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THE AMERICAN LAWYER

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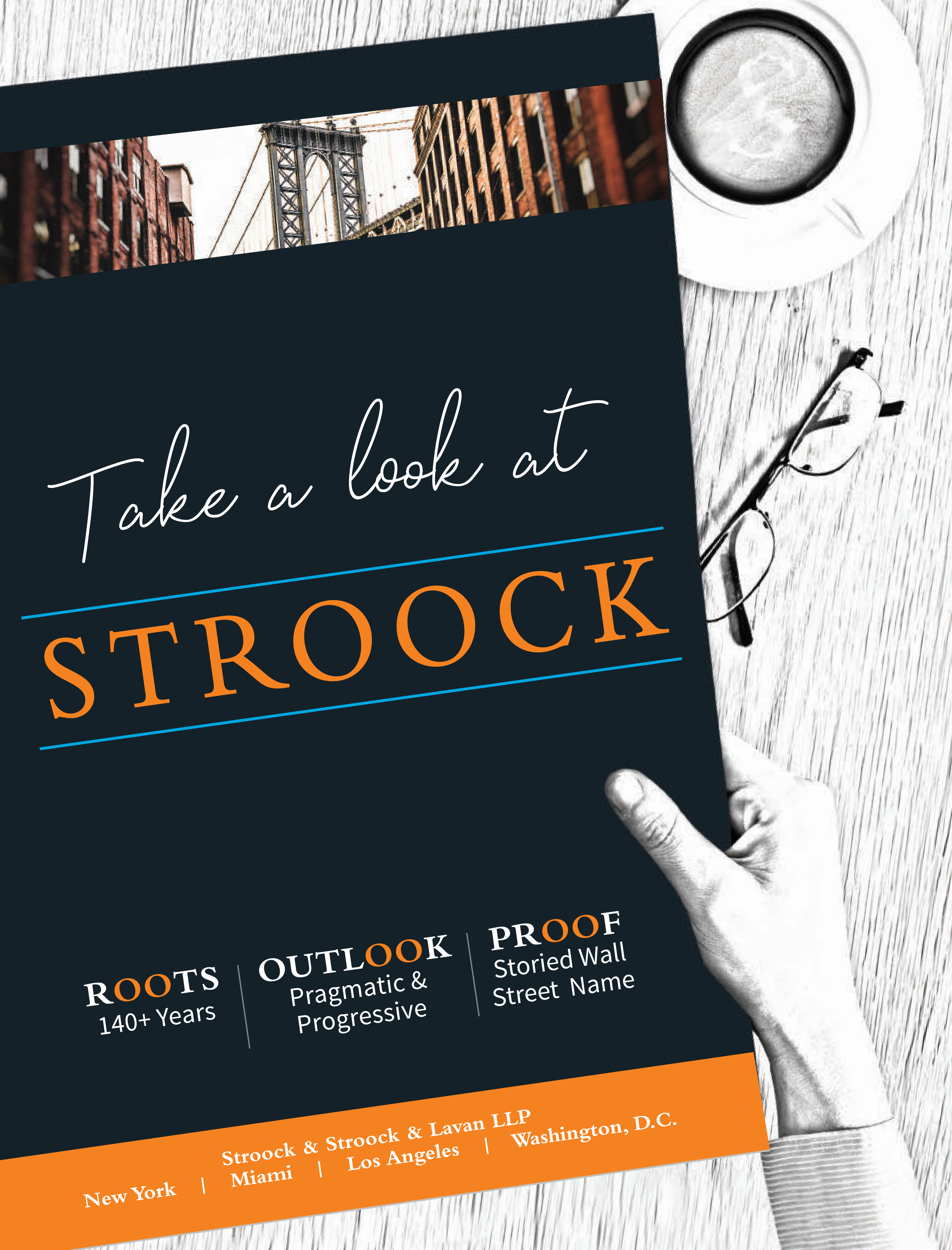
OCTOBER 2019

From Chicago to China, the world's biggest firms are growing exponentially.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CONTENTS

Cause for Concern Summer associates gave their firms top marks on our annual survey, but their responses suggest many are worried about what a future in Big Law means for their mental health. 7

ONLINE COVERAGE

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Cover illustration by Roberto Jiménez


52


42


48


22


60


13

CORRECTION

"A Shock to the System" [September 2019] should have identified New York Magazine as the publication where Steven Brill first wrote about the business of law.

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Their Lips Are Sealed

The global legal community is eerily quiet on Hong Kong.

The past year has given me, and hopefully our readers, a unique lens into the global legal scene. I've worked more closely with our incredible teams on the ground in Hong Kong and London, and we are all actively looking at how we can tell stories that bring to bear the unique vantage point our global newsroom can offer.

Our goal is to tell global law firms and corporations what they need to know through reporting from the places that matter (we also have reporters on the ground in Sydney, Mexico City, Brussels, Paris and Dubai). But that isn't always how it works out.

Journalists are no stranger to tough stories. Rejection and sources who don't want to talk are nothing new. It's part of the job. And it's also our job to find the story anyway and tell it. But the story around the conflict in Hong Kong—and law firms' silence on the topic—has been unique.

Our reporters in Hong Kong, the United States and London have called more than 50 sources, from lawyers in management on down. They have reached out to lawyers in Hong Kong or at firm headquarters elsewhere in the world. And almost to a person, no one will talk on—or even off—the record. This is the case even with seemingly simple questions, such as: "Has the unrest in Hong Kong made you rethink your growth strategy there?" Forget about lawyers sharing their thoughts on the actual cause of the unrest and what the Chinese and Hong Kong governments should do about it.

I have spoken with a few firm leaders and consultants over the past few weeks about the situation. Firms are in a tricky spot for a few reasons, and it comes down to fear—fear of retribution by the Chinese government or clients that wouldn't like the firm's public position. But it's a bit more complex than that.

One person in senior management at a global firm noted the difficulty of commenting on the situation when you may represent clients in both Hong Kong and, say, Beijing. Firms have to be careful not to take a position that would put their clients in jeopardy in one of those jurisdictions.

There is a flip side to this. It's not just our reporters who wish firms would comment. Firms are getting pressure from their associates, too. Increasingly, on any number of issues, the younger generation of lawyers and staff within firms is expecting their organizations to take a public stand on issues of moral and civic importance. And we have seen that as firms that represent big business, or even those that have sent lawyers to work in the Trump administration, battle the administration's policies on a pro bono basis.

Yet, in Hong Kong, there has been no public commentary from Big Law, at least not as of press time. And trust me, associates are asking for it. Firms' silence speaks volumes about the situation on the ground and the difficult position they find themselves in between clients, their own staff and governments. The objective observer in me understands why they zipped their lips, but the journalist in me sure hopes they didn't throw away the key.

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WINED, DINED AND WORRIED

Summer associates are impressed with their firms, but mental health looms large.

BY DYLAN JACKSON

DANIEL LIÉVANO

THE GLITZY WORK life of a summer associate has dazzled another class of law school students.

The 2019 cohort of summer associates got a hell of a welcome: box seats at ball games, trips to far-flung offices in Hong Kong and Myanmar, and even a spin class alongside Michelle Obama.

Even so, many are wary of the mental toll that Big Law can take, a nod to the atypical work experience provided by summer programs and the struggle the legal industry has long had with the mental and physical well-being of its employees.

Summer associates reported an average satisfaction rate of 4.76 on this year's Summer Associates Survey, unchanged from 2018, and no firm had an average score below 4.19. The surveys were gathered from more than 3,600 summer associates at 82 of the world's largest firms. The survey asked respondents to rate their firms based on quality of work, partner and associate interaction and likelihood to accept an offer if extended.

Four firms received perfect 5.0 marks to share the top spot on the ranking: Clifford Chance; Duane Morris; Kramer Levin Naftalis & Frankel; and Stroock & Stroock & Lavan.

"The firm is extremely collegial and takes its culture seriously," one summer associate at Clifford Chance said. "It's an amazing place to work if you're interested in international deals."

The international nature of summer associates' work is a big theme for Clifford Chance, says Sarah Posner, head of the firm's U.S. legal recruiting, which is why 2L summer associates can spend two weeks in one of the firm's international offices.

"It's an incredible benefit to come back as a first-year and to potentially have a closer relationship with one of our colleagues at a different office than the partner they're working under," Posner says.

Overall, firms scored the highest ratings for their interactions between associates and summer associates, garnering an average score of 4.89 among all firms. Most firms took knocks in the training and guidance offered, scoring an average of 4.64, the lowest composite score across the board.

Drinker Biddle & Reath saw the greatest improvement on this year's survey, from dead last in 2018 to fifth place. Elsewhere, Bracewell jumped from No. 59 to No. 9, and Fox Rothschild climbed from No. 53 to No. 15.

Last year, Drinker Biddle took the biggest knocks in the "real work" and "interesting work" categories, scoring an average of 3.9 out of 5 for both. Justin Kay, Drinker Biddle's hiring committee chairman, says the firm took last year's feedback seriously and tweaked its program, modifying the assignment process and bringing in a consultant to analyze its communication strategy.

"If you take the time to explain the rationale or benefit of doing certain things, especially when they are new and different, you get more buy-in," Kay says.

The plan worked, and Drinker Biddle received an average score of 4.9 in the two categories this year.

Not every firm saw such improvement. Cahill Gordon & Reindel dropped 60 places from No. 19 to No. 79, and Crowell & Moring fell from No. 25 to No. 65. The firms received average satisfaction ratings of 4.4 and 4.6, respectively.

Thompson Hine was at the bottom of the list with an average score of 4.19. The firm had average scores below 4 in training, partner interaction and communication of goals. The latter was covered by a summer associate when asked by the survey what should change about the firm: "To make expectations clearer, especially regarding non-work events like happy hours and other social policies that are not obvious until you do something wrong," they said.

A firm spokeswoman said its program offers "a valuable career development experience" and that, "as a firm focused on innovation, we are always seeking ways to enhance our services, which includes our summer associate program and other pipeline efforts."

MENTAL HEALTH AND DIVERSITY

For the first time, The American Lawyer included a question asking summer associates whether they are concerned with their mental health or well-being as an attorney.

Several high-profile attorneys have died by suicide in the past few years, raising the alarm on the state of mental health within the legal industry. A 2016 study conducted by the Hazelden Betty Ford Foundation in conjunction with the American Bar Association found that 21% of licensed, employed attorneys qualify as problem drinkers, 28% struggle with some level of depression, and 19% demonstrate symptoms of anxiety.

Forty-two percent of associates said they are concerned about their mental health, giving all sorts of reasons, including the structure of the legal industry.

"It's no secret that working in Big Law is often unsustainable for a majority of the population. The hours are long and you face incredible stress," said a Houston-based summer associate. "It's undoubtedly something that I'm worried about in the future, especially if I want to have a family."

Some are worried that Big

THE SUMMERS REPORT CARD

The top 80 big firms as ranked by summer associates.

2019 Rank	2018 Rank	Firm	Average Score
1	5	Clifford Chance	5.000
1	6	Duane Morris	5.000
1	2	Kramer Levin Naftalis & Frankel	5.000
1	11	Stroock & Stroock & Lavan	5.000
5	85	Drinker Biddle & Reath	4.990
6	18	Goodwin Procter	4.968
7	9	Blank Rome	4.966
8	3	Paul Hastings	4.954
9	58	Bracewell	4.953
9	15	Proskauer Rose	4.953
11	8	Akin Gump Strauss Hauer & Feld	4.947
12	23	Morgan, Lewis & Bockius	4.943
13	33	Katten Muchin Rosenman	4.940
14	20	Orrick, Herrington & Sutcliffe	4.926
15	53	Fox Rothschild	4.925
16	22	Foley & Lardner	4.924
17	17	O'Melveny & Myers	4.923
18	12	Kilpatrick Townsend & Stockton	4.922
19	9	Baker McKenzie	4.919
19	41	Cadwalader, Wickersham & Taft	4.919
19	28	Simpson Thacher & Bartlett	4.919
22	21	Eversheds Sutherland	4.909
23	14	McDermott Will & Emery	4.907
24	1	White & Case	4.906
25	47	Arnold & Porter Kaye Scholer	4.901
26	13	Schulte Roth & Zabel	4.896
27	63	Baker, Donelson, Bearman, Caldwell & Berkowitz	4.883
27	4	Willkie Farr & Gallagher	4.883
29	N/R	Foley Hoag	4.882
30	32	Fried, Frank, Harris, Shriver & Jacobson	4.875
31	16	Robins Kaplan	4.869
32	49	Venable	4.865
33	51	Thompson & Knight	4.860
34	42	Sullivan & Cromwell	4.857
35	26	Ballard Spahr	4.849
35	34	Dorsey & Whitney	4.849
37	45	Cooley	4.840
37	35	Winston & Strawn	4.840
39	67	Pillsbury Winthrop Shaw Pittman	4.831
40	7	Dechert	4.807

Law's atmosphere will exacerbate existing mental health issues.

"I have clinical depression and anxiety, so it's always a concern, especially in a high-stress environment," a Washington, D.C., summer associate said.

"I have a history of mental health issues in my family and want to make sure I'm taking care of myself as I embark on this new career," said a respondent in San Diego.

Others lamented the high rate of substance abuse in the legal industry, even going as far as to note the amount of drinking they saw at their summer firm.

It's no surprise, then, that when asked to list their top three factors in evaluating an offer, 46% of summer associates listed work/life balance. In fact, work/life balance was the most important factor among the respondents, followed by strength in practice area at 43% and desire to live in a particular city at 38%.

Diversity received a much more mixed response. Only 11.4% of respondents ranked diversity in the firm's partnership in their top three factors in evaluating an offer, up less than 1% from the previous year's class.

Yet diversity was the one of the most frequently mentioned criticisms when summer associates were asked for the one thing they would tell their firm to change.

"Hire more female partners," an associate in New York said bluntly.

Others saw diversity well-represented among their associate ranks, but not at the leadership level, a nod to the difficulties firms have in retaining diverse talent.

"Focus more on diversity, not only at the summer associate level, but in upper leadership as well," a summer associate in Silicon Valley, California, responded.

And one summer associate in Washington, D.C., took issue with having to pay for tampons out of dispensers in the office bathroom, a sign, she said, that the firm does not take diversity seriously.

"This is the first time I've seen that in a workplace, ever. And I've had some not-glamorous jobs," she said. "If I saw that when I was interviewing, it would have sent me a very clear message: women aren't heard at the decision-making table here. It's not about the money; it's the message."

Email: djackson@alm.com

2019 Rank	2018 Rank	Firm	Average Score
40	27	Morrison & Foerster	4.807
42	59	Faegre Baker Daniels	4.803
43	37	Wilmer Cutler Pickering Hale and Dorr	4.796
44	40	Choate Hall & Stewart	4.790
45	N/R	Fish & Richardson	4.783
46	38	Sheppard Mullin Richter & Hampton	4.772
47	44	Finnegan, Henderson, Farabow, Garrett & Dunner	4.769
48	36	Latham & Watkins	4.764
49	28	Linklaters	4.762
50	52	Vedder Price	4.756
51	65	Mayer Brown	4.752
52	66	Ropes & Gray	4.736
53	76	Davis Polk & Wardwell	4.685
54	60	DLA Piper	4.678
55	62	Cravath, Swaine & Moore	4.673
56	83	Wachtell, Lipton, Rosen & Katz	4.667
57	48	Shearman & Sterling	4.657
58	57	Reed Smith	4.651
59	55	Steptoe & Johnson	4.633
60	76	Hogan Lovells	4.625

2019 Rank	2018 Rank	Firm	Average Score
61	39	Shook, Hardy & Bacon	4.624
62	N/R	Nixon Peabody	4.622
63	82	Quarles & Brady	4.616
64	N/R	Davis Wright Tremaine	4.615
65	25	Crowell & Moring	4.596
65	63	Fenwick & West	4.596
67	75	Skadden, Arps, Slate, Meagher & Flom	4.591
68	60	Weil, Gotshal & Manges	4.587
69	68	Covington & Burling	4.571
70	49	Milbank	4.567
71	80	Perkins Coie	4.558
72	N/R	Schiff Hardin	4.548
73	79	Holland & Knight	4.541
73	43	Jenner & Block	4.541
75	72	Greenberg Traurig	4.515
76	70	Cleary Gottlieb Steen & Hamilton	4.480
77	81	Debevoise & Plimpton	4.469
78	69	Troutman Sanders	4.456
79	19	Cahill Gordon & Reindel	4.414
80	74	Paul, Weiss, Rifkind, Wharton & Garrison	4.411

AN AM LAW 100 CONTENDER EMERGES

A merger could push Taft Stettinius onto next year's list.

MIDWESTERN-BASED Taft Stettinius & Hollister is set to merge with Minneapolis-based Briggs and Morgan to expand the firm's presence in the Twin Cities.

The merger, which will be effective at the beginning of 2020, will push Taft Stettinius' attorney head count to 610 lawyers spread out among 12 offices. Briggs' office in Minneapolis, which has 130 attorneys, will become Taft Stettinius' largest location, and its managing partner, Steve Ryan, will remain in the city as the location's partner-in-charge.

Ryan says Briggs spent the last three years searching earnestly for the best way to grow the firm ahead of disruption in the market, and the merger with Taft Stettinius came after considering more than 30 firms across the country.

"We were lucky to find a partner who shared our views of the marketplace, shared a client base similar to ours, and had change in their DNA," he says, adding that Briggs and Taft Stettinius were in merger talks for about 18 months. "There was not a question, once we dug in, that this was the right combination for where we wanted to go."

Robert Hicks, Taft Stettinius' managing partner, says the talent at Briggs made a combination with the Twin Cities firm desirable, as did the opportunity to break into the Minneapolis market, which various Am Law 200 firms have tried to enter in the last few years.

"We were in complete alignment in terms of client perspective, but, more importantly, from a human and cultural perspective," Hicks says. "[Briggs] has a deep sense of community, lots of talent, and they really fit our other markets and models completely."

Robert Hicks, left, of Taft Stettinius & Hollister, and Steve Ryan of Briggs and Morgan.

Hicks says the two firms share strengths in some similar practice areas, such as transactional work and litigation. He also compliments Briggs' expertise in the energy, data privacy, railroad litigation and business practice areas, which, in addition to other specialties, he is excited to bring to Taft Stettinius.

"It just strengthens the bench," Hicks says.

Ryan agrees, noting that with Taft's decentralized business model, his team will gain access to a network of 12 offices, each equipped with a group of experts to lend a hand.

"These are good practice areas for us, and we'll be able to do them on a bigger scale," he says.

Hicks adds that Taft Stettinius' decentralization gives it an advantage over its competitors. That business model calls for each of Taft Stettinius' offices to be a complete, full-service firm, rather than having each practice group's members clustered in one office.

Hicks estimates the merger will bring Taft Stettinius' gross revenue to "well north of $350 million," which would put the firm securely in the Am Law 200, and push it close to the Am Law 100 threshold.

—SAMANTHA STOKES

EUGENE SCALIA'S $6.2M PAYDAY

President Trump's Labor nominee is a big earner at Gibson Dunn.

DIEGO M. RADZINSCHI/ALM

EUGENE SCALIA, PRESIDENT Donald Trump's appointee to replace Alex Acosta as Secretary of Labor, earned over $6.2 million last year from Gibson, Dunn & Crutcher.

Scalia, the son of the late U.S. Supreme Court Justice Antonin Scalia, was formally nominated in August to lead the Department of Labor. According to his financial disclosures made public as part of the nomination process, that figure includes both a partnership share and a bonus from the firm, where he has worked since 2003.

Scalia, who said in a letter detailing the disclosures that he would

DIVERSITY LEADERS

Dozens of firms achieved Mansfield 2.0 certification for their efforts.

CIENPIES DESIGN/SHUTTERSTOCK.COM

SIXTY-FOUR FIRMS ARE now "Mansfield 2.0 Certified"—a notable badge of success for law firms in a legal environment that increasingly ties diversity to profits.

Launched in 2018 by the legal diversity organization Diversity Lab, firms that are "Mansfield" certified have revamped their recruiting and promotion processes to ensure that 30% of potential candidates for "significant" leadership roles are diverse.

Notable positions include compensation committee partner, equity partner, lateral partner and practice group head. The initiative is in its second year, hence the "2.0" designation, which for the first time included LGBTQ+ candidates. Mansfield 3.0 will include lawyers with disabilities.

"Our plan is to raise the bar each year," says Lisa Kirby, Diversity Lab chief intelligence and knowledge sharing officer. "It's especially meaningful to lead this initiative this year because it marks the 150th anniversary of Arabella Mansfield's becoming the first woman admitted to a U.S. bar association."

The initiative is a twist on the National Football League's "Rooney Rule," which requires teams to interview at least one minority candidate for the general manager or head coaching positions.

The new round of certification comes as clients have increasingly tied diversity to legal spend: More than 200 GCs have signed onto January's open letter warning firms they will lose work if they don't staff matters with diverse teams. Many see being Mansfield certified as a public way to show that a firm is committed to diversity.

The 64 firms on this year's list are: Akerman; Fasken; Munger, Tolles & Olson; Arnold & Porter; Fenwick & West; Neal Gerber Eisenberg; Baker Botts; Finnegan; Nixon Peabody; Baker McKenzie; Fish & Richardson; Norton Rose Fulbright; Beveridge & Diamond; Foley & Mansfield; O'Melveny & Myers; Blank Rome; Goodwin; Orrick Herrington & Sutcliffe; Brinks Gilson & Lione; Goulston & Storrs; Pepper Hamilton; Brownstein Hyatt Farber Schreck; Hogan Lovells; Reed Smith; Bryan Cave Leighton Paisner; Holland & Hart; Saul Ewing Arnstein & Lehr; Buchanan Ingersoll & Rooney; Holland & Knight; Schiff Hardin; Clifford Chance; Husch Blackwell; Schnader Harrison Segal & Lewis; Cooley; Jenner & Block; Seyfarth Shaw; Covington & Burling; Katten Muchin Rosenman; Sheppard, Mullin, Richter & Hampton; Crowell & Moring; Kaufman Dolowich & Voluck; Steptoe & Johnson; Day Pitney; Latham & Watkins; Stoel Rives; Dechert; Littler Mendelson; White & Case; Dentons; McDermott Will & Emery; Wilmer Cutler Pickering Hale and Dorr; DLA Piper; Merchant & Gould; Wilson Sonsini Goodrich & Rosati; Dorsey & Whitney; Miller Canfield; Winston & Strawn; Drinker Biddle & Reath; Morgan, Lewis & Bockius; Womble Bond Dickinson; Eversheds Sutherland; Morris, Manning & Martin; Faegre Baker Daniels; Morrison & Foerster.

