

Growing Up Bingham

BINGHAM MCCUTCHEM is a business development powerhouse, but its modern genesis dates to a darker time – one that shaped its character and changed its future.

In 1994, the 175-lawyer firm of Bingham Dana & Gould depended on the Bank of Boston for a third of its business. Furthermore, Boston was being invaded by outsiders and the firm's outposts in Hartford, Washington D.C. and London were relatively insignificant when managing partner Joseph Hunt abruptly retired.

In a contested election, the partners chose Jay S. Zimmerman – then barely 40 years old – to reshape the firm. Despite a successful stint managing Bingham's small London office after building his own thriving practice, Zimmerman was not sure if his selection was a blessing or a curse.

"We all knew the bank could be gone overnight, and the firm felt fearful and threatened," he recalls. "But fear is a great motivator... and [we] grew as comfortable as any group of lawyers can be with embracing change."

Building on collective confidence from early incremental progress, Zimmerman garnered support to take the firm through more radical changes while keeping exposures minimal (borrowings rarely exceed 10 percent of the inventory of unbilled time).

Since 1996, Bingham has grown from a 200-lawyer firm making roughly \$100 million per year to approximately 750 lawyers pulling in \$593 million last year (now 950 lawyers after the recent acquisition of D.C.'s Swidler Berlin). Furthermore, the firm has avoided the speed-bumps that multiple mergers often present, consistently enhancing its revenue generating capacity per individual lawyer every year.

Last year revenue per lawyer jumped more than 10 percent to \$790,000, a hike of 52 percent above the year 2000 AmLaw 100 numbers and a 14-slot increase in national ranking since that time.

Management emphasizes that this business development is a function of many elements working in harmony, including:

- An open culture that values mutual respect, honest disclosure and sharing of information – both internally to empower employees and externally in the form of advertising and public relations;
- A staged approach to acquisitions and lateral hires to fit the culture and build on core strengths in: complex financial transactions; corporate, securities and private equity matters; and high stakes litigation;



Elizabeth Chambers and Jay Zimmerman

Photo: David Spink

- An infrastructure of client-focused lawyers supported by non-lawyer professionals with significant responsibilities and input; and
- A dynamic marketing support group that tackles multiple initiatives and uses technology to facilitate better client service and interaction.

Zimmerman began to grow the marketing function early in his tenure, and two years ago the firm made a statement about its value by hiring Elizabeth G. Chambers as chief marketing and strategy officer with a non-voting seat on the management committee.

Chambers – named 2005 marketing director of the year by Thomson Elite – could have gone anywhere after being a partner in the financial institutions practice of McKinsey & Co. and a marketing executive for Bank of America.

But she chose Bingham in large measure because of Zimmerman's "intuitive people focus" and his understanding that people and culture are cornerstones to business development. The co-author of a McKinsey study on "The War for Talent" points out that empirical evidence amassed over the years "absolutely proves that good people developers (companies) will have superior sustained financial performance."

She attempts to mirror Zimmerman’s travel schedule because of the premium he places on face-to-face contact and communications with each office. It is a dizzying pace, but the result is a kind of organizational trust in making changes that some lawyers describe as “visionary.”

As respected as Zimmerman is, he acknowledges that “complete consensus” is hard to achieve on any change, adding that “you need a thick skin to succeed” as a law firm manager. As a CEO-style manager with no active practice of his own, Zimmerman also asserts that “it would be nuts not to have full-time management of a [\$700] million business.”

THE CULTURAL FOUNDATION

Zimmerman says that “core values... [and] a culture of respect” are “equally important” to strategy and decision-making in business development. He says he learned about business development from his father, who ran the Famous-Barr department stores in St. Louis. “Dad was always optimistic about people and saw the good in them,” says Zimmerman, adding that his father taught him that “the success of an organization is dependent on literally every person in the organization.”

That is a big reason why Zimmerman preaches that even in a law firm environment “you can do everything right and one impolite person can change the customer’s view of your organization.” It is also the root of a cultural emphasis that “we are not a firm where partners own everything and other employees are less important... everyone is a stakeholder here.”

Chambers says Zimmerman understands the relationship between people and economics and puts great thought into the question: “How can we make Bingham a superior place to be [for talent] in the legal world?” In fact, she is charged with supporting the mission of earning recognition for “best place to work” awards.

