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*In this, New Jersey Business' 50th Annual Office/Industrial Review, we highlight the front cover with three photos: Lincoln Property and UBS Global Asset Management's The 9 at Parsippany; The Eastman Companies' Regent Park in Livingston; and Hartz Mountain Industries' 500 Plaza Drive at the Meadowlands.*

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# NJ's Top Law Firms

Position Themselves  
To Meet the  
Challenges Of  
Changing Times

*By Mike Silverstein, Contributing Writer*

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One way to gauge the health and changing needs of companies in a stressed economy is to look at the way law firms are structuring their own operations to accommodate these conditions. These days New Jersey's largest law firms have been meeting the challenges in a number of important, often quite innovative ways.

While the economy has pushed some law firms to focus more keenly on certain specialties, they must also, among other things, be prepared to be cost competitive. Many corporate clients now send out both "Requests For Qualifications" and "Requests For Proposals" to firms that seek their legal trade, requests aimed at getting firms to compete for the business on price as well as abilities.

The desires of corporate clients today are not only more demanding – they seem almost contradictory. While wanting their firms to have a larger geographical footprint, clients may still expect the kind of personal service usually associated with smaller, local law practices. While expecting easier access to their attorneys through costly electronic devices, they also push for caps on their legal billing.

“Don’t believe everything you read in the *Wall Street Journal* about M&A, licensing and joint ventures.”

- Steven E. Gross,  
chairman of Sills Cummis & Gross

Meanwhile, getting the best legal talent, either recent law school graduates or via lateral pick-ups from other firms, has become a significant challenge often noted by law firm executives. Competition for such talent not only involves salaries, but a host of intangibles in a profession where long and hectic work schedules have become common. With mega-sized law firms in nearby New York and elsewhere willing and able to offer very hefty compensation packages, New Jersey’s firms have had to come up with some exceptionally attractive non-salary incentives to compete for the best legal talent.

Beyond having the right caliber of legal representation for clients, executives at the large New Jersey law firms contacted for this roundup cited the importance of administrative efficiency in keeping their organizations competitive. Partners who lead practice groups at these firms must not only be superior lawyers, but first rate managers, as well.

### Meeting Client Needs

All businesses are affected in one way or another by economic ups and downs. Anthony J. Marchetta, a member of the executive committee at Day Pitney, LLP (offices in Florham Park and four other locales), remarks, “Such upheavals affect the kinds of work that comes to law firms. Some practices benefit, some are hurt.

“The sub-prime mess,” he continues, “hurt our real estate practice because big developers can’t get the money they need to do their projects. Financial services and litigation work, on the other hand, saw an increase ... Upheavals affect different practices in different ways.”

A more specific example of the effects of the recent economic downturn on legal work in New Jersey was offered by Andrew Berry, chairman, McCarter & English, LLP (offices in Newark and six other states besides New Jersey). “We now have a very active sub-prime group,” he reports. “In just the last week, our firm got two significant workout assignments from a Top Five bank, with one of these assignments in New Jersey.”

One could thus make a case that the sub-prime mess, while unquestionably hurtful to the economy as a whole, can represent a feast – as well as a famine – for some law firms. Glenn A. Clark, a managing partner in Morristown with Riker, Danzig, Scherer, Hyland & Perretti, LLP (offices in Morristown, Trenton, Manhattan and London), addresses this perception by noting that though 2007 was a down year for some law firms in the state, “we had our second best year ever and a very good fourth quarter. If you did transaction work with sub-prime, you’re laying off now. The litigation end of sub-prime, however, is gearing up for growth, and we have a strong history with banking litigation.”

The ability of many leading law firms to weather any economic environment might be due to factors such as greater specialization or spreading a wider practice net. One thing that’s set apart his own firm, according to Patrick C. Dunican, Jr., chairman and managing director at Gibbons, P.C. (offices in Newark, Trenton, Manhattan, Philadelphia and Delaware), is that “Gibbons has differentiated itself from other firms by formally adopting a specific and distinctive business strategy: to capture major deals for mid-market companies (with annual revenues of \$100 million to \$2.5 billion), and middle-market deals for major companies [not only] in New Jersey but also in New York, Pennsylvania and Delaware. The firm focuses on institu-



Steven E. Gross, chairman of Sills Cummis & Gross, P.C.

tional relationships as opposed to individual representations.”