Certified firms can send their newly promoted diverse attorneys to one of four client forums, a small group networking forum between the firm attorneys and senior in-house counsel from more than 60 companies.

—DYLAN JACKSON

resign from the firm at the date of his confirmation, will also receive a pro rata partnership share for his time at the firm in 2019, which he estimated would fall between $1 million and $5 million.

Scalia currently co-leads the firm's administrative law and regulatory practice group, formerly co-chaired the labor practice and has attracted a steady stream of engagements on behalf of clients, ranging from Ford and Boeing to the U.S. Chamber of Commerce and major financial industry trade groups.

His disclosures further flesh out that list, with banks and financial services firms such as Goldman Sachs, Wells Fargo, HSBC and Bank of America; retailers CVS and Walmart; and energy industry names such as Chevron and the American Petroleum Institute. Other marquee names include Facebook and Warner Bros.

Other clients have controversial reputations. Scalia has represented electronic cigarette company Juul, which is facing mounting pressure from state attorneys general over its products, and casino company Wynn Resorts, which sidelined founder Steve Wynn after allegations of serial sexual misconduct emerged in 2018.

Scalia has previously held several positions in the federal government. He was a speechwriter to Secretary of Education William J. Bennett in the mid-to-late 1980s, then served as a special assistant to current Attorney General William Barr in Barr's first stint in the role. In 2001, Scalia joined the Department of Labor as Solicitor of Labor, the department's top legal officer, with responsibility over a broad range of regulatory and enforcement matters.

—Dan Packel

For The Careerist, go to **law.com/americanlawyer**

By Vivia Chen

Battle of the Sexes?

It's time to embrace equal parental leave for men and women.

If women want to stake a claim to equal rights, I'm afraid we're going to have to share some of our hard-earned privileges with men.

I know it seems like men are always jumping onto our wagon after we've made things nice and cozy. But in this situation I think we have no choice but to let them in.

I'm talking about those generous maternity leaves—18 weeks of paid leave is no longer unusual—that are now standard in Big Law. I bet you never thought there was anything wrong with giving women more lengthy leaves than men.

Until the past 10 years or so, lawyers didn't seem to take paternity leave seriously. Now, however, not only do men expect paid time off to bond with their babies, some are demanding the same deal that new moms get.

What's bringing all this to the fore is the challenge brought by Mark Savignac and Julia Sheketoff, two former Jones Day associates who are suing the firm. The married couple asserts in their complaint against the firm that its policy "discriminates on the basis of sex and imposes archaic gender roles by giving eight more weeks of leave to all women than to men." (The firm gives women 18 weeks of paid leave, which includes eight weeks of "disability," while men get 10 weeks of paid leave.)

At first, I thought the suit was a bit quixotic. How quaint of Savignac to insist that he should get the same status as new moms because he wanted to be an equal co-parent. That just shows how brainwashed I was to think that women should be entitled to more time because, well, they're moms. As the complaint points out, not every mother needs those eight extra weeks to recover from childbirth. The result, says the complaint, is a discriminatory policy that reflects and reinforces sex-based stereotypes: "men are breadwinners and women are caretakers."

"I'm not surprised [by Jones Day's policy] because stereotyping is so ingrained," says Peter Romer-Friedman, counsel at Outten & Golden who focuses on employee benefits and discrimination. "But I'm disappointed here because the law is so clear on this point," he says, citing cases brought by male employees at CNN and JPMorgan Chase that ended with settlements enforcing gender-neutral policies. "This is a simple case, unlike situations about why women aren't getting ahead at a firm," he adds.

Jones Day did not respond to a request for comment.

Romer-Friedman says "on its face, the policy violates Title VII" because the extra time for women is designed for bonding and not recovery. Uniform leave policies for male and female employees are critical, he says. "It should mean equal hardship for the firm to have someone out for a few months; at a certain point, it'll stop being seen as a hardship, like disability leave or sick leave," he says.

It's hard to argue with that logic, but some women are wary. "I am conflicted here," admits Kamee Verdrager, a mother of four who sued Mintz, Levin, Cohn, Ferris, Glovsky and Popeo for gender discrimination in 2009 (the case settled in 2016). Though she applauds the co-parenting goals of the Jones Day plaintiffs, Verdrager says she's worried that women's rights to disability coverage after birth might come under attack in the process. "No new mother should have to deal with the stress of fighting for benefits and having to prove medical need immediately following childbirth," she says.

Still, I think it's inevitable that men and women will get the same leave coverage. If you believe in gender equality at work and home, there's no justification for the sexes to be treated differently on this issue. And if your firm isn't there yet (most still give women more leave), get with the program or you'll be left in the cold. Or facing a lawsuit.

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For more global firm news, go to **law.com/international**

By Paul Hodkinson

A Tale of Two Lawyers

U.K. juniors see a bright future, while partners see a storm brewing.

Is it the best of times or the worst of times? Perhaps it's both. The U.K. legal industry is certainly facing challenges. Uncertainty over Brexit continues to weigh on the minds of business and finance professionals. Law firms find themselves in the middle of a technological revolution that threatens to leave the slowest adopters behind. And a potential economic downturn is leading many to question whether their practice mix could be better.

For the time being, however, salaries are soaring in a sizzling job market, revenues and profits are still rising, and profit margins are steady.

Logic suggests a rough patch is on the way. And yet talk to those in the industry and a different picture emerges. A recent survey of hundreds of Legal Week readers found the majority of U.K. lawyers are feeling upbeat about the future, despite the constant talk of impending doom.

Nearly three-quarters feel secure in their jobs, compared with 14% who feel insecure, and a clear majority are optimistic about their firm's prospects for the future, against 12% who are pessimistic. Most said they enjoy their jobs and few had any financial gripes.

U.K. lawyers are aware of the potential market problems, but they don't seem overly concerned by them. Asked what they fear most in the coming year, 29% said the negative effects of Brexit, and just under a quarter said an economic downturn. But the most popular answer was that they fear limited opportunities to progress or remain at their firm. As a result, 59% said they were either considering or actively attempting to change firms in the coming year.

How can lawyers be so upbeat, even as management teams so frequently bemoan the implications of Brexit, the need to hire restructuring partners because of incoming economic headwinds, and the cost of upgrading technology?

Part of the reason for the discrepancy likely lies in the fact that senior and junior lawyers appear to feel differently about the future. Partners, responsible for bringing in work, are much more concerned about Brexit; 41% cited it as their biggest fear, while just over a quarter of junior lawyers did. Partners also fear the rise of technology more than tech-savvy juniors. One in 10 labeled it their biggest fear, compared with just 0.1% of juniors.

And so it's no surprise that partners are more nervous about their job security. More than 20% said they felt insecure in their roles, compared with 10% of junior lawyers.

When asked for their thoughts on the industry, one partner at a large firm says, "I am very optimistic about my firm's prospects, but I have grave doubts about the optimism of many in the profession about the U.K. legal system and profession in the event of Brexit." Another was similarly dire: "The legal profession is heading toward an existential crisis. The rise in [artificial intelligence] will put many jobs at risk and will make lawyers poorer and their jobs even less secure. It's not a great time to be a lawyer," the other partner says.

In contrast, not one lawyer below the rank of partner mentioned the threat of Brexit or AI. Their comments centered on issues such as working hours, diversity and management.

The implication is clear. Although plenty of partners see problems coming down the line, the optimism is being driven by the large number of junior lawyers who are on record-breaking salaries and working in a market that has not suffered a sustained downturn for more than a decade. Their attention is focused elsewhere, which is perhaps understandable given many of them have never experienced a recession.

The juniors aren't necessarily wrong—the pessimistic partners remain in the minority—but when the gap between optimists and pessimists is starker than ever, it's notable that the most experienced voices are the ones sounding the alarm.

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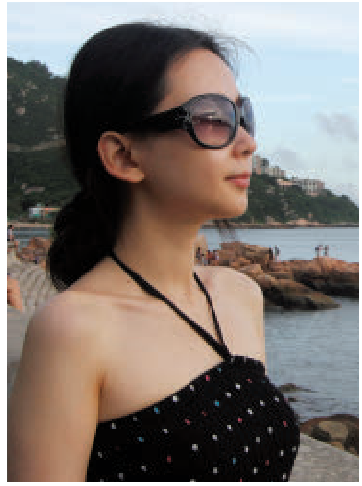
By Anna Zhang



Making Partners

Global firms have a new way to form alliances and access Chinese law practice.

Herbert Smith Freehills recently announced a joint operation with a Chinese law firm in the Shanghai Free Trade Zone, becoming the latest international firm to take advantage of a government-sanctioned program that gives foreign firms Chinese law capability.

At least a dozen global firms are now operating Chinese associations in various forms, offering one-stop-shop services that include Chinese legal opinions, court appearances and dealing with regulators. The 5-year-old Shanghai FTZ scheme, which has also benefited Linklaters, Ashurst, HFW, Hogan Lovells and Baker McKenzie, is one of several ways firms can get access to Chinese law practice.

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Before launching the FTZ program for foreign law firms, the Chinese government tried a similar joint venture program for mainland Chinese and Hong Kong law firms. U.K. firms Clyde & Co and Stephenson Harwood both registered China branches under their Hong Kong offices and set up their Chinese alliances under that scheme.

The government programs require commitment to the Chinese firm and are generally restrictive in nature. Under the programs, it's more difficult to control the quality of the Chinese partner firm's work. Many global firms prefer the so-called captured firm model in a regulated market such as China. It allows foreign firms to have a local firm of their own so they can control quality and simplify administrative processes. The government programs often require the Chinese partner firm to be in existence for a certain number of years, making it much harder to find a compatible partner.

Over the years, firms have explored approaches to bypass the regulatory hurdles. The Swiss verein structure pioneered by King & Wood Mallesons has been a popular choice used by others, such as Dentons and U.K. firm Fieldfisher.

A couple of U.S. firms opted for a less conventional method: an exclusive referral relationship in China. Most global firms have regular referral partners in China, but very few are willing to settle on exclusive arrangements. In 2007, Chicago's McDermott Will & Emery struck up a strategic alliance with a group of Shanghai-based lawyers breaking away from large local firm AllBright. The lawyers formed a new Chinese law firm known in Chinese as Yuan Da and in English as MWE China Law Offices. While remaining legally independent, MWE China was able to share McDermott's brand, and give the U.S. firm direct access to Chinese law practice.

But the McDermott-MWE deal was as groundbreaking as it was unique. No firm has since replicated that model. In 2015, McGuireWoods entered similar arrangements with a group of Chinese lawyers, but the new firm, FuJae Partners, doesn't share McGuireWoods' branding.

Herbert Smith Freehills' FTZ alliance is similar. Kewei, the Chinese firm, is staffed by at least two former HSF lawyers and new recruits from other top Chinese firms. May Tai, the firm's Greater China managing partner, stresses that Kewei extends HSF's reputation as clients' trusted adviser to Chinese law practice.

One thing that's been driving firms such as Linklaters and Herbert Smith Freehills is the need to appeal to Chinese clients as domestic law firms are on the rise. Despite a turbulent U.S.-China relationship and prolonged trade war, top Chinese law firms have secured meaningful financial growth and continue to plot overseas expansion, as our annual China 45 report shows (see page 60).

Full liberalization doesn't yet seem possible, so for the time being, the search for a Chinese law solution continues.

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By Jennifer Johnson Scalzi

Great Expectations

Don't let the 'C' in C-suite stand for complacency.

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Having spent the better part of the past two decades in various roles both in-house and as a consultant to law firms, I've discovered an obvious truth: It is talent, not any other investment, that will single-handedly make or break a firm's longevity and overall profitability. And I don't only mean a firm's attorney talent. In my experience, firms that nail the hiring and retention process for business professionals differentiate themselves from the rest of the pack.

I have invested substantial time to advocate for both an elevation in the value that the right senior marketing, business development and communications professional can provide to their law firms and in the way these positions are perceived. There is significant opportunity for improvement across all C-suite roles in law firms. Much of the legal industry is evolving to meet current business and client needs; however, many firms are handicapped when senior leaders fail to evolve, reinvent themselves and their functions, and drive change.

REFINING AND REPOSITIONING ROLES

Administrative roles in law firms should not be viewed as overhead, nor are they simply "nice to have" among a sea of timekeepers. Truly skilled, savvy business services leaders, when carefully selected, can help steer a world-class, global business model to peak efficiency and effectiveness. The strategic law firm C-suite collectively identifies opportunities to maximize profitability, effectively delivers on change management and constantly looks to improve upon and elevate business goals, taking the initiative to proactively detail the value the role provides to firm management for illustrative purposes.

As in any industry, many C-level executives in law firms have long tenure but may lack innovative and strategic drive. As a result, they are perceived as a support function rather than challenging the status quo, bringing new ideas and steering their organizations for the future. While the damage to a firm's infrastructure may not be noticeable on the surface, a laissez-faire approach to functional leadership can erode a firm's ability to innovate and position itself for the future. As we see C-level roles in firms evolve in both sophistication and relevance, an opportunity is born. The departure of a long-tenured incumbent leader allows for new executives to redefine these roles and set heightened goals for their value within firm management.

I have spent significant time helping to elevate and redirect the perception of those in the chief marketing and business development seats, but I have seen limited growth in the level of strategic human resources leadership in Am Law firms. During a recent engagement in which my company, Calibrate Legal, helped a large global firm to completely restructure a department, I was stunned to discover that the chief human resources officer had no previous knowledge of how a retained search process works as compared with contingency, nor were basic job descriptions and organizational charts in place. Functional basics are the requisite platform necessary before HR can effectively add value by providing thoughtful talent management strategies. Firms aren't focusing on their biggest return on investment opportunity: their talent.

THE CHICKEN OR THE EGG

It may appear that simply cleaning house and hiring a new C-level executive would be an easy fix to a lack of sophisticated leadership. The problem with this approach is two-fold. First, the internal hiring practices at many firms could use a major overhaul. Second, many firms miss out on opportunities to gain alternative perspectives by failing to explore candidates from outside of the legal industry. On the first issue, the hiring procedures with which business professionals are vetted often result in a time-consuming, counterproductive and self-perpetuating process that benefits neither the firm nor the candidates being considered.

I recently witnessed a hiring committee deftly bypass the typical initial interview process when searching for a C-level executive, leaping directly into an acerbic panel interview with a highly confrontational undertone. The candidate was pelted with a series of behavioral questions, with no room to provide color for circumstances being cited in her responses, and she was treated with a lack of respect that she found appalling. Is this how you want people experiencing your firm? Actions like this breed a toxic culture and further the unacceptable practice of treating skilled executive talent as if they are a subservient class to lawyers in firms.

In addressing the second issue, it's important to note that many C-level executives are actively seeking ways in which to gain knowledge from outside of our industry to grow their performance capacity. Unfortunately, not all leaders proactively pursue educational opportunities to enhance their skillsets, and they tend to jump from one similar role to another. Even the most polished executives lack a propensity for innovation if they simply move from one firm to another without any mode to gain perspective. Once a firm's hiring practices are addressed, I implore you to look outside of legal or include candidates who have alternative experience in other industries peppered throughout their career paths.

> In the evolving legal arena, in which the class system is being removed from firms, leaders can work together toward a common objective.

WHAT TO EXPECT FROM THE C-SUITE

Firm management should engage business services leaders to help define business goals. In the evolving legal arena, in which the class system is slowly being removed from firms, leaders can work together toward a common objective. An effective law firm C-suite should be a vital part of the leadership team.

Calibrate Legal and Intapp recently conducted an industrywide survey that found nearly all chief marketing officers are tasked with implementing business strategy, yet less than 20% of them have a seat at the table in creating that strategy. Allowing C-suite executives a seat at the management table in influencing strategic firm decisions creates a culture of inclusivity and value in these roles necessary to retain top talent. If you do not have the trust in your C-suite talent to invite them to the table, then perhaps you don't have the right talent.

Expect more innovation from your C-suite. In fact, insist upon more innovation, and take the time to understand why it makes a difference. Treat your executive candidates with the level of respect you would demand if you were in their shoes, and ensure that your leaders bring innate value to your organization. As the legal landscape continues to evolve, firm leaders who take the time to truly understand the value that their C-suite brings to running the business of the law firm will thrive.

Jennifer Johnson Scalzi is the CEO of law firm consultancy Calibrate Legal. Contact her at jennifer@calibrate-legal.com.

By the Young Lawyer Editorial Board

The First Step

Entering a cutting-edge practice area is a challenge worth taking.

Lawyers and other legal professionals talk a lot about legal specialization, technology and the future of the law. We wrote in this space about specialization last year, in fact. At the intersection of these topics are issues such as the automation of routine tasks, business development innovation, smart contracts and succession planning. A related aspect of the rapidly changing legal landscape is cutting-edge practices—blockchain, marijuana law and telemedicine, to name three that would have raised eyebrows just a few years ago but are now undoubtedly here to stay.

As firm priorities shift and client expectations change, young lawyers who commit to developing a cutting-edge practice will likely find themselves standing out from peers who are less ready for the future. Of course, those first steps into the unknown can feel insurmountable. Where do I start? What if I don't know enough? What if my current practice area is totally unrelated?

Similarly, young lawyers may encounter roadblocks in taking their first steps toward developing a cutting-edge practice. A lawyer's own firm may be hesitant to enter the early fray of a potentially controversial practice area, such as marijuana, or not willing to forgo the realizable hours for growing a new practice. Along those lines, a young lawyer, whose value is often quantified by the billable hour, may also be concerned with forgoing those hours for the significant time needed to commit to growing a new practice area.

Although these concerns are valid, there are concrete steps young lawyers can take to get in on the ground floor and form a solid foundation of knowledge in an emerging field.

COLLABORATION AND COMMUNICATION

There is no single right way to begin developing a cutting-edge practice. But if you have decided to pursue a new field, you will certainly benefit from taking a collaborative approach.

First, build or join a team of people with similar interests. For a young associate in a firm setting, this may mean seeking out partners who are already dabbling in the area or who may be interested in doing so given their experience. For new partners and mid- to senior-level associates, it could mean looking for opportunities outside law firms. In emerging industries, new companies will need to hire legal counsel to help guide their mission. These companies will often be looking for lawyers with specialized substantive expertise: an enterprise focused on blockchain opportunities may need midlevel lawyers with software-as-a-service or finance experience, for example. But startup businesses may also seek to hire young associates with more general (but still industry-relevant) experience. Regardless of whether you're looking to move in-house or to pursue a new practice area as outside counsel, finding the right people to work with is key.

The need for collaboration and communication doesn't stop there. Even after you have some semblance of a team in place (whether this means you and one adviser or an entire working group of lawyers, tech specialists and business development managers), you should expect to spend a lot of time building relationships with those in the field. Depending on the target industry, this may mean engaging local counsel to advise on other states' laws or getting involved with or even founding a bar association committee. It may mean placing frequent calls to state or federal agencies to ask questions and gain insight into how agency employees understand and interpret new rules and regulations. It may also mean reaching out to lobbyists, joining relevant industry associations, and just generally keeping your ear to the ground as the dynamics of the field develop and shift.

Lawyers serious about turning a burgeoning interest in a new field into real expertise should avoid any temptation to go it alone in order to make a name for themselves. In today's market, clients increasingly expect their lawyers to be able to collaborate to provide appropriate solutions; co-operating with others early and often as you hone your skills in an emerging field will benefit you and your clients.

LEARN AS YOU GO

No matter what your practice area is, you don't have to know everything immediately. You don't have to have all the

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answers (and shouldn't pretend that you do). This is especially true for cutting-edge fields. The fact that the practice is pioneering means you will inevitably encounter issues without clear answers. For example, some states may not have any relevant laws on the books. Or there may be a complete lack of federal case law analyzing a new federal statute.

Given these unknowns, you should always engage in frank conversation with your clients at the outset about the limits on the advice you can provide when addressing an innovative business model and its related problems and solutions. Setting expectations in this manner is essential so that neither you nor your clients are caught off guard if or when the playing field shifts.

At the same time, lawyers who aim to become experts in a field have to get comfortable with those gray areas, because the reality is that your clients still need to craft action plans. Trust us when we say your clients will know there are unsettled questions about their business model. And they will expect you to provide helpful advice anyway, even as you caution them about the potential perils of operating in what can sometimes feel like the legal Wild West.

The law often follows the industry in these situations. Sometimes, though, the law responds negatively, as a rebuke of sorts against industry leaders that have pushed the bounds of previously established practice in seeking to create a new normal. In both circumstances, your clients may at some point find themselves facing tough questions from regulators, defending against lawsuits from conventional (or envious) competitors, or even revisiting business models on the heels of evolving legal standards. In turn, you may find yourself having to revise your earlier advice on account of it having been, in hindsight, too cautious or too permissive.

Don't let those scenarios scare you off. Instead, be sure you are continuing to talk to and learn from both your clients and your industry and legal colleagues about the state of the law, about up-and-coming players in the industry, and about what others might be talking about. Treat each new client as though it is your first client in this sector. Listen to them as you would if you knew nothing about their industry or the market. You'll learn a lot.

ATTEND INDUSTRY CONFERENCES

In keeping with the advice to collaborate, communicate and get comfortable learning as the field develops, another excellent habit we have benefited from in developing new practice areas is regularly attending industry conferences.

