

An Entrepreneurial Culture

An interview with key members
of the leadership team at Kramer Levin Naftalis & Frankel LLP



Howard Spilko, Partner and Co-Chair, Corporate; Paul Schoeman, Partner and Co-Chair, White Collar Defense and Investigations; Lisa Kobialka, Partner; Paul Pearlman, Managing Partner; Amy Caton, Partner; Barry Berke, Partner and Co-Chair, Litigation, Kramer Levin Naftalis & Frankel LLP

EDITORS' NOTE *Kramer Levin (kramerlevin.com) prides itself on providing clients proactive, creative and pragmatic solutions that address today's most challenging legal issues. With more than 375 lawyers in 60-plus practice areas, the firm is headquartered in New York with offices in Silicon Valley and Paris, and fosters a strong culture of involvement in public and community service. The firm is celebrating its 50th anniversary on July 1. LEADERS interviewed several of Kramer Levin's leaders to learn about the firm's unique culture and how it is preparing for the years ahead.*

Paul S. Pearlman is managing partner of Kramer Levin, a position he has held since August 2000. He also advises and represents clients in private equity transactions, as well as in the corporate aspects of corporate restructuring and bankruptcy. His private equity experience over the past 35 years has included representing leveraged buyout sponsors, management and providers of debt financing in complex and often high-profile leveraged buyout transactions. He also has extensive experience in public and private mergers and acquisitions and in acquisition finance transactions. He received his J.D., cum laude, from St. John's University School of Law and his B.B.A. from The George Washington University.

Barry H. Berke is co-chair of Kramer Levin's Litigation department. He is widely recognized as one of the leading trial lawyers and white-collar criminal defense lawyers in the country. He represents officers, directors, professionals and corporations in sensitive and high-profile investigations and proceedings. He has handled major matters involving all aspects of white

collar crime, including allegations of securities fraud, accounting and bank fraud, RICO and FCPA violations, tax offenses, bribery, bid rigging, and embezzlement. He also represents prominent corporations, directors and officers in class action and other complex commercial litigation. He received his J.D., cum laude, from Harvard Law School and his B.A., summa cum laude, Phi Beta Kappa, from Duke University.

Amy Caton is a partner in the firm's Bankruptcy department. She represents mutual funds and distressed investors in municipal restructurings and corporate reorganizations. Named an American Lawyer DealMaker of the Year for 2016 and 2017 for her work in the Commonwealth of Puerto Rico debt restructuring, she represents clients including OppenheimerFunds, Franklin Advisers, Nuveen Investments and BlackRock, among many others, in some of the nation's largest, most complex and high-profile bankruptcies. She received her J.D. from University of Texas School of Law, Studies in E.U. Law from Universiteit Leiden (Leiden University), and her B.A. from University of Texas at Austin.

Lisa Kobialka is a partner in Kramer Levin's Intellectual Property department. She has been at the forefront of some of the most challenging trials in venues across the country and handled more than 200 litigations. She counsels and represents both plaintiffs and defendants in complex intellectual property litigation matters involving claims for patent, copyright, trade secret and trademark infringement. She represents clients in a variety of technology-related industries, with a particular emphasis on the

energy, computer science and pharmaceutical sectors. She received her J.D. from University of San Francisco School of Law, her M.M. from the San Francisco Conservatory of Music, and her B.A. from University of California, Davis.

Paul H. Schoeman is co-chair of the firm's White Collar Defense and Investigations practice. He defends clients in complex and often high-profile criminal, civil and regulatory matters involving every aspect of white collar crime, including securities fraud, money laundering, violations of the Foreign Corrupt Practices Act, healthcare fraud, insider trading, accounting fraud and tax evasion. A skilled advocate in and out of the courtroom, he represents corporations and individuals in investigations conducted by the U.S. Department of Justice, the Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the U.S. Congress, the New York State Attorney General's Office and other authorities. He received his J.D., cum laude, from Harvard Law School and his A.B., summa cum laude, Phi Beta Kappa, from Princeton University.