The institution’s focus, however, has not been adopted by all of New Jersey’s largest law firms. Brian J. Molloy, a managing partner with Wilentz, Goldman & Spitzer, PA (offices in Woodbridge, Eatontown, Philadelphia, Pittsburgh and Manhattan), points to his own firm’s slightly different approach.

“Wilentz is unique among large New Jersey firms,” he notes, “in that it has a large plaintiff practice serving individuals as well as ... [a] business practice serving the needs of many large corporations, commercial enterprises and banks.”

One surprisingly strong practice area for some large law firms in New Jersey involves a business strategy that most people think has mostly gone south in recent months — mergers and acquisitions. “Don’t believe everything you read in the *Wall Street Journal* about M&A, licensing and joint ventures,” says Steven E. Gross, chairman of Sills Cummis & Gross (offices in Newark, Princeton and Manhattan). “These specialties are hotter than ever.”

He defines that view by adding: “I’m not talking about the multi-billion dollar deals that required huge outside liquidity, the types of deals put together by private buy-out specialists and hedge funds. These are gone. It’s the strategic acquisitions by companies already in an industry that are going better than ever ... We’re currently working on four such M&A deals, each in excess of \$100 million, all strategic.”

### **The Right Footprint**

Almost all of the largest law firms in New Jersey now have offices in other states, generally located in cities such as Wilmington, Philadelphia, Washington, D.C., and Boston. The prime reason for this expanded “footprint” is explained by Gary M. Wingsen,

managing director of Lowenstein Sandler, P.C. (offices in Roseland, Somerville, Princeton, Manhattan and Boston). “The practice of law has evolved significantly over the years, and we’ve found that the increasingly competitive legal environment demands expansion outside of a single geographic area.” He adds, however, that “we are interested in targeted strategic growth, not growth for growth’s sake.”

Some of the ways in which a New Jersey firm undertakes its own geographic expansion are outlined by Gary J. Lesneski, president, Archer & Greiner, P.C. (offices in Haddonfield, Princeton, Flemington, Manhattan, Philadelphia and Delaware). “The firm has had a shared vision of creating a strong regional law practice in the New York-to-Wilmington corridor,” he notes. “We have implemented that strategy through strategic recruitment, opening offices in key geographic locations, proactive marketing and creating an infrastructure that would allow for this growth. Our clients have grown over the years in their own customer-client base, which has created additional opportunities for growth within the firm ... in the South Jersey market as well as other locations in the region.”

Ultimately, of course, a law firm’s own growth, whether measured in terms of personnel, geography or practice specialties, is linked to the demands of its clients. In recent years, notes Philip E. Griffin, co-chair and partner with Fox Rothschild, LLP (offices in Princeton, Roseland, Atlantic City and 11 other locales), “many businesses are consolidating their legal teams while expanding their footprint nationally and internationally. They’re looking for firms that can match that profile, so we’re seeing firms consolidate their practice areas to focus on what businesses want most, like

litigation and corporate work, while expanding into new areas through mergers and lateral acquisitions.” The result is that law firms practice more “in the states or countries where their clients do business.”

And what mechanisms does a law firm use to expand its footprint? “Mid-sized and smaller firms are definitely merger targets right now,” according to Griffin, “since many offer ‘boutique’ services that can radically expand a firm’s footprint in a specific practice or region. While there have been a few groups of attorneys specializing in particular practice areas departing major firms in recent months,” he adds, “we haven’t really seen firms of any particular size disintegrate or split.”

Bigger size, emphasize some industry leaders, is not necessarily synonymous with better legal services. Lesneski, for example, while noting that there was certainly a trend towards consolidation and larger firms fueled by an increasingly global economy, adds that “there are still significant opportunities for smaller to mid-size firms which can offer clients sophisticated, quality work at more reasonable rates, as well as high-end boutiques with niche practices.”

### **Getting And Keeping The Best Legal Talent**

Being located where clients need you to be is just one of the challenges facing law firms these days. Having the best legal talent in place to handle work that comes through the door is another thing they must all manage appropriately. And with competition for this talent increasing, some out-of-the-box thinking often comes into play here.