A word to the wise: Don't be content attending conferences given by and for lawyers. Find a relevant business organization in the industry—or two or three of them—and attend those conferences. By taking the time to learn from nonlawyers, you will gain incomparable knowledge about what matters to your clients and potential clients. You will develop practical insight into how things really work. These connections and personal knowledge will allow you to begin to build your brand within the industry, and you may even find yourself a client or two in the process.

GET LAW FIRM SUPPORT

In developing any cutting-edge practice, lawyers who work in law firms also need buy-in from their employers. To ensure client satisfaction and firm resilience, law firms should do more than passively encourage or permit their lawyers to forge new practice areas.

As we noted earlier, clients increasingly want lawyers who provide collaborative, specialized services. Firms can facilitate the process and help ensure success by providing their lawyers with the appropriate tools to differentiate themselves from the competition.

From the outset, a firm serious about helping its attorneys grow a new practice area should be willing to use its already established resources to promote that growth. A firm's existing business development tools can be used to help attorneys develop a business plan and outline targeted conferences, industry leaders and opportunities to grow within the practice area. The creation of a business plan will allow the law firm to better understand the hours a lawyer will be committing to build the cutting-edge practice and allow the firm to better forecast a potential budget and any return on its investment.

A firm can also establish new tools internally to support and grow cutting-edge practices. The recent development of multiple new profitable practice areas has encouraged firms to establish cutting-edge practice committees that review any newly established firm areas and target future areas of growth. Whether collaboration comes in the form of financial and temporal support or simply a firm-led working group will depend, among other things, on firm size, practice area and whether the firm is already taking steps to adopt emerging legal technologies and tools. All firms have the ability to create a collaborative environment to promote the growth of cutting-edge practices for the firm and its new industry clients.

Any new field of law brings with it new legal pitfalls. Don't let that stop you from pursuing new areas of interest. There are numerous ways a lawyer can begin the process, individually or with full firm support, of developing a cutting-edge practice.

The views expressed here are personal to the authors and do not represent the opinions of their employers.

The Global 100

Our report on the world's largest firms finds a buoyant market from East to West.

ILLUSTRATION BY ROBERTO JIMÉNEZ

Global Domination

The Global 100 turned in a second straight year of robust revenue gains amid near-universal progress.

BY DAN PACKEL

MERGERS, RAPID GROWTH AMONG Chinese law firms, and a healthy American market coalesced to turn 2018 into a spectacular year for the world's largest law firms.

Total revenue for the Global 100 increased a vigorous 8.1% over the past year, a step up from 2017's already robust 6.7% growth and a showing that dwarfs the 2.8% and 3.1% growth from the two preceding years. These firms brought in a collective $114.2 billion, more than the 2018 gross domestic product of Ecuador, the 60th largest economy in the world.

A total of 46 firms cracked the $1 billion mark, up from 34 firms two years ago. Of those 46 billion-dollar firms, all but nine have the bulk of their attorneys

ILLUSTRATION BY KEVIN FALES

8.1%
Total Revenue
$114.2B

5.2%
Total Lawyers
142,201

in the United States. Consequently, the American market continues to exert a heavy influence on the wider numbers. (The Am Law 100 posted 8% revenue growth in 2018.) Operating in an economy juiced by over $1 trillion in tax cuts, the U.S. giants reaped the benefits.

"In the U.S., the market was stunning," says Jomati Consultants principal Tony Williams, the former managing partner at Clifford Chance. "Even when you look at non-U.S. and non-China figures, it was mid-single digits overall. That's perfectly respectable."

Globally, most key practice areas were subject to brisk demand. The merger and acquisitions environment was active, albeit stronger in some markets than others. Disputes work, particularly international litigation and arbitration, kept practitioners busy. And an anticipated dip in investigations did not materialize, with sanctions, the Foreign Corrupt Practices Act and money laundering matters dotting the headlines.

Even the mild market correction at the end of 2018 had a muted impact.

"That did affect firms with a March or April year-end a bit more. But for U.S. firms, that's mostly done by the end of November," Williams says of how firms account for their results.

Other factors, beyond growing demand, also helped boost the numbers. Take mergers, for example. There were two significant mergers last year between U.S.-based firms and two significant trans-Atlantic mergers: Nelson Mullins Riley & Scarborough's combination with Broad and Cassel and Hunton & Williams' merger with Andrews Kurth Kenyon on the domestic side, and the creation of Womble Bond Dickinson and Bryan Cave Leighton Paisner internationally. Nelson Mullins and Womble Bond's moves pushed two smaller firms off this year's Global 100, and Hunton Andrews Kurth and Bryan Cave posted significantly higher revenues than their predecessors, which made the list last year. These changes helped account for a notable part of the overall revenue growth among this year's group.

Growth in China also played a role in making the 2018 numbers look particularly healthy.

Two large Chinese firms vaulted onto the Global 100 for the first time last year, and their presence, combined with significant China growth at Dentons, helped suppress the aggregate figure for revenue per lawyer, which actually declined 3.2% in 2017. That same metric rose by 2.7% in 2018. And it did so in part because of impressive growth at those two firms in particular. The Zhong Lun Law Firm, with 1,680 lawyers, almost doubled revenue per lawyer, from $264,000 to $508,000. Yingke, whose $82,000 RPL is much lower, still grew by nearly 37%. Along with China's AllBright Law Offices,

"IN THE U.S., THE MARKET WAS STUNNING."
—TONY WILLIAMS

a newcomer to the Global 100, those firms were in the top six in total revenue growth, with Yingke rising at an incredible 40%, AllBright growing 24.6% and Zhong Lun growing 18.7%.

Apart from AllBright and the aforementioned Womble and Nelson Mullins, Philadelphia-based Cozen O'Connor was the other brand new name on this year's list. Two other Philadelphia-based firms, Blank Rome and Drinker Biddle & Reath, slipped off the Global 100, as did Chicago-based Jenner & Block and Australia's Allens, which burst onto the scene to rank 81st last year before bouncing out after just one year.

That left just one Australian firm, Ashurst, in the Global 100. Firms with more of their lawyers in the U.S. than any other jurisdiction held 77 of the spots, followed by the U.K., with 12. China's five firms include its three fast growers, as well as international players Dentons and King & Wood Mallesons, which The American Lawyer categorizes as Chinese firms. Canada placed four firms on this year's list, and South Korea is represented by Kim & Chang.

The very top of the Global 100, ranked by revenue, demonstrated

2.7%

Average Revenue Per Lawyer

$803,146

4.6%

Average Profits Per Equity Partner

$1.72M

remarkable stability in the past year. The largest eight firms were unchanged, and the only movement in the top 10 was in the ninth position, where Linklaters returned after a year out, displacing Hogan Lovells, which fell to 11th.

The biggest growth wasn't all found in China. While the country was home to three of the 10 fastest-growing firms on the list, the U.S. was home to six, led by Nelson Mullins' 27.5% jump and Foley & Lardner's 21.9% growth. The indomitable Kirkland & Ellis and Covington & Burling both exceeded 18% revenue growth, and Lewis Brisbois Bisgaard & Smith climbed 17.2%.

Meanwhile, only two firms on the list, Morrison & Foerster and Baker Botts, showed declining revenue—both of which were already reported in this year's Am Law 100.

If there's any cause for concern out of this year's figures, it's the fact that revenue per lawyer grew at a lower rate than the other key indicators—average profits per equity partner grew 4.6% to reach more than $1.7 million, for example. Meanwhile, wage and bonus costs are surging in a number of markets, not just the United States.

"There's some concern going forward that much of the increase in revenue was in increased head count rather than massively increased productivity," Williams says. "With costs up, you wouldn't need to have much of a dip to have an impact on the bottom line."

With whispers of a dreaded recession growing louder in recent months, thanks to political upheaval and uncertainty in London and Hong Kong, along with the burgeoning trade war between the U.S. and China, that's a good reminder for law firm leaders across the world. Get the house in order while the good times continue. It'll be easier to think carefully about what needs to be done now, rather than when the place is on fire.

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Implementation of the Shareholders Rights Directive in Austria: Action points for boards of listed companies

By Christian Herbst

On 23 July 2019, amendments to the Stock Corporation Act and Stock Exchange Act implementing the Shareholder Rights Directive II (2017/828) entered into force. Directive 2017/628/EU to encourage long-term shareholder engagement was implemented with the aim to minimize the administrative burden on listed companies by avoiding any "gold plating". When implementing the rules on the identification of shareholders, the Austrian legislator utilized the scope provided by the Directive, requiring listed companies to obtain information from intermediaries (banks) only on such stockholders which own more than 0.5%. As to "say on pay" the implementation again opts for a board friendly implementation by giving the shareholders an advisory, non-contestable advisory vote on the remuneration policy and the remuneration report. On material related party-transactions the amendment law makes extensive use of the exceptions provided by the Directive, subjecting disclosure only of certain material related party transactions and leaving approval of relevant transactions with the supervisory board rather than subjecting such transaction to a vote in the shareholders meeting. The new disclosure rules on board recommendation and relevant third-party transactions and the requirement for boards to regularly put board remuneration (policy) on the agenda of shareholders meeting will allow activists to increase pressure on the management without having to request specific agenda items on these topics in shareholders meetings.

ACTION POINTS FOR BOARDS OF AUSTRIAN LISTED COMPANIES

Boards of listed companies incorporated in Austria need to check which of the amendments to the law will have consequences for them in the 2020 AGM season (and for companies with business years different to the calendar year even still in 2019).

1. **Know your shareholder**
   Boards of listed companies are not mandatorily required to ask intermediary for the data on shareholders owning 0.5% or more of stock. If they decide to obtain such information, it could soon become an issue whether and to what extent such information could be inspected by other shareholders.

2. **Submission of a remuneration report**
   The obligations relating to the remuneration report will apply as from entry into force of the new legislation. This means that a remuneration report must be prepared for the first full financial year that starts after the amendment becomes effective and submitted to the AGM in the subsequent year (thus for most companies in 2021) for an advisory vote.

3. **Evaluation of remuneration processes and policy**
   The supervisory board must assess whether remuneration processes and policy require adjustments as a result of the new rules.
   - It must be analyzed whether the remuneration policy meets the new – more detailed and stringent – rules. There is, however, no need to implement before the regular AGM season in 2020 (and for companies with business years different to the calendar year starting after the effectiveness of the amendment even still in 2019).
   - The remuneration policy must be put to an advisory vote by the AGM at least every four years and earlier in case of changes.
   - The requirement of approval every four years by the AGM will apply as from entry into force of the new legislation. This means that a remuneration policy which does not comply with the new rules must be aligned to them as soon as possible and

thus in practical terms submitted to the 2020 AGM for approval.

4. Related Party Transactions

The supervisory board, or the board of directors for companies with a one-tier management structure in an SE and not the shareholders will have the right to approve material transactions with related parties. Additionally there will be a publication requirement. Materiality thresholds as to approval and publication requirement differ, it is 5% for approval and 10% for publication, in each case of the balance sheet total. Listed companies must thus approve and disclose material transactions with related parties that cross a materiality threshold of 5% (approval) and 10% (publication) respectively, in each case of the balance sheet total of the company under the annual accounts of the previous year, as to publication no later than upon conclusion of the transaction. If several transactions are concluded with the same related party within a financial year, the values of such transactions need to be aggregated to determine materiality. Members of the supervisory board qualifying as a related party to the transaction are excluded from the vote.

ACTIVIST SHAREHOLDERS

For activists the new rules could provide more transparency on other stockholders with whom they could potentially seek alliance.

Moreover, the new requirement for boards to regularly put board remuneration (policy) on the agenda of shareholders meeting and additional disclosure rules on board remuneration and relevant related party transactions will allow activists to increase pressure on the management without having to request specific agenda items on these topics in shareholders meetings.

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THE GLOBAL 100

MOST REVENUE

Gross revenue for The Global 100 grew by 8.1% in 2018, to $114.2 billion, surpassing the 6.4% growth delivered by the world's largest firms in 2017. This year, 77 of the world's top-grossing firms have more lawyers in the United States than anywhere else, while 12 have the greatest share of their lawyers in the United Kingdom. China places five firms on the Global 100. Eight firms are structured as vereins or European Economic Interest Groups (EEIGs). Forty-six firms had more than $1 billion in revenues, compared with 34 last year. In most cases, gross revenues for U.S. firms are derived from The Am Law 100. Other firms were surveyed directly for The American Lawyer's Global 100, Legal Week's U.K. Top 100 or The American Lawyer's Asia/China report.

Currency conversion rates to U.S. dollars are annual averages for 2018. Lawyer numbers are average full-time equivalent numbers for 2018. Gross revenue and revenue per lawyer figures are rounded to the nearest $1,000.

2019 Rank	2018 Rank	Firm	Gross Revenue, Most Recent Fiscal Year	Lawyers	Revenue Per Lawyer	Country With the Most Lawyers
1	1	**Kirkland & Ellis**	$3,757,000,000	2,307	$1,629,000	United States
2	2	**Latham & Watkins**	$3,386,061,000	2,540	$1,333,000	United States
3	3	**Baker McKenzie** (verein)*	$2,900,000,000	4,720	$614,000	United States
4	4	**DLA Piper** (verein)*	$2,835,986,000	3,702	$766,000	United States
5	5	**Skadden, Arps, Slate, Meagher & Flom**	$2,672,706,000	1,744	$1,533,000	United States
6	6	**Dentons** (verein)*	$2,420,000,000	9,795	$247,000	China
7	7	**Clifford Chance**	$2,262,356,000	2,416	$936,000	United Kingdom
8	8	**Sidley Austin**	$2,219,763,000	1,943	$1,142,000	United States
9	12	**Linklaters**	$2,176,432,000	2,351	$926,000	United Kingdom
10	10	**Allen & Overy**	$2,174,160,000	2,366	$919,000	United Kingdom
11	9	**Hogan Lovells** (verein)*	$2,119,297,000	2,636	$804,000	United States
12	11	**Morgan, Lewis & Bockius**	$2,095,000,000	2,015	$1,040,000	United States
13	13	**Jones Day**	$2,057,000,000	2,518	$817,000	United States
14	16	**White & Case**	$2,050,500,000	2,150	$954,000	United States
15	14	**Norton Rose Fulbright** (verein)*	$1,969,315,000	3,376	$583,000	United States
16	15	**Freshfields Bruckhaus Deringer**	$1,967,034,000	1,481	$1,328,000	United Kingdom
17	17	**Gibson, Dunn & Crutcher**	$1,819,873,000	1,307	$1,392,000	United States
18	18	**Ropes & Gray**	$1,748,209,000	1,210	$1,445,000	United States
19	20	**CMS** (EEIG)*	$1,608,905,000	3,701	$435,000	United Kingdom
20	19	**Greenberg Traurig**	$1,556,740,000	1,962	$793,000	United States
21	23	**Simpson Thacher & Bartlett**	$1,523,172,000	964	$1,580,000	United States
22	22	**Weil, Gotshal & Manges**	$1,460,380,000	1,117	$1,307,000	United States
23	25	**Paul, Weiss, Rifkind, Wharton & Garrison**	$1,439,775,000	1,022	$1,409,000	United States
24	21	**Sullivan & Cromwell**	$1,435,810,000	826	$1,739,000	United States
25	24	**Mayer Brown**	$1,389,000,000	1,570	$885,000	United States
26	26	**Davis Polk & Wardwell**	$1,388,800,000	982	$1,414,000	United States
27	29	**Herbert Smith Freehills**	$1,290,465,000	2,093	$617,000	United Kingdom
28	28	**Cleary Gottlieb Steen & Hamilton**	$1,274,746,000	1,235	$1,032,000	United States
29	30	**King & Spalding**	$1,261,723,000	1,081	$1,167,000	United States
30	27	**Quinn Emanuel Urquhart & Sullivan**	$1,250,855,000	829	$1,509,000	United States
31	34	**Cooley**	$1,226,149,000	946	$1,296,000	United States

*Vereins and European Interest Groups (EEIGs) differ structurally from other Global 100 firms, especially in regards to profit sharing.
N/A: Bryan Cave merged with Berwin Leighton Paisner in April 2018 to become Bryan Cave Leighton Paisner. Andrews Kurth Kenyon and Hunton & Williams merged in April 2018 to become Hunton Andrews Kurth. Womble Carlyle Sandridge & Rice and Bond Dickinson merged in November 2017 to become Womble Bond Dickinson. Because these mergers formed new firms, references to the firms' 2017 rankings are listed as N/A. Fox Rothschild's year-end is March 31; the firm's 2017 figures were estimates and its 2018 numbers are actual figures.

2019 Rank	2018 Rank	Firm	Gross Revenue, Most Recent Fiscal Year	Lawyers	Revenue Per Lawyer	Country With the Most Lawyers
32	33	**Paul Hastings**	$1,220,007,000	948	$1,287,000	United States
33	38	**Goodwin Procter**	$1,198,625,000	955	$1,255,000	United States
34	39	**Eversheds Sutherland**	$1,175,000,000	2,413	$487,000	United Kingdom
35	32	**Reed Smith**	$1,174,973,000	1,544	$761,000	United States
36	31	**Wilmer Cutler Pickering Hale and Dorr**	$1,149,000,000	859	$1,337,000	United States
37	35	**King & Wood Mallesons** (verein)*	$1,133,000,000	2,938	$386,000	China
38	46	**Covington & Burling**	$1,117,029,000	1,020	$1,096,000	United States
39	37	**Akin Gump Strauss Hauer & Feld**	$1,071,486,000	885	$1,211,000	United States
40	47	**McDermott Will & Emery**	$1,054,321,000	1,013	$1,041,000	United States
41	44	**Orrick, Herrington & Sutcliffe**	$1,046,000,000	964	$1,085,000	United States
42	36	**Morrison & Foerster**	$1,042,800,000	951	$1,097,000	United States
43	40	**Squire Patton Boggs** (verein)*	$1,034,980,000	1,497	$691,000	United States
44	49	**Milbank**	$1,034,020,000	728	$1,420,000	United States
45	43	**Dechert**	$1,021,752,000	940	$1,087,000	United States
46	41	**K&L Gates**	$1,007,615,000	1,756	$574,000	United States
47	42	**Winston & Strawn**	$991,221,000	893	$1,110,000	United States
48	50	**Proskauer Rose**	$977,879,000	726	$1,347,000	United States
49	45	**Arnold & Porter Kaye Scholer**	$961,200,000	939	$1,024,000	United States
50	48	**Shearman & Sterling**	$955,461,000	882	$1,084,000	United States
51	53	**Debevoise & Plimpton**	$929,301,000	655	$1,419,000	United States
52	52	**Holland & Knight**	$914,943,000	1,141	$802,000	United States
53	51	**Kim & Chang**	$901,000,000	988	$912,000	Korea
54	N/A	**Bryan Cave Leighton Paisner**	$899,418,000	1,425	$631,000	United States
55	55	**Perkins Coie**	$861,731,000	973	$886,000	United States
56	54	**Wilson Sonsini Goodrich & Rosati**	$857,000,000	764	$1,121,000	United States
57	63	**Ashurst**	$856,568,000	1,415	$605,000	Australia
58	58	**Wachtell, Lipton, Rosen & Katz**	$856,394,000	267	$3,207,000	United States
59	67	**Foley & Lardner**	$836,675,000	975	$858,000	United States
60	64	**McGuireWoods**	$817,055,000	1,014	$806,000	United States
61	57	**Willkie Farr & Gallagher**	$817,000,000	658	$1,242,000	United States
62	65	**Clyde & Co.**	$816,479,000	1,720	$475,000	United Kingdom
63	66	**Cravath, Swaine & Moore**	$815,872,000	519	$1,572,000	United States
64	56	**Alston & Bird**	$812,325,000	817	$994,000	United States
65	59	**O'Melveny & Myers**	$800,600,000	673	$1,190,000	United States
66	60	**Slaughter and May**	$788,417,000	540	$1,460,000	United Kingdom
67	N/A	**Hunton Andrews Kurth**	$748,000,000	869	$861,000	United States
68	62	**Vinson & Elkins**	$747,248,000	622	$1,202,000	United States
69	68	**Sheppard, Mullin, Richter & Hampton**	$707,351,000	714	$991,000	United States
70	71	**Fried, Frank, Harris, Shriver & Jacobson**	$684,800,000	514	$1,333,000	United States
71	61	**Baker Botts**	$678,200,000	708	$958,000	United States
72	70	**Seyfarth Shaw**	$669,360,000	844	$793,000	United States
73	69	**Baker & Hostetler**	$667,009,000	941	$709,000	United States

2019 Rank	2018 Rank	Firm	Gross Revenue, Most Recent Fiscal Year	Lawyers	Revenue Per Lawyer	Country With the Most Lawyers
74	73	Pillsbury Winthrop Shaw Pittman	$645,866,000	629	$1,027,000	United States
75	76	Fragomen, Del Rey, Bernsen & Loewy	$637,286,000	582	$1,095,000	United States
76	77	Katten Muchin Rosenman	$634,914,000	662	$958,000	United States
77	75	Pinsent Masons	$634,743,000	1,571	$404,000	United Kingdom
78	97	Yingke	$624,000,000	7,572	$82,000	China
79	74	Gowling WLG	$616,970,000	1,219	$506,000	Canada
80	78	Osler, Hoskin & Harcourt	$588,089,000	462	$1,273,000	Canada
81	82	Littler Mendelson	$584,196,000	1,068	$547,000	United States
82	81	Venable	$570,227,000	657	$868,000	United States
83	89	Lewis Brisbois Bisgaard & Smith	$552,000,000	1,308	$422,000	United States
84	88	Nixon Peabody	$530,636,000	607	$874,000	United States
85	98	Zhong Lun Law Firm	$527,000,000	1,038	$508,000	China
86	83	Troutman Sanders	$521,531,000	645	$809,000	United States
87	110	Nelson Mullins Riley & Scarborough	$517,003,000	707	$732,000	United States
88	87	Polsinelli	$513,581,000	810	$634,000	United States
89	85	Faegre Baker Daniels	$512,913,000	669	$767,000	United States
90	84	Locke Lord	$512,573,000	641	$800,000	United States
91	90	Ogletree, Deakins, Nash, Smoak & Stewart	$509,774,000	847	$602,000	United States
92	N/A	Fox Rothschild	$507,500,000	788	$645,000	United States
93	94	Simmons & Simmons	$500,311,000	857	$584,000	United Kingdom
94	86	Blake, Cassels & Graydon	$499,200,000	618	$808,000	Canada
95	91	Duane Morris	$491,573,000	671	$732,000	United States
96	117	AllBright	$484,000,000	2,600	$186,000	China
97	99	Bird & Bird	$482,404,000	1,180	$409,000	United Kingdom
98	N/A	Womble Bond Dickinson	$475,723,000	961	$495,000	United States
99	93	McCarthy Tetrault	$474,805,000	655	$725,000	Canada
100	107	Cozen O'Connor	$473,000,000	665	$711,000	United States

MOST LAWYERS

Overall lawyer head count for global 100 firms was 142,201 in 2018, an annual growth rate of 5.2%. Fifty-seven of the 100 largest firms, when ranked by head count, have at least 1,000 lawyers. Fifty-five firms have the largest share of their lawyers in the United States, 18 are largest in the United Kingdom and 17 have their biggest group in China. The number of lawyers listed here is the average full-time equivalent for the 2018 fiscal year. (For U.K.-based firms, the number of lawyers is the average full-time equivalent for the fiscal year ending April 30).

