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Standing firm

Nashville's legal industry is changing as national law firms circle homegrown offices

BY LENA ANTHONY
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Nashville's booming status has hit another industry. Typically dominated by native firms, the local legal market is being flooded with requests (some successful) from upmarket firms employing a variety of strategies to help them hang a shingle here.

Before this year, the headline belonged to Pittsburgh, Pa.-based K&L Gates. Don't let its headquarter city fool you. Measured by size, K&L Gates is the 13th-largest firm in the U.S., with nearly 1,700 lawyers across 45 offices on five continents. It entered the Nashville market in 2020, by way of lateral partner hires, mostly from Butler Snow, but also from Waller, Dickinson Wright and Bass, Berry & Sims.

Of course, there are other ways to enter a market. Polsinelli, a national law firm based in Kansas City, built its Nashville presence mostly from the ground up when it opened its local outpost in 2015 with a pair of health care attorneys. Eight years later, Polsinelli has 35 lawyers here.

Focused on labor and employment law, New York-based Jackson Lewis staked its claim on Music City last year employing a similar strategy. It opened its Nashville office (the firm's 63rd) with two attorneys and now has six.

But firms wanting to ensure a quick and powerful entry into a new market might, well, go bigger. That's what Tampa-based Holland & Knight, with its annual revenues that begin with a B, is doing to enter the Nashville market this year, when it completes its acquisition of Waller and gains 280 attorneys.

It's not a new strategy, of course. Out-of-state law firms have long staked a claim here, with varying levels of success. Among the most successful was Bradley, a Birmingham, Ala.-based law firm that entered the Nashville market in 2009 when it merged with Boulton, Cummings, Conners & Berry.

Jon Skeeters was a Boulton Cummings partner at the time of the merger. Since 2018, he has served as Bradley Arant Boulton Cummings' chairman of the board and managing partner.

"The merger talks began because the Boulton Cummings partners knew Nashville was a great market but felt we could diversify and find ways to grow and be more than just Nashville-centric," he recalls. "Then the Great Recession hit, and from our perspective, the timing was perfect. There was a better mix of work for the Boulton Cummings lawyers to rely on and different markets to tap into for work and talent."

When you read the press releases about a law firm merger, these are exactly the kinds of benefits mentioned — expanded capabilities, broader geographic reach, deeper industry experience. And there's typically a mention of what it says about the market being entered — that it's strong and shows a lot of potential for growth.

"There's an aspect to this recent activity that is really exciting," says Nancy Stabell, a local business transaction lawyer and founding member of Wood Stabell Law Group. "These mergers reflect all the hard work that has been put in, by our local government, by our chamber, by our business leaders and entrepreneurs, to make Nashville a great place to do business. These global firms are evaluating the opportunities in our city and they can see the long-term potential. This is not a flash in the pan."



Jon Skeeters

Photo: Eric England

OK, so Nashville has grown, and Nashville will continue to grow. Less clear is the impact these new firms will have on the lawyers (and their clients) who suddenly find themselves as part of someone else's legal brand.

That's another thing Skeeters has a lot of experience with, and not just because of the 2009 merger. As part of its continued growth strategy, Bradley has boosted its presence across the Southeast, including in Tampa (2015), Houston (2016) and Dallas (2019). In each case, existing firms became Bradley offices.

"Law firms are funny businesses," Skeeters says. "They're so people-driven, and culture dictates a lot about the way things are done. With a merger, that meshing of cultures and systems can be a big challenge."

Meshing cultures may be one thing — firms looking for a new partner would do well to find one who shares their core values — but meshing systems is probably an overstatement. The reality is, if Waller lawyers aren't already using the same document management system as Holland & Knight, they will be soon.

In Skeeters' experience, law firm mergers run smoothly when lawyers from both sides of the transaction come together early — both on legal work and in company decision making.

"We've discovered it's the fastest way to a successful integration," he says.

But it's clear from his comments that firms absorbed by other firms do give up something in the process. Because Nashville is a hot market that has grown far beyond its health care and entertainment roots, Skeeters gets calls from national firms "all the time" interested in Bradley becoming its Nashville office.



Nancy Stabell

Photo: Eric England

"We don't feel compelled to be the Southeastern piece of someone else's puzzle," he says. "We are confident and comfortable with who we are, what we offer and what our current strategy is."

It's a sentiment shared by other prominent Nashville attorneys. Todd Rolapp, managing partner of Bass, Berry & Sims; Mike Abelow, member of Sherrard Roe Voigt & Harbison; Stabell of Wood Stabell Law Group — all of them have fielded requests from out-of-market firms looking for a home in Nashville.

All of them have said no.

"We get called fairly regularly," says

Rolapp, who manages 345 attorneys across three Tennessee offices, plus a Washington, D.C., location that was added in 2012. "Not only do firms have Nashville on their map, but our specific practice areas also are on their radar."

Bass has not entertained any offers and doesn't plan to, Rolapp says. "We like our culture too much. We have a nice balance of size and sophistication. Our lawyers do what they love, they do it at a really high level, and we are able to do all of that by staying independent. Our formula works and we're going to continue it."

Abelow, who is one of 30 members at Sherrard Roe, cites culture as one reason, but his firm has yet to consider a merger because they see a need for a full-service, mid-size business law firm in Nashville.

While Sherrard Roe represents some large public companies in litigation and in real estate transactions, its typical client is a privately owned business in the \$10-\$100 million range.

