

LAW WEEK

COLORADO

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Who's News

TRANSITIONS

Denver's Moye Giles LLP confirmed that it has added two new partners, real-estate attorney **James Serven** from National Properties Group Corp. and litigator **Frederic K. Conover** from Faegre & Benson. PAGE 3.



CONOVER



PROCHNOW

James R. Prochnow, who has one of the largest Food and Drug Administration and Federal Trade Commission practices in the West, joined the Denver office of Greenberg Traurig LLP as a shareholder, from Patton Boggs.

Brownstein Hyatt & Farber announced the addition of associates **Ana L. Acena**, **Bryan M. Schwartz**, from Rothgerber Johnson & Lyons, **Mark M. Oveson**, from LeBoeuf Lamb Greene & MacRae, and **Jeffrey D. Baines**.

Holland & Hart announced that **Christopher Thomas**, from Greenbaum Doll and McDonald, joined the firm's labor and employment practice group, and **Donald Allen**, from Jessop & Co., joined the firm's bankruptcy practice group; both as of counsel. PAGE 3.

NOTEWORTHY

The **Legal Aid Foundation of Colorado** and the **Colorado Center on Law and Policy** received \$237,000, resulting from donated attorney's fees collected in the *Weston v. Hammons* case. The case challenged the loss of welfare benefits of 2,000 Colorado families. PAGE 2.



MOXLEY

Paul T. Moxley, a partner in Holme Roberts & Owen's Salt Lake City office and past President of the Utah State Bar Association, has been named President of the National Conference of Bar Presidents. PAGE 3.

Does This Man Run Denver's Most Profitable Big Law Firm?



Sherman & Howard's Michael Sanchez.

Answer inside.

CIRCUIT

Yes*

Well-Managed Sherman & Howard Rules Its Roost

By Nora Caley
LAW WEEK COLORADO

Law firms are much less gossipy workplaces than, say, advertising agencies or restaurants. But lawyers, although tight-lipped, do hear murmurs sometimes.

They've probably heard this well-circulated rumor: Sherman & Howard today is the most profitable big law firm in Denver.

R. Michael Sanchez, CEO of Sherman & Howard, says the firm is probably the most profitable. But the other rumors are not true.

"On the basic questions of profitability, the only evidence you have is anecdotal, from people we've been hiring, and publications," he said. "It's always hard to tell how accurate those are. We do believe we are if not the most profitable, one of the most profitable."

The American Lawyer (www.americanlawyer.com) published a list of the Top 200 law firms in July. Sherman & Howard was not on the list, though crosstown rival Holland & Hart was.

"We rank the firms by gross revenue," executive editor Mark Obbie said via email. "Then, looking only at the top-grossing firms, we rank them by profits per partner, among other things. A smaller law firm might have the highest profits per partner of any law firm in Denver, but we only look at the largest firms (based on gross revenues)."

Obbie added that the range of profits per partner at the 100 top-grossing firms was between \$385,000 to \$2.92 million. The average profits per partner for the *Am Law 100* is \$847,350.

Sanchez declined to disclose Sherman & Howard's profits per partner, but he allowed they are within that \$385,000-to-\$2.92 million range. He added that the firm's hourly rates and overall billing are not higher than competing law firms' rates and hours.

The reasons for the firm's profits were more complicated.

Sanchez traced the firm's profitability back to 1992, a difficult year for the legal industry. (Also according to *American Lawyer*: the average profits per equity partner increased 6.9 percent last year. That wasn't bad for the second year of a recession, the magazine noted; in 1992, also the second year of a downturn, profits per partner were up only 1.5 percent.) To cut costs, Sanchez and a core group proposed some changes, and the firm agreed.



Fewer meetings, more law at Sherman & Howard's 633 17th St. headquarters.

First the firm downsized a few lawyers and did not replace them immediately. The smaller managing group made another change that would make any office worker happy: fewer meetings. Since the job of any attorney is to work with a client and bill those hours, internal meeting hours do not generate dollars. So the 10-person committees were reduced to committees of one. Today the firm's hiring committee, associate committee, legal assistant committee, and ethics committee each consist of one person. The executive committee is three people.

"We were getting rid of bureaucracy," Sanchez said. "Our old style of management was to have a tremendous amount of lawyer time spent on management functions."

Bruce Muir, a tax partner who recently arrived at Sherman & Howard from a smaller firm, Lentz Evans & King, confirmed this emphasis on streamlining.

"In most big firms, a lot of things are done on a committee basis, and a lot more hands-on management is attempted by the

lawyers," Muir told *Law Week Colorado*. "We have a much more streamlined management that doesn't require a lot of partner time. We have basically a business staff to run the business aspects of the firm."

Sanchez offered an example of previous ineffective management techniques: Years ago, while an attorney visited a client, the attorney's car was damaged in a parking lot fender bender. The \$136 damage was less than the attorney's deductible, so she asked the firm to reimburse her, since the incident occurred during firm business.

"We had three executive committee meetings, and two full blown partnership meetings to discuss what the rules should be to reimburse people," Sanchez said. "It became apparent to me that form of management was not efficient time-wise."

