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DAILY BUSINESS REVIEW

LEGAL PROFESSION

A TORRENT OF PARTNER ADDITIONS THANKS TO ECONOMY

by Julie Kay with
research by Chris Futrell

South Florida law firms promoted 139 associates to partner and hired 80 new laterals in 2014. The 219 new partners is a 56 percent increase over 2013.

Meet Josh Rubens and Richard Segal. At 31 and 30, respectively, and just six years out of law school, these lawyers already have made partner at Miami-based Kluger, Kaplan, Silverman, Katzen & Levine—perhaps the youngest partners in South Florida.

Rubens and Segal earned their stripes after filling in at a major trial for an ailing Bruce Katzen and Alan Kluger, who had a conflict in another trial. The judges denied continuances in both cases, and the young lawyers notched wins.

“People say, ‘Why did you make them partners so young?’ and I say, ‘They’re front-line lawyers, they can take a case from intake to trial,’” Kluger said. “They deserve it. They’re superstars.”

Rubens and Segal are part of a wave of new partners sweeping South Florida—either through lateral hiring or promotion—in numbers unseen since the start of the 2008-2009 recession.

Law firms that respond-

ed to the Daily Business Review’s annual survey of new partners in South Florida said they promoted 139 associates to partner in the past year compared with 85 the year before. They also brought on 82 lateral partners in the past year, up from 55 the year before. The 221 new partners represents a 56 percent annual increase.

Experts say the upward swing in partnerships can be attributed to the recovering economy. And top laterals in hot practice areas and geographical regions are being heavily courted by legal recruiters as partnership doors are again opening for deserving associates.

“In response to the global recession, law firms were struggling mightily to maintain their partner profitability ratios from the past,” said Bill Brennan, a law firm consultant with Brennan Strategy LLC of West Chester, Pennsylvania. “They were doing that partially by delaying new partners from associate ranks. Now that it’s been several years and it appears that law firms are recovering from the tremendous pressure, they’ve opened up the thicket to promote associates.”

A SHIFT AT AKERMAN

Akerman is a prime example of the trend. In 2013,



Josh M. Rubens and Richard I. Segal

J. ALBERT DIAZ

the Miami-based law firm promoted just two South Florida lawyers to partner and added seven laterals. Last year, Akerman promoted 15 associates to partner and attracted nine laterals in the region.

The lateral hires in litigation, corporate and real estate law included a four-lawyer group from the defunct Tew Cardenas, the former general counsel of FriendFinders Network Inc. and former lawyers from Gunster and Liebler, Gonzalez & Portuondo.

“I certainly feel the lateral market is increasing,” said Andrew Smulian, Akerman’s chairman and CEO. “That is a continuing phenomenon. We get terrific resumes in all the markets, so we can be thoughtful and deliberate in

bringing on good people.”

Smulian added Akerman appreciates “the unique value diversity brings to the firm and the work we do for clients.” The promotions last year included seven women, one Hispanic and one black.

“Building a firm that reflects the makeup of our clients is an essential part of understanding and meeting their needs,” he said. “We are focused on maintaining a culture enriched by a diverse mix of backgrounds, talents and ideas.”

MORE FIRMS JOIN TREND

Other law firms that experienced an increase in lateral hiring and promotions in the past year included Greenberg Traurig, which had 18 new partners—13 laterals and

five promotions—compared with eight the year before; Gunster, with nine new partners, compared with four the year before; and Carlton Fields Jordan Burt, with six new partners, compared with five the year before.

For Greenberg Traurig, the sharp increase in laterals was due to the firm's active recruiting, said Matt Gorson, firm co-chairman who oversees recruitment in the southeastern United States.

Greenberg Traurig picked up 13 laterals in 2014, including a three-member group from Littler Mendelson; Tallahassee rainmaking lobbyist Fred Karlinsky, who joined with Rich Fedei; and Israel Sanchez and Jeff Tenen, who rejoined the firm from Hughes Hubbard & Reed.