Howard T. Spilko is co-chair of the firm's Corporate department. He counsels and represents clients in domestic and cross-border mergers and acquisitions and joint ventures, with an emphasis on middle-market transactions representing private equity firms and their portfolio companies. He has particular knowledge and experience in the strategic use of representations and warranties insurance in acquisitions and related claims. He received his J.D., cum laude, from University of Pennsylvania Law School and his B.S., accounting, summa cum laude, from Binghamton University.

Kramer Levin is celebrating its 50th anniversary. What have been the keys to the consistent success, leadership, and culture of the firm?

Pearlman: Our entrepreneurial culture has been the biggest driver of our success over the past 50 years. Being entrepreneurial means more than being great lawyers. It means understanding our clients' needs and figuring out ways to help them. It may mean introducing them to other clients who we think have common interests or can do a deal together. It might also mean developing new approaches or strategies, or otherwise thinking outside the box.

We're a relatively new firm and we have grown substantially since we started, but our growth has been consistent and steady, so we haven't changed who we are over that time. Because of that, we have been able to maintain our quality, which is one of the tenets upon which this firm was founded. In addition, given our size and unlike many of the big firms, the partners here all know each other so we have collegiality and collaboration. This allows them to work together, to understand each other's practices, and to figure out where and when to bring other partners in to help.

Another key to our success is that for a firm of our size, we probably have more top-tier practices than almost any other firm in the city.

Spilko: We have also enjoyed the freedom to evolve. In a smaller setting where there is not a lot of bureaucracy, we have the freedom to experience different aspects of law. There was a point in my career here at Kramer Levin when I was doing derivatives and outsourcing. It wasn't a great fit in terms of my aptitude and interests, but I was free to try new things, and when I discovered the world of M&A and private equity as a young lawyer, I never looked back.

There is a high level of encouragement to try different things if it makes sense.

When the firm has grown as it has, it would seem maintaining the culture would be challenging. Is that focus at the forefront of the hiring process?

Pearlman: It is certainly challenging to maintain our standards so we have followed a strategy of managed growth. We bring in two or three laterals a year and we spend the necessary time to properly integrate them into the firm.

Many times, we're asked if we're a big little firm or a little big firm – we try to be the best of both. The most important thing for us, as I mentioned earlier, is maintaining a consistent level of quality. At many big firms, there is an A team, a B team, and a C team – we don't have that.

This also gives us flexibility in terms of allowing people to develop and follow their own paths to create new practice areas.

As a firm, it's important to us that our people get along and want to work together. Since most of our lawyers are in one office, we have the ability to do that.

How close is the collaboration within the different practice areas?

Caton: Bankruptcy is one of those areas where there is a high level of collaboration between many different areas of the firm. We're lucky because we have great corporate lawyers

who know how to do bankruptcy law, but we also have great litigators and tax lawyers with deep bankruptcy experience.

As an entrepreneurial firm, associates aren't staffed in masses on a matter. Associates can hit the ground running with respect to new assignments and take charge. This leads to a lot of collaboration that starts early on among different departments.

Is there such a thing as client loyalty today?

Pearlman: Loyalty is difficult to obtain and then maintain, especially in this environment. There is a lot of competition and many talented lawyers out there. It's about going the extra mile with the clients to be able to help them to succeed – not just be the hired lawyer on a deal or case, but helping the client with different

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opportunities that will benefit their business. We need to think about their business in a granular way so they understand that we understand what motivates them.

It's easy to lose a client if you aren't careful. We need to earn their trust every day.

Kobialka: Loyalty comes from a true partnership with our clients, a number of which we have represented for well over 10 years. This doesn't just involve a specific department but goes across other areas, because there is a broad trust. We're in it with the client in both the good times and the bad.

I don't see us having the same issues that other firms do, where price pressures are an issue. With us, they know they're going to get the best representation from a team who fundamentally understands what their goals are and that those goals will be achieved in the most

effective manner because of our unique partnership and often long-term relationships.

Schoeman: One of our strengths is that we have many talented younger partners and, when we start introducing clients to a deep bench of young, energetic people that want to help clients with their problems, it engenders loyalty on both sides and deepens the relationship.

