

THE AMERICAN LAWYER

An **ALM** Publication

americanlawyer.com

DECEMBER 2021



JOE CONROY IS NO STRANGER to leading in turbulent times. He took the reins as Cooley's CEO in 2008, in the midst of a global financial crisis. At the time, he tried to convince his partners they could build one of "the great law firms of the next generation," he says.

Nearly 14 years later, as Conroy leads the firm through yet another global crisis—with record financial success in the process—it would be hard to argue he was wrong.

With Big Law's interest increasingly gravitating toward Silicon Valley and the tech and life sciences clients that have catapulted Cooley to more than \$1.5 billion in annual revenue, Conroy spoke with *The American Lawyer* about keeping up with the competition, balancing emerging and established clients and the

The American Lawyer Interview With

Joe Conroy of Cooley

By Ben Seal

concerns that accompany rapid growth. This conversation has been lightly edited.

BEN SEAL: What's the mood around the firm these days?

JOE CONROY: You can't answer a question about the mood of the firm without acknowledging the world we're in. While there's a lot of anticipation that we're in the later stages of this, it's taken its toll on us as a human organization.

In addition to the challenges we all face in our personal lives with the pandemic and doing our work remotely and not being connected to each other in the way we always had been, we've had the blessing of an extraordinary run of success and the challenges that brings in terms of hyperproductivity and the interpersonal challenges posed by great client demand.

The mood in the firm as to the place we occupy in the world of Big Law firms is ebullient. It's as positive as you could get. You can't look at where we've come and not be happy, but for having grown as quickly as we've grown, there is a fair amount of concern in the partnership that we are managing that growth correctly and that we're doing everything to deliver on the promises we made to enhance the culture as we grow.

Some days I look on those concerns as challenges to overcome, but on most days I look at those concerns as a great sign of a healthy and robust partnership that really is attuned to the most important things in terms of maintaining our organization.

BS: What are you hearing from clients right now that's new and different?

JC: A lot of what I hear from the clients is making sure that we stay tuned to being able to deliver high-quality service in a new delivery environment. We went from being fully remote to hybrid. Will we be able to continue to provide the service and the training and professional development to our lawyers so that in this environment of both being remote and being more than fully engaged, we can provide clients with world-class service?

Beyond producing diverse teams, clients want to understand how we can partner with them to solve and attain our mutual shared interest in creating diverse, equitable and inclusive workplaces and workforces. Our clients care deeply about that, and they see value in our creating partnerships with them, even if they're only partnerships in thought. They view our level of commitment to that not just as a prerequisite to being able to represent them, but also as a sign that we're culturally aligned with them, and that leads to greater connectivity and stickiness with clients.

BS: What is the outlook right now, with the pandemic hopefully in its later stages, for the types of tech and life sciences clients that Cooley caters to and the work they bring to you?

JC: It's bullish. It's interesting to compare where we are now and the challenges we face with those we feared we might face as we fled our offices in March 2020—whether clients would be in business, whether they'd be able to pay us, whether the workload would stay strong. In part because of the concentration we have in the tech and life science spaces and more broadly the expertise we bring to representing innovative, high-growth companies and those that finance them, the workload has burgeoned and business has blossomed during the pandemic.

We remain very bullish that the sorts of clients we represent—the modern economy and new economy—that we're in a great space for that. Like any big law firm representing mostly corporate America, you have to deal with up and down business cycles over the course of time, but as a fundamental business proposition we feel we're in the right place.

If I were to talk about the extraordinary success people see in the numbers, that success has been a long time coming. It's been a couple decades in the making. I feel like we've built a belief system that serves as the foundation for success, and that belief system is the thing that glues us together. As leaders of the enterprise, we try to get buy-in from all corners of the firm. The shared belief in

those things is our greatest asset. And one of those things is that this space we uniquely occupy—representing the innovators and the disruptors—that at one point in time that might have been considered the little kids' table at Thanksgiving, but it's now the big show. As long as we're able to provide world-class service, we can deliver on what we've said about ourselves, which is that we aspire to be one of, if not the great law firm of the next generation.

BS: There's quite a lot of competition for the work that is Cooley's bread and butter. Where do you see the firm situated within all of that competition right now?

JC: I'm pretty philosophical about that. The rush of law firms—big, historically successful law firms that haven't historically been in these sectors—into these sectors, to me it's nothing more than validation of where we placed all of our chips. I feel it's a validation that we're on the right path. So many firms have reacted to some portions of our success by trying to do things the way that we do them. We see that as a compliment, and again as validation of the path that we're on.

But when you are inviting competition in your market, in your

“So many firms have reacted to some portions of our success by trying to do things the way that we do them. We see that as a compliment.”

space, from the most well-heeled, historically significant, well-funded competitors—the most elite firms—that is a task you need to take on appropriately sober. We look at the competitive advantages we have in that space. This notion of technology and life sciences is a bit of misnomer, because it's really about innovation and high growth, but when you look at the nexus of this industry, we were around at the dawn of this industry so we became associated with businesses in those industries. We built a business model that's balanced between business and litigation, so the enterprise is broad of beam. We think we're really the only firm that's been able to create a business unit that has an almost infinitely replicable set of emerging company clients that we represent. It's 7,000-plus. And at the same time we have a dominant, market-leading position in capital markets, both on the bank and issuer side and the M&A side and all the powerful practices that go with that.

