

Morrison Cohen: How a Midsized Law Firm Makes Its Size a Competitive Advantage

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BY SUSAN DESANTIS

David Scherl, chairman and managing partner of Morrison Cohen, which has 105 lawyers, 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. Other law firm leaders participating in the series are Craig Wittlin of Harter Secrest & Emery, Richard Stehl of Otterbourg and Ronald Schechtman of Pryor Cashman.

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

A: Morrison Cohen has 105 lawyers with one office located in midtown New York City. That having been said, we handle matters for clients in every region of our country, and we are also very active representing our clients throughout Europe, China, India, Latin America, Canada, Israel and other off-shore markets.

We provide a full array of highly sophisticated corporate, mergers and acquisitions, private equity, business litigation, real estate, tax, bankruptcy and restructuring, compensation, benefits and employment, and other commercial and transactional client legal services, as well as sophisticated

estate planning and family office services.

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

A: Morrison Cohen is governed by a seven-attorney Executive Committee. As chairman/CEO, I report to the Executive Committee, which is elected by the firm's partners. The firm is a meritocracy—we do not employ a lock-step compensation structure. Among the factors that weigh most heavily in partner compensation are client development and retention. Partners are rewarded and incentivized not only to develop business but also to take responsibility for servicing business (whether or not of their own origination). This keeps everyone highly motivated to do the best possible job.

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

A: Being a midsized law firm we have the opportunity to offer our clients deep experience and senior attorney attention at rational billing rates. Our service model makes us an attractive choice for clients ranging from the largest and most sophisticated financial institutions and other corporations in a wide variety of industries, to entrepreneurs and early and growth stage companies.



David Scherl

We understand that legal matters must be considered in a timely and cost-effective manner and always with the client's ultimate business goals in mind. At Morrison Cohen, we pride ourselves on our level of client responsiveness and on our ability to provide sound, commercially minded advice for every business challenge. We recognize that much legal work is viewed as a commodity and that client service can be a key differentiator. All of our client matters get senior-level attention, which allows the client to get to the "right place" efficiently and more quickly than

many other sophisticated law firms. We are focused at all times on deal or case execution in accordance with the needs and interests of our clients.

A challenge we faced is the cost of a lease in New York City, a threat we eliminated by renewing well before our term was up and reconfiguring our space in 2017, providing us a stable home on very favorable terms for many years to come.

Another threat faced by many midsize law firms is firm business being dependent on a few major clients or major producers. We successfully address this by encouraging business development and collaboration on client acquisition. Sixty percent of our partners generate significant business.

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: After the recession we saw how businesses were eager to conserve costs wherever they could and legal expenses became a focus. We saw our market share grow. Our existing clients sent us work that they might have sent larger firms in the past. We were approached by new clients for our attractive billing rates and our sophisticated full-service practice. Our rates and service made huge differences for our clients during that challenging time—clients we continue to represent.

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

A: A significant portion of our firm's business is not calculated by the billable hour. We look at these arrangements as another way to service the needs of our clients and partner with them to achieve their goals. We have used flat fees, hybrid contingency fees and fee range. We have learned how to make

alternative feeds work for both clients and the firm.

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: The vast majority of our attorneys were partners or associates at our larger law firm competitors, or were in-house counsel at sophisticated companies. All of our associates are hired in as laterals with at least one to two years or more of legal experience. We promote from within the firm and our attrition rate is very low, reflecting long-term commitments from our lawyers.

The advantages of our midsize model is reflected in feedback we have received from our associates. They are extremely pleased with their substantive work, compensation, excellent work-life balance and realistic partnership prospects.

We offer a challenging and rewarding work environment, a commitment to nurturing careers and a culture that is strongly people-focused.

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

A: Morrison Cohen has several committees composed of lawyers and staff that work together to ensure the operation and growth of the firm. We have nonlawyer professionals heading our finance, technology, marketing, human resources and operations departments.

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

A: We are always looking at ways to stay current to better serve our clients.

Recently we have made enhancements to cybersecurity, redundancy, business continuity and disaster recovery systems and procedures. As we represent many major financial institutions we maintain the highest security levels and have robust and vigilant cybersecurity protocols. We have also implemented new and/or updated productivity tools and applications and enhancements to telecommunications and data security infrastructure.

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: We recruited Justice David Saxe from the First Department. And we created a Strategic Case Review Practice that has been very popular with clients and our colleagues in the bar. We saw a real need for clients facing expensive, high-stakes litigation to get a second opinion from a group of very experienced litigators, especially Judge Saxe. We have developed customized solutions to assist litigants and outside lawyers handling these cases in a cost-effective, productive and efficient manner.

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: Our firm is run by a board of directors, not one person. We have redundancy in all areas of firm management so that we are always poised to address succession and any other firm management needs.

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