



Joseph C. Shenker

EDITORS' NOTE *Joseph Shenker joined Sullivan & Cromwell upon graduation from Columbia Law School in 1980, became a partner in 1986, led the firm's global commercial real estate practice for more than 20 years, has been a member of the firm's Management Committee since 1996, and was named Vice chairman in 2006 and Chairman on January 1, 2010. Among his pro bono and community activities, Shenker is a member of the Steering Committee of the Board of Visitors of Columbia Law School and of the Board of Trustees of The Mount Sinai Medical Center.*

FIRM BRIEF *Headquartered in New York, Sullivan & Cromwell LLP (sullcrom.com; S&C) provides the highest-quality legal advice and representation to clients around the world. The results the firm achieves have set it apart for more than 135 years and have become a model for the modern practice of law. Today, S&C is a leader in each of its core practice areas and in each of its geographic markets. S&C's success is the result of the quality of its lawyers: the most broadly and deeply trained collection of lawyers in the world.*

What is it that sets Sullivan & Cromwell apart from other legal firms?

First, we have a very long history of being involved in the most complex commercial deals around the world. We were founded in 1879 in the Wall Street area and thus have always been very connected to the financial capital of the United States. We formed U.S. Steel and issued its certificates of deposit in 1901 and helped write the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940. We also opened offices around the world very early – we had offices in Latin America and Europe in the 1920s and have continuously grown our international practice. Our focus has always been on complicated commercial transactions and litigations around the world.

Second, we have always been totally focused on recruiting and promoting the best

The Pursuit of Excellence

An Interview with
Joseph C. Shenker, Chairman, Sullivan & Cromwell LLP

people no matter what their background – and this begets a virtuous cycle. Because we consistently recruit the best, we have the best people training each new group of recruits, and we then get the best clients and the best matters from those clients – it keeps building upon itself.

In order to retain that special culture, we are big believers in self-motivation. We give our people as much responsibility as they can take as early as possible, and encourage our lawyers to work together as a team so they get to know and learn from each other. This is why we haven't merged with other firms or engaged in large lateral acquisitions. Everyone at the firm grows up together, so to speak, and develops a consistent approach for solving legal issues and representing firm clients. We work as a team among practice areas and geographies because when someone comes to us for a new matter they don't want to hear "This is my client or her client"; they want to know that all the firm's resources will be available to them.

The firm is simply a collection of talented people who, from the outset, have been trained by talented people, marching to the beat of the same drummer in the relentless pursuit of excellence – this is the core of our focus.

Some would say this is a large firm, but it has a very intimate feel. How do you keep that edge?

On a relative basis, we are still a small firm when looking at the number of lawyers for our geographical and practice area footprints. In absolute terms, we have generally and consistently experienced 2 to 3 percent compound annual growth, so the firm of course has become larger over the years.

We have a relatively low associate/partner ratio – at three-to-one – as opposed to other firms, which can be six- or seven-to-one. The workload sharing, as between partners and associates, is the same – over the past 10 to 20 years that I have seen it, partner and associate hours have been in a virtual dead heat. There may be a variation of up to 5 percent per year, with the partners generally outpacing the associates, but not by much.

Again, the philosophy is that we are all in this together, so everyone rolls up their sleeves and does the work.

In addition, we put a huge emphasis on collaboration among our lawyers. We believe this approach leads to the best possible

representation of our clients, while at the same time giving the firm a small office feel.

How do you manage the global footprint, and is this a truly global firm in your eyes?

It is a truly global firm. Historically, up to 50 percent of our revenue is from clients headquartered outside the United States. This has been true for decades.

We have 12 offices, eight outside the United States, and we also have very strong relationships with high-quality practitioners in every important jurisdiction where we do not have an office.

One way we have been able to maintain the quality and breadth of our global practice has been through our Visiting Lawyers Program, which has been in place for more than 65 years. Through this, lawyers who are already accomplished in their jurisdictions – rising stars from in-house legal departments and law firms – are sent to us for a year of exchange training in our New York office.

These lawyers then return to their local jurisdictions and continue their careers, and many are now among the leading practitioners in jurisdictions around the world. We work hard to maintain and grow these relationships, supported by our lawyers' willingness to travel anywhere in the world on behalf of our clients, and our lawyers' fluency in a large variety of languages and experience from very diverse backgrounds.

Is technology changing the way Sullivan & Cromwell operates and does it have the potential to take away some of that human touch?

Technology is changing the delivery of legal services and advice. It enhances connectivity with new and existing clients, as well as with recruits.

We are also beginning to see the application of artificial intelligence. It is starting in the area of document review, but I am sure we will move on to artificial intelligence a la Watson, and artificial intelligence will be more effectively applied to sorting through and analyzing enormous amounts of data to create first drafts of contracts, briefs, and legal analysis.

For example, if I have a case in front of a particular judge, I can have a machine intelligently analyze all of the decisions that judge has rendered and briefs that are related to the particular case and determine which arguments the

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judge picked up on and what the judge liked in those briefs.

