



## **'Mother Mayer' Becomes a Target**

Elimination of 45 partnerships stirs hopes of hiring away top lawyers

By Stephanie Francis Ward

Since Mayer, Brown, Rowe & Maw eliminated 10 percent of its equity partnerships last week, other law firms are eyeing those still there, thinking shareholders at the firm known as "Mother Mayer" might now be more open to lateral offers.

News of the terminations broke Saturday when the *Chicago Tribune* posted a story about the situation on its Web site. Shortly afterward, the firm's policy committee sent out an internal statement confirming that 45 partners were affected by the change.

Mayer Brown's 2006 gross revenues were over \$1 billion, the memo stated, the highest ever in the history of the Chicago-based firm. But to compete with other firms, the memo read, Mayer Brown had to change its partnership structure.

"About half of the people were asked to stay as counsel," says James D. Holzauer, who in June will become Mayer Brown chairman, "and the other half were asked to leave the firm."

Kay Hoppe, a Chicago legal recruiter, says that when she came back from lunch that afternoon, she had 47 telephone messages from firms interested in poaching successful Mayer Brown partners. In the past, the firm was known for having great lawyers who were also very loyal, she says.

"When something like this happens, if people you did not want to lose start leaving, it's a jarring experience for an institution," she says. "I think it's a close partnership, and there will be a lot of pain."

Holzauer acknowledges the decision has affected morale, including his own. However, he isn't concerned about losing successful partners to other firms.

"The people who are being de-equitized or asked to leave the firm are good partners, good lawyers and good friends," says Holzauer, a litigator who practices in Chicago and New York. "This involves very good people, and the simple fact is even though we've had recent record revenues and profits, our profits are not as strong as they need to be to attract the best lateral candidates and retain the best people at our firm."

According to a 2006 *American Lawyer* magazine survey of the top 100 law firms, Mayer Brown profits per partner for 2005 were \$955,000. Comparatively, two other Chicago-headquartered law firms—Kirkland & Ellis and Sidley Austin—reported 2005 profits per partner as \$2.1 million and \$1.2 million, respectively.

“Many firms that Mayer Brown thought they were better than have grown substantially in the last five years, and I think the need and desire to be an Am Law Top 25 firm is driving this,” says John A. Cashman, a Chicago legal recruiter.

When Sidley Austin downsized its partnerships in 1999, it wound up facing an age discrimination suit filed by the EEOC. And that lawsuit, which focuses on whether an equity partner can be considered an employee, is pending in U.S. District Court for the Northern District of Illinois. *EEOC v. Sidley & Austin*, No. 01 C 9635.

But the ages, genders and races of the 45 Mayer Brown partners have not been disclosed by the firm. Martin P. Greene, a Chicago employment-defense lawyer, says if the decision to eliminate partnership status was based purely on objective factors, such as revenues off labor and billings, it is unlikely discrimination claims against Mayer Brown would survive.

“I have seen nothing to suggest to me that Mayer Brown would make their decision on anything based on age,” he says. “They’re in the business to make money, and that should be one of their most important concerns.”

Like Hoppe, Cashman says he’s getting calls from lawyers looking to hire successful Mayer Brown partners. According to him, the firm’s transactional practice is particularly well-respected.

“Something like this can cause people who were on the fence about the future to jump off that fence,” Cashman says. “If you have a culture that is known as ‘Mother Mayer,’ you run the risk of breaking sort of an implicit promise with your people.”

Alternatively, some Mayer Brown partners may appreciate the firm’s decision, particularly if losing 45 partners increases efficiency at the firm.

“After all this, one can assume that partner profits will be increased,” Hoppe says.