

New York Law Journal



WWW.NYLJ.COM

VOLUME 259—NO. 30

An **ALM** Publication

WEDNESDAY, FEBRUARY 14, 2018



Rosenberg & Estis

Benefiting From Clients Brought in by the Recession

LUISE BARRACK, managing member of Rosenberg & Estis, spoke to the New York Law Journal about the advantages and challenges of being a midsize law firm in a city where everything is supersized. The Q&A is part of an occasional series.

BY SUSAN DESANTIS

Q: How big is your firm, where is it located, and what are its primary areas of practice and focus?

A: Rosenberg & Estis is an 80 plus attorney real estate firm located in New York. At R&E, real estate is our practice, not simply a 'practice area'. We are experts in every facet of New York real estate—from litigation involving contract disputes to transactions, rent regulation, co-ops and condominiums, zoning, land use and appeals. Our specialization and our attorneys' collaboration in their respective practice areas provide us with a breadth of experience that allows us to

achieve exceptional results for our clients. We pride ourselves on being able to handle all of our clients' real estate needs.

Q: Please explain your firm's governance structure and compensation model.

A: There are currently eight equity members of the firm. I am one

Other law firm leaders participating in the series are:

- Craig Wittlin of Harter Secrest & Emery
- Richard Stehl of Otterbourg
- David Scherl of Morrison Cohen
- Ronald Shechtman of Pryor Cashman
- Robert Creighton of Farrell Fritz
- Mitchell Littman of Littman Krooks



COURTESY PHOTO

the equity members, and I am also the managing member of the firm. All of the equity members serve on our board of directors. The firm also has an executive committee and a compensation committee on which four equity members, respectively sit, and a practice committee on which three equity members sit. Two equity members head the firm's Information Technology department. These committees allow each of the equity members to contribute to the governance of the firm within their respective

skill sets. The firm also is comprised of litigation, administrative, transactional and appellate departments, all of which are headed by equity members.

Q: What do you view as the two biggest opportunities for your firm, and what are the two biggest threats?

A: I believe that controlled growth is the single most significant opportunity for the firm. Hiring laterals has presented opportunities for expansion, although making those hires requires careful and strategic analysis of the firm's needs. We have been fortunate in being able to attract experienced attorneys with specialized practices who fit the firm's culture and are able to contribute and expand the firm's collective knowledge base. These hires have brought their unique perspectives to the firm and have achieved a synergy with the firm to the point that it feels as if they were day one hires.

As the result of the firm's success in guiding our clients through the complex regulatory and statutory restrictions applicable to New York real estate, the firm has organically expanded our transactional practice outside of New York. While New York will always be the firm's special focus and the concentration of our practice, at our clients' requests, our transactional department has broadened its reach outside of New York to handle leasing, closings and loans across the United States. It has been particularly satisfying to have witnessed that expansion at our clients' urging.

Despite the benefits that technology provides, it also poses a threat to all law firms. Hackers and cyber criminals have become more skilled and sophisticated, while law firm's networks have become bigger targets. The days of the comically obvious phishing emails are over. Hackers can now "spoof" attorneys' email accounts, replacing their bank wire information to misdirect a closing agent to transfer funds to the hacker's account. Law firms must remain diligent in protecting clients' privileged information and employing professionals to stay ahead of posed threats.

Q: After the recession hit, the prevailing theory was that midsize firms would start to see more work come their way from large clients who could no longer justify paying Big Law rates. What has been your experience?

A: I agree that this has proven to be true. From the firm's inception, our goal has always been to provide the best legal representation at the best value to our clients, a goal the firm maintains to this day. Our clients receive better value because we do not pass along the expenses associated with running a national or international law firm. No firm knows New York real estate better than our attorneys, at any price point. In fact, our attorneys regularly advise both large national and international law firms in matters that require the firm's depth of knowledge and experience to properly serve their New York

clients. So, a decade after the recession, many clients who migrated to our firm continue to be clients today.

