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Taylor's Perspective . . .

The Lawyers' Lawyers: Proskauer's Law Firm Advisory Group Sails Along

Before Martha Stewart was serving time behind bars, she was serving stellar domestic advice on her TV show. Often, when her tip especially pleased her perfectionist self, she'd look into the camera, squint her eyes, smile, and offer in that deep sultry voice her trademark saying: "It's a good thing."

Last summer, Proskauer Rose came up with its own "good thing." The New York powerhouse announced the formation of its law firm advisory practice group. While attorneys at several firms have for years represented other lawyers and law firms—Greenberg Traurig's Les Corwin perhaps most notable among them—none that we are aware of have institutionalized a practice group with such full-service capacity.

We think that this is an excellent thing.

Steven Krane and David Ellenhorn, the group's co-chairs, work with some 20 lawyers with experience in employment, corporate, tax, and other practice areas to give law firms in need of dispassionate advice—on malpractice, employment, risk management and ethical matters, partner disputes, law firm structuring, and business ventures—a well-rounded collection of practitioners. (Many of these attorneys work within the group part-time.)

Now the group is organizing its first conference, a breakfast seminar on March 2 with group members giving presentations on many of the above subjects, another good idea.

Krane, Ellenhorn, and other Proskauer attorneys have been representing lawyers and their firms for years. It seemed only natural to put together a group. "We got to thinking that we should institutionalize what we already do," Krane says, "and let it be known to the legal community that we have a unique collection of lawyers with a broad range of talent."

That makes sense, says an East Coast consultant who works with many of Proskauer's competitors and asked to remain anonymous. "You're already doing something that can be discreetly defined and institutionalized," he says. "You may as well give it a name and sell it."

Six months out from the formation of the group, all seems to be going well. "We've gotten a lot of good feedback from the legal community," Krane says. "It's been a well-received venture. Really, no other large firm that we know of has a similar practice group."

Perhaps what is most atypical is the presence of business strategists within the law firm advisory team. "We've had several law firms come to us to help them start new business ventures," Krane adds.

Good Timing

Proskauer's move seems to be particularly prudent given the increasingly dynamic nature of the profession. "There's more mobility now than ever before and more [law firm] consolidation than ever," Corwin says. Consequently, there's more need for outside counsel, he adds.

That's the way that Krane looks at it, too. "The larger firms get, the more they need the kind of outside counsel that can look at the employment issues, the ethical issues," he says. "And the larger the firms get, the more complicated their conflict of issues become and the more likely they are to run into snags along those lines. Even in the lateral acquisition process there are many issues that law firms don't necessarily focus on."

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Speaking of consolidation, firms need outside legal advice when they consider mergers. Now plenty of law firm consultants work on mergers and do so quite effectively. But as forthright and professional as these consultants may be, and some of them are contributors to *Of Counsel*, they still have a vested interest in making the deal work. After all, consulting firms gain notches in their collective resumes for every merger that they help forge.

A third-party attorney, on the other hand, doesn't necessarily gain anything. "A lot of times firms want to have an independent look at things [as they consider merging]," Krane says. "They want advice that is not affected by business interests. It's often difficult to see all the issues when you have business interests driving a certain transaction."

There's another, albeit harder-to-quantify, reason why law firms that consolidate might require legal advice. When a midsize firm suddenly merges and becomes a megafirm, the potential for alienation emerges.

That is, with the creation of a 1,000-lawyer firm, attorney Jones might find himself further removed from the seat of power, and he may not like the culture of the firm that is joining his firm, especially if that ethos is infectious. The result: He's unhappy, calls a headhunter, and eventually finds a new home. Before he leaves, however, he finds himself in a dispute with his now ex-partners. He needs outside counsel, and so does his former firm.

Both parties would be wise to call a firm that has deep experience and expertise in labor and employment issues. Proskauer is such a firm, known for years for, among other things, its preeminent L&E practice. It now has more than "150 attorneys representing employers in all aspects of labor," according to its Web site.

Ethics Experience

Krane seems the right man, along with Ellenhorn about whom Krane speaks highly, to lead the group. He's soft-spoken and humble in a way that immediately soothes and reassures his audience. It's hard not to like him, and it's easy to see why his colleagues elected him to serve a term earlier this decade as president of the New York State Bar Association.

Importantly, Krane has more than 10 years advising lawyers about ethics and professional responsibility. Just as significant, he likes having attorneys as clients, saying that they're more appreciative than many other clients because they have a greater understanding of what it means to come to a problem and address it head-on. "I find lawyers easy to deal with because you're talking about legal principles that they're familiar with."

Yet, it would seem that that could also present problems. After all, wouldn't there be at least an indirect struggle over who's got more expertise? Not when it comes to what Krane deals with, he says: "When you're talking about ethical and disciplinary issues, for example, most lawyers have never seen the inside of the disciplinary process—fortunately. So there's a lot less micro-managing and lot more reliance on your advice."

Krane says that, because the group's workload continues to increase, he and Ellenhorn plan to add some associates in 2005.

Apparently, the group has found a nice niche for itself. One does wonder, however, if it ever feels that offering advice to a firm that Proskauer competes with might not serve the partnership's overall best interest.

The East Coast consultant also considered that but came to the conclusion that such a situation could work to Proskauer's advantage. "Why would Proskauer offer advice to a competitor? Because," he says, "it's convinced that it can afford to. If you happen to do something that helps Weil, Gotshal [& Manges], for instance, all you're saying to the marketplace is: 'We can afford to help Weil, Gotshal.' That's further marketing potential." Good point.

—Steven T. Taylor

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