Today he can't remember whether the firm did reimburse the attorney. And he doesn't want to think about how much money they wasted by having lawyers sit in a meeting instead of working for clients. "I would hate

Legal Nonprofits Reap Windfall, Courtesy Firms

SPECIAL TO LAW WEEK COLORADO

DENVER -- Two non-profit organizations serving low-income Coloradans will now be able to provide legal aid and advocacy to increase access to justice for thousands more individuals and families, thanks to the collaborative efforts of several Colorado law firms.

The **Legal Aid Foundation of Colorado** and the **Colorado Center on Law and Policy** received \$237,000, resulting from attorney's fees collected in the successful *Weston v. Hammons* case. The fees were donated to these entities by the law firms involved in the litigation in order to help address the legal needs of lower income Coloradans. According to the organizations, the case, which a team of local attorneys took on a pro-bono basis, challenged the loss of welfare benefits of more than 2,000 Colorado families that lost life-sustaining welfare benefits when they were improperly sanctioned or terminated from Colorado's welfare program.

The firms and attorneys who collectively donated the funds through this less frequently used mechanism of giving, include **Davis Graham & Stubbs LLP; Faegre & Benson LLP; Hoffman Reilly Pozner & Williamson LLP; McKenna Long & Aldridge LLP; Silver & DeBoskey PC; and Kimberly E. Lord, with Johnson & Repucci LLP.**

"During these difficult economic times when other funding sources have decreased or no longer exist, such contributions are critical to the ongoing work of these two organizations that are integral to Colorado," said Jon Asher, Executive Director of Colorado Legal Services.

The Legal Aid Foundation, which raises funds for Colorado Legal Services, received more than \$137,000. The money supports access to justice for low-income individuals and families in Colorado who need assistance with civil legal problems – a service not otherwise available. The award will enable Colorado Legal Services to provide direct service to more than 200 clients in need.

The Center on Law and Policy, which works to secure justice and promote economic security by addressing systemic problems affecting lower income Coloradans, received \$100,000. The center focuses especially on increasing access to affordable, quality health care, promoting the positive implementation of welfare reform and promoting equitable fiscal policies. Due to the systemic nature of the problems addressed by CCLP's advocacy, and the populations it serves, CCLP has the

SHERMAN & HOWARD BY THE NUMBERS

111	Years in business
3	Size among Denver firms
160	Attorneys
5	Offices: Denver, Colorado Springs, Reno, Las Vegas, Phoenix
\$0	Amount drawn on credit line
1*	Profitability among big Denver law firms, <i>Law Week Colorado</i> estimate gleaned from interviews with consultants, lawyers and industry observers.

See Sherman & Howard on Page 6

See Windfall on Page 6

LAW WEEK COLORADO

SHERMAN & HOWARD: CFO Fischer Manages Hard Costs

From Page 2

to calculate it but if I did it would easily be \$100,000."

The next change was to streamline compensation. In the old Sherman & Howard style, the decision makers spent hundreds of hours a year deciding compensation issues. Now the process entails a mathematical formula with some flexibility.

"Some firms spend thousands of hours on compensation," Sanchez said. "We have a group of three of us in a three-to-four hour meeting. Because of the highly predictable nature of it, lawyers in the firm are significantly satisfied.

It allows them to concentrate on providing good client services."

In 1991, the firm hired Steve Fischer, a non-lawyer and former corporate CFO, to manage hard costs such as malpractice insurance, overhead, and salaries, and soft costs, such as time spent on management functions. As a result, Sanchez said, the cost of overhead per lawyer increased only two percent per year over the past 12 years.

And the 111-year-old firm does what any old-timer who lived through the Depression does: it avoids debt. "We are very very

averse to debt," Sanchez said. "We have a line of credit at the bank. We haven't used it in many years."

Finally, Sanchez said, the firm is profitable because people who manage the firm do handle client cases. "I carry a full client

him or her most satisfied," he said.

The still-slow economy hasn't changed the way the firm makes its profits; Sanchez said it would be difficult to cut any more than they have. Although some of the offices are undergoing renovations, he insists the spaces are not lavish. And business has increased because in a down economy, people tend to engage in more disputes.

Robert E. Youle, another partner who joined recently (he worked for Sherman & Howard previously) notes, "While the transactional practice may be affected adversely, my sense is the litigation practice is counter cyclical."

The firm has 130 lawyers in Denver, and a total of 30 more in the Colorado Springs, Reno, Las Vegas and Phoenix offices. It recently hired a lawyer from Los Angeles, and will probably add more staff.

"We're still looking for high quality lawyers who want a change of pace in the way they practice law. Our model is appealing to them. We're still looking for people to contact us, and add to the grand experiment we've been conducting," Sanchez said.

SHERMAN & HOWARD THROUGH THE YEARS



PERSHING

A young lawyer from Pittsburgh, James H. Pershing, was one of those who stepped off the train at Denver in 1892. Pershing recognized the importance of capital formation to the growth of the West and soon became an expert in public finance which was then, and is today, important to the firm. He brought together partners in other legal specialties to form a combination of the best legal talent available. Samuel S. Sherman Jr. became a name partner in 1956.