Rank by Head Count	Firm	Lawyers	Countries in Which the Firm Has Offices	Country With the Most Lawyers	Percentage of Lawyers in That Country
1	**Dentons** (verein)*	9,795	79	China	60
2	**Yingke**	7,572	1	China	100
3	**Baker McKenzie**	4,720	47	United States	16
4	**DLA Piper**	3,702	31	United States	35
5	**CMS** (EEIG)*	3,701	41	United Kingdom	26
6	**Norton Rose Fulbright**	3,376	31	United States	23
7	**King & Wood Mallesons** (verein)*	2,938	11	China	55
8	**DeHeng Law Offices**	2,657	5	China	98
9	**Hogan Lovells**	2,636	19	United States	35
10	**AllBright**	2,600	2	China	99
11	**Latham & Watkins**	2,540	14	United States	66

Rank by Head Count	Firm	Lawyers	Countries in Which the Firm Has Offices	Country With the Most Lawyers	Percentage of Lawyers in That Country
12	**Jones Day**	2,518	18	United States	64
13	**Clifford Chance**	2,416	23	United Kingdom	29
14	**Eversheds Sutherland**	2,413	34	United Kingdom	47
15	**Allen & Overy**	2,366	31	United Kingdom	33
16	**Linklaters**	2,351	20	United Kingdom	40
17	**Kirkland & Ellis**	2,307	4	United States	83
18	**White & Case**	2,150	29	United States	33
19	**Zhong Lun W&D Law Firm**	2,146	9	China	79
20	**Herbert Smith Freehills**	2,093	25	United Kingdom	36
21	**DWF**	2,021	14	United Kingdom	41
22	**Morgan, Lewis & Bockius**	2,015	11	United States	85
23	**Grandall Law Firm**	2,000	5	China	97
24	**Greenberg Traurig**	1,962	10	United States	83
25	**Sidley Austin**	1,943	7	United States	80
26	**Beijing DHH Law Firm**	1,880	9	China	98
27	**K&L Gates**	1,756	16	United States	61
28	**Skadden, Arps, Slate, Meagher & Flom**	1,744	12	United States	79
29	**Clyde & Co.**	1,720	18	United Kingdom	51
30	**Zhong Yin Law Firm**	1,596	1	China	100
31	**Pinsent Masons**	1,571	11	United Kingdom	78
32	**Mayer Brown**	1,570	12	United States	56
33	**Fidal**	1,561	1	France	100
34	**Reed Smith**	1,544	9	United States	63
35	**Squire Patton Boggs**	1,497	20	United States	43
36	**Freshfields Bruckhaus Deringer**	1,481	17	United Kingdom	29
37	**Bryan Cave Leighton Paisner**	1,425	11	United States	51
38	**Ashurst**	1,415	16	Australia	40
39	**Garrigues**	1,327	13	Spain	82
40	**Lewis Brisbois Bisgaard & Smith**	1,308	1	United States	100
41	**Gibson, Dunn & Crutcher**	1,307	9	United States	83
42	**Cleary Gottlieb Steen & Hamilton**	1,235	12	United States	52
43	**Gowling WLG**	1,219	8	Canada	48
44	**Ropes & Gray**	1,210	5	United States	86
45	**Bird & Bird**	1,180	20	United Kingdom	20
46	**DAC Beachcroft**	1,141	9	United Kingdom	93
46	**Holland & Knight**	1,141	4	United States	94
48	**Weil, Gotshal & Manges**	1,117	8	United States	67
49	**Long An Law Firm**	1,092	1	China	100
50	**King & Spalding**	1,081	10	United States	85
51	**Littler Mendelson**	1,068	3	United States	97
52	**Zhong Lun Law Firm**	1,038	4	China	81
53	**Paul, Weiss, Rifkind, Wharton & Garrison**	1,022	5	United States	93
54	**Covington & Burling**	1,020	8	United States	84
55	**Tahota Law Firm**	1,019	5	China	99
56	**McGuireWoods**	1,014	3	United States	96

Rank by Head Count	Firm	Lawyers	Countries in Which the Firm Has Offices	Country With the Most Lawyers	Percentage of Lawyers in That Country
57	McDermott Will & Emery	1,013	7	United States	75
58	Kim & Chang	988	3	Korea	99
59	Irwin Mitchell	985	1	United Kingdom	100
60	Davis Polk & Wardwell	982	5	United States	81
61	Foley & Lardner	975	3	United States	98
62	Perkins Coie	973	1	United States	100
62	Taylor Wessing	973	18	Germany	41
64	JT&N (formerly Jincheng Tongda & Neal)	970	1	China	100
65	Orrick, Herrington & Sutcliffe	964	8	United States	67
65	Simpson Thacher & Bartlett	964	6	United States	83
67	Womble Bond Dickinson	961	2	United States	55
68	Goodwin Procter	955	5	United States	86
69	Morrison & Foerster	951	7	United States	72
70	Kennedys	948	22	United Kingdom	44
70	Paul Hastings	948	10	United States	77
72	Cooley	946	3	United States	90
73	Baker & Hostetler	941	1	United States	100
74	Dechert	940	13	United States	64
75	Arnold & Porter Kaye Scholer	939	5	United States	91
76	Cuatrecasas, Gonçalves Pereira	911	8	Spain	82
77	Beijing Kangda Law Firm	900	1	China	100
77	Minter Ellison	900	6	Australia	97
79	Winston & Strawn	893	6	United States	92
80	Duan & Duan	889	2	China	99
81	Akin Gump Strauss Hauer & Feld	885	8	United States	81
82	Shearman & Sterling	882	13	United States	52
83	Hunton Andrews Kurth	869	6	United States	94
84	Loyens & Loeff	862	10	The Netherlands	58
85	Wilmer Cutler Pickering Hale and Dorr	859	5	United States	89
86	Osborne Clarke	857	12	United Kingdom	48
86	Simmons & Simmons	857	19	United Kingdom	35
88	Addleshaw Goddard	851	7	United Kingdom	95
89	Ogletree, Deakins, Nash, Smoak & Stewart	847	7	United States	95
90	Seyfarth Shaw	844	4	United States	94
91	Jackson Lewis	838	1	United States	100
92	Quinn Emanuel Urquhart & Sullivan	829	9	United States	78
93	Sullivan & Cromwell	826	8	United States	81
94	Alston & Bird	817	3	United States	99
95	Guantao Law Firm	810	5	China	99
95	Polsinelli	810	1	United States	100
97	Hylands Law Firm	800	1	China	100
98	Fasken Martineau DuMoulin	796	4	Canada	90
99	Fieldfisher	792	10	United Kingdom	55
100	Fox Rothschild	788	1	United States	100

MOST PEP

Profits per equity partner among Global 100 firms averaged $1,716,227 in 2018, an increase of 4.6% when compared with 2017's average of $1,641,497, and greater than last year's 3.4% growth.

Seventy-five firms equaled or topped $1 million in PEP, compared with 73 firms the previous year. U.S. firms are the top 18, with Slaughter and May the highest-ranking non-U.S. firm, ranking 19th.

This chart ranks the most profitable firms on our Most Revenue chart. Figures for U.S. firms were obtained from The Am Law 100. All other firms were surveyed directly. Profits per partner and gross revenue are rounded to the nearest $1,000.

Rank by PEP	Firm	Profits Per Equity Partner	Equity Partners	Gross Revenue
1	Wachtell, Lipton, Rosen & Katz	$6,530,000	80	$856,394,000
2	Kirkland & Ellis	$5,037,000	430	$3,757,000,000
3	Paul, Weiss, Rifkind, Wharton & Garrison	$5,020,000	145	$1,439,775,000
4	Cravath, Swaine & Moore	$4,620,000	83	$815,872,000
5	Quinn Emanuel Urquhart & Sullivan	$4,533,000	168	$1,250,855,000
6	Sullivan & Cromwell	$4,509,000	164	$1,435,810,000
7	Davis Polk & Wardwell	$4,406,000	157	$1,388,800,000
8	Simpson Thacher & Bartlett	$4,088,000	190	$1,523,172,000
9	Weil, Gotshal & Manges	$3,835,000	169	$1,460,380,000
10	Milbank	$3,825,000	150	$1,034,020,000
11	Skadden, Arps, Slate, Meagher & Flom	$3,716,000	349	$2,672,706,000
12	Latham & Watkins	$3,452,000	488	$3,386,061,000
13	Gibson, Dunn & Crutcher	$3,345,000	323	$1,819,873,000
14	Fried, Frank, Harris, Shriver & Jacobson	$3,268,000	104	$684,800,000
15	Debevoise & Plimpton	$3,265,000	136	$929,301,000
16	Paul Hastings	$3,254,000	187	$1,220,007,000
17	Cleary Gottlieb Steen & Hamilton	$3,162,000	186	$1,274,746,000
18	Willkie Farr & Gallagher	$3,089,000	146	$817,000,000
19	Slaughter and May	$3,073,000	102	$788,417,000
20	King & Spalding	$2,847,000	194	$1,261,723,000
21	Dechert	$2,728,000	164	$1,021,752,000
22	Proskauer Rose	$2,660,000	173	$977,879,000
23	Ropes & Gray	$2,552,000	250	$1,748,209,000
24	Sidley Austin	$2,551,000	334	$2,219,763,000
25	Vinson & Elkins	$2,517,000	125	$747,248,000
26	Freshfields Bruckhaus Deringer	$2,485,000	370	$1,967,034,000
27	Goodwin Procter	$2,463,000	220	$1,198,625,000
28	Shearman & Sterling	$2,431,000	138	$955,461,000
29	Akin Gump Strauss Hauer & Feld	$2,402,000	185	$1,071,486,000
30	White & Case	$2,400,000	342	$2,050,500,000
31	Cooley	$2,382,000	225	$1,226,149,000
32	Wilson Sonsini Goodrich & Rosati	$2,350,000	131	$857,000,000
33	Linklaters	$2,270,000	443	$2,176,432,000
34	O'Melveny & Myers	$2,262,000	167	$800,600,000
35	Allen & Overy	$2,215,000	388	$2,174,160,000
36	Winston & Strawn	$2,162,000	152	$991,221,000
37	Clifford Chance	$2,160,000	394	$2,262,356,000
38	Wilmer Cutler Pickering Hale and Dorr	$2,151,000	252	$1,149,000,000


Matheson
M

Rank by PEP	Firm	Profits Per Equity Partner	Equity Partners	Gross Revenue
39	**Alston & Bird**	$2,087,000	151	$812,325,000
40	**Orrick, Herrington & Sutcliffe**	$1,989,000	118	$1,046,000,000
41	**Morrison & Foerster**	$1,982,000	167	$1,042,800,000
42	**Fragomen, Del Rey, Bernsen & Loewy**	$1,884,000	61	$637,286,000
42	**McDermott Will & Emery**	$1,884,000	173	$1,054,321,000
44	**DLA Piper** (verein)*	$1,874,000	401	$2,835,986,000
45	**Greenberg Traurig**	$1,750,000	308	$1,556,740,000
46	**Covington & Burling**	$1,734,000	286	$1,117,029,000
47	**Mayer Brown**	$1,702,000	274	$1,389,000,000
48	**Sheppard, Mullin, Richter & Hampton**	$1,689,000	140	$707,351,000
49	**Katten Muchin Rosenman**	$1,682,000	140	$634,914,000
50	**Baker Botts**	$1,662,000	190	$678,200,000
51	**Nixon Peabody**	$1,503,000	131	$530,636,000
52	**Pillsbury Winthrop Shaw Pittman**	$1,500,000	134	$645,866,000
53	**Baker McKenzie** (verein)*	$1,443,000	680	$2,900,000,000
54	**Holland & Knight**	$1,424,000	184	$914,943,000
55	**Morgan, Lewis & Bockius**	$1,391,000	717	$2,095,000,000
56	**Hogan Lovells** (verein)*	$1,381,000	523	$2,119,297,000
57	**Osler, Hoskin & Harcourt**	$1,372,000	210	$588,089,000
58	**McGuireWoods**	$1,360,000	198	$817,055,000
59	**Kim & Chang**	$1,302,000	180	$901,000,000
60	**Ashurst**	$1,299,000	241	$856,568,000
61	**Perkins Coie**	$1,287,000	175	$861,731,000
62	**Herbert Smith Freehills**	$1,269,000	323	$1,290,465,000
63	**Reed Smith**	$1,261,000	285	$1,174,973,000
64	**Foley & Lardner**	$1,251,000	156	$836,675,000
65	**Arnold & Porter Kaye Scholer**	$1,242,000	309	$961,200,000
66	**Venable**	$1,165,000	160	$570,227,000
67	**Eversheds Sutherland**	$1,161,000	199	$1,175,000,000
68	**Seyfarth Shaw**	$1,140,000	202	$669,360,000
69	**Hunton Andrews Kurth**	$1,097,000	180	$748,000,000
70	**Jones Day**	$1,093,000	919	$2,057,000,000
71	**Troutman Sanders**	$1,074,000	182	$521,531,000
72	**Baker & Hostetler**	$1,035,000	131	$667,009,000
72	**Locke Lord**	$1,035,000	170	$512,573,000
74	**Squire Patton Boggs** (verein)*	$1,027,000	169	$1,034,980,000
75	**Duane Morris**	$1,010,000	126	$491,573,000
76	**Nelson Mullins Riley & Scarborough**	$996,000	181	$517,003,000
77	**K&L Gates**	$990,000	180	$1,007,615,000
78	**Lewis Brisbois Bisgaard & Smith**	$951,000	122	$552,000,000
79	**Simmons & Simmons**	$949,000	168	$500,311,000
80	**Clyde & Co.**	$922,000	219	$816,479,000

Rank by PEP	Firm	Profits Per Equity Partner	Equity Partners	Gross Revenue
81	**King & Wood Mallesons** (verein)*	$921,000	471	$1,133,000,000
82	**Norton Rose Fulbright** (verein)*	$907,000	681	$1,969,315,000
83	**Faegre Baker Daniels**	$896,000	226	$512,913,000
84	**Bryan Cave Leighton Paisner**	$844,000	281	$899,418,000
85	**Cozen O'Connor**	$828,000	185	$473,000,000
86	**Pinsent Masons**	$817,000	183	$634,743,000
87	**Zhong Lun Law Firm**	$809,000	293	$527,000,000
88	**Ogletree, Deakins, Nash, Smoak & Stewart**	$776,000	189	$509,774,000
89	**CMS** (EEIG)*	$766,000	602	$1,608,905,000
90	**Bird & Bird**	$757,000	119	$482,404,000
91	**McCarthy Tetrault**	$752,000	221	$474,805,000
92	**Blake, Cassels & Graydon**	$747,000	308	$499,200,000
93	**Polsinelli**	$739,000	122	$513,581,000
94	**Fox Rothschild**	$695,000	224	$507,500,000
95	**Womble Bond Dickinson**	$557,000	240	$475,723,000
96	**Gowling WLG**	$535,000	364	$616,970,000
97	**Dentons** (verein)*	$533,000	1,497	$2,420,000,000
98	**Littler Mendelson**	$521,000	381	$584,196,000
99	**AllBright**	$403,000	600	$484,000,000
100	**Yingke**	$172,000	362	$624,000,000

In His Wake

Baker McKenzie is building for the future with a blueprint left behind by Paul Rawlinson.

BY ROSE WALKER

TWO AND A HALF YEARS AGO, NEWLY ELECTED BAKER MCKENZIE chair Paul Rawlinson laid out his 2020 vision for the international juggernaut. He introduced bold changes, among them focusing the firm in core areas, planning to integrate its financial system, pushing determinedly into transactional work, and aiming to dramatically increase bench strength in the world's biggest legal markets.

Baker McKenzie wasn't alone in its overhaul. Global firms existing in these uncertain times are attempting to shore themselves up against an ever-competitive industry and an unstable geopolitical system.

There are shifting tides a firm can prepare to handle, but the sudden death of a figurehead isn't among them.

Hailed as a visionary leader at the time of his election in 2016, Rawlinson died in April. His cause of death hasn't been made public. It followed six months after he took leave from his position to deal with medical issues caused by exhaustion.

Rawlinson's death came as a shock to his industry colleagues and peers—and his firm is still reeling as it continues the mammoth task of preparing for an uncertain world. As Baker McKenzie comes to terms with the short- and long-term effects of Rawlinson's death, it's been forced to carry out a future-proofing mission without the guidance and leadership of the man who drew it up. Can the vision survive?

A LEADER LOST

The partners and staff at Baker McKenzie recognize Rawlinson's significance to the firm.

"The impact it had internally was and still is a huge deal—significantly more than people who joined the firm afterward might have anticipated," a partner in the firm's Europe, Middle East and Africa arm, who joined the firm after Rawlinson died, says.

For London management committee member Samantha Mobley, Rawlinson's death was "absolutely devastating." The two had long been friends and colleagues. She acknowledges the magnitude of his loss, both for the business and its people, especially given his pivotal role in the firm's future planning.

"Paul's arrival as the chair charted us on a new strategy to transform our firm," Mobley says. "He set out a vision that


PAUL RAWLINSON,
BAKER MCKENZIE'S
FORMER CHAIR,
DIED IN APRIL.

would ensure it remains relevant as we go forward in an increasingly competitive marketplace."

Jaime Trujillo has held the firm's acting chair role for the past year, since Rawlinson stepped away. But in mid-September, the firm narrowed its field to three contenders in a chair election expected to take place in October: Fiona Carlin, head of the firm's new financially integrated EMEA+ business; Hong Kong managing partner Milton Cheng; and North America CEO Colin Murray.

THE PLAN

Rawlinson's 2020 strategy focused on several key areas, the most laborious of which is the firm's ongoing push to create and maintain a more closely aligned global business.

Baker McKenzie is one of a few historically international law firms. Founded in Chicago in 1949, it established a non-U.S. presence when it opened in Venezuela six years later, and added further offices across the Asia-Pacific region in quick succession.

Dentons global chairman Joe Andrew says Baker McKenzie "changed the legal profession."

"They were the first global firm, and they took a significant number of risks to do what they did when they did it," he says. "They deserve a huge amount of credit for that."

JAIME TRUJILLO HAS SERVED AS THE FIRM'S ACTING CHAIR SINCE PAUL RAWLINSON'S DEATH.

But the firm's first-mover advantage also created an issue it now has to contend with, Andrew argues. Having grown up before the internet and easy international communication, the firm's decisions were more likely to be made office by office. Shifting away from that approach is something all firms with long histories have to deal with, Andrew explains.

"Historically, organizations had to have a structure that allowed more local decision-making, on one hand, but more hierarchical, rule-based management on the other hand, because there was no way to quickly speak to leadership," Andrew says. "That is why all organizations had stricter hierarchies and were much slower to make decisions."

For Baker McKenzie, the first law firm to operate as a Swiss verein, beginning in 2004, changing that structure is all the more difficult. With nearly 5,000 lawyers spread across more than 75 offices and $2.9 billion in revenue, it is an enormous ship to redirect.

Nonetheless, the firm has made dramatic progress in the past year to shift away from a siloed approach, led by two significant projects. It is at once integrating its profit pools and streamlining its support staff workforce, in order to boost profitability and move away from a focus on office and practice productivity. The latter effort aims to encourage the firm's offices to work more closely together, and to free up capital to allow the firm to make investment decisions more quickly.

Baker McKenzie currently operates three profit pools across its three business lines globally: in Europe, the Middle East and Africa; the Americas; and Asia-Pacific. The majority of its offices in those areas now share profits, with EMEA only recently moving to the new approach. The firm rolled out a financially integrated structure in the region last year, dubbed the EMEA+ network. Sixteen offices, comprising about 2,000 people, including 275 partners, now sit within the network and share profits as a result. Mobley says the change has removed impediments to collaboration.

"We no longer have long discussions about whether one office should send a secondee to a client if it's mostly benefiting another office," she says. "We just get on and do it."

While the majority of the offices in the firm's Americas business have been financially integrated for some time, the firm has rolled out measures designed to improve collaboration, North America chair Duane Webber says.

"We've been collaborative for a long time, but when we peeled back the layers we realized there was more to do," he says.

According to Webber, a change to the firm's remuneration system, which The American Lawyer reported earlier this year, is an important part of the process. Partners are no longer able to see how much they and others are paid. Instead, they can view a pay scale that charts how different pay brackets correlate to commendable behaviors.

Tony Williams, principal of Jomati Consultants, a U.K.-based international management consultancy, says such messaging has a big impact on collaboration within firms.

