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LAW BUSINESS

JANUARY 7, 2002

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Nothing to Chance

Howrey Simon smoothly integrated three acquired groups into its Southern California fold and enjoyed particular success in 2001, capitalizing on its unified work force. **BY JOHN RYAN**

Washington, D.C.-based Howrey Simon Arnold & White has not grieved over the slowdown in corporate work.

With balanced focuses in antitrust, intellectual property and general global litigation, the firm's 500 attorneys do nothing but litigate and provide related advice and counsel.

Although Howrey, as a whole, benefited from these timely focuses in 2001, the past year was a particular success for the firm's Southern California offices.

At the end of 2000, Howrey made three acquisitions that nearly doubled its Southern California presence. The firm has 100 attorneys spread among offices in Los Angeles, Century City and Irvine.

What made 2001 an even better year was how well Howrey capitalized on these acquisitions. When it came to the process of integrating the three acquired groups into the firm, regional managing partner Tom Nolan left nothing to chance.

Starting in January 2001, a 14-member integration committee developed strategies for maximizing the effectiveness of the acquisitions, monitored the firm's progress toward its integration goals and updated attorneys and staff about the region's achievements in integration.

This formal committee included partners, associates, paralegals, secretaries and administrative staff from Howrey and each of the three acquired groups. An outside consultant helped supervise the process.

The time, energy and resources that Howrey invested in its Southern California integration effort may appear unattractive to law firm attorneys and staff trying to meet the demands of busy practices. But Howrey's subsequent success in cross-selling its partners' practices reveals how beneficial such an investment can be.

The first acquisition that led to this formal process occurred in September 2000. That month, Howrey established an Orange County presence by acquiring the 11 attorneys who composed Howard Rice Nemerovski Canady Falk & Rabkin's Irvine office.

Then, on Dec. 4 of that year, Howrey acquired insurance recovery and commercial litigators Lester Brown and Thomas McMahon and two associates from the Los Angeles office of Jones Day Reavis & Pogue. Two weeks later, Howrey acquired Troop Steuber Pasich Reddick &



Photo by Robert Levins

Attorney John Schuster, right, led the integration committee that made newcomers like David Steuber feel right at home.

Tobey's 27-attorney insurance recovery and commercial trial group.

Acquiring a large number of high-quality attorneys is exciting for any firm. But it also can be overwhelming. For Howrey, the three groups represented an addition of 42 attorneys and 43 staff members in Southern California alone.

"We recognized that the sheer numbers and challenges ahead were daunting unless we approached integration more methodically," John Schuster, an antitrust and commercial litigation partner in Howrey's Los Angeles office, says.

Nolan, busy with firm management and his rainmaking global litigation practice, needed a partner to head the formal integration process. He tapped Schuster because of Schuster's skills as a trial attorney.

"When you try a case, you think about what your closing argument should look like, and then you move backwards," Schuster says. "Tom asking me to do this is a reflection of the importance of that long-range thinking."

Nolan and Schuster knew that keeping the big picture in mind while handling the daily details was going to be a significant challenge. They tapped an outside expert for assistance.

Robert Fortunato, a consulting and change management specialist at Los Angeles-based

Provident Professional Services, a legal search and consulting firm, joined Howrey's integration team before the process started in January.

Fortunato since has left Provident and is working for the Zeughauser Group.

Fortunato says the starting point for Howrey was figuring out how the acquisitions would add value to the firm strategically. It sounds simple, but administrative and logistical concerns, such as making sure the new employees' e-mail accounts are working, often can take center stage away from the firm's strategic vision.

"One hundred percent of the process can be eaten up by administrative things if the firm allows it to get stuck there," Fortunato says.

Howrey's strategic vision for Southern California was, and is, to be the first firm clients in the state go to for their most challenging anti-trust, intellectual property and general litigation matters. Schuster and Fortunato planned the integration strategy around this vision.

The duo broke the committee into four working groups: client synergy, collaboration, internal communications and operations.

The client synergy group, responsible for the cross-selling of practice groups to clients, perhaps was the most important.

Schuster says he would have considered the acquisitions a failure if all they amounted to was an accumulation of books of business by Howrey.

"The only way we would regard it as a success is if you get at the synergies that ought to be the driving force of any merger," he says.

One goal, for example, was to market the new insurance recovery group to long-term Howrey clients who used another firm for insurance recovery work. Howrey had a renowned insurance recovery group based in Washington, D.C., but the Southern California acquisitions added great depth.

In pursuit of synergy, the retooled insurance recovery group — including both the Washington, D.C., group and the Southern California additions — went to each Howrey office to present its capabilities to all the partners.

The synergy group also recommended, and the firm since has adopted, the plan that successful cross-selling be used as one ingredient in measuring partner compensation in 2001.