"These were opportunistic hires," Gorson said. "They wanted to work with our platform. One person, I was recruiting for a year. Most of the time, they are dissatisfied with their existing firm."

Patrick Martin, who worked at Littler for 11 years as a labor and employment partner and helped open its Florida office, joined Greenberg Traurig last month with two other lawyers from Littler.

"Certainly, the lateral market is hot," Martin said. "I had been pursued, as had my colleagues. I have looked at other firms and this was a good opportunity, an opportunity for Greenberg to expand their labor and employment practice locally and for us to capitalize on Greenberg's brand in the market. Of course, there was a financial incentive as well."

Some law firms brought

on laterals as a direct investment in their next generation of leadership as current leaders look toward retirement. Podhurst Orseck, for example, recently added Roy Altman, who became only the firm's third lateral hire in its 48-year history. Altman, a former federal prosecutor, will assist with complicated class actions, mass torts and aviation matters. The current head of the firm, Aaron Podhurst, is still practicing at 78.

Some law firms absorbed new laterals due to the demise of other firms, including those that picked up lawyers after the breakup of Tew Cardenas. Others picked up laterals through mergers, such as when Carlton Fields acquired Jordan Burt early last year, and when Hamilton, Miller & Birthisel merged with delancyhill.

IMPACT OF RECRUITERS

With more firms turning to legal recruiters to locate and lure talent, the recruiting industry has become increasingly crowded and competitive.

Joe Ankus of Ankus Consulting in Weston, a legal recruiter since 1991, said he is amazed at the brazenness of new recruiters trying to capitalize on the burgeoning South Florida market. He said partners he has worked with over the years have been forwarding him emails they have received from out-of-town recruiters.

"Recruiting is an interesting business in that all you need is a phone and operating vocal chords to be in business," he said. "When times are good, recruiters sprout like weeds. And when

the market falls, they are nowhere to be found."

In the past, Ankus said, it would take him hours to "break down" a law firm and find appropriate candidates to approach with job offers. He said he spent years building relationships with these lawyers over countless breakfasts and lunches.

Now, recruiters smelling big bucks from as far away as New York and California troll law firm websites to send mass emails to partners.

"What took me 10 hours to do previously now takes minutes because of the Internet and email," he said. "These new recruiters are under the assumption that it takes five phone calls and you make a placement. It's not like that. They're simply trolling and dredging. It really falls into the category of spam. The lawyers ask me, 'Who is crazy enough to think I would bite from an unsolicited email from no one I know in Van Nuys, California?'"

Barbara Alonso of Squire Patton Boggs in Miami, who specializes in corporate finance and Latin America deals, is one of the partners being wooed. She said she has been getting email blasts from a Los Angeles recruiter twice a week since December.

"The legal market is really hot," Alonso said. "This is the hottest I've seen the market since the recession. But I'm happy where I'm at."

Ankus said the current need is for real estate and corporate transactional partners.

"We are getting a lot more demand for lateral partners in all transactional areas," he

said. "What that tells me is the economy is improving."

Abbe Bunt of Bunt Legal Search puts her mission from law firms another way: "You heard the old adage location, location, location? Well when it comes to law firm laterals, it's real estate, real estate, real estate. That's what they want. There's not enough of those lawyers to keep up with demand in South Florida."

'FEVERED PITCH'

For the highest performing lawyers in top markets like Houston, New York and Miami, competition is "at a fevered pitch," said Kent Zimmerman, a law firm consultant with the Zeughauser Group of Miami.

For example, The American Lawyer, an ALM affiliate of the Daily Business Review, reported in April that Kirkland & Ellis guaranteed a 35-year-old lateral partner who specializes in energy about \$5 million in annual compensation to entice him to leave the Houston office of Simpson Thacher & Bartlett.

And while "stratospheric" salaries like these are not yet commanded in Miami, the market is getting increasingly more competitive in the areas of real estate and Latin America deals, Zimmerman said.

"For firms in Miami—the small ones as well as the Akermans—they are facing fiercer competition for their top people," he said. "Miami has gotten to be a hotter market as the economy recovers."

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