"Getting lawyers to think outside their own geography and practice areas is always a challenge, no matter what kind of firm you are," he says. "Everybody grapples with that. The incentives the firm has introduced to encourage integration get that message across quickly."

Webber, who joined the firm's management committee when Rawlinson was appointed chair, is confident that the firm's strategic focus will not be affected by its leader's death.

"Via those directional changes, Paul was playing back to the partners what they were asking for," Webber says. "That strategy doesn't change."

AT CLIENTS' COMMAND

Baker McKenzie moved to an industry-sector focus in 2016, highlighting clients it wanted to bring closer. Each key client identified in an industry group has a team of client service directors responsible for organizing attorneys to service that client. The firm emphasizes diversity of location, gender and practice when fielding a team, according to acting chair Trujillo.

The benefits of the new approach have been two-fold, Trujillo says. He describes the industry focus as "the great integrator," leading attorneys to work with a wider range of colleagues. Clients, meanwhile, benefit from the broader set of views and expertise borne by a more diverse cast of attorneys.

The new client strategy is helping the firm gain traction, Williams says.

"They have been on and continue to be on a fantastic journey," he says.

Dominique Graham, head of legal in the professional services group at executive search and consulting firm Signium, agrees, adding that market perception is shifting following the sustained effort by the firm.

"Baker McKenzie was underestimated for a long time by the market, but those close to the firm actually had a different experience," she contends. "Clients were appreciative and they were winning good mandates. Crucially, the market perception has now improved and the firm is winning more lead counsel roles as a result of its long-standing global presence—they've been in those geographies for so long it's really starting to bear fruit."

While the new approach encompasses all the firm's clients, Baker McKenzie is particularly focused on large multinationals with transactional work on offer. The firm's Asia-Pacific head, Ai Ai Wong, says the firm's international history means cross-border deals have been "in its DNA" for a long time, but the refreshed strategy reemphasized their importance.

"We weren't talking to each other as much as we should have done. With the refreshed strategy, we've streamlined how we promote ourselves, how we brand ourselves, and which clients we are focusing on," she adds.

The branding push appears to have paid dividends. The firm took first place in market research firm Acritas' ranking of global law firm brands last October. In the Asia-Pacific region, it's earned the top spot since 2017. Rawlinson was a great proponent of the region, having spent several formative years in his career in the firm's Hong Kong office, Wong says.

Wong, who leads the transactional group on Baker McKenzie's executive leadership committee, says the focus on that work has been a key part of building the firm's brand. Rawlinson saw the firm as a leader in the transactional space. Before becoming global chair, he had nurtured client relationships with large global corporations, including Cisco, L'Oréal, HP and British American Tobacco, and wanted Baker McKenzie to provide full-service teams to clients with the same international reach, as well as to win their big-ticket work.

"Paul knew that with the right transactional strategy, we would win lots more multinational clients. He also knew that the transactions they do can become the engine rooms of global law firms," Wong says.

While Baker McKenzie has traditionally been associated with midtier transactional work, it's making good progress, Williams says.

"The more large deals you do, the more you get. I think they've won clients' confidence, because [clients] now know that they can handle more complex and larger pieces of work," he says.

BUILDING A BENCH

Baker McKenzie is looking to continue the push by adding to its bench strength in London, New York and the West Coast.

In London—the firm's largest office with 460 lawyers and 117 partners—office managing partner Alex Chadwick is driving the effort. He has led the base since 2016, when he assumed the role from Rawlinson. Since then, the firm has hired a series of well-regarded lawyers from heavyweight firms operating in London, including Matthew Dening, the former co-head of Sidley Austin's London global finance team; Freshfields Bruckhaus Deringer finance partner Geoff O'Dea; a corporate finance team from Ropes & Gray; and a trio of transactional partners from White & Case.

According to figures provided by the firm, its London office had 117 total transactional lawyers in August 2016, including 34 partners. Three years later, those figures stand at 164 and 45, respectively. The investment is paying off, Mobley says, citing several large pieces of M&A work the office

NORTH AMERICA CHAIR DUANE WEBBER SAYS THE FIRM'S STRATEGIC FOCUS HASN'T BEEN DISRUPTED.

has won in recent months, including Japanese conglomerate Hitachi's $6.4 billion acquisition of a power grid business from Swiss engineering group ABB Ltd, for which the firm fielded a cross-border team in London and Tokyo.

In New York, the firm's hires include funds partner Karl Egbert from Dechert and project finance partner Emeka Chinwuba from Norton Rose Fulbright in 2018, and highly regarded transactional partner Mark Mandel from Milbank, Tweed, Hadley & McCloy this spring.

Meanwhile, the firm bolstered its transactional offering in Palo Alto, California, this summer when it brought in dealmaker Leif King from Skadden, Arps, Slate, Meagher & Flom to lead its corporate and M&A practice in California. With his addition, Baker McKenzie's Silicon Valley office has seven attorneys working on deals. Across its three California offices, in San Francisco, Palo Alto, and Los Angeles, it now has over 120 lawyers, including 24 transactional attorneys.

Just over a month before he stepped away from his role, Rawlinson spoke to The American Lawyer affiliate Legal Week about the firm's intention to build dramatically in the U.S. via a domestic merger. Trujillo says the firm is still considering "large-scale combinations," and is open to regional or smaller firms that may give it more strength. In the meantime, the firm's hiring strategy will continue. Trujillo describes the intended pace of additions as "relentless."

ASIA-PACIFIC CHAIR AI AI WONG SAYS CROSS-BORDER DEALS HAVE BEEN IN THE FIRM'S DNA FOR A LONG TIME.

As it overhauled how its fee-earners work, Baker McKenzie also began paying closer attention to the role its support teams play. Last fall, it kicked off a major review of its global professional and business service teams, intent on better integrating the workforce.

The firm wants all its global teams to report into more centralized management and to run on operational lines that are as similar as possible. The review will run for another two years, during which time the firm will also expand the reach of its offshore service centers.

It currently operates centers in Manila, Philippines, and Belfast, Northern Ireland, and is creating new roles in those bases. Additionally, it has announced the launch of two new offshore centers in Tampa, Florida, and Buenos Aires. As a result of the ongoing review, the firm has cut 54 jobs in its London office, between layoffs and scrapped positions.

"We can't simply stay put," Trujillo says. "We have to adjust and become more efficient and effective."

THE NEXT PHASE

One leading partner at the firm says the firm is gearing up for the "second phase" of its strategy, set to formally launch in October at the annual partners conference.

The firm spent several months surveying its clients to produce a thought leadership report called "The Age of Hyper-Complexity," which examines clients' biggest concerns and how the firm can address them, including climate change and renewable energy, as well as the increasingly strict regulatory and compliance spaces. According to the partner, the firm has assigned partners to lead teams that will draft business plans around these particular service lines. In addition to supporting clients, the initiative gives younger lawyers at the firm an opportunity to develop their business skills, the partner says.

Graham, the Signium consultant, suggests the firm should be applauded for undertaking transformative moves earlier than necessary.

"They're bringing about these changes without a burning platform forcing them to, and that's actually amazingly rare," she says. "For me, they're a very exciting firm, and one to watch."

Like so many firms, Baker McKenzie is realigning its place in an ever-changing world. But it is also still dealing with a monumental tragedy. Observers say it has made all the right strategic maneuvers for a firm of its size—trimming unnecessary fat where appropriate, adding transactional heft in the most profitable legal markets, and carefully considering transformational moves, including mergers.

Rawlinson was a critical part of setting forth the firm's new direction to partners, and beginning to implement its many moving parts. In his absence, and because of his influence, the firm heads into the future as prepared as it can be.

When Rawlinson took up his role as global chair, some in the market viewed his genial personality as counterproductive to such a senior position. But one Baker McKenzie partner warned at the time against anybody dismissing Rawlinson, arguing that he was no pushover. Baker McKenzie's rivals would do well to remember the same about the firm he left behind as it heads boldly forward.

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MARKET SNAPSHOTS

A LOOK AT WHAT'S HAPPENING IN KEY AND DEVELOPING MARKETS AROUND THE WORLD, INCLUDING IRELAND, BRAZIL, MEXICO AND INDONESIA.

BRASILIA, BRAZIL

Culture Shift

After Operation Car Wash, compliance and due diligence have taken center stage in Brazil.

AUDITORS EVALUATING A RECENT TRANSACTION FOR A BRAzilian energy firm held up the deal for more than six months. The delay wasn't the result of malice, ineptitude or efforts to bill more hours. Rather, the investigation into the company's operations—an effort to root out potential corruption—was so thorough, it merited more time.

"They were working hard to get to the bottom of corruption issues—that can be time-consuming," recalls Steven Sandretto, a corporate law partner in Paul Hastings' São Paulo office with knowledge of the deal.

More than five years have passed since Brazil unveiled Operation Car Wash—a probe into the operations of the construction firm Odebrecht that signaled a willingness and ability to crack down on corruption. The investigation uncovered Odebrecht's illicit payments to government officials, who in turn awarded lucrative contracts to the company. The investigation ultimately had a ripple effect throughout Latin America, even taking down presidents.

It has also had a profound impact on business. Lawyers say that due diligence to uncover potential corruption consumes many more hours now for the legal representatives, bankers, accountants and company executives working on any given deal. The goal is to search for practices that would violate the U.S. Foreign Corrupt Practices Act, either to flag them to authorities or walk away from the transaction.

Michael Fitzgerald, head of the Latin America practice at Paul Hastings, says extra due diligence has added hundreds of millions of dollars in legal and accounting expenses to deals in the region during the past five years. "It's pretty much baked into the process now of raising capital in Latin America," he says.

Paul Hastings has a separate practice area focused entirely on due diligence, and the firm has staffed up to meet growing demand. This sort of homework is important because it helps investors accurately value targets, identify violations of in-country law and identify issues that could delay closing deals should clients push forward.

The Car Wash investigation took on people previously thought untouchable in Brazil: top businessmen and politicians. Odebrecht admitted in 2016 that it had paid millions of dollars in bribes to officials in a dozen countries, to secure public works contracts going back more than a decade.

The fines have been substantial: Odebrecht paid about $3.5 billion in settlements in the U.S., Brazil and Switzerland in the wake of the scandal, while one of its clients, Brazilian state-run oil firm Petroleo Brasileiro agreed to pay $2.95 billion to settle a U.S. class action lawsuit.

The sizable fines and threat of lawsuits have made a difference. The Car Wash investigation has led to heightened compliance efforts in Brazil.

"The culture of compliance in Brazil—which was practically nonexistent in 2013—has now taken off to a level of professionalism never imagined," says Rafael Ribeiro, a partner with Hogan Lovells in Miami who has handled numerous internal investigations and cross-border investor disputes in Latin America.

Brazil's Clean Companies Act, implemented in 2014, established potential fines of as much as 20% of a company's prior year gross income if employees are proven to have engaged in grift. But in Brazil, Ribeiro says, the impression was that the law was just for show to the international community. That changed when people started going to jail and prosecutions became real.

"There's an important need for preacquisition due diligence," Ribeiro says. "You'd better kick the tires first."

—AMY GUTHRIE

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An Economy on the Rise

Indonesia's growth into a trillion-dollar market has drawn the legal industry's attention.

IN RECENT YEARS, GLOBAL FIRMS LIKE DENTONS, NORTON Rose Fulbright and White & Case, as well as Big Four accounting firms KPMG and PwC, have formed alliances with Jakarta-based firms to access the Indonesian market.

Indonesia's appeal is clear. The country's economy is worth more than $1 trillion—a milestone it reached in 2017—making it Asia's fifth-largest economy and the largest in all of Southeast Asia. And it's growing steadily. Indonesia has maintained growth of about 5% since 2014, according to World Bank data. The World Bank forecasts Indonesia will grow 5.1% this year and 5.2% next year.

Fueling that growth is investment valued at tens of billions of dollars. Last year, $29.3 billion worth of foreign direct investment went to Indonesia from 21,972 projects, according to data from the country's Investment Coordinating Board; Singapore and Japan were the top two investors.

Indonesia is rich in natural resources, including coal, gold, silver, copper and nickel, as well as oil and gas. Plus, the Southeast Asian country's tropical climate and highly fertile soil support agriculture products, including palm oil, rubber, coffee and cocoa.

In addition to foreign investment, deals worth billions of dollars are generated by domestic companies. Indonesia is home to four unicorns: ride-hailing app Go-Jek, online booking platform Traveloka and e-commerce platforms Tokopedia and Bukalapak. Just earlier this year, Go-Jek raised $1 billion in a funding round led by Google and Chinese tech giants JD.com and Tencent, valuing the company at about $10 billion, according to media reports. And last December, Tokopedia raised $1.1 billion in a funding round led by Chinese e-commerce giant Alibaba and Japanese conglomerate SoftBank, valuing the company at more than $7 billion, according to media reports.

The startups are supported by Indonesia's large population of more than 260 million people—the world's fourth-most-populous country—with a rising middle class.

There's also work to come from Indonesia moving its capital from the crowded and polluted megacity of Jakarta on Java island to the forested island of Borneo. The relocation of the capital will take a decade and cost as much as $32.5 billion, which will be mostly funded by public-private partnerships and private investment.

While multinational companies are entering Indonesia, it is difficult for global law firms to follow their clients into the country. Indonesia has one of the most restrictive legal markets in Asia: foreign firms are not allowed to open offices or practice local law in Indonesia, or share profits with their local counterparts. Indonesia is among a handful of countries that uses a civil law system based on the Roman-Dutch model.

The only way global firms can access the Indonesian market is through an association with a local firm. Recent examples include KPMG's 2019 partnership with Lubis Ganie Surowidjojo, one of the largest Indonesian firms, with more than 100 lawyers. Dentons' 2018 partnership with Hanafiah Ponggawa & Partners, a former alliance firm of Taylor Wessing; Hogan Lovells's 2016 tie-up with Dewi Negara Fachri & Partners; and White & Case's 2015 alliance with Witara Cakra Advocates, the U.S. firm's third such arrangement.

At the same time, several major global firms that previously had Indonesian alliances are no longer affiliated with an Indonesian firm. In 2017, Clifford Chance ended its alliance with Linda Widyati and Partners after three years. And in 2016, DLA Piper ended its alliance with Ivan Almaida Baely & Firmansyah after three years and Squire Patton Boggs ended an alliance with Melli Darsa & Co. after two years.

—JOHN KANG

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MEXICO CITY

An Anxious Neighbor

In Mexico, unpredictable politics and economics have drained market confidence.

A LITTLE MORE THAN A YEAR HAS PASSED SINCE THE POPulist Mexican President Andrés Manuel López Obrador was elected in a landslide victory. Since then, fears of political risk and U.S. threats to restrict and hamper trade have persisted, inhibiting investment and clouding the outlook for economic growth in Mexico.

For lawyers, this has meant a slowdown in some profitable work, such as deal activity, but an increase in advisory work as Mexicans look to sell assets at home and abroad.

"I would describe the anxiety that I'm seeing inside the C-suite, in the boardroom, as the highest I've seen since probably around the Tequila Crisis in the mid-1990s," says Jones Day partner Michael McGuinness, referring to the financial crisis sparked by the sudden devaluation of the peso. That crisis led to hyperinflation, thousands losing their homes, banks collapsing and, eventually, a $50 billion bailout orchestrated by the International Monetary Fund.

Sliding confidence more recently has resulted in a marked decline in merger and acquisition activity.

According to Transactional Track Record, 125 Mexican deals were struck in the 12 months after López Obrador's sweeping July 1, 2018, electoral win, with a combined reported value of $15.5 billion. That's down from 184 transactions with a combined reported value of $34.5 billion in the 12 months leading up to the election.

The dropoff came amid ongoing unease related to trade relations—even though Mexico has already agreed to the terms of a new North American free trade agreement. Canada and the U.S. still must ratify the agreement, however, and as recently as June, President Donald Trump was threatening to slap a 25% tariff on all Mexican imports.

Some of the decline might also be attributable to a rush to get deals done ahead of the 2018 Mexican election, out of fear of what would happen, says Chantal Kordula, a New York-based partner with Cleary Gottlieb Steen & Hamilton who has worked on Mexico transactions since 1997.

McGuinness sees clients "sandwiched" between two unpredictable forces: on one side, hostility from the Trump administration and, on the other, a nationalist president in Mexico who is retreating from the liberalization trend that has dominated the country for much of the past 25 years.

This summer, the IMF trimmed its forecast for 2019 economic growth in Mexico to 0.9%, citing lackluster investment, slumping confidence and sluggish consumer spending. López Obrador lambasted the IMF as an organization that "imposed neoliberal economic policy that caused much misfortune in Mexico."

But the downturn does not necessarily mean all M&A work for lawyers has dried up. Under the current economic and political climate, a growing number of wealthy Mexican families and conglomerates have been looking to diversify their holdings. That means selling assets and hunting for opportunities in places like the U.S., Spain and South America.

There are some bright spots as well. Kordula sees ongoing interest in Mexico from Canadian pension funds, for example. And she points to a recent uptick in capital markets activity to show that Mexican firms continue to raise money to invest and grow businesses in their home market.

"You do the best you can to manage the potential risks, but I think people can't be at a standstill for six years," or the length of a Mexican president's term," Kordula says.

Jean Michel Enríquez, a partner at Creel, García-Cuéllar, Aiza and Enríquez—a top Mexican firm for M&A work—compares the structural shifts in Mexico's economy under AMLO to a change in regime.

"This is not business as usual," he says. —AMY GUTHRIE

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DUBLIN, IRELAND

All Eyes on Ireland

International law firms and corporations have rushed in, ramping up competition.

IRELAND HAS SUDDENLY BECOME A FOCAL POINT FOR INternational law firms. It has enjoyed sustained economic growth and boasts a broad international client base, but it is the country's key role in Brexit that has made it a region of vital importance for much of the legal community.

Several firms have opened offices in Dublin in recent years, including Pinsent Masons, Covington & Burling, Simmons & Simmons, DLA Piper, Clark Hill, Fieldfisher and Clyde & Co. An even more popular route has been for law firms to admit lawyers to the Irish roll in the hope that they will still be able to practice European Union law after the U.K. exits. Since the Brexit referendum in 2016, over 2,000 U.K. solicitors have been admitted to the Irish roll, according to The Law Society of Ireland.

But now there is a snag. Since January, there has been a cloud of uncertainty over the rights of lawyers on the Irish roll to practice Irish law outside of Ireland. In May, the Law Society published a set of guidelines after it was taken to the High Court by three lawyers to appeal its decision to impose a condition that Irish solicitors had to be physically in Ireland to practice Irish law.

Should the guidelines require firms to have a physical base in Ireland, there could be further office openings on the way. For law firms already in the country, an escalation in the battle for local work could be in the offing.

"The primary reason for opening an office in Dublin was because of the number of global companies that are based here," says DLA Piper Ireland managing partner David McCarthy, "and Brexit has only amplified this trend."

It remains to be seen exactly what this means for the leading law firms in Ireland, which include five standouts— Arthur Cox, A&L Goodbody, Matheson, McCann Fitzgerald, and William Fry—and, in the eyes of some, Mason Hayes & Curran. Over the past five years, these firms have dominated on deal count, but international firms, including U.S. and Magic Circle firms, have topped the rankings on deal value. In 2018, Linklaters secured the top spot for deal value at $79 billion.

Major businesses have gravitated to the region. Aircraft-leasing giant Avolon has been based in Dublin since it was founded in 2010, while budget airline Ryanair is also headquartered there. A panoply of tech giants have established their European headquarters in Ireland, including Facebook, Google, Linkedin, Paypal, Microsoft and eBay. A wave of banks and investment managers have also migrated to the region—or are planning to—including Bank of America Merrill Lynch and Barclays.

According to EY's data, the number of foreign companies investing in Ireland rose by 52% in 2018. And IDA Ireland—the agency responsible for attracting and retaining inward foreign direct investment into Ireland—recently reported that over 70 businesses have invested in Ireland as a result of Brexit.

With the client pool widening, the war between law firms has intensified. Since launching in Dublin, the new arrivals have been on partner hiring sprees, raiding local Irish firms and lateral hires between the big six Irish firms are commonplace.

However, Claire Dunwoody, an associate director at Irish recruiting firm Robert Walters, says all firms are struggling to hire at the associate level, and doing so will be the next marker of success for firms new to the market.

"It's hard at the moment to hire at the zero to four-year PQE mark," Dunwoody says, "so some firms have partners and senior associates, but are low at the associate level." She believes that firms have become smarter in their associate attraction and retention techniques. —ROWAN BENNETT

MICHAEL KELLNER/SHUTTERSTOCK.COM

Pain and Gain

International turmoil persists, but for many law firm practices the disorder has been a boon.

BY MP MCQUEEN

WHEN IT COMES TO INTERNATIONAL TRADE, BAD HEADLINES mean good business for some global law firms.

Since President Donald Trump took office and declared his intentions to get better trade terms from China and other U.S. trading partners, including Canada and Mexico, nothing has settled down for global companies or the firms that advise them.

Any lawyers who once thought the initial upheaval would subside have since learned to expect the unexpected. Yet global firms say they have profited in the last couple of years from clients' increased need for expert counsel to help them deal with it all.

Regulatory practices are especially strong of late, and as long as the economic downturn many firms anticipate doesn't become a deep global recession, they expect that growth to continue. In practices as wide-ranging as international trade policy, national security, antitrust and government contracts and investigations, firms are seeing a silver lining in the global turmoil.

"This has all been very good for law firm business, but maybe redirected the business a bit," says White & Case partner John Reiss, global head of the firm's mergers and acquisitions group. He says "volatility and uncertainty" are making some jurisdictions more attractive for investors, and others less so.

In less than three years in office, the Trump administration has overseen a steadily expanding thicket of thorny trade issues. Talks aimed at cutting the U.S. trade deficit with China had gone nowhere as summer wound down. Each time negotiations have broken off, Trump has imposed or threatened higher tariffs on more imports. China has retaliated by restricting imports of U.S. farm products and raising tariffs on U.S. goods, as well as devaluing the yuan, prompting the U.S. Treasury to designate it a "currency manipulator."

