

## Law Firm Leaders Cautiously Optimistic Heading Into 2024

By Xiumei Dong

*Law360 (November 28, 2023, 2:03 PM EST)* -- Major U.S. law firms are steadfast in their commitment to the pursuit of further growth in the coming year, taking a cautiously optimistic view despite ongoing economic uncertainty.

Industry observers noted a near-even split among law firm leaders, with some looking to grow opportunistically and others adopting a more tentative approach as the industry continues to rapidly evolve.

Many firms and their leadership are still grappling with the transformation of the workplace post-pandemic and the quest to determine the most effective approach to remote work.

Firms are also increasingly turning to new technologies, such as artificial intelligence, to stay ahead of the curve.

Law360 Pulse caught up with four firms that placed high on this year's Leaderboard — a ranking of law firms distinguished by all-around excellence in their profession — to discuss how the legal industry is preparing for 2024.

"We're not immune to some of the challenges in the transactional space that many of our peer firms have confronted. Having said that, we've been able to offset that by significant work in other areas," Arnold & Porter Kaye Scholer LLP chairman Richard Alexander said in an interview.

According to Alexander, Arnold & Porter's litigation practice has been particularly busy in 2023, and the firm has also seen strength in regulatory practices, such as antitrust, along with other areas like financial services, government contracts, intellectual property and bankruptcy.

Looking ahead to 2024, Alexander said that his firm's plan is to continue to build on its successes to date. "But doing so in what continues to be a challenging environment," he noted, citing factors such as the political situation in the United States and uncertainty in the Middle East.

"There's still a lot of opportunities for us," Alexander added, pointing to the recent opening of a Boston office as a key area where the firm is focused on attracting and adding talent.

Brad Karp, chairman of Paul Weiss Rifkind Wharton & Garrison LLP, said his firm will continue to grow its London office and focus on integrating the new lateral hires brought on there, as well as in its recently

established Los Angeles office.

"Given that we were more active in the lateral partner market in 2023 than any prior year, we will be a little bit more opportunistic and incremental in terms of lateral partner opportunities in the coming year," Karp said. "If we see opportunities to materially improve our firm by adding superstar talent, I'm certain we will try to take advantage of those opportunities."

However, Karp also noted that the firm's leadership will remain mindful of maintaining the firm's "relatively modest" partnership size and are committed to preserving their firm's culture, values and traditions.

"I am a very big believer in the importance of culture and professionalism in law firms, so we will continue to redouble our efforts in the coming year to focus on and invest in our culture," Karp said.

He also expressed concern about existential threats to the economy, society, and the global order, and noted that the firm's leadership are closely monitoring global events, including issues in Israel.

"It's disappointing that the issue of antisemitism has become such a hot-button issue 80 years after the Holocaust, but it is, and I view one of my primary roles as the leader of Paul Weiss, and as one of the leaders of the legal profession, to speak out courageously and forcefully on the need to combat hate speech, hate conduct, and antisemitism in particular," Karp said. "It's hard for me to fathom that the world is returning to a place that I thought we had left behind generations ago."

Bruce MacEwen, attorney and president of legal consultancy Adam Smith Esq., said "There are so many powerful and somewhat contradictory forces affecting the industry. I would say the degree of uncertainty, just opacity going forward, is at the highest level I've seen it in many years."

During 2023, the legal industry witnessed a wave of leadership changes, as managing partners chairs, and CEOs from a number of large law firms announced their plans to step down. Some of these transitions were expected, and the incoming leaders are actively preparing to address the challenges and opportunities on the horizon.

"I'm incredibly lucky to have Joe still here and be such a steady hand on this wheel as we work through a transition," said Cooley LLP's incoming CEO Rachel Proffitt, who will succeed Joe Conroy as the firm's new leader on Jan. 1.

Proffitt outlined three top priorities for Cooley as the firm heads into 2024, including enhancing the firm's culture in order to stand out in the marketplace, emphasizing innovation in client service and internal operations, and gearing up to serve high-growth companies in the modern economy.

According to Conroy, who has served as CEO since 2008, Cooley's strategic efforts over the past decade have positioned the firm well to seize upcoming opportunities as private finance, mergers and acquisitions, and capital markets show signs of resurgence in the next up cycle.

"So for us, it's more about doubling down on the things that we've historically done well and great," Conroy said. Despite reducing its workforce by 150 in late 2022, Conroy stressed that Cooley remains committed to talent investment and plans to be more active in lateral recruitment as market conditions improve.