Q: Are your clients pushing for more alternative fee arrangements? If so, what types? Is your firm amenable to those requests?

A: While there have been requests from new clients for alternative fee arrangements, most of our clients have been clients of the firm for decades and are aware that the firm bills on an hourly basis. Larger firms charge much higher hourly rates and therefore may be more amenable to negotiating a reduced payment thereafter. We have seen large firms for the opposing party appear in court or across the negotiating table at a transaction with up to six attorneys. Our firm is always mindful of our clients' costs, and we staff matters based upon the work that needs to be performed. As a result, our clients are satisfied that the firm always keeps their budget in mind while attending to their legal needs.

Q: There is much debate around how law firms can foster the next generation of legal talent. What advantages and disadvantages do midsize firms have in attracting and retaining young lawyers, particularly millennials?

A: As a midsize firm, we are more agile and able to implement new ideas much more quickly and effortlessly than larger law firms. These traits are critical in attracting and retaining young talent,

who themselves have grown up with rapidly changing innovations and technology and expect their environments to evolve with the times. We also provide a better work-life balance and more collegial work environments than larger firms, where attorneys can often feel like they are just another number and are only quantified by their billable hours.

Q: Does your firm employ any non-lawyer professionals in high-level positions (e.g., COO, business development officer, chief strategy officer, etc.)? If so, why is it advantageous to have a nonlawyer in that role? If not, have you considered hiring any?

A: Yes, both our practice and operations director and our chief financial officer are non-lawyers who work closely with the firm's various committees and with me as the firm's managing member. While understanding legal principles are of significant value in running a law firm, there are general business principles that are critically important and are typically not taught in law school. These include recognizing inefficiencies, knowing how to service clients, identifying new opportunities and foreseeing challenges before they arise.

Q: What, if any, technology advancements have you made in your firm in recent years? What are the challenges in implementing tech changes?

A: The firm has implemented a host of technology advancements in the past few years. We expanded

our IT support hours to provide our staff with 24/7 remote support. Providing around-the-clock support allows us to better serve our clients and allows our attorneys the security of knowing that they can access support if a client emergency arises after hours, during holidays or on weekends. We also upgraded the firm's wireless network and network infrastructure, implemented a new document management system and standardized all desktop applications.

As with most changes, the main challenge is finding the time to train attorneys and the associated lag time while everyone gets up to speed in learning the new applications.

Q: What would you say is the most innovative thing your firm has done recently, whether it be internal operations, how you work with clients, etc.?

A: On the professional side, the firm has set up subgroups within our litigation, transactional and administrative departments. Those subgroups are comprised of attorneys of varying levels of seniority, from senior members to newly admitted attorneys. These subgroups allow attorneys to work within smaller groups, in a more hands-on manner than in most firms, and as a result, our attorneys are able to get valuable guidance, mentoring and feedback from their supervisors and peers. This also allows clients to work with a fixed group of attorneys, providing a better understanding of the clients' needs and broader coverage on a day-to-day basis.

In addition, to foster collaboration and comradery, the firm built out a wraparound terrace around one of our floors, which allows attorneys and staff to get some air, eat lunch or to hold client meetings outdoors. As soon as the weather permits, the firm hosts attorney get-togethers every other week, and we often invite our clients to join us. In addition, the firm offers weekly early morning yoga classes on our terrace that are taught by a certified yoga instructor, allowing participants the opportunity to focus and set goals and intentions for the day to come.

Q: Does your firm have a succession plan in place? If so, what challenges do you face in trying to execute that plan? If you don't currently have a plan, is it an issue your firm is thinking about?

A: The firm has already begun addressing succession. In June 2017, three of the firm's members were elevated to equity members. In their new roles, these new equity members have begun integrating executive leadership decision-making, firm planning and mentoring into their practice. Additionally, the firm plans to continue to elevate attorneys to reward and promote excellence, and cultivate the firm's future leaders.

@ Susan DeSantis can be reached at sdesantis@alm.com. Twitter: @sndesantis