Foreign direct investment into the United States from China has plunged as a result of China's recent restrictions on capital outflows and heightened scrutiny by U.S. regulators that has disrupted or aborted deals. The EU also is tightening national security reviews of foreign investments, and tighter export controls and trade sanctions have placed new obstacles on trade and dealmaking.

In Europe, Brexit continues to cast a long shadow over business in the United Kingdom, which fell from first to sixth in foreign direct investment in the United States from Europe, according to U.S. government data. The U.S. has increased sanctions on Russia and Iran, and in Latin America sweeping U.S. sanctions continue against Venezuela, a major oil exporter.

Even on the North American continent, trade tensions between the United States and its neighbors have escalated

SOME FIRMS HAVE BENEFITED FROM TENSION BETWEEN PRESIDENTS DONALD TRUMP AND XI JINPING.

QILAI SHEN/AP

at times as the countries renegotiated the North American Free Trade Agreement (now called the U.S.-Mexico-Canada Agreement), which had been in place for 25 years. And an inverted yield curve on U.S. Treasury notes, long considered a sign of an impending recession, exacerbated financial market volatility in August.

"SMALLER INTERNATIONAL PLAYERS ARE STRUGGLING." —JULIA HAYHOE

Through it all, law firms capable of addressing clients' long list of concerns are benefiting, they say.

"It is not the ideal motivation, but we have seen a noticeable uptick in demand for services in the areas most affected by the current situation, and it also drives certain defensive and strategic dealmaking," says Jaime Trujillo, acting global chair of Baker McKenzie.

Tax, restructuring and compliance and investigations lawyers are in high demand at the moment, he says. In the firm's annual report released in late August, M&A, private equity and capital markets showed growth, with technology, media and telecommunications, health care, and energy, mining and infrastructure marked as the highest-growth industry sectors.

"Clients are more focused on understanding the implications and complexity. Even the less-sophisticated ones are demanding true expertise in sanctions, trade and CFIUS," Reiss says, referring to the Committee on Foreign Investment in the United States, the interagency panel at the Treasury Department that reviews foreign investment in U.S. companies for national security risks.

Even deals with no U.S. component may still encounter U.S. regulatory issues in the current landscape, says Jeffrey Kochian, partner and head of Akin Gump Strauss Hauer & Feld's corporate practice in New York.

"Even if you are doing a deal entirely outside of the U.S. you may have U.S. regulatory issues, and we are fortunate to get those calls," Kochian says. "The same is true for internal U.S. transactions—we may need antitrust clearance in the EU for things of that nature."

CROSS-BORDER M&A GOES M.I.A.

Signs of a global slowdown in mergers and acquisitions were apparent in the first half of 2019. Global M&A activity decreased 10% year over year in the first six months of the year, according to Bloomberg data. Megadeals were responsible for about half of the total value.

But cross-border M&A deals dropped 45% in that span, according to figures released in July by Refinitiv. And two-way completed foreign direct investment between the U.S. and China dropped a whopping 70% from its record level of $60 billion in 2016, according to data from Rhodium Group. That shift has been a major contributor to the overall decline.

"Deals that don't cross jurisdictions tend to be the deals that are getting done, whereas those that cross multiple jurisdictions are more challenging," Kochian says.

European M&A also fell because of a weaker economy, according to Refinitiv. Once-hot tax-inversion deals, in which U.S. companies domicile abroad, ceased after Trump's tax reform, and a strong U.S. dollar made U.S. companies more expensive for foreign companies to buy. Interest rate risks and volatility in the price of oil also played a role in tamping down M&A activity, Kochian says. The United States has actually been a bright spot for M&A activity globally.

"Deals are still happening," Trujillo says, "but not for the reasons that would have been present two or three years ago." Rather, clients are making moves in preparation for changes they anticipate in the near future, he says.

Some Chinese investment that had been going to the United States is simply shifting to other places, including Latin America, Africa and within Asia itself. And a lot of Chinese investment is being plowed back into the country itself to build up its domestic consumer economy and regional infrastructure. Additionally, China's Belt and Road Initiative stretching from Asia to Europe and Africa is extending the country's global reach, says Julia Hayhoe, Baker McKenzie's chief strategy officer.

China's GDP growth is north of 6%, a "respectable" number, Hayhoe says. But while China now has more Fortune Global 500 companies than the United States (129 to 121), the vast majority of their revenue is domestic, meaning global firms need to have strong capabilities and relationships to succeed within China's borders, she says.

"Smaller international players are struggling," Hayhoe says. "You have to have a very strong practice on the ground and it has to be connected into the international capability. You can't just fly in and fly out."

U.S. trade conflicts with China also could have implications for future law firm expansion and recruitment abroad, says Nathan Peart, managing director of Major, Lindsey & Africa's associate practice group. He recently returned to New York after a long stint in Hong Kong.

After a period during which some U.S. firms worked to establish a foothold in China or tie-up with Chinese firms, more work is heading back to the mainland and Hong Kong-based firms, Peart says. And new hurdles for Chinese law students to obtain sponsored work visas from U.S. employers after graduation will mean fewer students can gain experience at U.S. firms before returning overseas, which could have long-term implications, several lawyers say.

"My sense is that the markets are going to end up being quite separate in terms of law firm business," Peart says. "If you are doing business in China, Chinese firms are dominating the market."

ANSWERING THE CALL

As global tension between free trade and protectionism rises, it's brought up a fundamental question that has entangled lawyers, says Steven Croley, a partner and co-leader of the CFIUS and U.S. national security practice at Latham & Watkins. How can the United States protect its national security while also remaining open to the foreign capital (and goods) that the country desires?

The search for answers has given clients new reasons to call their lawyers. "Regulatory programs have gained in prominence and interest from clients in and outside the U.S.," says Les Carnegie, partner and co-leader of Latham's CFIUS and U.S. national security practice.

LAWYERS ARE CAUGHT IN THE TENSION BETWEEN FREE TRADE AND PROTECTIONISM, STEVEN CROLEY SAYS.

In particular, the Foreign Investment Risk Review Modernization Act, which Congress enacted last year to overhaul the national security review process at CFIUS to include even minority stakes in tech startups, has created more work for specialists, as have new tariffs and heightened enforcement of export/import controls and sanctions, according to Greg Spak, head of White & Case's international trade group.

Spak says there has even been "a boom in basic customs law, which became less interesting and active when duties didn't matter anymore, but now it is booming again." Moreover, like bankruptcy, trade regulatory work is countercyclical, he notes.

Advisory work is also up. "It was a low simmer, but that is starting to turn into a low boil" because general counsel aren't always deeply familiar with trade rules, Spak says.

Sanctions advice is also in demand. "There has been a virtual tsunami of demand for high-caliber sanctions advice and counseling given the importance of getting sanctions compliance right and the rise in enforcement," Carnegie says.

The new trade environment is also creating work for lobbyists representing companies before government agencies that are drafting new rules. For example, three lawyers from Sidley Austin with white-collar and export sanctions experience recently registered to lobby for the Chinese telecommunications giant Huawei Technologies, which has been charged with violating U.S. sanctions.

Most lawyers interviewed for this article have short-term confidence in their own firms and practices, but they also believe escalating tensions with China, financial market volatility, signs of a global economic slowdown and the general atmosphere of uncertainty are likely to hamper some firms' finances in the coming months. And they share a concern that instability could take a lasting toll on the world's economy, which wouldn't be good for anyone, law firms included.

"The potential for major disruption is there and we are all expecting an economic slowdown, but the magnitude of that slowdown could turn into something more serious if our world leaders do not play their cards right," Trujillo says. "If the planets align in a certain way, we have to brace ourselves."

Stephen Kho, an international trade policy and dispute resolution partner who joined Akin Gump after nine years at the Office of the U.S. Trade Representative, where he was associate general counsel and acting chief counsel on China enforcement, acknowledges that uncertainty can drive activity at firms.

But, Kho points out, "these are short-term problems that don't lead to long-term growth or long-term deals. This situation is not ideal. Stability and predictability are good for everyone, but that is not what we have right now."

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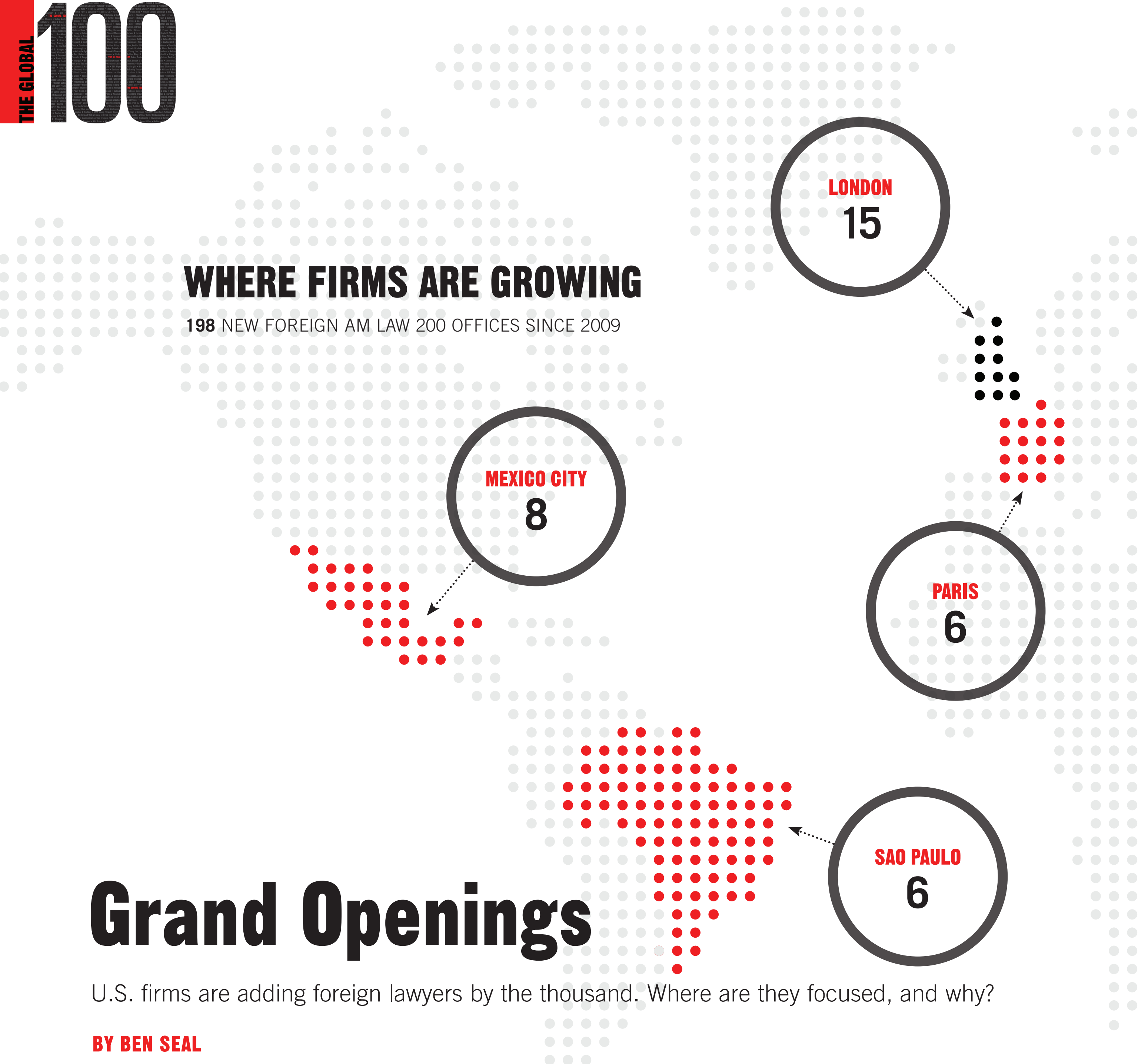
DIEGO M. RADZINSCHI/ALM

WHERE FIRMS ARE GROWING

198 NEW FOREIGN AM LAW 200 OFFICES SINCE 2009



Grand Openings

U.S. firms are adding foreign lawyers by the thousand. Where are they focused, and why?

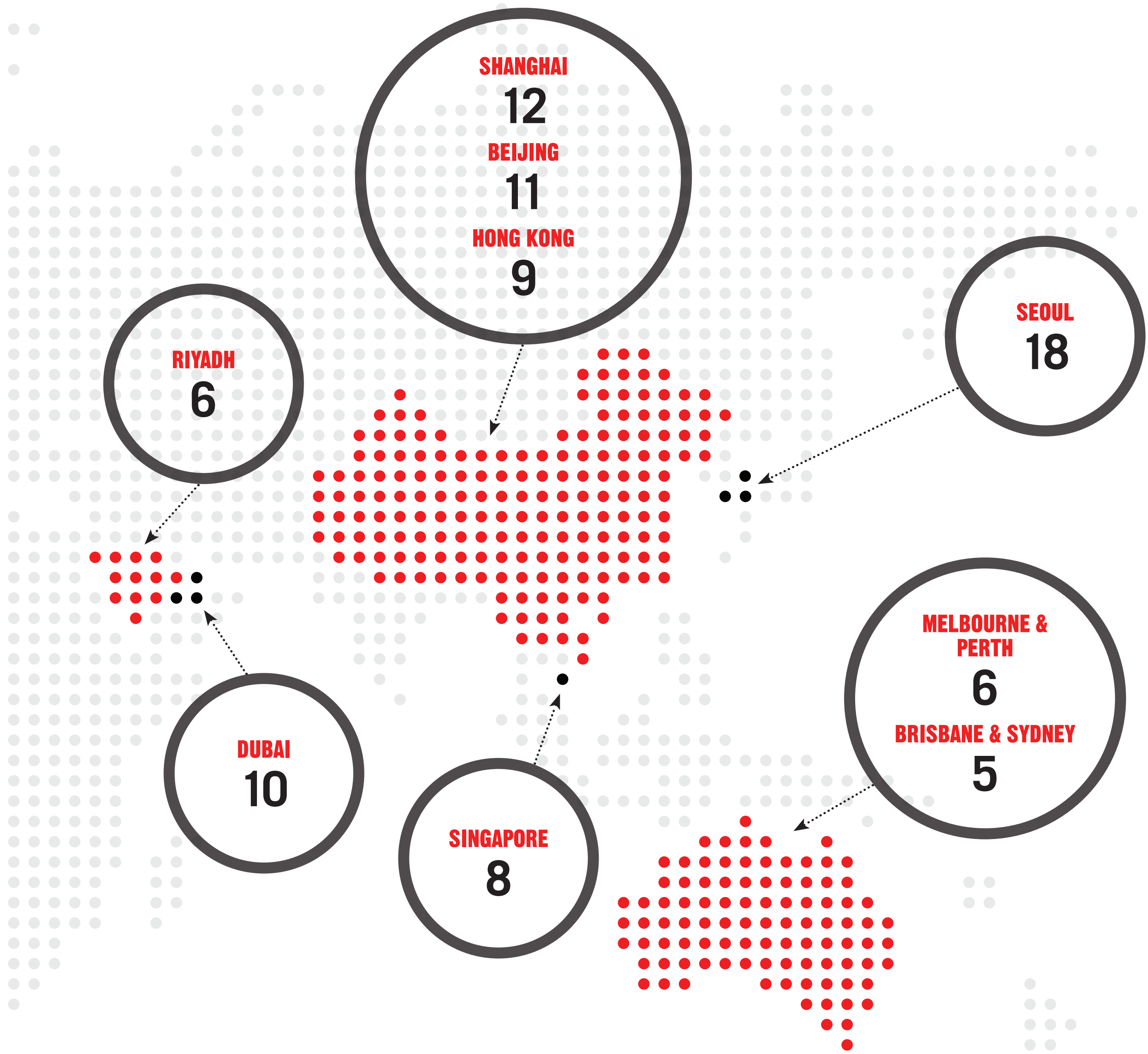
BY BEN SEAL

IN THE DECADE SINCE THE GREAT RECESSION, THE LARGEST U.S. law firms have mirrored their global clients, spreading their footprint in an effort to bring in more business. In doing so, they've opened offices from Sheffield to Shanghai and everywhere in between, adding thousands of international attorneys, with some firms focused on operating in key financial centers, and others looking to open in as many locales as possible.

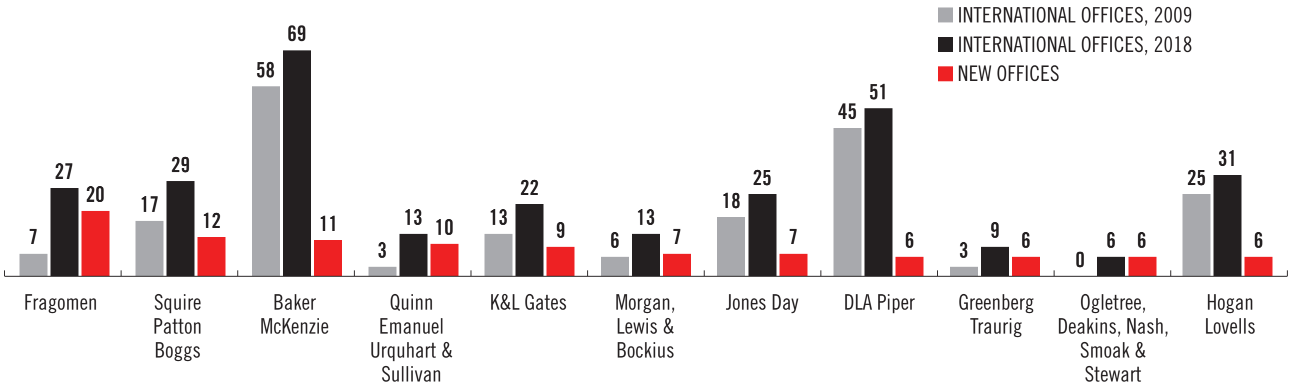
A review of 10 years of data for the 2019 Am Law 200 firms shows that the 110 firms on the list with international lawyers have added 6,626 lawyers and 198 offices outside the United States, when accounting for mergers, openings, closings, hirings and departures. (Firms without 2009 data available were not included.) That amounts to an 8% increase in offices around the world and 35% growth in global lawyers employed by the biggest U.S. firms.

One-third of all those new lawyers can be found in London, far and away the biggest driver of U.S. firms' international growth. That leap in head count matches the growth of the next seven busiest cities combined: Paris, Hong Kong, Sydney, Mexico City, Singapore, Milan and Melbourne.

"There's a lot of things going for American firms over there, not least of which is there's so much commonality of interest between the United States and the U.K.," Joseph Altonji, founding principal of law firm consultancy Law Vision, says. "Pretty much every transaction on the planet is done in



THE FIRMS ADDING THE MOST OFFICES



U.S. or U.K. law, so if you're a significant player, you want a presence in both markets."

The Am Law 200 now have 81 offices in London, 15 more than they did in 2009. The only city with a larger influx of U.S. offices is Seoul, which has added 18 offices among the Am Law 200 since a free trade agreement with the United States opened the market in 2012. Those offices hold just 68 lawyers, though, a stark contrast to London's droves of attorneys. Indigenous Korean firms hold sway over clients, and full liberalization of legal practice has yet to arrive, making it a difficult market to penetrate, Tony Williams of Jomati Consultants says.

"Firms took the view they couldn't not join in, but the fact that everybody joins in doesn't necessarily mean it's the best business decision," Williams says.

Shanghai (12 new offices), Beijing (11), Dubai (10) and Hong Kong (nine) join London and Seoul as the fastest-growing cities. The 32 new offices in China raise its total to 140, split equally among Hong Kong, Beijing and Shanghai. But Hong Kong is home to more than two-thirds of the 2,553 lawyers spread across the cities, and saw more than three-quarters of the growth, adding 446 lawyers in the past decade.

"There is a sense that you have to be there and you have to be there in some credible way," Altonji says of China, "but what that means can vary dramatically."

An expanding China presence has been a major thread in U.S. firms' recent international growth, but as the global chairman of a U.S. law firm made clear in this magazine four years ago, success there is in the eye of the beholder. His firm's strategy, he said, was simple: "to lose less money than any other U.S. firm in China."

Seventeen cities have more than doubled their cohort of Am Law 200 lawyers in the past decade, paced by Perth, Australia, which had just one lawyer in 2009 but now boasts 149. Sydney, now home to 316 lawyers among the Am Law 200, Melbourne (204) and Brisbane (103, all new) have also more than doubled as U.S. interest in Australia has grown.

Mexico City has seen a 175% increase in U.S. firms' presence, swelling to 486 lawyers. And in South America, Bogota, Lima and Rio de Janeiro have each seen over 250% growth.

No firm has been more active in opening international offices than immigration-focused Fragomen, which has opened 20 new offices to grow its collection to 27. Squire Patton Boggs (12 new offices), Baker McKenzie (11), Quinn Emanuel Urquhart & Sullivan (10) and K&L Gates (nine) have also rapidly expanded their footprints.