WilmerHale will also undergo a leadership change on Jan. 1, as the firm's veteran white collar litigator, Anjan Sahni, takes over from Susan Murley and Bob Novick as the firm's new managing partner.

"We are at an exciting moment in our transition of leadership, and our core priority will be to maintain the firm's extraordinary reputation for client service, integrity and commitment to the public interest," Sahni said in an email response to Law360 Pulse.

Sahni stressed that WilmerHale has "a strong and diverse" set of market-leading practices that consistently perform well, regardless of the economic cycle.

"The firm is managed to be disciplined financially with a view to achieving improved economic performance year over year," Sahni said, adding that WilmerHale has doubled its profit per partner over the past 11 years, increased net margin by 80%, and grown to almost 1,100 lawyers, with significant expansion in New York and the western region, including new offices in San Francisco and Denver.

Leaders in the legal industry are still in the process of navigating the significant changes the COVID-19 pandemic has brought to the workplace, particularly in terms of redefining remote work policies.

According to Carlos Pauling, executive director of Major Lindsey & Africa's partner practice group, many firm leaders are still trying to find the right balance between retaining top talent and meeting client needs, while acknowledging the appeal and efficiency of remote work.

However, there is a consensus that in-person interactions in the office remain crucial, especially when it comes to providing adequate training for young attorneys.

"It's very hard in a hybrid world to replicate the [moment] when you're walking out the door at night and you stop by a colleague's office and say, 'I just want to run something by you,'" Alexander said, stressing the importance of maintaining engagement among employees and clients, even in a hybrid work environment.

Even though he believes that hybrid work arrangements are here to stay, Alexander stressed that the success of the hybrid model does not depend solely on the number of days spent in the office but rather about how engaged individuals are with their clients and colleagues.

Echoing Alexander, Karp said his firm is trying "very hard to be sensitive" to employees' needs while ensuring that they are meeting clients' objectives. According to Karp, Paul Weiss aims to have lawyers in the office for at least three days a week, and the firm's leadership have adopted technologies and practices to facilitate collaboration when working remotely.

"We're not doctrinaire about rules and restrictions," Karp said. "Our whole focus is to make sure that we are serving our clients' absolute best interests, safeguarding our employees' mental and physical health, and their training and mentoring and professionalism, and development within the firm."

Conroy also said Cooley has been adaptable and flexible in response to changing circumstances, with a focus on ensuring the well-being and success of the firm's talent while also meeting client needs.

"I don't think anyone questions here that we are better together, and so the question then becomes, what does that look like in this new normal?" Proffitt echoed, stressing that the firm's strong culture and attitude of mutual respect enables it to explore creative and flexible approaches.

"I'm confident that it'll evolve over time, but it'll evolve in the right direction, which [is] in a way that [goes] back to where we started. It reinforces our culture and enables us to deliver best-of-breed service to our client base," Proffitt added.

As artificial intelligence becomes increasingly integrated into various business operations, law firms are exploring its use as a tool and its implications for client service. Nevertheless, firm leaders acknowledge that there is still much to discover and understand about this technology.

"We are working with AI in our firm across departments and across offices," Karp said. Although some tools are more market-ready than others, Karp emphasized that his firm is focused on deploying AI to enhance efficiency and provide improved client service.

"I would imagine that the pace of change and enhancements will accelerate pretty dramatically in 2024," Karp added, noting that Paul Weiss has leading AI experts, as well as a dedicated technology and knowledge management team focused on monitoring tools and platforms.

"We fundamentally believe that AI, all of its forms, for us is a game changer," Cooley's Conroy said, highlighting the fact that the firm's track record in dealing with high-growth, disruptive companies positions it well for the high-growth and disruptive AI field.

"We believe that nobody is in a better position to be not just a thought leader, but a business leader in attacking those opportunities on both the business side and the litigation side, and that's proven itself out," Conroy added.

However, despite there being firms that are "working feverishly" to create specialized teams or committees to explore how to leverage AI to their advantage, Pauling pointed out that many are still in the process of figuring out how to effectively navigate this rapidly changing technology.

At Arnold & Porter, Alexander also mentioned that there are experts within the firm focusing on the impact of AI, which he believes will affect various aspects of their practice in distinct ways.

"I still think it's early on in this process, but I think, in the long term, it's going to have a major impact on our industry and on our profession," Alexander said.

--Editing by Pamela Wilkinson and John Campbell.