

Punching Above Its Weight

An Interview with Paul S. Pearlman,
Managing Partner, Kramer Levin Naftalis & Frankel LLP

EDITORS' NOTE Paul Pearlman has served in his current post since August 2000. 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 LBO transactions. He also has extensive experience in mergers and acquisitions involving public and privately held entities and in the financing of acquisition transactions. He received his B.B.A. from George Washington University and his J.D., cum laude, from St. John's University School of Law.



Paul S. Pearlman

FIRM BRIEF Kramer Levin (kramerlevin.com) is a full-service law firm with extensive capabilities and substantial experience. From their offices in New York, Silicon Valley, and Paris, they represent clients from Global 1000 companies to emerging growth entities across a wide range of industries. In addition to their well-known litigation and corporate capabilities, they have top tier practices in many other areas, including corporate restructuring and bankruptcy, intellectual property, real estate, land use, tax, employment law, individual clients, employee benefits, and business immigration.

What is the secret to the consistent success of Kramer Levin?

There are many reasons for our success. One is our size. Unlike many of our competitors, we have remained relatively small by design. While a number of firms have grown to thousands of lawyers, we instead have chosen a different path, in part to ensure that we maintain quality. We have always been known for the quality of our lawyering and that continues to be very important to us. Culture is also very important, and in trying to retain our culture, we are quite selective in bringing in laterals.

Kramer Levin is a collaborative firm. People like coming to work and they get along. Most of our lawyers are in one office, and that allows partners to know each other, to be aware of what everyone else is working on, and to feel like owners.

In addition, there is really no bureaucracy here. Our lawyers have access to me and other partners in the firm, and we have regular partner meetings where partners see all financial and other information. This has been one of the secrets to making Kramer Levin a firm where people want to stay.

How broad is the expertise at the firm and what are its primary strengths?

We are a full-service firm, and we are known for the fact that we have more top-tier practices and high-quality lawyers relative to our size than almost anyone.

We are unique in that we have five or six core practice areas such as corporate, litigation, real estate, bankruptcy, and IP, most of which originate a majority of their own business. The fact that these practice areas aren't simply service

departments is one of our real strengths. We tend to remain busy regardless of economic conditions, and our performance over the years has led to slow and steady growth.

Is there an understanding by clients that price and value aren't always related?

There are some firms out there that are able to use value billing for most matters. We are still a firm that primarily gets paid by the hour. We all know that smaller deals are sometimes much more complicated than the mega transactions, and we have to work a lot harder and spend more time on those deals, which unfortunately may make it more difficult to justify the fee.

Ultimately, everything has a value, and sometimes what we are paid for a matter is at least partly based on the size of the transaction or the ability of the client to pay.

Do the firm's clients stretch across all different segments and company sizes?

We're a relatively new firm – we were founded in 1968 – and our clients run the gamut from smaller entrepreneurial companies to the Fortune 1000.

The diversity of our client base is one of the things people like about the firm. We're not like many other firms that only have a small number of large institutional clients for which they do many things. We are more of a transactional firm. Many of the biggest matters here are one-off litigations, bankruptcies, or large corporate or real estate transactions.

Overall, I believe that we represent a broader range of clients than most of our competitors.

How significant is your international footprint?

We have 60 lawyers in our Paris office and we have relationships with firms around the world, so we can handle transactions anywhere.

Does just hiring the best talent bring about a diverse workforce or do you have to put programs and metrics around your efforts in this area?

It would be great if hiring the best talent allowed us to completely achieve the kind of diverse workforce we would like, which is a primary focus for us. Sometimes it works out that way, but we must continually look at ways to improve our diversity at all levels.

This is important not only in creating a better work environment, but clients also now demand it.

Will you touch on the importance of pro bono work to the firm?

It goes back to the firm's origins. Maury Nessen, one of the founders of the firm, was the head of Legal Aid. Marvin Frankel, who is one of our name partners, founded Lawyers Committee for Human Rights (later renamed Human Rights First) and served as its chairman for many years.

It has been ingrained here that pro bono work is an important part of the firm. We count our associates' pro bono hours equally to their billable hours for bonus purposes, and we encourage all our lawyers to devote time to pro bono matters.

What makes an effective managing partner?

It's important to communicate and to be open and visible and accessible. I view one of the most important parts of my job to be responsive to the partners' needs.

As you have assumed more managerial responsibilities, do you miss having the time to practice law?

I have the benefit of knowing most of what is going on at the firm and, if a matter looks interesting, I can stick my nose into it and give my two cents. However, even though I do not have day-to-day client responsibilities, I still deal with complex legal issues that involve the firm every day. Nevertheless, one of the things I like best about my job is the business side, which I wish I had more time to focus on.

What advice do you give to young people interested in a career in law?

I've always felt a law degree is helpful no matter what one does, because it helps individuals think in a certain way that can be useful in many circumstances.

Law school teaches you to spot issues, but I tell young lawyers that it is important to always remember that the goal is still to help our clients achieve their goals. Of course, we are there to protect the client, but we are also there to help them succeed, and we must never forget that objective. ●