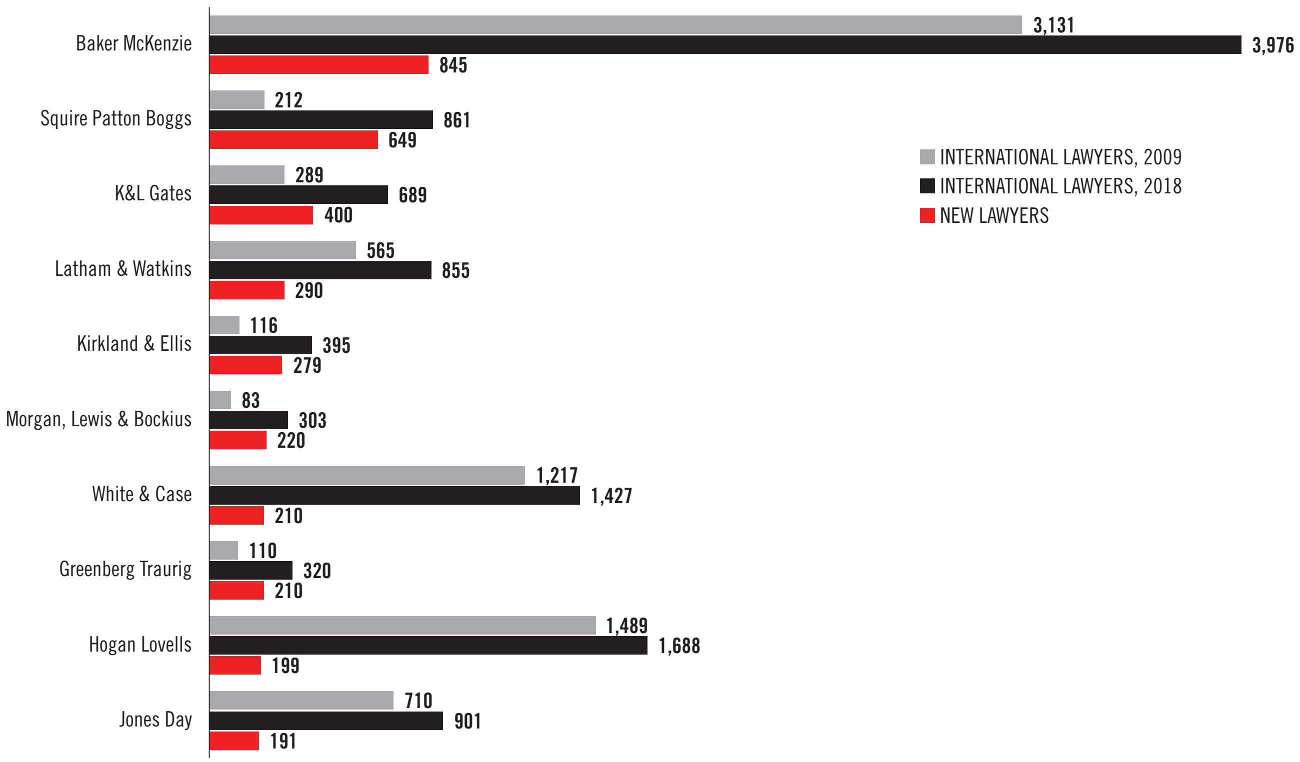
John Quinn, co-founder of Quinn Emanuel, describes his firm's global growth strategy as "opportunistic," guided more by lawyers than locations.

"Our new offices are driven by the desire to recruit particular talent," he says, rather than to be in a particular city.

Law firms have largely begun to take "a far more business-like approach" to international growth, Williams says.

THE FIRMS ADDING THE MOST LAWYERS

6,626 NEW FOREIGN LAWYERS IN THE AM LAW 200 SINCE 2009



With profitability climbing ever higher in cities across the United States, the calculus has changed for those thinking of opening up a new office abroad.

"It has raised the bar for their investments around the world," Williams says. "Why would we go to a market where we can't get the same profitability we can in the U.S.?"

For some firms, the quest to obtain work in the most profitable cities has made such locations as Paris, Hong Kong, Frankfurt, Brussels and London popular destinations for office openings (38 among them). Meanwhile, other firms are busy chasing down clients that need firms that operate across the globe, making more far-flung locations attractive. It's the latter group that will keep expansion going in the coming years, Altonji says.

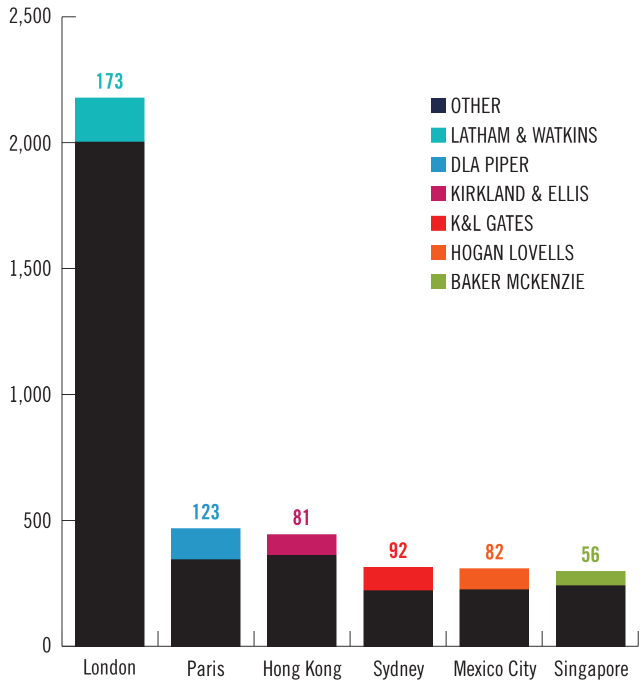
"If you're really trying to just stay with the financial centers of the world, I suspect most firms playing to that strategy have accomplished most of the office openings they need to," he says. "But if your goal is to be a global service provider to major corporations across a broad spectrum of legal work, then you don't stop at the international financial centers."

For his part, Quinn has no trouble identifying the guiding principle that explains the international growth of the past decade and where it's taken place—and where it might go from here.

"It's economics," he says. "Where are the clients? Where is the wealth?"

Email: bseal@alm.com. Ben Hancock contributed to this report.

BIGGEST GROWTH IN U.S. FIRM HEAD COUNT



Rising in the East

Chinese firms are growing rapidly—and it's not just the elites making noise.

ESB PROFESSIONAL/SHUTTERSTOCK.COM

BY ANNA ZHANG

AS CHINA JUGGLED A TRADE war with the Trump administration and a slipping domestic economy, the country's largest law firms still managed to deliver significant financial growth last year across the board. And while the behemoths continue expanding, the country's smaller firms are quickly catching up.

Together, the 45 highest-grossing Chinese law firms reported $8.7 billion in global revenue in 2018, up a staggering 17.1% from 2017. The top five firms on the list, Dentons, King & Wood Mallesons, Yingke Law Firm, Zhong Lun Law Firm and AllBright Law Offices, each took a spot on this year's Global 100 as well. AllBright, with $484 million in total revenue, debuted at No. 96 on that list, while Yingke, with $624 million in revenue, rose 19 places to 78th and Zhong Lun, with $527 million in revenue, jumped 13 spots to 85th.

On this year's China 45, the largest firms actually dragged down the rest of the list. Dentons ($2.42 billion) and King & Wood Mallesons ($1.13 billion), the two top-grossing Chinese firms, reported a combined $3.55 billion in revenue, up 3.5% from 2017's $3.43 billion. Meanwhile, the remaining 43 firms grew by 28.8% from $4 billion to $5.15 billion.

To compile the rankings, we asked Chinese law firms to report their gross revenue and profits for the calendar year 2018, as well as their full-time lawyer equivalents and total equity partners. In a few cases when firms did not provide census or financial figures, we made estimates based on our own reporting.

This year's list remained at 45 firms, so for the first time since launching the Chinese law firm revenue ranking in 2015, a year-over-year comparison is available for all financial metrics.

Seventeen firms (more than one-third of the list) reported 2018 revenue above $100 million, compared with 10 the prior year. In 2017 there were five firms between $100 million and $300 million, and that group doubled to 10 in 2018.

Dentons and King & Wood Mallesons—both of which have more than 40% of their lawyers based outside China—remain the only two firms north of the $1 billion mark, but Yingke and Zhong Lun both exceeded $500 million for the first time last year.

With 2,600 lawyers, AllBright is one of the largest firms in Shanghai. Last year, its revenue grew 24.6% from 2017 and broke the $400 million mark for the first time. In 2018, the firm opened its very first foreign office, in London, following a cooperation agreement with the U.K.'s Bird & Bird the previous year. Domestically, the firm added a new office in Guangzhou, taking advantage of the Chinese government's Greater Bay Area plan that aims to better integrate special administrative regions in Hong Kong and Macau into the neighboring areas of the mainland. Most of the firm's growth came from corporate M&A and restructuring, bankruptcy and dispute resolution practices, according to managing director Gu Gongyun, who says the firm's revenue in the first six months of 2019 is already up more than 20% from a year earlier and he is confident it will exceed this year's revenue target of roughly $500 million.

As global and regional trade disputes persist, AllBright was able to capture international trade remedy work, such as anti-dumping investigations for Chinese parties in jurisdictions including the U.S., the European Union, India and New Zealand. Other firms with strong international trade practices saw revenue growth. In addition to large full-service firms such as King & Wood Mallesons and Zhong Lun, Jincheng Tongda & Neal's revenue increased 12.5% to $116.5 million and Gaopeng & Partners grew 47.6% to $41.4 million. East & Concord Partners ($45.4 million) and Guantao Law Firm ($113.8 million) saw growth of 53.3% and 28.1%, respectively.

RPL RAMPS UP

Many firms are growing revenue per lawyer as they gradually move away from the traditional expansion model of adding head count. Average RPL for the China 45 was $203,867 in 2018, up 20.3% from 2017. That number may be roughly one-quarter of the Global 100's average, but the gap is narrowing. Shanghai-based Llinks, which has 108 lawyers, topped the list with RPL of $531,000. JunHe ($524,000), Zhong Lun ($508,000) and MWE China Law Offices ($506,000) also broke the $500,000 mark last year. MWE China, McDermott Will & Emery's alliance partner, was the only one in that group a year ago.

Zhong Lun, Jingtian & Gongcheng ($439,000), Commerce & Finance Law Offices ($399,000) and FenXun Partners ($378,000) are newcomers to the RPL top 10. The rest of the group held their spots for the fourth year in a row.

The gap between the elites and the rest of the China 45 is still wide. In 2018, the average revenue per lawyer at the 10 Chinese firms with the highest RPL was $440,400, more than twice the average of the 45 overall and nearly six times the average for the 10 firms reporting the lowest RPL, all of which fell below $100,000. But firms outside of the top group are catching up. The 10 firms with the lowest RPL grew by 21% in 2018, while the top 10 grew by 13.2%.

Similar patterns emerge in the China 45's profits per equity partner

CHINA 45: MOST REVENUE

Rank	Firm	Lawyers	Gross Revenue*
1	Dentons	9,795	$2,420,000,000
2	King & Wood Mallesons	2,938	$1,133,000,000
3	Yingke	7,572	$624,000,000
4	Zhong Lun Law Firm	1,038	$527,000,000
5	Allbright	2,600	$484,000,000
6	Grandall Law Firm	2,000	$393,000,000
7	DeHeng Law Offices	2,657	$333,000,000
8	JunHe	498	$261,000,000
9	Fangda Partners	625	$219,398,000
10	Beijing DHH Law Firm	1,880	$146,503,000
11	Han Kun Law Offices	325	$124,100,000
12	Jingtian & Gongcheng	279	$122,400,000
13	Zhong Yin Law Firm	1,596	$118,000,000
14	JT&N (formerly Jincheng Tongda & Neal)	970	$116,500,000
15	Guantao Law Firm	810	$113,784,000
16	Tahota Law Firm	1,019	$107,000,000
17	Tian Yuan Law Firm	467	$105,916,000
18	Global Law Office	450	$96,700,000
19	Long An Law Firm	1,092	$91,000,000
20	Hylands Law Firm	800	$84,700,000
21	Beijing Kangda Law Firm	900	$83,000,000
22	Commerce & Finance Law Offices	197	$78,700,000
23	Zhong Lun W&D Law Firm	2,146	$68,000,000
24	JunZeJun Law Offices	408	$64,500,000
25	King & Capital Law Firm	606	$63,500,000
26	Jointide Law Firm	497	$59,400,000
27	Haiwen & Partners	200	$58,300,000
28	Llinks Law Offices	108	$57,346,000
29	Grandway Law Offices	409	$52,700,000
30	Duan & Duan	889	$48,000,000
31	East & Concord Partners	330	$45,400,000
32	Gaopeng & Partners	301	$41,420,000
33	Anjie Law Firm	223	$39,100,000
34	Shanghai Co-effort Law Firm	312	$37,827,000
35	FenXun Partners	100	$37,800,000
36	V&T Law Firm	393	$37,700,000
37	Jia Yuan Law Offices	174	$36,200,000
38	Boss & Young	286	$34,300,000
39	Chen & Co.	73	$22,000,000
40	Anli Partners	184	$20,651,000
41	Chang Tsi & Partners	240	$20,264,000
42	Wintell & Co.	133	$20,000,000
43	Lantai Partners	298	$19,600,000
44	SD & Partners	195	$18,300,000
45	MWE China Law Offices	36	$18,205,000

*Yuan converted to $USD using Federal Reserve System foreign exchange rate for 2018. The exchange rate is 6.609 yuan per dollar.

figures, where a small group of firms have been leading the pack by a mile. For the third year in a row, MWE China retained the top spot with $1.45 million PEP. Four partners continue to tightly hold the equity at the white-collar defense, compliance and data privacy boutique. Four other firms reported PEP over $1 million in 2018: Fangda Partners ($1.17 million); Chang Tsi & Partners ($1.16 million); JunHe ($1.14 million); and Han Kun Law Offices ($1.1 million). King & Wood Mallesons cleared that number last year, but fell 22% to $921,000.

As in other metrics, the PEP disparity between the top and bottom of the list is shrinking. The average PEP for the full list was $518,844 in 2018, up 9.3% from 2017. But that growth didn't come from the top. The 10 firms with the highest PEP reported an average of $1.05 million in 2018, virtually the same as the prior year, while the 10 firms with the lowest PEP reported a 29.2% jump on average, to $111,100.

PICKING UP PROFITS

Commerce & Finance ($984,000), Jingtian ($853,000) and FenXun ($850,000) are new faces in the PEP top 10. Beijing-based FenXun has managed to triple its lawyer head count in the three years since it formed a formal alliance with Baker McKenzie. The firm, which focuses on cross-border transactions and disputes, had 100 lawyers in 2018, including 20 partners; in 2015, it had about 30 lawyers and five partners.

Jingtian, Han Kun, Tian Yuan Law Firm and Commerce & Finance benefited from the IPO boom last year in both Hong Kong and the United States. The Hong Kong Stock Exchange, in particular, had a record-breaking year in 2018, with 218 new listings raising $36.6 billion. Jingtian and JunHe shared roles as Chinese counsel on phone maker Xiaomi Corp.'s $4.7 billion Hong Kong IPO. Tongshang, alongside King & Wood Mallesons, advised on China Tower Corp. Ltd.'s $6.9 billion Hong Kong listing. On the U.S. listing side, Commerce & Finance and Tian Yuan both worked on live-streaming site Bilibili's $824 million Nasdaq IPO, and Jingtian and Han Kun shared roles on streaming platform iQiyi's $2.3 billion

CHINA 45: MOST REVENUE PER LAWYER

Rank	Firm	Gross Revenue*	Lawyers Firmwide	RPL*
1	Llinks Law Offices	$57,346,000	108	$531,000
2	JunHe	$261,000,000	498	$524,000
3	Zhong Lun Law Firm	$527,000,000	1,038	$508,000
4	MWE China Law Offices	$18,205,000	36	$506,000
5	Jingtian & Gongcheng	$122,400,000	279	$439,000
6	Commerce & Finance Law Offices	$78,700,000	197	$399,000
7	King & Wood Mallesons	$1,133,000,000	2,938	$386,000
8	Han Kun Law Offices	$124,100,000	325	$382,000
9	FenXun Partners	$37,800,000	100	$378,000
10	Fangda Partners	$219,398,000	625	$351,000
11	Chen & Co.	$22,000,000	73	$301,000
12	Haiwen & Partners	$58,300,000	200	$292,000
13	Dentons	$2,420,000,000	9,795	$247,000
14	Tian Yuan Law Firm	$105,916,000	467	$227,000
15	Global Law Office	$96,700,000	450	$215,000
16	Jia Yuan Law Offices	$36,200,000	174	$208,000
17	Grandall Law Firm	$393,000,000	2,000	$197,000
18	Allbright	$484,000,000	2,600	$186,000
19	Anjie Law Firm	$39,100,000	223	$175,000
20	JunZeJun Law Offices	$64,500,000	408	$158,000
21	Wintell & Co.	$20,000,000	133	$150,000
22	Guantao Law Firm	$113,784,000	810	$140,000
23	East & Concord Partners	$45,400,000	330	$138,000
23	Gaopeng & Partners	$41,420,000	301	$138,000
25	Grandway Law Offices	$52,700,000	409	$129,000
26	DeHeng Law Offices	$333,000,000	2,657	$125,000
27	Shanghai Co-effort Law Firm	$37,827,000	312	$121,000
28	Boss & Young	$34,300,000	286	$120,000
28	Jointide Law Firm	$59,400,000	497	$120,000
28	JT&N (formerly Jincheng Tongda & Neal)	$116,500,000	970	$120,000
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32	Hylands Law Firm	$84,700,000	800	$106,000
33	King & Capital Law Firm	$63,500,000	606	$105,000
33	Tahota Law Firm	$107,000,000	1,019	$105,000
35	V&T Law Firm	$37,700,000	393	$96,000
36	SD & Partners	$18,300,000	195	$94,000
37	Beijing Kangda Law Firm	$83,000,000	900	$92,000
38	Chang Tsi & Partners	$20,264,000	240	$84,000
39	Long An Law Firm	$91,000,000	1,092	$83,000
40	Yingke	$624,000,000	7,572	$82,000
41	Beijing DHH Law Firm	$146,503,000	1,880	$78,000
42	Zhong Yin Law Firm	$118,000,000	1,596	$74,000
43	Lantai Partners	$19,600,000	298	$66,000
44	Duan & Duan	$48,000,000	889	$54,000
45	Zhong Lun W&D Law Firm	$68,000,000	2,146	$32,000

*Yuan converted to $USD using Federal Reserve System foreign exchange rate for 2018. The exchange rate is 6.609 yuan per dollar.

Nasdaq IPO. All four firms saw revenue grow at least 35%; Jingtian, Commerce & Finance and Tian Yuan increased PEP by at least 75%.

Working on cross-border matters helps Chinese firms go global, and their financial success is both the result of recruiting experienced lawyers from global firms and their reason for doing so. In 2018, both Jingtian and Commerce & Finance set up new alliances in Hong Kong to access local law practice. Others, including Tian Yuan, Han Kun and Fangda, continued to expand their existing Hong Kong practices by hiring away lawyers from global firms.

A MARKET IN TURMOIL

The first half of 2019 looked upbeat for the China market, as hiring continued and the IPO pipeline remained relatively stable.

But things soon took a turn for the worse. Trade talks between China and the United States fell apart in May, and the Trump administration ramped up enforcement actions against Chinese companies. And unprecedented political turmoil in Hong Kong has resulted in continuous violence, disrupting the city's rule of law and deeply destabilizing society. By August, Hong Kong's IPO market nearly came to a total halt, with only one offering.

Tian Yuan's Beijing-based managing partner, Zhu Xiaohui, says the firm's core practices in capital markets, commercial transactions and dispute resolution are still going strong this year, and he's optimistic about the firm's overall outlook for 2019. He says a steady expansion plan is still in place as the firm adds two more offices in Hangzhou and Xi'an, a traditional gateway from western China to central Asia and countries along China's Belt and Road routes.

AllBright also added two new offices in northeastern China's Changchun and central China's Wuhan. Gu is cautious about the rest of the year.

"The prolonged trade war with the U.S. is adding a lot of uncertainties to China's legal services market, especially for those engaged in cross-border matters," he says. "We have to look for new development and breakthroughs."

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CHINA 45: MOST PROFITS PER EQUITY PARTNER

Rank	Firm	Net Income*	Equity Partners	PEP*
1	MWE China Law Offices	$5,800,000	4	$1,450,000
2	Fangda Partners	$87,759,000	75	$1,170,000
3	Chang Tsi & Partners	$5,788,000	5	$1,158,000
4	JunHe	$156,600,000	138	$1,135,000
5	Han Kun Law Offices	$62,100,000	56	$1,109,000
6	Commerce & Finance Law Offices	$43,300,000	44	$984,000
7	King & Wood Mallesons	$434,000,000	471	$921,000
8	Llinks Law Offices	$25,238,000	28	$901,000
9	Jingtian & Gongcheng	$73,400,000	86	$853,000
10	FenXun Partners	$17,000,000	20	$850,000
11	Zhong Lun Law Firm	$237,000,000	293	$809,000
12	Wintell & Co.	$13,400,000	17	$788,000
13	Tian Yuan Law Firm	$60,524,000	79	$766,000
14	Chen & Co.	$8,400,000	11	$764,000
15	Global Law Office	$24,200,000	34	$712,000
16	Haiwen & Partners	$26,200,000	37	$708,000
17	Jia Yuan Law Offices	$19,200,000	35	$549,000
18	Boss & Young	$9,840,000	18	$547,000
19	Guantao Law Firm	$33,288,000	62	$537,000
20	Dentons	$798,000,000	1,497	$533,000
21	Shanghai Co-effort Law Firm	$29,505,000	57	$518,000
22	Grandall Law Firm	$196,700,000	420	$468,000
23	Anjie Law Firm	$13,700,000	30	$457,000
24	JunZeJun Law Offices	$30,300,000	68	$446,000
25	JT&N (formerly Jincheng Tongda & Neal)	$46,600,000	110	$424,000
26	Allbright	$242,000,000	600	$403,000
27	Beijing DHH Law Firm	$36,658,000	112	$327,000
28	DeHeng Law Offices	$103,000,000	354	$291,000
29	East & Concord Partners	$22,700,000	84	$270,000
30	Grandway Law Offices	$15,800,000	61	$259,000
31	Beijing Kangda Law Firm	$37,400,000	150	$249,000
32	Hylands Law Firm	$33,900,000	138	$246,000
33	Jointide Law Firm	$35,600,000	150	$237,000
34	Long An Law Firm	$22,750,000	110	$207,000
35	Tahota Law Firm	$10,700,000	56	$191,000
36	King & Capital Law Firm	$19,100,000	105	$182,000
37	Yingke	$62,400,000	362	$172,000
38	Gaopeng & Partners	$14,500,000	88	$165,000
39	Duan & Duan	$9,600,000	68	$141,000
40	V&T Law Firm	$11,310,000	98	$115,000
41	Zhong Lun W&D Law Firm	$30,600,000	317	$97,000
42	Anli Partners	$3,993,000	46	$87,000
43	Zhong Yin Law Firm	$11,800,000	149	$79,000
44	SD & Partners	$2,750,000	70	$39,000
45	Lantai Partners	$1,960,000	58	$34,000

*Yuan converted to $USD using Federal Reserve System foreign exchange rate for 2018. The exchange rate is 6.609 yuan per dollar.