Due largely to employee satisfaction ratings, the firm has not only been recognized by FORTUNE magazine as one of the “100 Best Companies to Work For” two years in a row, but it has earned numerous local news accolades for individual offices as well (rated first among San Francisco large companies and third among all companies in Massachusetts).

Bingham fosters an environment that lawyers and professionals variously describe as “open” or “transparent” and consistently “honest.” In fact, Chambers was particularly impressed that the firm “was happy to open the books during interviews” so that she knew the score.

Lawyers from acquired firms and laterals similarly agree that Bingham made the courtship process very candid. In fact, Ralph C. Martin II, who now heads the firm’s Diversity Task Force, says that candor was a big reason he chose Bingham from a number of suitors after a high-profile job as Suffolk County D.A.

“The thing that struck me was how Jay and Bill (COO William A. Bachman) both said it would take two or three years to develop business as a partner without a file coming in... and they emphasized that training a lateral would take a lot of time, support and energy,” he explains.

Martin adds that the honesty in “selling” extends to clients as well. “We don’t offer to sell unnecessary [services] or things we don’t really do.” Zimmerman suggests that in a marketplace crowded with competitors “you have to realize your limits because you can’t say you’re the best at everything.”

Director of Communications Hank Shafran (there is a separate Director of Media and PR) says Zimmerman also stresses accurate and thorough internal communications to keep a growing organization from becoming uncoordinated and impersonal. That’s why there are now two electronic newsletters on marketing/public relations developments and personal news (the “Bingham Buzz”) connecting all offices.

Shafran, who left his PR practice in 1995 to become Bingham’s first marketing director, credits Zimmerman for fostering an atmosphere where non-lawyer staff is respected and empowered to do their jobs without a tangle of red tape and lawyer committees. “If you told me 11 years ago, I would end up in a law firm, I would have said, ‘you are out of your mind,’ [because] the history of marketing directors at most firms shows they last about 18 months before they move on,” Shafran asserts.

Robert M. Dombroff, managing partner for the 120-lawyer New York office, says that “we know how to do it best” attitudes among lawyers leads to “having people who feel comfortable just being subordinate.” He asserts that “professionals with high initiative and independent thought are not going to accept subordinate roles.”

Michael J. Reilly, deputy chair of the finance area and former managing partner at Hebb & Gitlin, contends that the firm’s culture facilitates growth by acquisition too. “If you come into this firm, you are immediately integrated into pitching and pulling with all of your new partners,” he says. He also admits that he had “serious reservations about a big firm culture” but suggests that

“it would be nuts not to have full-time management of a \$700 million business.”

GROWTH BY MERGER & ACQUISITION

- 2006 SWIDLER BERLIN
- 2003 RIORDAN & MCKINZIE
- 2002 MCCUTCHEN, DOYLE, BROWN & ENERSEN
- 2001 RICHARDS & O’NEIL
- 1999 HEBB & GITLIN
- 1997 MARKS & MURASE

INTEGRATION STRATEGY

- Closed recent merger with Swidler Berlin in two months
- In 2005, added 25 laterals, supported by detailed integration plans:
 - a team of hedge fund lawyers to NYC investment mgmt. group
 - a three-person team from Morrison & Foerster to West Coast banking practice
 - expanded financial regulatory broke/dealer practice to London office with addition of two former FSA officials

Bingham – despite its powerhouse talent – “reflects the humor, creativity and fun that you see in its advertising.”

PUTTING THE PIECES IN PLACE

Bingham’s current business development success is grounded in its history of lateral hires and acquisitions - each one staging the platform for another phase of growth. Even the Bingham Consulting Group (featuring regulatory and government affairs experts) and Bingham Strategic Advisers (for strategic business advice) have played a role in the staging. It is all part of what Zimmerman calls “building strength on strength” to serve clients better in core practice areas.

Dombroff was one of Zimmerman’s first strategic hires in January 1996, coming in with management experience from the 100-lawyer firm of Schatz & Schatz Ribicoff & Kotkin. He brought nine other key lawyers who filled out needs in finance, real estate and complex litigation. “We were looking for a firm with a wider marketing platform and a vision to expand,” says Dombroff. These laterals, like Bingham, were particularly eager to hit New York where a growing amount of money center work was forming.

