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Industry Watch

The Constant Gardener, Nurturing Growth of a Different Kind

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LOS ANGELES — Guy Halgren always wanted to own a nursery. So for a time the fourth generation San Diegan — his great grandfather grew olives and lemons there during the 1880s — ran a business cultivating ferns.

But for the past eight years, as chairman of Los Angeles-based Sheppard Mullin Richter & Hampton, Halgren, 53, has supervised a different kind of growth.

Since taking the helm in 2001, the firm has grown from four to 11 offices as new outposts cropped up in business mainstays like Century City, New York and Washington, D.C. and in emerging markets like Shanghai, China.

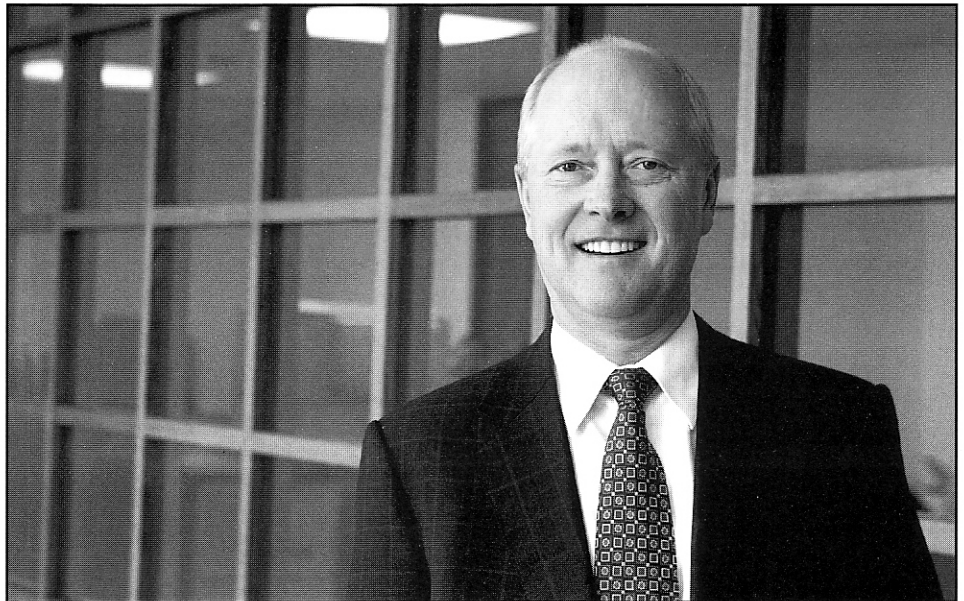
“He’s managed a lot of growth and I think he’s done it in a smart way, and that’s not easy to do,” said Domenic Drago, a partner who joined Sheppard’s San Diego office within weeks of Halgren in 1986, who leads the firm’s real estate group from Del Mar.

Preserving a firm’s culture as it grows from regional player to international law firm is a challenging task, but legal consultants say Sheppard is a firm that’s known for maintaining its collegial appeal.

“Sheppard is continuing to grow intelligently through the downturn and has emerged as the quintessential L.A. law firm and is proud of it,” said Dan Hatch, the head of the partner group at the legal placement firm Major, Lindsey & Africa. “Guy has seemingly preserved many aspects of an old fashioned partnership where many partners still feel like they own the place.”

Halgren says Sheppard’s commitment to the culture of its partnership is a point of internal pride.

“Partnerships have become less like



ROBERT LEVINS/ Daily Journal

Guy Halgren has presided over robust growth during his eight years at the helm of Sheppard, Mullin, Richter & Hampton, while still managing to preserve the firm’s collegial culture. The firm has grown to 500 lawyers in 11 offices around the world.

partnerships and more like corporations, which has broken down the mutual loyalty,” Halgren said. “Laterals often join and can’t believe we run the firm the way we do, being as large as we are it’s democratic, but not a town hall.”

Halgren said that building a cohesive partnership is one of the firm’s strengths. Of the more than 100 lateral partners Sheppard has brought in over the last eight years, about 78 percent remain with the firm.

“That speaks well of the process,” said Paul Malingagio, the firm’s administrative partner in Los Angeles. “Guy is intimately involved in each and every lateral partner acquisition.”

In January, the firm expanded its white-collar defense practice when it added three litigators — Bryan Daly, Charles Kreindler and Peter Morris — from May-

er Brown. Last month, real estate attorney Pamela Westhoff made the jump from DLA Piper.

“I’ve been watching the emails and they’re so positive and it’s much more of a close-knit group,” said Westhoff shortly after her move.

But more goes into managing a 500-attorney firm than hiring the right lateral partners. Halgren has presided over what could have been controversial structural changes to the way Sheppard promotes associates and bills clients.

Several years ago, the firm established a new method for promoting associates on their ascent to the partnership after their fifth year with the firm. Instead of remaining in lock-step progression, the compensation and promotion of senior associates is now a merit-based process.

Last year, several months after the cur-

rent recession began, the firm established three alternative fee czars to study and approve alternative fee arrangements. Though Halgren thinks most of the firm's work will continue to be billed hourly, considering different arrangements was a move the firm made to remain competitive in the current economic climate.

"Both law firms and clients were growing impatient with straight hourly billing and this recession accelerated finding new ways to provide services," Halgren said. "We know to compete in this market we needed to become more creative."

Halgren's ability to rally support for crucial strategic moves is something his partners say comes naturally. Getting the votes to open seven offices over nine years — without taking on debt to finance the office expansions — requires constant communication to make sure everyone is on the same page.

"Guy is very good at the communication aspect of building consensus so that the firm understands, on the whole, why the action is being taken," Malingagio said.

Building consensus, developing long-term strategic plans and opening new offices are skills that Halgren says he's developed over nearly a decade on the job. He's also learned how important it is to set up an environment where, with the right leadership, the firm can succeed.

"I didn't understand, at the beginning, how important it is that you have the right people ... I had this linear idea that you could just manage people," Halgren said.

Halgren says the most challenging task at hand is steering a still-growing firm through the worst economic recession of his career — all the while reminding his attorneys that the downturn also provides new opportunities to get closer to their clients.

"It's a time we can work together to find solutions to make sure that we come out of this stronger than we went into it," Halgren said.

Halgren's third, three-year term ends next year. He's still not sure whether he will run for another term or return to his labor and employment practice, where he developed an expertise defending employers in wage and hour class actions and retains several important clients.

Regardless, Sheppard partners say it will be a different firm after his last term than during his first.

"The punctuation on the last nine years has been that Guy took the helm and guided the firm to grow from about 300 lawyers to well over 500," Malingagio said. "He's guided the firm through that process, from a California regional firm to a national and international firm, and he's done a great job."