STANISLAW MIKULSKI/SHUTTERSTOCK.COM

GOODBYE, EMAIL

CASUAL NEW MODES OF COMMUNICATION, FAVORED BY CLIENTS, ARE COMPLICATING LIFE FOR LAWYERS.

By Rhys Dipshan

LONG ACCUSTOMED TO WRITING FOR-mal letters and assiduously crafting contracts, today's lawyers may have finally learned the art of brevity.

As email goes the way of phone calls—increasingly perceived as a formal communication channel requiring considerable time and effort—many attorneys are finding themselves communicating with clients through text messages or chat platforms.

"I text clients all the time, and I think many of my colleagues do," says Etan Mark, a partner at Mark Migdal & Hayden. But it's not just texts—if so required, Mark also says he talks with clients over WhatsApp and Google Chat.

Of course, when necessary, Mark has to properly account for information sent through nonemail channels. "To the extent we receive material information in a nonemail communication from a client, the practice of our firm is to retain that message," he explains.

But his firm does not actively manage the way he or other attorneys interact with clients, and there are signs that it's not alone. The 2019 Legaltech News Law Firm Tech Survey found that only one-third of its 36 law firm respondents had an official policy for collecting nonemail sources of electronic data, underscoring that most don't supervise their attorneys' communications.

The reasoning behind this lenient approach comes down to the belief that being too restrictive or heavy-handed with how attorneys communicate is unrealistic in an industry focused on client service. But that isn't to say there aren't limits. Some firms, for instance, will designate specific communication channels as the ones their attorneys should use for privileged conversations. Others instead trust their lawyers to abide by the firm's record-retention policies when using nonemail communications.

Yet few firms completely restrict the use of nonemail communication channels outright, which for their attorneys can be both a blessing and a curse. While some say that using these channels has helped them become more productive, they also note there are risks in how this technology is altering client interactions. At the end of the day, many admit it's just another set of risks that they'll have to learn to live with.

"I TEXT CLIENTS ALL THE TIME, AND I THINK MANY OF MY COLLEAGUES DO," SAYS **ETAN MARK,** PARTNER AT MARK MIGDAL & HAYDEN.

THE CLIENT TRAP

For attorneys, communicating in the digital age can require a balancing act of sorts. With so many ways to interact with clients, "we have a divergence of goals here," explains Kermit Wallace, chief information officer at Day Pitney. He says there is an inherent tension in wanting to protect client data while also wanting to be as available and responsive to clients as possible.

How firms address this tension will likely differ based on their culture and the clients and industries they serve. A common solution many enact, however, is to approve certain communication channels for business communications, which they can vet beforehand for security features such as encryption or integration with enterprise mobility management software.

Anna Mercado Clark, a partner at Phillips Lytle, notes that unsanctioned channels often include texts and chat platforms, which she advises should be used as a place to discuss logistical issues, such as scheduling, instead of substantive issues.

The problem, however, is uncooperative clients. Clark calls that a "tricky situation," but she doesn't think "the only options are to allow [the] use of a unapproved channel or cease working with a client." She notes that depending on the situation, firms can try a number of resolutions, including finding a technology solution to help clients communicate the way they want or vetting clients' unapproved channel.

Wallace understands this challenge firsthand. At his firm, "the preferred—I'm hesitant to say mandated—way" to communicate internally and with clients is through email, phone or physical letter, he says.

Still, Wallace acknowledges that sometimes there's no getting around talking on an unapproved channel. "We want to be responsive to our client, and obviously in a channel that is not as controlled, I think the attorney [needs to] be more sensitive with what they would communicate."

It's situations like those that make some wary of directing clients toward specific communication methods in the first place. "We're in a service industry. We serve our clients, so it's hard to come up with a policy that could be contrary to the way our clients want to communicate," says James Paulino II, a partner at Goldberg Segalla.

Instead of pre-approving communication channels, Goldberg Segalla relies on its record management policy to ensure that any relevant business information, wherever it may be, is properly retained. "We have electronic files for all our cases, and attorneys have the obligation to retain and store all relevant information," Paulino says.

To be sure, Paulino notes that in terms of conducting business, the firm typically "sticks to email." But that doesn't always mean its clients do as well. "Unfortunately, clients and nonparties use text. … You'll email clients, and then they'll text you because they have your cellphone number."

But that's just the reality of being an attorney in 2019. While Paulino says his firm has secure ways to communicate and transfer information, "at the end of the day if your client is going to text message us, we can't tell them, 'Stop.' They're the client."

WHOSE CALCULATED RISK?

The different approaches firms take to addressing their staff's use of nonemail communications ultimately come down to whether it falls on the firm itself or its attorneys to take the lead in managing client communication risks.

Judith Flournoy, chief information officer at Kelley Drye & Warren, notes that using nonemail communication is "a calculated risk on some level, but all communications have some inherent calculated risk unless you are physically standing in front of someone having a conversation."

Whether a firm takes the lead in mitigating this risk can largely depend on the sensitivity of the information it's handling. Firms working in the research and development, patent and intellectual property, or M&A and IPO spaces, for instance, are more likely to actively manage and restrict the way their attorneys exchange information with clients, Flournoy says.

But even if a firm enacts policies or technology solutions around client communications, lawyers still have ethical obligations to understand the technology they use and to safeguard their client's information.

It is not sufficient, Paulino explains, to rely on security or retention technology to automatically protect and preserve client communications. "At the end of the day, attorneys have the ethical obligation to maintain their files to practice law. And you cannot automate the satisfaction of an ethical obligation. I guess you can try to, but it seems, from an attorney's perspective, counterintuitive to me."

Still, attorneys' ethical obligations mean they may have to keep up with the quick pace at which current communication channels change and new ones arise. Wallace notes that the platforms client use are constantly evolving. "I guarantee you three years ago they didn't want to use Slack, because it essentially didn't exist and wasn't an option," he says.

For some, keeping up with all these changes may just not be realistic. The better option, they believe, is trying to keep communications on a few approved channels. "That's the best you can do," Wallace says. "Because, otherwise, to craft a policy around every other nonemail communication channel is a fool's errand."

WHILE SOME OF THESE CHANNELS, SUCH AS TEXTING, HAVE BEEN AROUND FOR YEARS, **JUDITH FLOURNOY** NOTES THAT THEY'RE FAIRLY NEW TO LEGAL PRACTICES.

KEEPING IT CASUAL

For all the potential diligence nonemail communications require, they have undoubtedly made attorneys' lives easier in at least one regard: "[The] No. 1 benefit of all this stuff is instead of getting a thousand emails a day, you get a hundred emails a day," Mark explains.

Suffice to say, certain communications are just more suited to text and chat channels. "Where I might ask a very simple question, I might get an immediate answer, whereas it could sit in someone's [email] inbox for a while," Flournoy says.

But it's not all upside. Nonemail communications haven't just changed where attorneys and clients interact; they've changed how they interact. While email correspondence can be formal and structured, text and chat messages tend to be more casual, sometimes not ideal for a profession accountable for the advice offered.

"When a lawyer communicates with a client over text messages, it's the same exact effect from a liability standpoint of communicating with a formal letter with your letterhead at the top," Mark says, adding that "the only difference is that one form of communication seems to be more flippant than the other."

It's not hard to seen why some firms may want to steer their attorneys clear of text and chat messaging altogether. "What many law firms are afraid of, especially large law firms, is that lawyers tend to be more casual over text messages, and they are terrified those text messages might show up in a malpractice lawsuit," Mark says.

The good thing, however, is that few, if any, expect nonemail communication channels to completely replace email anytime soon. But they're not going away either. And while some of these channels, such as texting, have been around for years, Flournoy notes that they're fairly new to legal practices.

As these tools continue to proliferate in legal, she believes that it may be time for "more educational opportunities around when or when not to use texting, when it's appropriate and not appropriate." After all, as with any technology, there's a lot of catching up to do. "I think the interesting point of this," she says, "is maybe it's time we start talking about it."

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MINDS OVER MATTERS

BY DYLAN JACKSON

Left Behind in Law Firms

Is the legal profession's mental health movement neglecting law firm staff?

IAN TURVILL WAS CHIEF MARKETING OFFICER AT CHICAGO-based Freeborn & Peters in 2017 when he died by suicide in his home in Evanston, Illinois.

The circumstances of his death echoed that of law firm partners who have recently ended their own lives. He was under immense pressure to meet deadlines. He worried that any failure would mean losing his job. He had long struggled with depression and anxiety, yet he hid it at work, and his death came as a surprise to everyone except his wife, Marny Turvill.

"He was terrified what would happen if anybody knew he was sick or struggling in any way," says Dr. Marny Turvill, Ian's wife and founder of Outside the Pill Box, a holistic medical practice. "If you show vulnerability it's the kiss of death. You'll be overlooked for projects or promotions. If people have any doubt that you would perform at the highest level you won't be trusted."

In July—less than two years after Ian Turvill took his life—Doug Johnson, a legal consultant in Denver who previously was chief strategy officer at Drinker Biddle & Reath and who did work for Holland & Hart, also died by suicide. While separated by geography and time, both these deaths demonstrate that law firm professional staff can also succumb to the same pressures and stress that afflict their attorney colleagues.

But even as mental health takes a front seat in law firms, bar associations and conferences, many professional staff—whether in legal operations, pricing or marketing—see the effort largely focused on attorneys. There are few, if any, studies that examine the rates of depression, anxiety, addiction or suicide among law firm professional staff.

And despite the plethora of resources available at several large firms today, including on-site mental health professionals and wellness applications, many have not extended their mental health resources firmwide. A survey of 30 Am Law firms found that 36% of firms that say they offer mental health programming do not extend those programs to their professional staff.

This bifurcated mental health treatment is actually symptomatic of one of the most acute stress factors afflicting law firm professionals: a power hierarchy that devalues professional staff.

Many describe law firms as extremely hierarchical, dominated by rainmaking partners who often lack any formal leadership or management training. Those who don't hold law degrees but nonetheless contribute to the success of the firm are often dubbed "nonlawyers," a moniker that comes with second-class status and exacerbates the stress many professionals already face.

"HE WAS TERRIFIED WHAT WOULD HAPPEN IF ANYBODY KNEW HE WAS SICK OR STRUGGLING IN ANY WAY." —DR. MARNY TURVILL

Mark Greene, president of consulting firm Market Intelligence and interim CMO of Munger, Tolles & Olson, says that while most corporations and industries give professional staff a seat at the leadership table, law firms rarely do.

"The fact that almost no law firms do is indicative of the degree to which we're somewhat marginalized, and that puts pressure and [shows a] lack of respect and appreciation of us as professionals," he says.

Deborah Farone, founder of Farone Advisors and former CMO at Cravath, Swaine & Moore and Debevoise & Plimpton, says that although law firm professionals believe in their firms and the work they do, the feeling of otherness can be isolating.

"If you feel that you're being told you're a nonlawyer or non-something, it's very disconcerting having that dissonance between what you're being called and what your responsibilities are," she says.

Structural problems within the profession manifest themselves in other ways, too. Many professional staff tell stories of being screamed at by a senior partner who never faces repercussions, of juggling several disparate tasks from a wide range of attorneys and even other departments.

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"I think the No. 1 reason my staff when I was CMO experienced stress is because they felt like they had to serve every partner, every lawyer, every other department as their client. And everything was urgent; everything was important," says Mark Beese, founder of the legal consulting firm Leadership for Lawyers.

"You never went home with the feeling that you've done your job—that you've satisfied all of your clients," he continues. "You always went home leaving something on the table or not doing something to the level of perfection that's expected."

Since many of the exacerbating factors stem from the organizational structure and culture of law firms, many say the solutions lie in addressing the structure itself.

Greene says that firms should treat their C-suite executives as contributors to the business of the firm and empower them to watch and protect their own staff. Beese adds that firms should reexamine their mission statement and culture. Several professionals agree that professional staff should join a trade organization such as the Legal Marketing Association to combat isolation.

And because a heightened concern for attorney mental health has already brought in a slew of new programs and resources, many say that simply extending those mental health resources to all law firm staff could go a long way.

"There has to be parity in what's offered," Farone says. "We should ensure that whatever we're extending to the lawyers we're extending to the professional staff."

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By Kibkabe Araya

Who Gets the Glory?

Law firm origination credit is holding back in-house counsel's diversity push.

JEANINE WRIGHT

JAMIE RECTOR

THE AMERICAN BAR ASSOCIATION COMMISSION ON Women in the Profession, Minority Corporate Counsel Association and Project for Attorney Retention released a report in 2010 that found women lawyers and lawyers of color had been bullied, threatened or intimidated over origination credit.

The age-old system usually requires lawyers to receive origination credit on a permanent basis. But the typical lawyer tends to be a white male who most likely received the guidance and opportunity to meet with potential clients and bring their business to the firms, though sometimes even years later a woman or person of color may be completing that client's work.

Now, months shy of 2020, the issue of origination credit is still spreading quietly to general counsel, as the community at large may not know that the relationship partner they are seeking for work may not be the lawyer receiving the bulk of compensation for their matters.

Jeanine Wright, chief legal and administrative officer of Los Angeles-based podcast marketing startup Simplecast, shared on a recent Association of Corporate Counsel Southern California panel that it's an issue she keeps in mind when hiring outside counsel. In fact, once she learned about the issue, Wright revamped her selection process in 2015 while she was general counsel at Los Angeles-based credit underwriter ZestFinance. She started distributing a survey on the diversity points she was looking for in a firm.

She says she inserted the survey in her requests for proposals. It asked lawyers if they identified as a person of color, veteran, openly LGBT or disabled, and added which lawyers receive origination credit and billing credit for her company's matters.

Wright then included a question about the firms' percentage of women, people of color and white men and how the compensation broke down within their positions as associates to partners, with descriptions of any firm diversity and inclusion initiatives.

After reading the responses, Wright says she realized the column asking about origination credit and billing credit listed names she did not recognize.

One woman who worked at a major Silicon Valley law firm was the point of contact on her matters but was not receiving origination credit, she says.

"This person I never met or spoke to [is receiving origination credit], and I asked who is this person, and I asked around internally, and it turned out that person very early on—before the company was a series A—had helped with early financial decisions," Wright says, adding she inherited that relationship from the previous general counsel. "That person back in the day originated the relationship, even though I hadn't met that person.

... That was the person getting the origination credit for my matters."

Upon this revelation, Wright says she tried to figure out a way the woman partner she knew could get the credit. "'Do I rehire you so you're getting the full or partial credit?' I had to advocate for her," she says. "She didn't have the power to advocate for herself."

Wright threatened to fire the firm and only come back if the woman partner received the credit, but she says the partner didn't want Wright to take those measures. So Wright says she made a call to the unfamiliar partner who was receiving the origination credit and the woman partner. After the call, the woman partner, whom Wright says still works at the firm, began getting a share of the origination credit.

In The American Lawyer's 2019 Diversity Scorecard, 55 of the firms surveyed had at least 20% minority attorneys, up from 43 last year, and three had at least 20% minority partners, down from five. Asian American lawyers comprise 7.3% of Big Law while Hispanic lawyers are at 4.1%, with both groups growing 1% since 2011. Black lawyers are underrepresented the most, in comparison to the U.S. population.

Law firms measure origination credit and other compensation factors differently. A recent ALM Intelligence survey documented that out of 47 Am Law 200 firms, 14% revamped their origination credit policies in the past five years, while another 8.5% said they plan to do so in the next year.

Compensation has always been a contentious issue, especially of late, with some law firms facing major lawsuits from former female lawyers.

In-house counsel and experts say transparency in who will receive compensation for their matters helps them support their diversity and inclusion goals, but they add that they have to ask firms for the information, rather than assuming their relationship partner is receiving origination credit. And there is doubt if law firms are sharing truthful information with corporate legal departments.

"I don't think clients have to stick their noses on how it needs to get done or get too engaged on how things get measured," says Fred Alvarez, partner at Coblentz Patch Duffy & Bass in San Francisco. "I think they need to measure more why work comes to law firms and the role people are playing in their relationship and, if the firm knows that, they can apply that to their own compensation system. There's a disconnect there." ■

GC GENDER PAY GAP GROWS

A new study shows the largest pay discrepancy since 2014.

The gender pay gap for U.S.-based general counsel is widening, according to a new report.

Equilar's latest General Counsel Pay Trends study shows that male GCs earned 18.6% more than their female counterparts—the largest pay discrepancy since Equilar began studying GC wages in 2014.

The report crunches pay data for top lawyers and named executive officers at Equilar 500 companies, a revenue-based index of publicly traded companies in the U.S. The latest wage statistics are based on Securities and Exchange Commission filings from companies that ended the fiscal year between March 2018 and February 2019.

In earlier studies, the average GC gender wage gap hovered around 11%. But from 2017 to 2018, the median total pay for male GCs jumped from $2.52 million to $2.63 million, while female GC pay dipped from $2.44 million to $2.21 million.

John Gilmore, managing partner at executive search consulting firm BarkerGilmore, which contributed to the report, notes that the top six highest-paid GCs this year are men, while women account for just four of the top 20.

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Despite the discouraging stats, Gilmore says "clients are out actively trying to attract more women and minorities to the GC ranks."

But he acknowledges that, in general, when "you're looking at some of the larger companies you're finding a lot of men in those roles and they're being extremely well-compensated because they're [named executive officers] and they have a seat at that table."

Equilar's findings echo the results of the recent 2019 General Counsel Compensation Survey from ALM Intelligence, which found that GC pay is up as a whole, but not for women. The survey also revealed that men got an average bonus of $826,131, compared with $285,754 for women—a gap of more than $540,000.

Digging deeper into the pay stats, performance incentives accounted for the largest chunk of GC compensation in 2018. The median salary for GCs in the study was $565,000 while their performance incentives averaged $718,000, dwarfing the median stock award of $301,000.

As in earlier studies, in-house leaders in the health care sector take the award for having the highest median total compensation, which edged above $4 million in the latest report, up from about $3.9 million last year.

The tech and financial sectors followed closely behind with median total compensation of about $3.1 million. But GCs in the financial realm saw a 36% pay increase compared with 2017, when their median total compensation was $2.2 million.

At the same time, pay for GCs in the basic materials drifted back down to earth after leaping more than 27% from 2016 to 2017. In 2018, their year-over-year pay dropped by nearly 17%.

—Phillip Bantz

By Dan Packel

Big Law, Small Voice

Large firms' response to California's nonlawyer ownership inquiry has been muted.

"This is crazy, nonlawyers having a financial interest, are you out of your mind?"

That's one of hundreds of comments California's Task Force on Access Through Innovation of Legal Services received after releasing recommendations that would allow attorneys to share fees with nonlawyers—and ultimately open the door to outside ownership of law firms.

After even a cursory review of the comments submitted since late July, I was struck by two conclusions.

First, the responses were overwhelmingly opposed to the proposed changes on fee-sharing and nonlawyer ownership. And second, Big Law voices were conspicuously absent from the discussion.

That can't be because only immigration, personal injury, criminal defense and other attorneys operating solo or at small firms recognize that they have a stake in these issues. After all, while the proposals—which also include changing bar rules to allow "technology-driven delivery systems" to provide legal assistance—are intended to confront the justice gap facing California residents, they could have implications for large firms, in the Golden State and beyond.

Take the Big Four. Under the proposed changes, Deloitte or EY might not immediately be able to purchase an existing California law firm outright and put it under its umbrella, but these organizations could likely envision creative ways to invest in a legal services business while keeping it distinct from the rest of their operations. In certain practice areas, they'd quickly become formidable competitors to the large firms.

And any rules change in California will get tremendous attention from elsewhere in the country, particularly if it gives practitioners in the state an advantage over those in other jurisdictions.

So why the relative silence from Big Law?

One part is likely a disconnect between large firms and the state bar associations that's not unique to California. These organizations generally have more to offer solo practitioners and small shops, which on their own don't have the same clout or connections as large, sprawling firms. There's a twist in California, which in 2018 saw its bar split into a regulatory organization whose trustees include a minority of nonlawyers and a voluntary professional organization.

Jayne Reardon, the executive director of the Illinois Supreme Court Commission on Professionalism, was at an August public hearing in San Francisco addressing the proposals. In addition to noting that, unlike the written comments, the tenor of remarks was largely in favor of rules changes, she says Big Law was largely absent, with most participants coming from academia and smaller firms.

That's not to say big firms aren't paying attention. Consultant Peter Zeughauser says he's been approached by folks at several large firms interested in coordinating a response. He stresses that while Big Law is united in support of increasing access to justice, there are questions about how the proposed changes would get at that goal. For one, he questions whether restrictions on unauthorized practice of law are impeding startups and technological advances in the industry. But no response has yet been logged.

Beyond those taking a "wait and see" approach, the gears at big firms can simply turn slower than in small shops, where an attorney can fire off a response.

Gordon & Rees firmwide managing partner Dion Cominos, who's based in San Diego, says he isn't as scared of the proposals as others, and sees plenty of opportunities for enterprising firms.

"It's the reality of practicing law in the 21st century," he says. "You can't remain in a bubble and assume that nothing's going to change."

The California deadline was Sept. 23. As of press time, Big Law still had a chance to make its voice heard. Or, conversely, to let the smaller fish dictate the terms of the discussion.

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