If I were to characterize the last decade and a half I'd say it's been transformative and fast moving and competitive. I don't think there's any question that the next decade will be more so, in part because of the competitors and in part because with our success we've put a target on our backs.

BS: Has the ongoing talent war created any unique challenges or opportunities for Cooley, given that you're already steeped in such a competitive space?

JC: You cannot overestimate the competitiveness of this war for talent, both partners and associates. We've always tried to simplify for our partners the business: If you take care of recruiting, developing and retaining the best human capital, you will be a market leader, and you will be elite and you will be distinctive. Because the market's been hot, that task has become much more difficult for us. That increasing difficulty is exacerbated even further by the fact that we are perceived as being excellent and having something special. There is a heightened desire to recruit Cooley folks.

On the other side, we turn that around, and we operate as acquirers and recruiters of talent in a pretty unique way. We've been very, very successful in convincing great lawyers at great law firms that the future is brighter with us. Because we are so distinctive, we have an edge, we have something to sell that a lot of other law firms don't have. And probably our biggest advantage in recruiting is our authenticity. When I talk to lateral partners that come through the recruiting machine here, I often hear them say, 'Gosh, either you have some kind of training program where you're training your partners to all say the same thing, or you're some sort of a cult leader.' Neither is actually true, but what we do have is a nice little way of being ourselves. Nobody doesn't get who we are. We are truly a firm that has staked its future on being culturally different. All of our folks are behind that cultural difference.

It's axiomatic that high growth threatens culture, but if in fact the folks you're recruiting are attracted by your culture, then growth becomes sustaining and affirming and enhancing of the culture. That's a big thing we think about in this war for talent.

BS: Where is the firm focusing its investment these days to keep up with clients' needs?

JC: The short answer is in part perhaps belied by the fact that we just opened up a new office in Chicago, which we're really proud of. For a firm like ours to not have been in a commercial center the size of Chicago, let alone one that has seen a great increase in the venture and other private finance tech and life science clients. ... We are focused on developing more depth and breadth around our power centers. Silicon Valley, which is not just a geographic power center but almost a psychic power center now. We need to grow and add muscle there. The East Coast corridor, from New York down through Washington, that's a huge power center. We've had a tremendous growth story in Asia, and London and Brussels. We're less about going to new markets now and developing business there and we're more about building more depth, breadth and mass in these power centers.

From a practice perspective, I'd say this has been an amazing opportunity for us to grab talent around this tremendously burgeoning public companies practice we have, with 1,500 public company clients, and for 250 of those we're the primary outside counsel. We've been very attuned to being able to create the amount of depth and breadth and capability to be able to represent those clients over the course of time. At the same time, we are attuned to the shifting of political winds with the last administration, but even before that, the notion that technology clients need advocates to get Washington off their backs and on their sides. Developing those sorts of regulatory practices and investigations practices has been top of our list as well.

BS: Are you considering looking into Texas or any other areas that have become increasingly attractive to clients in the past several years?

JC: You never say never, and of course we look at those markets all the time. For us, these decisions are all talent acquisition decisions. Our focus is most definitely around building in our core markets.

I will note with some degree of pride, because others said it would never happen, that recently, after 101 years as a law firm, New York became our biggest office.

BS: Cooley does a lot of its work with startups and emerging companies. How does that work from a fee perspective? Is there an understanding that, as the relationship evolves and the company grows, the fee structure will also evolve?

JC: It is undoubtedly more difficult to maintain a vibrant emerging companies practice where you are making sure that, when those companies go from a garage to the big board in the blink of an eye, you own that client relationship. It's undoubtedly harder in an environment where our hourly fees get pushed up. I think we do something a bit different than our competition. They're trying to be more aggressive about fee deferrals and reductions in the early days. We try to manage that by utilizing leverage, by utilizing a high volume of transactions, which enables us to have junior lawyers operate at a much higher level, by creating relationships where we are providers not just of legal services but of knowhow and mentorship and part of an affinity connection in those emerging growth communities.

We've got a historical connection to the venture industry. At the end of the day, to maintain our realization in those practices we haven't had to make the sort of fee concessions in terms of deferrals and reductions that you'd think we would. That doesn't mean we get every one of those companies we want, nor does it mean that we don't from time to time find ourselves unable to effectively provide the world-class services a client would want at the absolute amount they're willing to pay. But we've been pretty successful at not having it be a loss leader. It's definitely not that.

BS: What keeps you up at night?

JC: The never-ending task of keeping the partnership and our family focused on the task at hand and keeping folks centered around this notion that we've become elite and we've become distinctive but we've done it not just by staying Cooley but by continuing to enhance what it means to be Cooley. As you get bigger and farther flung, that continues to be a big challenge.

What keeps me up at night is creating the right channels of communication within the law firm so we can stay connected, that people can come in and agree on what we're going to do. High growth makes that sort of connectivity a great challenge, but that sort of connectivity is absolutely crucial to our success. ■