This push for synergy had help from the collaboration group, which promoted the cross-staffing of cases. Cross-staffing enables different practice groups' attorneys and staff to work together and, therefore, is one way employees can come to understand one another's capabilities.

Moreover, cross-staffing promotes unity within the firm by preventing new groups from becoming isolated.

Despite the importance of cross-staffing to the integration process, partners often are reluctant to work with new people.

"They are handling highly complex matters," Fortunato explains. "They not only have to know how to work together, but they have to trust each other."

The collaboration group recommended that the Southern California offices develop a formal assignment system to keep track of the recently doubled attorney population.

A small group of attorneys now is responsible for making sure that work is distributed evenly among associates and that associates are getting the training they want, including opportunities to

work on matters that bring them outside their normal groups.

The collaboration group, in turn, had help from the internal communications group, which produced written profiles of all Howrey attorneys in Southern California.

Southern California associates wrote the profiles, which soon became popular reading material within the firm. Just as important, the internal communications group published an online newsletter to promote the integration successes of the Southern California offices.

The internal communications group asked attorneys to report their successes to the group for inclusion in the newsletter. For example, if one of the acquired groups sold its services to an established Howrey client, the newsletter would cover it.

"People really do respond to that," Schuster says, adding that this promotion process has

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been more or less institutionalized firmwide.

Finally, realizing that unresolved administrative details can be a nuisance and can affect morale, an operations group integrated business practices and handled administrative matters.

"Invariably, when one group joins a firm, their practices, procedures and equipment are different," Schuster says. "There's a tendency to say 'Things were better at my former firm.' We mediated between those perspectives to agree upon some type of best practice."

For example, secretaries developed a new template for pleadings that the entire firm now uses. The new template is a hybrid of characteristics from the old templates that Howrey and each of the acquired groups once used.

The operations group also was responsible for integrating new staff into the e-mail, phone, employee benefits and compensation systems. It used the communications group's newsletter to answer questions and inform staff about the status of the various logistical efforts.

By addressing administrative issues quickly, Schuster and Fortunato say, the operations group also served as a "rumor-busting" mechanism about how things are done and why.

The integration committee and its working groups existed in their formal states for 100 days. The idea, Schuster, says, was to take full advantage of the early excitement that the acquisitions brought to the firm.

During that time, Schuster attended all of the meetings of the various groups, which met up to twice a week. He credits Fortunato, who attended most of the meetings, for being the coach who kept everyone focused on the big picture.

Without his help, I'm pretty sure the integration committee would have rapidly devolved into 'the complaint department,' and we would still be counting pencils," Schuster says.

Even after the first 100 days ended, however, the most vital integration work of client synergy and cross-staffing continued for several months

on a less regular basis. And it is in these vital areas that Howrey's integration effort for Southern California has proved so successful.

For example, when intellectual property partner William Rooklidge learned that one of the clients he brought over from Howard Rice, Callaway Golf Co., needed commercial litigation help, he introduced the Carlsbad-based company to his new Los Angeles partners. Now, that office's commercial litigation group also counts Callaway as a client.

According to Martha Gooding, one of the key partners in the Howard Rice acquisition, this is just one of many examples of how the integration process has been "a textbook case of success" for her group.

"We are better able to serve our clients when our offices are well-integrated, share business opportunities and find the right people for our

client needs," she says.

When one of the clients Brown brought over from Jones Day required legal services in Jamaica and London simultaneously, he had to work quickly with new Howrey partners in both Washington, D.C., and London. The result was an impressive victory in England's high court for his client.

"Partners were willing to take time from their other work and just jump right into it," Brown says. "I found this place to be incredibly satisfying, to mobilize resources so quickly and so smoothly."

For Brown, the example highlights the dynamic nature of Howrey, which is why he joined from Jones Day in the first place.

"There is a sense here that the pot can only be made larger when people work together," he says. "It's really a nice atmosphere to be in."

David Steuber, formerly a name partner at Troop Steuber, agrees. He says that merging into Howrey really has produced the best of both worlds. His group hasn't skipped a beat with its old clients while tapping into Howrey's expansive client base.

Just three months after joining the firm, Steuber's insurance recovery team started handling asbestos-related insurance matters for Anheuser-Busch, a long-term client of Howrey.

The team also took on insurance coverage matters for Verizon Communication and Verizon Wireless, other major, established Howrey clients.

"It's really worked out exceptionally well, better than we could have ever hoped it would," Steuber says.

Now, a year after the process began, in fact, Howrey attorneys in Southern California are talking less about integration and more about how the unified firm is increasing its market share in its core strategic areas.

"People are no longer identified by where they came from," Brown says. "When I tell people I've only been here a year, they're shocked. They say, 'I thought you had been here forever.'"