"If I'm a successful business owner, I want somebody who is the best at what they do in this market and who is plugged in with the local bar and the court system, so that my case has credibility," Abelow says. "Not only that,



Mike Abelow

Photo: Eric England

but I also want someone's attention and focus. I don't want to be passed off to someone else in a city or market who doesn't know me and doesn't know my business. By staying Sherrard Roe, we know we can provide that high level of service that's also efficient." Stabell focuses her decision on the needs of her clients — private Nashville companies in the \$5-\$10 million range for annual revenue.

"Our clients like us because we're entrepreneurs, too," she says. "We resemble them and if we're going to stop looking like them, then it's going to create a disconnect."

But there's a disconnect of another type that looms over Nashville's changing legal landscape. Implicit in any announcement of a local outlet merging upstream is this: Legal fees will likely rise. If they do, it may be that legacy clients will be locked into old-Nashville rates. Or, it may mean that those clients would be better served by a different firm.

Stabell, who spent the first 10 years of her legal career as a corporate and transactional attorney at Frost Brown Todd and then Waller, is preparing for the latter. "I'm excited for my friends in Big Law and the opportunities they have to work on even bigger deals. At the same time, I'm grateful for the opportunities they're opening up for me."

As smaller and mid-size firms wait for this work that could be flowing downstream, recruiting high-quality talent is both a priority and a challenge as they compete with bigger firms.

Among new attorneys, the deck seems stacked in favor of big firms that can offer the highest salaries but will also demand more billable hours.

"Law school is an expensive proposition, and a higher starting salary means you can pay off your loans as quickly as possible," says Nicholas Alexiou, associate director of career services at Vanderbilt Law School.

What's more, he says, starting at a big firm is appealing to first-year associates because it can maximize their options later.

"It's easier to go from a big firm to a small firm than it is do the inverse. Students are smart to want the entirety of options available to them after they spend a few years in Big Law, and that's a way to maximize their exit."

At higher levels of experience, there are a lot more employment options for lawyers now, says Candice Reed, executive vice president of legal staffing company Latitude and partner-in-charge of its Tennessee operations.

"We're finally recognizing as a profession that smart, capable, highly skilled lawyers can want different things," she says. "They can have different priorities and want jobs that best support those priorities."

Having more options in a market gives lawyers the opportunity to choose the work and work environment that is best for them.

This change is good news for firms that can support the variety of priorities modern lawyers have, whether it's interesting and engaging work, flexibility and autonomy, a supportive team, a great paycheck or all of the above. And being the kind of law firm that matches up with these priorities can help with recruiting and retention of top legal talent.

It's not just entire firms that can be gobbled up by mega mergers. Practice groups and practice leaders also can be recruited away.

"Not only does our firm get approached all the time, but our lawyers do, too," says Abelow of Sherrard Roe. "So far we've stuck together and I think it's because we believe in each other, we respect each other, and we try to make sure working here is a really great experience."

That can be hard to do when there are so many owners. Sherrard Roe has 30 partners. Bass, Berry & Sims has 150. Bradley has 330. And those numbers say nothing of associates and rank-and-file employees who also want to have their voices heard at work.

"Running a law firm takes a lot of consensus building," Skeeters says. "As managing partner, my job is not to set the direction, but to get everyone to buy in and start running towards it."

To help make sure that happens, Skeeters relies on a team of geographically dispersed firm leaders who have fewer gray hairs than what you might see at a typical law firm.

Despite being based in Birmingham, the firm's managing partner and chairman of the board is in Nashville.

The Nashville office managing partner, Lauren Jacques, graduated from law school in 2011. The chair of Bradley's corporate and securities practice group, which is one of the firm's largest, graduated just a year before.

"We believe younger leaders give law firms a better time horizon, so that we can see 20 years into the future, not just the next few," Skeeters says.

For Bradley, the foreseeable future includes growth, possibly in number of offices, but definitely in lawyer headcount. "If we can get the right lawyers and talent into the firm, we will continue to attract the legal work we want to do while providing additional and better solutions for our clients," Skeeters says.

As change continues to define the local legal landscape, one challenge facing Nashville businesses will be sorting out where their needs fit best. Bigger may not be better. Global may not mean smarter. It could, but it could also just mean more expensive.

Debra Viol, president of commercial real estate firm NAI Nashville Stanton Group, knows what can happen when an out-of-state lawyer gets involved in your local real estate deal. It happened to her last year.

"It was probably one of the most contentious deals I've done, and I've been doing this since the 1970s," she says. "We were negotiating a Nashville lease and the lawyer was in Phoenix. It was just brutal, it was their way or the highway, and they over-lawyered it."

Viol believes that if a local lawyer had been on the other side, the deal would have been done sooner and more efficiently. "What's customary in this market for certain provisions are not customary in other markets," she says. "In a way, we weren't even speaking the same language."

The good news is, there's room for everyone. Because of Nashville's growth, the city needs access to the global legal market. We have K&L Gates and Holland & Knight now. Others will certainly be hanging their shingle soon.

In fact, of the 100 largest law firms in the United States, seven have registered to do business in Tennessee since 2018 but currently have no visible presence in the state — yet. Among them is Latham & Watkins, which is the second-highest-grossing law firm in the world.

“Simply put, Nashville is a great legal market,” says Latitude’s Reed. “Corporate clients can get world-class legal services more cost efficiently than they can in most other markets. And the attorneys who service them have more options than ever before to practice law at a high level.”

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