

Innovative Managing Partner: Sheppard Mullin's Halgren

By Mike Cherney

Law360, New York (June 18, 2010) -- Sheppard Mullin Richter & Hampton LLP chairman Guy Halgren has presided over a 70 percent increase in firm size while playing a unique hands-on role in lateral hiring, revamping associate training, encouraging alternative fees and pioneering client surveys, earning him a spot on Law360's list of Most Innovative Managing Partners.

Halgren, a labor attorney who was first elected to firm chairman in 2001 and was re-elected to another three-year term in April, has focused on making the firm a better place to work, keeping lawyers happy and ultimately improving their client service.

"The fact that he's actually managed to execute on those kinds of things is impressive," said Peter Zeughauser, the chairman of Zeughauser Group, a legal consulting firm. "A lot of firms talk about it, but not really as many actually get it done."

Under Halgren's watch, the firm has increased in size to about 530 attorneys, including about 230 partners. It only had four offices, all in California, in 2001, but has since opened seven new offices, including in New York, Washington and Shanghai.

Gross revenue between 2001 and 2009 has climbed from \$149 million to \$361 million, and the firm has experienced practice area growth as well, adding an institutional entertainment and media practice in 2003.

Perhaps the most remarkable facet of Sheppard Mullin's growth, however, is that it has been accomplished without significant mergers. Much of that, some say, is attributable to Halgren, who takes a hands-on approach to lateral hires in a way unlike most other firm chairmen. He meets lateral candidates and makes sure to share as much financial information about the firm as possible, Halgren said.

"I know that one thing that really helps us is that we are absolutely transparent on our financials," he said. "And I often



Guy Halgren

get the comment from lateral partners, 'I've been with my current firm for 10 years and this is more financial information than I have on my current firm.' We really like our partners to think they're owners and act like owners of a business. For a firm that's 530 attorneys, that's unique."

"Most firms our size, the chairman isn't that involved, but I consider it a key part of my job," he added. "When I answer a question for a recruit, the recruit knows they are getting the highest authority in the firm to answer that question."

Halgren's engagement in lateral hires has not gone unnoticed. Larry Watanabe, the co-founder of Watanabe Nason LLC, a legal recruiting search firm, said Halgren is the most involved firm chairman that he works with.

Halgren will often take an initial meeting with a lateral candidate as well, unlike at other firms, where it might be an office managing partner, Watanabe said.

"If you looked at Sheppard and why it is successful and why it has been thriving and why it remains a destination point for laterals, I would point my finger heavily towards his direct participation and effort," Watanabe said. "That should be highly applauded."

Adding to Sheppard's success, Watanabe said, is its masterful integration of new lateral hires. That is where internal innovations factor into the firm's growth, such as its diversity affinity groups, made up of attorneys of certain ethnic backgrounds, sexual orientation and gender. The groups plan various events, and Halgren said it makes attorneys feel more comfortable and has been helpful in recruiting.

One group, called Out at Sheppard, is geared toward gay, lesbian, bisexual and transgender attorneys. Another is for attorneys of color, and the firm has also recently started a group for attorneys who are parents, according to Bob Williams, a partner and the firm's chief talent officer.

"They've really infused a lot of energy and a lot of happiness into the firm," said Williams, adding that the different groups also help drum up business by reaching out to their respective constituencies among clients.

The creation of Williams' position, which is responsible for overseeing law school recruiting, associate evaluation and career development, training and diversity, is itself another innovation under Halgren's leadership.

Other firms do not usually group all those responsibilities under the same person, nor is that person often an attorney like Williams, Halgren said.

Partner advisers are central to a revised associate training program. Each associate is assigned a partner adviser who participates in the associate's evaluations and helps the associate create a professional development plan. Previously, the firm used a less formal mentoring program.

"Like any other new program, there was some resistance two years ago, but in this past year, it was widely accepted," Williams said. "Our associates like how they are getting more feedback of their work, and they like the engagement of a partner in their career planning. And the partners like it because we're getting more timely and more accurate assessment of who's who among our associates."

The firm has also created a new system for associate advancement. The first three-year stage is spent focusing on substantive legal training, the next three-year stage focuses on giving associates experience in managing and delegating work, and the last two years are centered on developing clients, Williams said.

Associates must pass a full evaluation before being bumped up to the next stage, and if they are successful, they can make partner in eight years. To help associates along, the firm has hired a full-time videographer, who tapes training sessions and makes them available on the firm intranet.

"When we first thought of doing it, it was like, 'What are you talking about? A law firm with a full-time videographer on staff? What is that about?'" Williams said. "But it proved its value really quickly."

Improved associate training also yields better client service, which has been another main focus of Halgren's tenure. Several years ago, the firm was among the first to hire a third-party consultant to interview its clients and get feedback on how Sheppard Mullin could improve. The firm is embarking on a second wave of surveys soon.

In addition, Halgren instituted a monthly Client First award, which recognizes attorneys who have gone above and beyond in serving their clients. Award winners receive a gift certificate to Nordstrom, and all attorneys at Sheppard Mullin have plaques on their desks outlining expectations of clients, Halgren said.

"Based on Guy's experience as a practicing lawyer, he has always preached client service and to go anywhere, be available anytime for clients," said Robert Beall, the firm's administrative partner and second-in-charge. "He's taken that to his chairmanship responsibilities, and so in terms of initiatives at the firm, he really wants to institutionalize that."

Zeughauser, the consultant, said Sheppard Mullin is certainly on the cutting edge of client services, because of both the client surveys and the Client First award.

"A lot of people who run law firms assume that money is all that matters, but I think recognition matters a lot to attorneys, and programs like that can reap very significant benefits in terms of improving service levels and lawyers' behavior," he said. "Recognition is a little-used tool in law firms, but it can be very effective."

Halgren has also spearheaded the firm's embrace of alternative fees. Under his watch, the firm implemented an "alternative fee czar" system, in which four partners — representing litigation, intellectual property, real estate and corporate — generally have authority to approve alternative fee arrangements in conjunction with practice group leaders.

The firm has also encouraged individual partners to offer alternative fee arrangements to clients, and the czar system makes it easier and quicker for partners to get approval for those deals than, for example, getting permission from the executive committee.

"By having four people look at all of these, they get a lot of specialized experience in what works and what doesn't, what appeals to clients and what's going to work for the firm," Halgren said. "If you have every partner doing that on their own, you wouldn't have that concentrated knowledge."

Halgren was quick to point out the firm's success would not have been possible without the firm's other employees. "

One of the joys of my job is I've got wonderful people working with me," Halgren said. "This is not all about me, it's really finding really good people to work at different positions within the organization."