SHERMAN

1892 James H. Pershing
1910 Pershing & Titsworth
1916 Pershing, Titsworth & Fry
1917 Pershing, Nye, Fry, & Tallmadge
1925 Pershing, Nye, Tallmadge, & Bosworth
1930 Pershing, Nye, Tallmadge, Bosworth & Dick
1932 Pershing, Nye, Bosworth & Dick
1941 Pershing, Bosworth, Dick & Dawson
1956 Dawson, Nagel, Sherman & Howard
1980 Sherman & Howard
1980 Sherman & Howard LLC

load; I am not part of the elite management that avoids practicing law," he said. "I probably spend 15 percent of my time on management. I think most managing partners spend between 50 and 100 percent."

He said associates aren't required to work an obscene amount of hours. He puts the number of billable hours at 1,800. "Members, because of the compensation system, are free to pick whatever level of work works for them. Our key is not to try to stereotype lawyers in a particular mold. Each finds a level of practice that makes

WINDFALL: Donations Help To Continue Advocacy Efforts

From Page 2

potential to impact the lives of thousands of Coloradans who live slightly above, at, or below the federal poverty level.

"Donations like this will help us continue our work with and on behalf of lower income Coloradans without having to reduce our advocacy efforts," said Maureen S. Farrell, executive director of CCLP. "Without direct legal services and broader legal advocacy, people in need go without resolutions to their legal problems and this ultimately effects everyone in the state — everything from bogged down court systems to increased homelessness."

Over the past year, Colorado Legal Services has been forced to cut budgets, programs and staff due to lack of funding. At the same time, the economic downturn also means more and more clients need legal help from Colorado Legal Services, which has served more than 11,000 people and been forced to turn away more due to lack of resources.

"These organizations work in tandem and exist in large part because of donations from the legal community," said Chris Beall, a Faegre & Benson attorney. "Without strong support from lawyers and law firms, they cannot provide the realm of services needed to resolve their clients' legal problems. As attorneys, it's our duty to uphold justice for everyone, regardless of economic status. Helping organizations like these, and the success stories they have, is just one way we can do this."

About The Firms That Gave

Davis Graham & Stubbs LLP

Davis Graham & Stubbs, founded in Denver in 1915, takes pride in its leadership legacy and continues to encourage future generations to seek volunteer and leadership roles. DGS lawyers and staff donate significant time to numerous non-profits across the Rocky Mountain region. The firm supports its attorneys in their pro bono legal work and community service for Coloradans.

Faegre & Benson LLP

Faegre & Benson was named the 2000 "Firm of the Year" by the Colorado Lawyers Committee for its pro bono work on welfare reform issues in the state. Several of its lawyers were also named "Individuals of the Year" and received other prestigious recognitions. In 2001, the firm was selected to receive the prestigious "Corporate Advocate of the Year" award in Colorado from the Women's Vision Foundation for advancing the careers of women. The firm offers expertise in business law of all kinds, with emphasis in corporate finance and IP work. Faegre & Benson offers more than 100 lawyers in Colorado and more than 475 Worldwide.

Hoffman Reilly Pozner & Williamson LLP

In 2000, Denver trial attorneys Daniel Hoffman, Daniel Reilly, Larry Pozner and Julie Williamson cemented a long professional relationship by forming their own firm. Since its founding, Hoffman Reilly Pozner & Williamson LLP has continued to grow in size and stature. Engaged in complex commercial litigation, class action, civil and criminal litigation including intellectual property, and personal injury law, the firm is best known for its high profile cases against Qwest and defending the Denver Broncos.

Johnson & Repucci LLP

Johnson & Repucci LLP, is one of the premier law firms in the Rocky Mountain region. Its attorneys are recognized leaders in real estate, water and land use, technology law, insurance and commercial litigation. They offer creative, interdisciplinary solutions to complex legal problems, for corporate clients and individuals alike. Johnson & Repucci's attorneys pride themselves in providing prompt, efficient legal services of the highest quality at competitive rates.

McKenna Long & Aldridge LLP

McKenna Long & Aldridge LLP's Denver office opened in 1988. The MLA lawyers in Denver are best known for their work in business litigation and government contracts. In addition to the firm's clients in Colorado, many of MLA's Denver lawyers serve clients throughout the Rocky Mountain region and the United States -- clients as diverse as financial institutions, defense contractors, and technology companies.

Silver & DeBoskey PC

For more than twenty years, the attorneys at the Denver-based law firm of Silver & DeBoskey, which houses out of a 100 year old mansion, have been invested in the business judgment of its clients, acting as business advisors and advocates for individuals, small businesses, and Fortune 500 corporations. Silver & DeBoskey provides its clients, both local and national, with personalized legal advice, representation, and results in a wide variety of areas, including all areas of complex commercial litigation, employment law, health care law, real estate litigation and transactions and alternative dispute resolution.

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