The very next year Bingham acquired Marks & Murase, a 25-lawyer New York firm with a significant Japanese client base. That “Big Apple” presence was enough for the Schatz lawyers to grow (Dombroff took over the reins there) and for Zimmerman to stalk down the 55-lawyer Hartford firm of Hebb & Gitlin in 1999.

Reilly, who was managing partner of the target firm, says that his group was also looking for “a bigger platform with high end work... [and] a New York presence.” Because of an enviable financial restructuring practice, the Hartford lawyers were courted by “virtually every large firm in New York City,” he recalls. But they went with Bingham because “it was obvious they knew how to integrate us” and “they had the right culture.”

When Bingham cast its eyes upon the 300-lawyer California firm of McCutchen Doyle Brown & Enersen, there were nearly 40 other suitors. McCutchen had a collegial culture and a high-stakes litigation practice with blue-chip clients such as AT&T, ExxonMobil, and Microsoft. They too wanted a New York presence, but needed more than 100 lawyers there to service projected client needs.

In 2001, Bingham increased its New York presence beyond that goal by acquiring the 75-lawyer boutique known as Richards & O’Neill, paving the way for a Bingham McCutchen closing in 2002.

Hardy Callcott of the San Francisco office says the bicoastal presence and the deep strength in financial and securities matters has paid big dividends. He adds that the acquisition of Riordan & McKinzie – a 60-lawyer Southern California firm – helped flesh out the West Coast. “We are staffing national projects now that might have been too big for us to handle otherwise,” he asserts. Callcott points to mutual fund market-timing investigations, a major compliance project for Janus Funds, and transactional work for Oracle and AT&T Wireless as examples.

The former executive and general counsel for Charles Schwab & Co. came to Bingham after being a client, in part because “some firms think general counsel are a mile wide and an inch deep but that is not the attitude here.” He is one of a number of partners with in-house experience, including other broker-dealer practice partners from UBS and Morgan Stanley.

BINGHAM BY THE NUMBERS *

REVENUE GROWTH

- ▶ Gross revenue reported for 2006: **\$593.1 MILLION**
(a 5% increase over prior year)
- ▶ Revenue per lawyer reported for 2006: **\$790,000**
(a 10% increase over prior year)

NEW MILLENIUM FLASH

ATTORNEYS

2000	310
2006	750 (CURRENTLY 950)

GROSS REVENUES (MILLIONS)

2000	\$161.5
2006	\$593.1

REVENUE PER LAWYER

2000	\$520,000
2006	\$790,000

AMLAW 100 RANK*

2000	44	2005	30
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*AmLaw 100 rank based on revenue per lawyer
Numbers based on actual revenues for 1999 and 2005, reported in the AmLaw 100 in 2000 and 2006.

Callcott – like many other in-house or government lawyer laterals - had no predictable book of business to bring, but he says that “Jay sees the potential in people.” Callcott also maintains: “I am a better client lawyer for having been in-house [because] I understand the industry more than if I spent my whole career specializing in a law firm.”

The former GC adds that clients like the Bingham Consulting relationship because of “the substantive expertise that comes from relationships with key regulators who understand the practical workings of government.” Callcott notes that the clients appreciate hearing from former California Governor Pete Wilson or former New Hampshire Governor and Attorney General Steve Merrill about the “real-life” process of regulation and approvals. He adds that “state regulators are becoming more important to clients as Eliot Spitzer and others look at securities firms more closely.”

HIGH INITIATIVE MARKETING

Lawyers who have arrived at Bingham laterally or by acquisition credit the marketing group for rapidly integrating them into client service and development. “I was one of the team right away,” says Reilly. He also recalls the pleasant surprise of having a business development infrastructure. “I found I could focus more on client service and advice while [the marketers] do the research [on clients and their industries],” he says.

Chambers says her department is relied upon for so many services that she often uses a pictorial graphic to explain them all. “It’s helpful for our lawyers to see how initiatives work together in client development,” she says. The graphic illustrates the interaction of advertising, media, seminars and events, pitches and

proposals, speaking engagements, attorney articles, newsletters, websites and other external communications.

