



Pryor Cashman

The Challenges and Advantages of Being a Midsize Law Firm in a Supersized City

BY SUSAN DESANTIS

Q: How big is your firm, where is it located and what are its primary areas of practice and focus?

A: Pryor Cashman is a firm of 167 attorneys, which operates as a full-service general practice. We are headquartered in the heart of New York City at 7 Times Square and also maintain a West Coast office in Los Angeles.

Q: Please explain your firm's governance structure and compensation model.

A: Pryor Cashman is governed by a seven-attorney executive committee. Our compensation model is an individualistic one, overseen by a compensation committee and the executive committee.

Q: What do you view as the two biggest opportunities for your firm, and what are the two biggest threats?

A: Our greatest opportunities stem from today's increasingly value-



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driven legal services market. As a midsize firm, we are able to offer a more favorable cost structure for our clients, and, by maintaining a rate model that doesn't depend on leverage, we can be highly competitive in attracting work.

This ability to compete for—and win—that once went exclusively to Big Law also enables us to attract exceptional talent. Attorneys are drawn to us because they recognize that they will be exposed to interesting and sophisticated work early in their careers, in a setting that promotes work/life balance, autonomy to develop business and, ultimately, greater job satisfaction.

The biggest threat we face is the unknown impact of technological advances on the legal business model. Rapid advancements in artificial intelligence and cybersecurity are realities that we will increasingly have to contend with and adapt to.

Further, and somewhat ironically, the heightened level of interest we've received from lateral attorneys looking to join our firm presents its own set of challenges with respect to the economic costs growth brings. In the legal profession, economy of scale is inverted, meaning that as a firm expands and begins to establish multiple offices, the attendant costs of increased management and infrastructure overcome the efficiencies. To avoid this, we are careful to maintain balance and thoughtful oversight in our hiring.

Q: After the recession hit, the prevailing theory was that midsize firms would start to see more work come their way from large clients who could no longer justify paying Big Law rates. What has been your experience?

A: Precisely that. The increasing inflation of Big Law rates has caused those firms to effectively price themselves out of the growing middle market, resulting in more opportunity for midsize firms like Pryor Cashman.

RONALD SHECHTMAN, *managing partner of Pryor Cashman, which has 167 attorneys, spoke to the New York Law Journal about the advantages and challenges of being a midsize law firm in a city where everything is supersized. The Q&A is part of an occasional series.*

While clients will still rely on global firms for bet-the-company litigation and multibillion-dollar, cross-border deals, they now recognize—and actively seek out—the unique value offered by midsize firms, which is to say, experienced, hands-on attorneys who are unencumbered by leverage requirements, but possess the infrastructure and agility to offer premier services at competitive rates.

Q: Are your clients pushing for more alternative fee arrangements, and if so, what types? Is your firm amenable to those requests?

A: In short, yes. Our size and relatively unleveraged structure affords us tremendous flexibility in how we attract and service new business, as well as how we address cases that warrant special and alternative fee arrangements.

Q: There is much debate around how law firms can foster the next generation of legal talent. What advantages and disadvantages do midsize firms have in attracting and retaining young lawyers, particularly millennials?

A: Several years ago, we hired a lateral associate (who was recently made partner at our firm) from a prominent large firm. I can remember seeing him in the hallway not long after he joined us and asking how he was settling in. He said to me, “I’ve worked on more matters in my first months here than I did in four-and-a-half years at my previous firm.”

As a midsize firm, we encourage and depend on our associates to assume meaningful responsibility and contribute substantively to matters. We’ve seen that this kind of meaningful involvement is an important component of job satisfaction for millennials.

Within the last year, we have welcomed many new associates from Big Law firms, such as Sullivan & Cromwell, Debevoise [& Plimpton], Simpson Thacher [& Bartlett], Paul, Weiss [Rifkind, Wharton & Garrison] and

K&L Gates, to name a few. What drew them to our firm was the knowledge that from day one, they could expect exposure and substantive experience that they might not encounter for many years at a larger firm.

Additionally, the opportunities for professional development are enormous. With a midsize model, associates are better positioned—and financially incentivized—to originate business and eventually become partners. We have found that regular opportunities to engage with clients and the courts, coupled with the very real possibility of professional advancement, go a long way in satisfying young attorneys.

Q: Does your firm employ any nonlawyer professionals in high-level positions (e.g., COO, business development officer, chief strategy officer)? If so, why is it advantageous to have a nonlawyer in that role? If not, have you considered hiring any?

A: Virtually the entire administrative structure of our firm depends upon nonlawyer professionals, including our executive director/COO and our directors of finance, IT, marketing and business development. Our nonlawyer personnel are among the best in their respective fields. Though many have come from the legal industry, we benefit enormously from the unique perspective of those who have joined us from other areas, including finance, consulting and technology.

Q: What, if any, technology advancements have you made in your firm in recent years? What are the challenges in implementing tech changes?

A: Ensuring that our firm’s cybersecurity capabilities are robust and fully integrated has been a top priority for us. In recent years, we have implemented dual factor authentication for all employees of the firm; full encryption for in-transit data; MDM mobile device management; as well

as a secure firewall for all at-rest data.

We have also committed to adopting the rigorous “ISO 27001: 2013” security standard, with which we expect to be fully compliant by 2018.

Q: What would you say is the most innovative thing your firm has done recently, whether it be internal operations, how you work with clients, etc.?

A: In October 2017, we hosted more than 150 international delegates who traveled to New York to attend the annual global meeting of Interlaw, a worldwide association of independent law firms.

The dedicated theme of the gathering was “The Future of Law.” Guests were invited to attend various panels led by both legal and nonlegal experts who examined issues like diversity and inclusion; the future of client management; the loss of jobs due to technology; and managing millennials, among many others.

Q: Does your firm have a succession plan in place? If so, what challenges do you face in trying to execute that plan? If you don’t currently have a plan, is it an issue your firm is thinking about?

A: We are actively engaged in developing the next generation of leaders at our firm and are considering how our leadership structure will evolve. Over the years, we have consistently populated our leadership committees with younger members, and our partnership has grown steadily younger as a result of our lateral recruitment strategy and the promotion of partners internally.

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