

Innovative Managing Partner: Kasowitz's Marc Kasowitz

By Richard Vanderford

Law360, New York (June 25, 2010) -- A decisive leader with no taste for lawyerly overthinking, Kasowitz Benson Torres & Friedman LLP's Marc Kasowitz has grown his firm from an upstart to a powerhouse without developing a bloated bureaucracy, earning himself a spot on Law360's list of Most Innovative Managing Partners.

When Kasowitz left Mayer Brown LLP in 1993 to start Kasowitz Benson, he took with him 17 of his colleagues, a number that lends itself to a collegial, easily managed operation.

Now the firm boasts over 350 attorneys, offices in six cities and a reputation for winning "bet the company" cases. Despite its rise, Kasowitz Benson has kept itself entirely free of committees and of the infighting that can occur in similar-sized firms, insiders say.

It's a place where lawyers stick to practicing, not managing, and where young associates routinely have breakfast with their busy boss.

"One of the things that makes this firm unusual is that it's so free of bureaucracy, especially among the lawyers," said Michael Shuster, a partner at the firm's New York office.

"There are just very few encumbrances that get in the way of lawyers doing work on behalf of clients," Shuster said.

Much of that culture is driven by Kasowitz, the firm's famous face and its principal rainmaker. Kasowitz leads by example, Shuster said, focusing much of his energy on practicing himself.

With a mess of binders lining the windowsill and two large paper bins in the middle of the floor, Kasowitz's personal conference room is a testament to his unusual style of running the show. When Law360 first caught up with him, he had gone through four hearings in three weeks.

Hard work on his practice is Kasowitz's norm. "He works evenings, he works weekends," Shuster said. "He's here all the time."

His number of billable hours approaches 3,000 a year, firm insiders confirmed.

New associates, who go out for a social breakfast with Kasowitz each month in rotating groups of 15, see in their boss that client service is the route to success at the firm, Shuster said.



Marc Kasowitz

"The career paths for lawyers at this firm are via doing work for clients, not doing any internal, nonpracticing activities," he said.

Though he spends most of his time practicing, Kasowitz also handles most of the decision-making at the firm — there are no committees, and the firm runs a closed compensation system.

"Law firms have a tendency to be overmanaged. I think lawyers as a general matter often overthink things, favor process over substance," said Aaron Marks, a partner at the firm.

"We just run things, led by Marc, in a much more efficient way," he said.

Marks joined Kasowitz Benson when it was founded. It was his first job out of law school after a summer associate stint at Mayer Brown. He has since become the firm's recruiting head, an unofficial position without a title.

The firm is not going to waste months talking about something like compensation, points systems and 360 reviews "when we can do it all in two hours," Marks said.

Kasowitz decides each partner's take, and if they don't like it, they can talk to him, Marks said. Only about two did so during the last round of compensation, Marks said.

"Most people are pretty happy with their lots in life," Marks said.

"It might be at some level less touchy-feely because not everyone gathers in a room and gives their opinion as to what kind of coffee there should be in the kitchen, but people are given the opportunity to practice, work on cases and be a lawyer," Marks said.

The firm just brought in about a dozen attorneys from Dickstein Shapiro LLP to do insurance recovery work, for example.

"Not everybody has to meet these people, not everybody has input and votes. They met a small group to make sure it was a good fit," Marks said.

"We were able to move very quickly on it without the histrionics that other firms would necessarily experience," Marks said.

That partners could have less input and be happier might be counterintuitive, but it seems to work at Kasowitz Benson. The firm has never lost a partner to a rival firm, Kasowitz said.

"It may not sound credible, but it's true. We have virtually no attrition," Kasowitz said.

In some ways, the firm has an old school approach: loyalty to its lawyers — Kasowitz's partners say he knows all the associates by name — and a less cutthroat take on the bottom line.

Some Kasowitz Benson attorneys are extremely successful — about a half-dozen brought in more than \$20 million in 2009 and Kasowitz himself outdid that, he said.

The firm, though, is happy with good litigators who might not be bringing in huge amounts of work, partners who would be denigrated as "service partners" in other firms, Kasowitz said.

"That's a good thing. People don't worry about 'how much did I bring in, what's in my column,'" Kasowitz said. There's no reluctance for one attorney to work on another's case, he said.

The firm's approach to its younger attorneys is also somewhat unorthodox. A "less people doing more work" philosophy lets young attorneys quickly gain experience that might be harder to get at other firms.

The firm tries not to "overhire," Kasowitz said, adding that "by no means is the place a sweatshop."

“You have associates who get responsible work to do rather than just be a member of the totem pole,” Kasowitz said. “You get partners who are pretty young leading big cases.”

The regular associate lunches with Kasowitz make a “huge difference” to the sense of belonging felt by younger lawyers, partner Michael Shuster said.

“Culturally, the firm, I've got to say, is unbelievably collegial. Incredibly collegial,” Shuster said.

To be sure, the firm is not some kind of social club or nursery for young lawyers — it makes money.

The firm has been so profitable that it has never had to contemplate layoffs, even managing to expand as most of the legal industry retrenched during the most recent recession, Kasowitz said.

Kasowitz Benson is able to get work without marketing campaigns or airport advertisements, though, relying mostly on word-of-mouth, Kasowitz said.

The firm has built a profitable niche for itself as a first stop for business facing do-or-die litigation.

One client, Howard Lorber, recounts how his tobacco company Liggett Group Inc. was saved when Kasowitz came up with a novel approach to a set of product liability suits from state attorneys general. The litigation had the potential to ruin the company.

Lorber, CEO of the holding group that owns Liggett, had tried other firms, but they had the “same old ideas” about how to handle tobacco suits, he said.

Kasowitz, though, took a different approach — where other tobacco companies insisted on fighting the suits to the end, Kasowitz suggested a settlement and approached some attorneys he knew on the other side to work out the details, according to Lorber.

“We had some very discreet, quiet meetings with them and came up with the overall strategy,” Lorber said. Part of the agreement was that the state attorneys general could not let any other tobacco firm settle unless the deal was three times worse than the one Liggett got.

When the other companies did settle — for about \$250 billion — they had to raise prices to cover the costs. Liggett raised its prices to match, but took the extra revenue as profit.

“This was much more of an entrepreneurial, maverick kind of idea” compared with what other lawyers were doing, Lorber said, and it won Kasowitz plaudits in the legal press.

Smart wins like that, and even hard-fought losses, drive business to the firm, Kasowitz said.

Whether the firm can build a culture and success that outlasts Kasowitz is one question it faces now.

Kasowitz Benson continues to expand from its 18-lawyer beginning — having outgrown two office spaces in New York, it's contemplating taking yet another floor in its Times Square-area tower — but Kasowitz remains its face.

To playfully acknowledge Shuster's complaints that Kasowitz gets all the attention, for example, Kasowitz recently gave him a joke gift: a blue ball cap emblazoned with “S H U S T E R” on the front, with the names of the firm's name partners in tiny letters underneath.

Shuster, for his part, swears that he has no gripes with Kasowitz's high profile. The problem — that the firm is led by someone who is by all accounts decisive, smart and well-connected — is not the worst a law firm could have, in any case.

Replacing Kasowitz is likely not an issue that will come up too soon, either. “Retiring?” Kasowitz said with an incredulous look on his face when asked of his long-term plans. “I don't think I'm going to retire.”

He has, he said, two things he really cares about: his family and his firm. "Why would I give up the firm," he asked.

The feeling seems mutual. "To a large extent, it's 'in Marc we trust,'" Marks told Law360. "And it's worked out very, very well."



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