of these boutique firms have migrated successfully. And unlike many other unions with boutique firms, we have not suffered a single partner defection. The reason? A relentless focus on meaningful integration.

We are now celebrating the first anniversary of our union with King Pagano Harrison, a top-quality litigation and trial boutique. Because King Pagano Harrison’s trial practice spanned a number of our practice areas, and the 20 lawyers who joined us from the smaller firm are divided between our Washington and New York offices, the integration of our two firms offers an interesting case study in how to get it right.

Larger law firms that bring in smaller law firms often insist on publicly calling the union a “merger,” but they rarely mean it. The smaller law firm is “acquired” in every sense of the term. The smaller firm adopts the economic parameters, billing rates, client relationships, and culture of the larger firm.

In the case of Crowell & Moring and King Pagano Harrison, however, the lawyers in our two firms have come together seamlessly precisely because we did not treat this as an acquisition for integration purposes. Crowell & Moring changed King Pagano Harrison, and it changed Crowell & Moring. The opportunities for both firms have expanded, and our culture has benefited from inculcating many of the unique attributes of a thriving and cohesive boutique firm.

Here are some of the challenges we faced, and how we attempted to navigate through them.

### GETTING OFF ON THE RIGHT FOOT

King Pagano Harrison had been courted by many firms hoping to enhance their trial capabilities with a first-rate litigation boutique that had well-known clients. Crowell & Moring was late to that party. There was thus no time for fancy dinners; we immediately set to work discussing how their lawyers would fit in here, where the opportunities existed, and how they could thrive in our environment. The King Pagano Harrison lawyers, likewise, were sophisticated, were fresh from their courtship with other firms, and knew exactly how to focus on where Crowell & Moring, its practices, and its clients would enhance our mutual opportunities.

The result? We emerged from our negotiations not only with a deal, but with a Day 1 business plan for joint business development initiatives, client service teams on ongoing matters, and integration of various lawyers into an array of Crowell & Moring practice groups.

Integration “on paper” involves listing new lateral attorneys on committee rosters and inviting them to meetings,

practice group lunches, and social events. Real integration means genuinely sharing business development opportunities (including access to the firm's client relationships) and affording opportunities for leadership (and thus prominence and power in the firm). With King Pagano Harrison, we took advantage of the substantial leadership expertise of the firm's founders and other lawyers, and we invited them to participate in the leadership of several practice groups as well as our trial practice team.

We also brought them to our clients. Indeed, even before they formally joined us, one of our partners asked a King Pagano Harrison lawyer to join the Crowell & Moring team in a new business pitch. The joint presentation won the business. For them, this was the proverbial proof in the pudding. We had demonstrated just how integrated they could expect to be with our lawyers.

### **BOTH FIRMS MUST CHANGE**

The King Pagano Harrison lawyers knew that joining Crowell & Moring meant significant change in their daily professional lives. Such change is inevitable when the lawyer community expands from 20 to 370. Less obvious, but critical to the successful deal, was the degree to which Crowell & Moring has changed as a result of King Pagano Harrison's influence.

That positive impact on Crowell & Moring over this past year ranges from the obvious to the more subtle. As a trial boutique, King Pagano Harrison had an organic and fundamental philosophy about training its lawyers to become skilled trial practitioners. The firm's approach does not involve a lot of classroom time or off-site seminars. Instead, the firm picks appropriate smaller cases and lets a first-year associate serve in the second chair on a deposition. Next time, the partner moves to the second chair. Then, the associate flies solo. The same methodology is used with small and then increasingly larger trial opportunities.

That front-line approach to training young lawyers is increasingly rare in larger firms. But because it is second nature to a boutique trial firm, our training programs have been energized by their arrival.

A more subtle but even more important impact on our culture involves King Pagano Harrison's approach to diversity. In short, diversity was not a "program." It was a way of life. King Pagano Harrison was a highly diverse law firm, with an African-American name partner and an array of other diverse partners, counsel, and associates. There was never a "diversity consciousness" per se. It was for them simply the natural way to run a firm and serve clients.

Diversity enhancement, ultimately, is not at all about recruitment statistics. It is about retention and the development of successful diverse lawyers. We are learning much from King Pagano Harrison's day-to-day approach to successful diversity.

### **A WORK IN PROGRESS**

Not everything has gone perfectly, and substantial efforts are ongoing. At King Pagano Harrison, there were

no "practice groups," and the lawyers simply staffed cases based on availability and expertise. In the larger Crowell & Moring, we strive to keep the boundaries around our practice groups as low as possible, but it is a reality that we have an array of practice groups with different management structures and client relationships. It has been an ongoing leadership challenge to maximize flexibility and facilitate King Pagano Harrison lawyers working in a variety of practice areas. It requires new thinking by practice group leaders; special attention to how associates are being developed, lest they become "lost" in the gaps between groups; different billing rates based on particular competitive conditions; and the like.

The recipe for success, so far, has been daily communications on all of these issues, with practice groups working together to put substance over form.

All of the King Pagano Harrison lawyers, in different ways and to varying degrees, had anxiety about joining up with a firm many times larger. Jeffrey Pagano, a firm founder, was skeptical generally about larger firms and their ability to service his clients effectively, and he considered at the outset peeling off from the firm and going his own way. But he decided to cast his lot with the rest of us and is helping build out our New York office. Does he feel like integration is working? It seems so. At our firm retreat, Pagano walked into a room full of hundreds of new faces. He smiled and proclaimed success in his 2007 goal—to substantially expand the firm through the acquisition of new lawyers.

Keith Harrison is another founder. I had lunch with Harrison during our negotiations, while he was in the middle of a lengthy trial. He was interested in the potential opportunities to expand his practice and his client base but anticipated mourning the loss of what he had built. "It means a lot to build a firm from scratch, and then all of a sudden it's gone. I don't know how I am going to feel when KPH doesn't exist anymore."

Shortly after our firms came together, we were celebrating a major win at trial in an intellectual property case. We were particularly pleased with the success because it was the picture of integration: Harrison was the lead trial lawyer but melded a trial team of other King Pagano Harrison lawyers, Crowell & Moring lawyers, and litigation support from both firms. One of our longtime Crowell & Moring partners raised a toast to the victory as a "KPH success." Harrison quickly corrected that depiction, reminding the partnership that this was now a "Crowell & Moring success."

Too often businesses rely on textbook formulas to make things work when, ultimately, it's the human factor that is decisive. The lessons of our success with King Pagano Harrison are all about seizing the opportunity to prove trustworthiness. Once that is done, the practical issues, even potentially thorny ones, fall more easily into place.

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