Technology, however, can never replace the human element necessary to be successful in this profession. The first lesson we teach incoming associates is that, in the profession of law and in life in general, it is critical to put yourself in the other person's shoes.

Client service requires a high degree of empathy, so our lawyers have to understand not just the pressures they are under but also the pressures their clients are under. Even when we represent institutions, our client is a human being – when we represent a corporation, we are dealing with a board of directors, a CEO, a vice president, or an analyst. Technology can never take the place of getting into someone else's head, whether it's that of your client, the other side to a transaction, a judge, jury, or regulator. A machine, no matter how advanced, is never going to do that.

How difficult is it to get your clients to understand the full depth of your value proposition?

All the clients we deal with are sophisticated consumers of legal services, and understand they need to look at our total value. This includes our level of creativity and ingenuity, our ability to handle complexity, our experience and track record, and the attention and resources we devote to them.

Our clients know that, for certain matters, they don't need this package and what another firm is offering might work more efficiently for them. We make the same judgment. We aren't trying to "do it all for all of our clients" – we want them to be happy and appreciate the value we add. That is why we send a client outside the firm when we know someone else has more expertise in a certain area or can more efficiently handle the work adequately.

Do you feel that top talent today understands the type of career that the legal profession offers and the dynamic aspects of this business?

Much has changed in recruiting because there are many opportunities for bright, ambitious people. Today, technology start-ups are all the rage, and many people are foregoing graduate school and going straight into a start-up. This is great for the economy because it represents a spirit of entrepreneurship – it is what has, for example, helped drive growth in Asia.

The legal industry, like other professions, has to compete with that.

In addition, people tend to regard the practice of law as long hours of routine repetitive work that doesn't have any extra dimension to it.

I believe the practice of law at Sullivan & Cromwell is different. Our goal is to be counselors to people and to help them react to crises by coming up with innovative, creative, and value-added solutions. This might involve litigation, contractual arrangements, capital markets activity, tax planning, or personal and estate-planning. In each case, our objective is to devise a package of advice that solves a unique situation.

The practice of law here is very dynamic; our lawyers are presented with new and complex problems and issues every day. Lawyers here also have the opportunity to constantly meet new and interesting people from around the world from a wide variety of industries, professions, and backgrounds.

Moreover, the practice of law has a very horizontal structure – everyone has the same basic raw materials (IQ, EQ, and work ethic) to help them tackle the issues we deal with. The only differentiation is experience – and sometimes the lack of experience may actually be an advantage because it forces one to think outside the box.

So our biggest recruiting challenge is to ensure that the legal profession continues to remain interesting and then, of course, to convey that.

I have been practicing law for 35 years, and I have truly enjoyed every day because each day I meet new and interesting people who I try to help solve new and interesting problems. I have never found it repetitive.

When you're hiring the best and brightest, does that automatically foster diversity?

Yes. We recruit globally for exactly that reason. Last year, of our incoming class, more of our lawyers were born in China than in Brooklyn. We are looking for the best people no matter where they are from or what their backgrounds. This firm has always distinguished itself as a true meritocracy: always recruiting and promoting the best.

Is pro bono work important at Sullivan & Cromwell as well?

Pro bono has always been an integral part of what we do. We have been granted the privilege to practice law and thus it is an important commitment of every lawyer at S&C to give back.

It is also a tool for our lawyers to strengthen their skills as part of our generalist approach. Through our pro bono work, our lawyers are able to work alongside individuals from all walks of life, as well as a variety of legal, charitable, and government organizations. These experiences make us better advisers no matter what type of law we specialize in.

Similarly, law students should, I think, take the opportunity to take courses outside of law. It is important to constantly be open to learning new things and having new experiences because it makes for a much better adviser.

Why is being in New York important to this firm?

We were founded in New York and are largely a commercial and financial center-oriented firm. All our offices are in global financial capitals: New York, London, Paris, Frankfurt, Beijing, Hong Kong, Melbourne, Sydney, Los Angeles, Palo Alto, Tokyo, and Washington, D.C.

But New York was the starting place for our commercial headquarters. New York law and English law remain the two most predominant choice of law constructs for contracts around the world, and thus we are proficient in both.

Is your structure different from other firms in that you continue to practice while also leading the firm?

We have a culture of working very hard at being the best possible practitioner. The firm has always believed that, in order to be a leader among equals, particularly among a group of the most intelligent lawyers around, one has to be a great practitioner and has to continue to work hard at being a great practitioner. That is the only way to gain and maintain the respect of one's partners.

We also believe that one starts to lose touch with his clients, and with providing the best service to his clients, if he is not actively engaged in the practice of law. Clients have asked me, even before I was chairman, why I was getting involved in drafting a document when someone else could do it. I find I can't review documents properly unless I also keep current with negotiating and drafting.

I am also a big believer in having much of the administrative work handled by skilled professionals who are not necessarily lawyers. But at the end of the day, we believe very strongly that the business side of any legal practice needs to be run by lawyers actively engaged in the practice of law. ●