

## THE FIRMS

### McDermott Will Elects Two New Chairmen

Posted by Brian Baxter

Former prosecutors and fellow litigators Jeffrey Stone and Peter Sacripanti were elected cochairs of McDermott Will & Emery after a vote by the firm's management committee in Boston on Friday night.

Current chairman Harvey Freishtat, a founding partner of the Boston office, will step down at the end of the year after six years leading the firm. McDermott's partnership agreement requires that partners relinquish management duties in the year they turn 63.

By mid-February, that requirement began a six-week process where three partners--Sacripanti, Stone, and complex litigation head Bobby Burchfield--traveled among the firm's 16 offices to solicit support among the partnership.

But McDermott's 21-member management committee wasn't up all night parsing votes or hanging chads to avoid a tie between Sacripanti and Stone. The two had been discussing combining campaigns for about a year before formally announcing their alliance two months ago. They campaigned together and submitted their joint leadership bid to the management committee on Friday.

"We thought that the two of us working together could achieve more and give us a greater capacity to address the challenges that exist in today's economic world," says the 52-year-old Stone (pictured right), who heads the firm's trial department from Chicago. "We also believed that our complementary skills made both of us stronger than either of us would

be individually."

Sacripanti, who says he's been a friend and partner of Stone's for nearly 15 years, thinks that relationship will make for a more creative approach managing a firm left with roughly 1,000 lawyers and 1,100 non-attorney employees after a round of layoffs in early February.

The geographic distance between the two doesn't worry Sacripanti, who serves as partner-in-charge of the New York office. "We want to be able to project in different places at the same time, and Jeff and I are in constant communication on a daily basis," says Sacripanti, 53. "Chicago is our largest office and New York our third-largest office, so we're looking at this [union] as a strength." (The New York office moved into 160,000 square feet of new space in 2007.)

Sacripanti (pictured left) says that sharing the position will enable both lawyers to continue practicing law, which will only enhance their leadership of



Jeffrey Stone



Peter Sacripanti

the firm. Stone agrees.

"If you haven't been in the marketplace the last 12 months, you can't understand the fundamental changes that are occurring in the legal industry," he says. "Peter and I are out there in courtrooms, boardrooms, and sitting with general counsel. And that will help us be smarter and more receptive leaders, so we're doing things our clients want us to do."

Losing out on the top leadership spot was Burchfield, who coheads the firm's Washington, D.C., office, McDermott's second-largest. Burchfield, who Stone describes as a "highly valued and respected partner at McDermott," remains a member of the firm's executive and management committees.

"[Burchfield's] candidacy really helped Jeff and I think about and work through issues," Sacripanti says. "Whenever you have forceful personalities at an institution, you're going to have a marketplace of ideas and be better for the dialogue that occurs. And I think that's what we had happen here through this process."

The race to replace Freishtat might have been challenging, but the current economic forecast facing law firms is much tougher. McDermott let go of 60 lawyers and 89 staff in February, attributing the cuts to a slowdown in clients' business and reduced transactional work.

Stone, who joined McDermott during a previous recession in 1991, doesn't expect additional layoffs anytime soon. Even though he believes the current recession is not yet over, he says the firm continues to look at laterals and evaluate the possibility of new offices. "We've been going through a [firmwide] strategic planning process for the past year," he says, "and we're well-positioned to build on that vision through our platform of offices around the world."

Stone says that one of McDermott's greatest strengths is that it carries no bank debt. "All of our growth and expansion has been internally financed," he says. "When Peter opened our [new] New York office, we didn't go to the banks for financing."

Adds Sacripanti: "Our profit pool that's generated by our partners is our bank. And that's how we finance ourselves and it's given us enormous flexibility in these tough economic times."

At the same time, Stone says the firm is known for relatively low capital investments from its partners. That gives McDermott a competitive advantage in the lateral recruiting market, Stone says, noting the firm's history of being fiscally conservative and not over-leveraging itself. (McDermott's gross revenues fell 1.2 percent last year to \$966 million but profits per equity partner remained flat at \$1.52 million.)

Sacripanti says that while McDermott's capital markets, M&A, and private equity practices have been hit by the "economic tsunami," the firm also generates revenue from other practice areas like private clients, health, benefits, IP litigation, patent prosecution, energy, white-collar defense, toxic torts, and product liability.

"There are a lot of engines that drive this firm," Stone says. "We're going to be strategic about where we grow and how we grow."

The firm opened a Houston office last year to bolster its energy practice and recently started a global projects and infrastructure group with a key lateral hire. Sacripanti sees opportunities for the firm in Asia and Europe and Stone reiterates the importance of international growth as part of the firm's strategic plan.

But in the end it's all about how best to serve clients.

"If we can't do that right, then we don't survive," Stone says. "If we do it well, we will flourish."