Lawyers say the marketers help them get involved in each activity. “Bingham really has a lot of ways of providing business development support, and associates are encouraged to start early,” says bankruptcy lawyer Julia Frost-Davies, adding that the firm understands that “marketing is not random acts of lunch.” The co-author of a brochure on “Rainmaking for Associates,” Frost-Davies also credits Chambers for a quantitative business focus.

Chambers uses several metrics to help lawyers and group leaders to track their progress in business development. Among those metrics are numbers of pitches, contacts, events, mailings, and “client touches.” She also looks at the “return on investment” for certain specific activities and wants to start tracking “share of wallet” to measure how Bingham matches up against competitors for client utilization.

Last year, Chambers beefed up attention to effective use of a contacts and relationship database. “The value of a robust, rich mailing list really rubbed off on me [in the banking world],” she says. Bingham’s actively-managed contacts list went from roughly 16,000 to 60,000 last year and that, according to Chambers, makes for more effective targeted invitations to special events, better alumni outreach, relationship mapping to identify optimal teams for pitching and servicing, and opportunities for targeted mailings. Thorough tracking of “client touches” can also save the embarrassment of duplicate pitches or counterproductive efforts in relationship building. “At first, some lawyers felt adherence to using our lists was shutting down their entrepreneurialism, but when you get the right people into the right door they see it really pays off,” she asserts.

She also contends that Bingham’s efforts at building and utilizing relationship data has resulted in more pitches with more effect. Chambers believes that Bingham’s revenue will jump further as a result of doing 75 percent more pitches and proposals than last year with more “targeting” in mind.

Use of knowledge management technology has also helped Bingham to earn a reputation – backed up by market research – that the lawyers are “problem solvers” in part because they “access the rest of the firm on a dime when needed.” The firm’s proprietary in-house programs known as “DealTracker” and “CaseTracker” permit lawyers around the firm to learn instantly what knowledge and experience other lawyers have pertinent to an industry or subject matter. Not only does that make clients happy who don’t want to pay for lawyer education time, but it leads to better focus in pitch pieces.

Last year, Chambers also brought to management level attorneys technological reporting tools known as “dashboards,” which are the latest favorite of executives at companies such as Microsoft, Verizon, GE and Oracle.

A manager can customize a dashboard, but in essence, it provides frequent periodic guidance on measurements derived from the accounting system. At Bingham, the first generation

MAPPING BUSINESS DEVELOPMENT

- ▶ On-the ground business development staff in:
 - Boston • Hartford • London • Los Angeles
 - New York • San Francisco • Washington, D.C.

DEDICATED MARKETING

- ▶ Employs 45 marketing professionals, including 11 directors.
- ▶ Hosted 95 events during 2005 in all offices, ranging from practice group breakfast briefings to firm-wide receptions for hundreds of current and prospective clients
- ▶ Practice Group contacts increased by 73% in 2005

CONSISTENT EXPOSURE

- ▶ Unique and humorous imagery throughout print advertising, web site, communications and marketing material.
- ▶ Sent 160 Alerts (attorney-written legal and business trend updates) to firm contacts during 2005

dashboard focuses on billable hours, realization on collections, and the inventory of clocked but unbilled time. It also provides time values and cash receipts by client or matter. This facilitates faster course corrections and earlier interventions when there are problems with a client, matter or other issue. “It is really a part of the business process and discipline,” Chambers surmises.

But business development is not just about cold analysis and high-tech toys at Bingham. There is a concerted effort to reach out to the community through diversity programs, pro bono work and other inclusive events.

Frost-Davies, chair of Bingham’s Women’s Initiative, says the marketing budget dedicated to the initiative has funded events involving judiciary, alumni and other key contacts in the “Celebrating Women Series.” One Bay area event that drew enormous attention and positive press revolved around a museum exhibit of artifacts associated with the first woman pharaoh of Egypt - Hatshepsut.

These events are not only fun but, according to Chambers, they have produced “real wins” in business development. She says: “There’s a high rate of return on these events. People often call up the next day with work for us to do... [and] I think that [client] lawyers are just energized around diversity and gender issues so it’s part of the mix in valuation when they shop around.”

Boosting gender and diversity outreach is just one of Chambers’ many initiatives for 2006. She will also be tackling enhanced branding, a new website and the creation of a “priority client” program. It is an ambitious agenda – but one that fits with a chairman who wants Bingham to be “the best national law firm” in five to seven years.