Caton: Loyalty means getting to know your client and supporting them in every way possible. For this reason, I don't want to just give legal advice – I want to figure out why the client needs a particular strategy and how they're going to sell that strategy internally to their boards and senior management. We help them do that.

We can't help the clients understand what they need and how to sell it internally without getting to know them and their institutions very well.

Berke: Clients want to make sure they get the best service they can, and we take great pride in the service we give our clients and we feel they know we're making a difference for them.

Looking ahead for the firm, what are the keys to staying relevant?

Pearlman: Our focus is to not rest on our laurels. The market is changing, clients' needs are changing and, if we're going to stay relevant, we need to change as well.

Five years ago, if someone asked me what the profession would look like today, I probably would have guessed wrong. It's difficult to speculate how the profession is going to change with AI, alternative legal services, growing in-house staffs, etc.

However, we have to stay ahead of the curve.

Is the business more complex today?

Spilko: When I started this work 25 years ago, the average M&A agreement that I worked on was 45 pages long – it's now more than 100. Every year, the practice seems to become more complex, which is why we surround ourselves with talent and make sure that the people we're working with are smart, energetic and focused on delivering good value to the client. We need to stay on top of what is happening in the marketplace and also what the client is expecting in terms of getting that deal done.

Kobialka: In many respects, the world was probably more predictable 20 years ago. Today, we don't know who our next competitor will be with all the technology changes. We need the ability to stay on top of all of those changes and how they impact our clients so we can give them some predictability in an unpredictable marketplace.

We are always focused on what we can do better, so we're the leaders and people look to us.

How much of an impact will technology have on the practice of law?

Pearlman: The expectation is that it will vastly change the practice of law. It hasn't done much yet. AI has more relevance in certain areas, particularly in litigation and the review of documents, but we still need humans to make judgments as to what is relevant and what is not.

Caton: Since we're a smaller firm that tends not to do cookie-cutter deals, the idea that we can be replaced by machines, at least at the top levels, may be a stretch. We need to be very creative and thoughtful about putting together corporate structures and deals or coming up with litigation strategies.

Pearlman: In the near term, technology's impact will be greater for commodity practices. Whether it works its way to the more sophisticated practices remains to be seen.

What is the importance of building relationships with small and medium-size companies in terms of your client mix?

Pearlman: This has been very important to our firm. One of the nice things about our firm is that our clients run the gamut, from large institutions to smaller, developing companies, many of which have grown with us throughout their histories.

One of the things that separates us from many other firms is that we're able to play in different sandboxes. This makes it more interesting for the people who work here.

This also allows, in many instances, for younger attorneys to have client responsibility earlier and grow with those clients.

One of the keys to our success has been our ability to empower our younger partners and allow them to develop their own business while working on some of the more complex transactions.

We're in a great position going forward because we've undergone a transition over the past few years in our business generation. We see that transition taking us from the attorneys who are at later stages in their careers to the ones who are now in the prime of their careers to those who are just starting out.

It's another differentiator for our firm.

Spilko: Spotting top talent whether at a small or medium-sized firm and helping them navigate the growing pains means they stay with us as they mature. I have had a few experiences where people have left established institutions and started their own businesses, where I know they will do a great job and grow their businesses. If we're one of the first firms to be there with them, it's not a gamble – it's a smart play.

When it makes sense to make investments in our clients, we do, and they have paid off measurably.

When we grow with someone, they remember.

Berke: We generally thrive on the notion that to know us is to love us. Oftentimes, we will be brought in for an important matter where a client is reaching outside its regular counsel. We then help them solve their problem and, when they have a significant problem in the future, it's not uncommon for them to return to us.

Getting clients to know us, and to benefit from our deep bench and how we operate, helps us down the road. The best client development we can carry out is simply to let clients see our work.

Schoeman: As lawyers, we're problem solvers. The more different kinds of problems

we see, the better we become at recognizing and solving them for clients. The variety of work that we undertake, and the fact that we don't just handle a certain size or kind of case, gives all the lawyers at the firm a chance to really shine as problem solvers in a way that clients appreciate.