“We don’t believe you can attract and keep the best people just with money – that you can just pay people a lot and then demand ev-

# NJ's Top 10 Law Firms

(ranked by # of attorneys in New Jersey)

Name, Address, Phone, Fax	Year Founded	Total # of Employees in NJ	Total # of Attorneys in NJ	Specialties	Managing Partner Web Address
<b>McCarter &amp; English, LLP</b> Four Gateway Ctr, 100 Mulberry St., Newark, NJ 07102-0652 973-622-4444 Fax: 973-624-7070	1844	535	411	Litigation, Corporate & Securities, Insurance, Real Estate, Product Liability, Consumer, Industrial Products, Construction	Andrew Berry, Ch. Eric Wiechmann <a href="http://www.mccarter.com">www.mccarter.com</a>
<b>Lowenstein Sandler PC</b> 65 Livingston Avenue, Roseland, NJ 07068 973-597-2500 Fax: 973-597-2400	1961	474	234	Corporate, Tax, Bankruptcy, Litigation	Gary Wingins <a href="http://www.lowenstein.com">www.lowenstein.com</a>
<b>McElroy, Deutsch, Mulvaney &amp; Carpenter, LLP</b> 1300 Mt. Kemble Ave., PO Box 2075 Morristown, NJ 07962-2075 973-993-8100 Fax: 973-425-0161	1983	351	175	Litigation, Labor & Employment, Insurance, Fidelity & Surety, Corporate Transactions and Tax	Edward B. Deutsch, <a href="http://www.mdmc-law.com">www.mdmc-law.com</a>
<b>Day Pitney LLP</b> PO Box 1945, Morristown, NJ 07962-1945 973-966-6300 Fax: 973-966-1015	1902	353	172	Banking, Bankruptcy, Capital Markets, Corp., Exec. Compensation, Employee Benefits	Dennis R. LaFiura <a href="http://www.daypitney.com">www.daypitney.com</a>
<b>Sills Cummis Epstein &amp; Gross P.C.</b> One Riverfront Plaza, Newark, NJ 07102 973-643-7000 Fax: 973-643-6500	1971	359	168	Full Service, Life Sciences & HealthCare, Corp. & Securities, Complex Lit., Real Estate, Employment & Labor	Steven E. Gross, Ch. R. Max Crane <a href="http://www.sillscummis.com">www.sillscummis.com</a>
<b>Gibbons P.C.</b> One Gateway Center, Newark, NJ 07102 973-596-4500 Fax: 973-596-0545	1926	426	160	Full Service	Patrick C. Dunican, Jr. <a href="http://www.gibbonslaw.com">www.gibbonslaw.com</a>
<b>Riker Danzig Scherer Hyland &amp; Perretti LLP</b> Headquarters Plaza, One Speedwell Avenue, Morristown, NJ 07962 973-538-0800 Fax: 973-538-1984	1882	350	156	Litigation, Corporate, Insurance, Banking, Bankruptcy, Environmental	Glenn A. Clark <a href="http://www.riker.com">www.riker.com</a>
<b>Fox Rothschild</b> Princeton Pike Corporate Center, 997 Lenox Drive, Building 3, Lawrenceville, NJ 08648-2311 609-896-3600 Fax: 609-896-1469	1907	146	138	Corporate, Labor & Employment, Real Estate, Tax, Financial Restructuring, Litigation	Jim Rudie <a href="http://www.foxrothschild.com">www.foxrothschild.com</a>
<b>Archer &amp; Greiner, P.C.</b> One Centennial Square, Haddonfield, NJ 08033 856-795-2121 Fax: 856-795-0574	1928	321	134	Litigation, Corporate and IP, Real Estate and Land Use, Labor and Employment, Environmental, Estates and Trusts, Family Law	James H. Carll, Ch. Gary J. Lesneski Pres., <a href="http://www.archerlaw.com">www.archerlaw.com</a>
<b>Wilentz, Goldman &amp; Spitzer, P.A.</b> 90 Woodbridge Center Drive, Woodbridge, NJ 07095 732-636-8000 Fax: 732-855-6117	1919	356	134	Full Service; Business and Individuals	Brian Molloy <a href="http://www.wilentz.com">www.wilentz.com</a>

Source - NJ Business magazine's "Book of Business Lists"

everything from them," says Edward B. Deutsch, managing partner at McElroy, Deutsch, Mulvaney & Carpenter, LLP (offices in Morristown, Ridgewood, Newark, Manhattan, Denver and Philadelphia). "People also value the intangibles that a firm can offer: quality of life, a good work environment.

