

## Bryan Cave, BLP Partners Approve Deal Creating New Global Legal Giant

*The two firms have agreed to merge under the name Bryan Cave Leighton Paisner, a one profit pool entity that will be co-led by a pair of high-powered women partners.*

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Bryan Cave and the U.K.'s Berwin Leighton Paisner have agreed to merge following a vote by partners to create a 1,600-lawyer trans-Atlantic firm that will be among the 50 largest in the world with combined gross revenues of around \$900 million.

The new firm, to be called Bryan Cave Leighton Paisner once it goes live on March 31, will be fully financially integrated, the firms said in a joint press release, suggesting they were able to overcome tax issues that had pushed back a vote on a proposed merger initially unveiled in mid-October. In navigating the complexity of eschewing a Swiss verein style tie-up, both firms were advised by global accounting giant Deloitte.

The deal announced Monday combines two firms led by women, Bryan Cave's chair Therese Pritchard and BLP's managing partner Lisa Mayhew. The pair will be co-chairs of Bryan Cave Leighton Paisner, making it the first global firm to be led by two women, the firms said in their release.

Both women will oversee an organization with offices in 32 cities across 11 countries, representing 191 clients in the Fortune 500 and 30 of the world's 50 largest banks by revenue.

In an interview, Bryan Cave's Pritchard said both firms were eager to avoid a combination under the Swiss verein structure, saying that different profit pools can dis-incentivize sharing work among partners. That is easier to do with a single profit pool, Pritchard said.

"In our mind it provides the incentives to find the best people in the firm to service the clients' needs," Pritchard said. "And we think at the end of the day that is a better way to operate. We are all in it together."

Bryan Cave and BLP have been recognized for their innovative approaches to legal service delivery.

In 2007, a BLP partner launched Lawyers on Demand (LoD), an Axiom Global Inc.-like legal outsourcing business that now has more than 600 lawyers in its stable and operates as a "BLP group company." That business helped the firm win recognition from the Financial Times as one of the 10 most innovative law firms of the past decade. The FT noted the flexible staffing model had been replicated by 30 percent of the top 20 law firms in the U.K.

Access to that staffing business could be a differentiator for Bryan Cave's lawyers. While some U.S. firms have changed their staffing models on certain projects, none have a semicaptive business that would compare with LoD's 600-plus staff attorneys.

For its part, Bryan Cave's innovation efforts have included developing groups of data analysts, software programmers and project management professionals aimed at providing more efficient legal services. In 2016, the firm began offering those services to clients under a consulting brand called BCXponent led by Bryan Cave chief innovation officer Kathryn DeBord in Denver and chief practice economics officer Christopher Emerson in St. Louis.

Pritchard said Bryan Cave's innovation team was excited by the strides BLP had made in knowledge management, something that Bryan Cave is new to pursuing. BLP's lawyers, Pritchard said, will gain from access to Bryan Cave's BCXponent capabilities.

"We're combining two innovation teams that together have complementary strengths and focuses and that hands down are going to be the leaders in legal industry innovation," Pritchard said. "We're just really excited about what we think they can do."

Pritchard had few details on the specific tax issues that caused the partnership vote to be delayed. While the firms knew they would have to take into consideration changes to the U.S. tax code during the discussions, she said the new federal tax law did not have a major impact on the deal. She said the structure of the deal was "new enough" that both firms turned to Deloitte for advice, although Pritchard said that British law firm Macfarlanes did not have a key advisory role.

"Clients will benefit from our combined legal expertise; our shared values and culture and our approach to innovation in their interests," said BLP's Mayhew in a statement. "Different to most other international firms, ours will be fully financially integrated from day one. This will enable us to work in teams whose only focus will be to provide a first class service to clients."

A firm with \$900 million in gross revenue last year would have ranked No. 37 in the most recent Am Law 100 list and No. 44 in the Global 100 rankings, directly between McDermott Will & Emery and Milbank, Tweed, Hadley & McCloy in both tables. Bryan Cave, whose 2017 financial results have not yet been disclosed, reported \$608 million in gross revenue for 2016. BLP, meanwhile, took in £272 million (\$361.3 million) in gross revenue during fiscal 2016-17.

Kent Zimmermann, a consultant to law firms with The Zeughauser Group, has been advising BLP on the firm's growth strategy for years. He said that BLP and Bryan Cave's formation brought together "strength-on-strength" in practices such as M&A and real estate.

"The fact that they will have from Day One a top ten U.S. M&A practice in terms of volume and one of the world's largest and highest quality real estate practices, that kind of depth and quality stand out about the deal and is impressive," said Zimmermann, who also had a role on

the recent combination between Andrews Kurth Kenyon and Hunton & Williams. “And that helps differentiate the firm with clients and lawyers that are sought-after.”

Elsewhere on the financial side, both firms have broadly similar profits per partner, with BLP posting PPP of £630,000 (\$836,876) for fiscal 2016-17 and Bryan Cave having a similar figure of \$865,000 (£655,584) for 2016.

The combined firm will have what Bryan Cave Leighton Paisner is calling the fourth-largest real estate practice among law firms. BLP recently opened its third U.K. office in Southampton, England, after hiring two real estate partners from Womble Bond Dickinson, the latter the product of another transatlantic union that closed late last year. Bryan Cave Leighton Paisner’s M&A practice will rank in the top 20 of firms advising on U.S. completed deals, according to Thomson Reuters data.

The union with Bryan Cave completes a goal of a U.S. merger that BLP has pursued in the past.

The British firm, which recently announced plans to close a small office in Myanmar, held tie-up talks in early 2016 with Greenberg Traurig on a deal that would have created a 2,500-lawyer firm before those discussions fell through amid reports of a clash in working cultures and vastly different compensation systems. Both BLP and Greenberg Traurig, the latter of which just released its 2017 financial figures, insisted their decision to part ways was mutual.

Bryan Cave has also previously found itself a bridesmaid in its bid to expand via merger.

In late 2015, Bryan Cave was reportedly close to an acquisition of Dickstein Shapiro, but backed away from absorbing the bulk of the then-struggling Washington, D.C.-based firm, which instead struck a deal with Blank Rome. Bryan Cave also held unsuccessful merger talks in 2006 with what was then Squire, Sanders & Dempsey. Nonetheless, Bryan Cave has clinched several other smaller deals within the past decade.

The firm absorbed Denver-based Holme Roberts & Owen in early 2012, Atlanta-based Powell Goldstein in 2009, New York-based Robinson Silverman Pearce Aronsohn & Berman in 2002 and Irvine, California-based Layman, Jones & Dye in 1995.

Bryan Cave Leighton Paisner’s formation occurs a week after Andrews Kurth and Hunton & Williams agreed to merge into Hunton Andrews Kurth, a 1,000-lawyer firm with 15 offices throughout the U.S. and five elsewhere around the world. That long-awaited move comes a little more than a year after Andrews Kurth absorbed the bulk of New York-based intellectual property firm Kenyon & Kenyon.

The New York Law Journal reported in December that the number of transformational law firm mergers have been on the rise as a result of heightened competition and stratification in the legal industry. An analysis by legal consultancy Altman Weil Inc. found that 2017 was a record year for U.S. law firm combinations.