How critical is it to build a diverse and inclusive workforce at Kramer Levin?

Pearlman: Diversity is critical today for many reasons, but the most important reason is performance. The more diverse the workforce, the more different ideas come to the forefront. People look at problems in different ways and we're in the business of solving problems, so we need many different vantage points to come up with the right solution for the client.

Kobialka: Our diversity enables us to collaborate with a broad range of clients who see issues from many different perspectives. This is how we provide excellent service.

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Pro bono work is a key focus for the firm. Will you touch on that emphasis and what makes it so important?

Schoeman: Pro bono is part of the DNA of Kramer Levin and that is a credit to the founders of the firm and to everyone who has come before us. This allows us to address issues of social justice and also provides experience and training for partners and associates.

Traditionally, we have focused on three pillars of our pro bono practice: civil rights work, human rights work, and anti-poverty work. To accomplish this, we partner with many terrific companies and organizations, some of which are clients.

It's a tremendously valuable and enriching experience. The work we do is socially

valuable, but it's also a great experience for the people who do it here.

We find that the people who engage in pro bono work not only develop skills and experience, but they develop a problem-solving attitude towards servicing clients that carries over into the work they do. It's a huge win-win and something we're really committed to.

Spilko: Our pro bono practice is popular with associates and senior partners alike because it's personalized.

It's common for our senior partners to focus on matters that are important to them. They find associates who want to do that work and jump in. Other associates tell me they want to do something that is meaningful to them and we also support that.

When people are committed to these efforts, it can take up much of their time, but we still fully support these efforts.

In your practice areas, when services sound similar from firm to firm, how challenging is it to differentiate?

Berke: Speaking for the litigation practices, one of the things that sets us apart in our space is our trial experience and trial-mindedness. Pound for pound, we do more trial work than any other firm that is operating at this level.

This distinguishes us from our competitors and creates an *esprit de corps* within the firm behind the fact that we are people who can take a case to trial, and clients really appreciate this, even if they don't ultimately want to go to trial.

This is energizing and it is great experience for the associates who come here and love the trial work we do. We also attract partners who come here to take advantage of the trial work platform we offer.

Spilko: One thing that differentiates us is our partners' significant role in our matters. Many firms talk about this but, in my practice, I often have it brought to my attention. We'll be in a kickoff meeting on a transaction with 50 people in the room and then the partners from other firms disappear or are replaced as the transaction moves forward. Yet, we always have the same people on our team and it's usually a much smaller contingent than any other team we're facing.

Our clients love this, because the service is quite different. The clients appreciate the attention they get – they know we're going to be heavily involved in the transaction. Every matter is a big one for us and we work with our clients to make sure they know we're treating their matters with the attention they deserve.

Caton: At larger firms, one might think they're hiring an experienced lawyer, only to be switched to a junior lawyer later.

Since everyone here is entrepreneurial and gets engaged in what our clients are doing, we don't pull that bait-and-switch.

Spilko: We do feel like we're best in class and as good as or better than everyone else in our practice areas. We take great pride in our work, our lawyers, our team approach, and how we solve problems. We find creative ways to get the client to where they want to be.

We distinguish ourselves not just through the quality, but also the creativity, of our work.

Pearlman: Another element that truly differentiates us from other firms is the way we're configured. We're less leveraged than most of our competitors and that is by design. This has been true throughout the past few decades.

Almost 20 years ago, we shrunk the size of our incoming classes when other firms were growing theirs. We didn't feel that having a lot of first and second year associates to throw on matters made sense for us.

When it comes to our attrition rates, associates tend to stay longer here. Most firms have big incoming classes that become smaller and smaller over time; we have smaller incoming classes but people stay longer. This allows us to have leaner teams on our matters with more experienced people who have dealt with these types of situations again and again. The client sees an experienced team with the same faces and they feel they're getting the best level of service they possibly can and that it is cost effective as well.