"We're in some ways a throw-back," he goes on. "We really treasure collegiality among ourselves and with our clients, and have a culture that lets people interact with respect ... When lawyers feel good about their practice it works to the client's advantage. When they are unhappy in their practice, the client suffers."

Offering incentives beyond salary is an approach on view in most of New Jersey's top law firms. Wilentz' Molloy points to "random acts of appreciation for the people who are dedicated to providing top quality client service" as something his firm is proud of, then

adds: "Wilentz has been fortunate to have been able to maintain a friendly family atmosphere even though we now have over 400 employees."

High expectations on the part of hiring law firms can be an appealing draw for attorneys. Notes Griffin: "We expect young lawyers who come to Fox Rothschild to become partners and stay here for their entire careers, much as we expect laterals to do. We convey this message to our associates, and we show them we mean it." In *American Lawyer* magazine's 2007 Summer Associate survey, Fox ranked #2 nationally out of 169 participating firms. "Several years ago, we ranked 110<sup>th</sup> nationally on that same survey. I think this is a direct result of the improvement we have made in our training and retention programs. Our training programs have made our own associates our best recruiters."

The Gibbons firm's formula for

attracting and retaining the best legal talent combines a generous benefits package and a commitment to ongoing professional development. Its benefits, according to Dunican, offer numerous ways for attorneys to balance career growth and family life. "The firm's mentoring program," he reports, "is also hugely beneficial to attorney development."

A similar view is echoed by Wingens of Lowenstein. It's very important, he observes, "to provide lawyers with training and mentorship, and in a service-oriented profession that demands 24/7 availability, to provide attorneys with the necessary technology to work effectively outside of the office so that it is easier for them to pursue outside interests or spend time with their families."

## Administrative Excellence

Providing the best counsel these

days involves more than just good lawyering. Administering all the nuts and bolts that go into running a large law firm that may be spread over several states and have hundreds of employees generates its own significant challenges.

Administration is one of the things that makes a law firm great and not just good, according to Clark of Riker Danzig. And one thing that goes into this formulation is the management abilities of the firm's top lawyers. "There's a strong business component to running a practice," Clark says. "Leaders must be excellent managers, and it's not easy to find people with both skill sets (legal and managerial)."

Keeping people happy is one characteristic of a good practice manager, he adds. "There's more and more competition for [legal talent]. Out-of-state firms know New Jersey is a good legal market and often build their teams here with raids."

A law firm's administrative setup is very different than a typical corporation's, according to Gross of Sills Cummis & Gross. "Most corporations have a hierarchical structure. In a law firm, you have different spheres of knowledge with different partners running these spheres. The leaders have to feel 'this area is mine,' [and their] lawyers can't just see themselves as employees."

To an outsider, having the latest technology might not seem all that important a consideration when it comes to running a law firm. But to those charged with this responsibility, it's viewed as very important indeed.

"There can't be gaps in your systems," states Marchetta of Day Pitney. "Everything must work smoothly. Your technology systems have to be up-to-date so nothing goes astray. Clients must be able to reach you in various

ways to get needed information." And this all has to come together in a large law firm "with people in different geographic areas, in different practice areas, working with a variety of clients with diverse legal needs."

Compounding the challenge of constantly updating a firm's communication and other gadgetry is the personalities of the people who will be using this technology and the costs of its implementation. Notes Berry of McCarter & English:

"Lawyers are terrible when it comes to change. Worse than doctors, worse than journalists or anyone else." They nonetheless all have to learn to use the electronics that make needed information accessible and usable. "All this electronic administrative equipment is also very expensive," he says. "Our biggest built-in costs today are for personnel, then occupancy costs, and right after that, technology costs."

### **Conclusion**

Like almost every other segment of the New Jersey economy, the state's largest law firms are accommodating to a fast changing business environment. The tendency of other segments' woes to end up in litigation or other conflict modes works to make the legal profession one potential beneficiary of current economic conditions. More legal work, however, doesn't automatically translate into larger profits for every law firm.

Getting and keeping the best lawyers, running the best administered organizations, being where clients need you to be with the right legal expertise readily accessible, and being able to deliver everything clients want at a billing rate they are willing to pay, are challenges New Jersey's biggest law firms must meet today. These challenges bode to become ever more challenging in months and years to come.