When value is often equated with price, how do you define true value for a law firm?

Pearlman: Sophisticated clients understand value. We do see clients that want to get the lowest price and, unfortunately, many times they are sacrificing value for that. Each client has to make that cost/benefit analysis.

We try not to compete on price. Because of the way we staff cases, we tend to be cheaper than other firms since we don't throw bodies at matters, so the proof is in the pudding. Hopefully, the client understands that, at the end of the matter, they've received the best value for the price.

Kobialka: The work that we do is high-end. Clients come to us with their most difficult issues, so value is baked into what we're providing overall.

I don't think it becomes only an issue of price because clients know that they're going to get the best legal service.

What advice do you give young people coming into the industry about building a sustainable career?

Spilko: It's all about building relationships, both within and outside of their firm. It's about associating with the best talent. It's about growing relationships that will help differentiate themselves.

I also tell associates they cannot just be an M&A lawyer – they need to focus on a practice within the field that separates and distinguishes them so they become one of several experts in that field.

This could be an industry or product focus, but one has to find a way to create a special brand recognition associated with them.

Caton: I tell the associates we're trying to mentor that they need to look at themselves as a firm. They need to be mindful that no one else is going to look out for their careers as much as they will. If someone thinks they want to do something, they need to speak up. They need to assess themselves on a regular basis to make sure they're getting the work experience and client contacts they want and talk to people about that.

They can't sit and wait for things to happen – it makes their careers more challenging and interesting for them when they are proactive.

Schoeman: They need to love what they do. They need to find the thing in the practice of law that they love and pursue it. Not everything we do is glamorous, but I love the problem solving. I take great pride in the quality of work we deliver.

Berke: I think it's important that they immediately become invested in their careers and invested in their clients and the firm. Too many people are simply punching a clock. To succeed, associates need to put their hearts and souls into it.

Kobialka: Associates need to be creative because the world is changing, and they need to come up with different ways for their practices to evolve over time. There's opportunity for people to think differently, particularly as

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The people who come here are generally more successful than they were at their prior firms. For many reasons, we offer a unique opportunity for people to build on their strengths and the flexibility for them to build on the practice areas that are important to them.

How important is it to take moments to celebrate the wins at the firm?

Pearlman: It's very important. Many, if not most, lawyers are trained to see the glass as half empty versus half full. If one doesn't step back and celebrate the wins, he or she is going to be immersed in disappointment. We are trained to spot problems and so many lawyers spend their entire time pointing out why a client cannot do something. The good lawyers are the ones who, if they determine something can't be done one way, figure out a different way to get it done.

This goes to thinking ahead. Part of having a fulfilling career is that, every once in a while, we have to recognize that we, the person and the firm, did something good today and celebrate it. Then we look to build on those successes.

Kobialka: Many times we celebrate with our team, and that may include our partnership with our client as well as all the people that worked hard to get us to where we are.

Irrespective of the outcome, we do celebrate who we are as a firm and the team that came together as a family.

Schoeman: One really nice thing about the firm is we're all rooting for each other. We celebrate our own successes, but we also enjoy when other people in the firm have success and that is part of what makes the culture special.

Can a great lawyer who doesn't collaborate survive in this firm?

Pearlman: It's very hard. Great lawyers find a way, but I don't think they will have the experience they could otherwise have had if they don't collaborate.

In my position, I see that collaboration has become more important to the practice, and it's more beneficial to the clients.

Years ago, lawyers tended to function in silos. Today, it's difficult to be successful if one is not willing to be part of a team, both in their own practice area and beyond that.

If things go as you would like, will this firm look similar to what it does today in 50 years?

Pearlman: This firm is innovative and flexible enough that it will adapt however it needs to, but we're not simply going to follow the path that everyone else follows. Right now, that path is to be in as many places as possible. We will do what we think is best for us and our clients and the practice, and that will take us where it takes us. We will still be successful.

Berke: What makes this firm unique is that the partners here love the law firm as it now is. The discussion is not about how we change but how we maintain what we have. There is the consensus that we are lucky to be at the firm we are at. ●