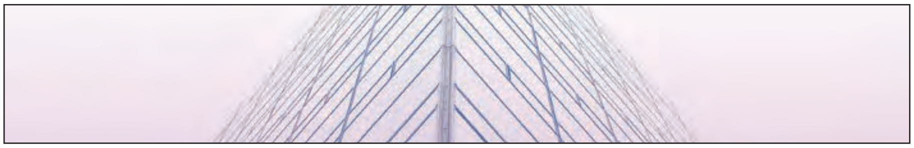
Briefs

MERGERS ■ HIRING ■ U.S. GROWTH ■ IN MEMORIAM

Majority of Law Firm Mergers Involve Small Firms, Survey Finds



Of the 82 law firm mergers reported in 2014, 59 percent were acquisitions of firms with between two and five lawyers, a dramatic jump from 2013 when only 36 percent of acquired firms fell into that size category, according to Altman Weil MergerLine.

An additional 28 percent of acquisitions were of firms with between six and 20 lawyers. Overall 87 percent of 2014 combinations were acquisitions of law firms with 20 or fewer lawyers.

"Small firm acquisitions are a good, manageable option for most firms, but they're not foolproof," said Altman Weil principal Tom Clay. "As in the lateral market, there can be some buyer's remorse if a deal hasn't been properly vetted."

There were 82 law firm combinations announced in the United States in 2014, Altman Weil reported. Although down 7 percent from last year's record-setting mark of 88, this is the second highest annual total recorded in the eight years Altman Weil has been compiling data.

"We expect this pace of law firm combinations to continue into 2015," Clay said. "Whether a firm is proactively buying into a hot geographic market or a new practice area or defensively consolidating against the threat of new competition, a strategic combination can offer a good solution."

There was only one big law firm merger announced in the U.S. legal market 2014. The combination of AmLaw 100 law firms Locke Lord (625 lawyers) and Edwards Wildman (425 lawyers) added a new 1,000-lawyer law firm to the U.S. league tables.

The largest acquisition of 2014 was Squire Sanders' pick up of 280-lawyer, D.C.-based, public policy firm Patton Boggs. The new Squire Patton Boggs has over 1,500 lawyers. Buchanan Ingersoll & Rooney also made a sizeable deal in spring 2014, acquiring 92-lawyer Florida law firm Fowler White & Boggs.

Geographically, law firms in the western and southern United States were the targets of more than half of all acquisitions in 2014, with a particular focus on California and Texas. Mid-sized and large regional law firms were active acquirers in these areas.

Chicago-based Hinshaw & Culbertson passed the 500 lawyer mark by acquiring 45-lawyer Barger & Wolen in Los Angeles. Wilson Elser added eight-lawyer Hake Law in San Francisco; Venable acquired seven-lawyer Los Angeles firm Weingarten Brown; and Robins Kaplan also picked up a seven-lawyer Los Angeles firm Peitzman Weg.

Three AmLaw firms entered the Texas legal market in 2014. LeClairRyan opened in Houston by acquiring 19-lawyer Hays McConn Rice & Pickering. Fox Rothschild added 18-lawyer Dallas firm David & Goodman. Quinn Emanuel acquired five-lawyer Houston litigation boutique Gerger & Clarke.

There were eight cross-border acquisitions in 2014, accounting for 10 percent of all deals announced last year. Large global firms dominate this category as acquirers.

In the year's biggest international move, Hogan Lovells acquired 66-lawyer Barrera Siqueiros y Torres Landa in Mexico City. DLA Piper also added a Mexico City firm in 2014, and made a second overseas deal acquiring a law firm in Prague. Baker & McKenzie and Dentons both picked up South African law firms in 2014. Littler continued its Latin American expansion with the addition of a firm in Lima, Peru. ■

26 Percent of Lawyers Anticipate Hiring in 2015

Slightly more than one-quarter (26 percent) of lawyers said their law firms or companies will be adding legal jobs in the first half of 2015, according to a survey by Robert Half Legal. Sixty percent of lawyers said they expect to only fill vacant posts, while 7 percent said they would neither fill vacant positions nor create new ones. Just 1 percent of respondents anticipate staff reductions in the next six months.

Litigation is expected to yield the most job opportunities through June 2015, according to 36 percent of attorneys surveyed. Within the litigation practice area, insurance defense was cited by 45 percent of lawyers as the leading driver of job growth, followed by commercial litigation (23 percent).

"Law firms are making strategic hires to meet client demands and expand profitable practice groups, such as commercial litigation," said Charles Volkert, executive director of Robert Half Legal. "As litigation caseloads continue to rise, experienced associates with business development skills and backgrounds in medical malpractice, personal injury and intellectual property will be highly marketable."

Volkert noted that legal departments are seeking compliance, contract administration and commercial law experts to meet the rising need for business-related legal services. "Increasingly, general counsel are staffing these high-demand positions on a project or part-time basis as a cost-effective strategy for accessing specialized skills that may not exist within their organizations," he added.

Fifty percent of lawyers surveyed cited at least some challenge in finding skilled legal professionals. Volkert noted that in many markets, candidates with expertise in the hottest practice areas are receiving multiple job offers and counteroffers.

Employee retention is a chief concern at many organizations, the research finds, with nearly one-third (31 percent) of lawyers expressing concern about losing legal personnel to other job opportunities. "Employers need to expedite the hiring process to avoid losing high-caliber candidates to competing firms," Volkert said.

Aside from increased compensation, nearly one-third (32 percent) of lawyers surveyed said flexible work arrangements provide the greatest incentive for legal professionals to remain with an employer. Challenging work or variety of assignments ranked second, receiving 28 percent of the survey response, followed by professional development opportunities, cited by 24 percent of respondents. "While offering a competitive salary remains an important factor for attracting the industry's top talent, many law firms and companies are re-examining their benefits programs to meet the work-life balance and career development needs of today's multigenerational workforce," said Volkert. ■

Speed of Economic Growth Sets U.S. Apart

With an outlook for solid U.S. economic expansion as a backdrop, PNC's investment strategists foresee a year of "divergent paths," marked by continued stock market volatility in 2015.

While good corporate earnings and low interest rates aided what PNC Chief Economist Stuart Hoffman calls a "homegrown" economic recovery in 2014, global markets did not fare as well – plagued by slower economic growth and geopolitical concerns.

PNC Chief Investment Strategist Bill Stone and his team are watching the U.S. "diverge" from some other developed countries, whose economies are forecast to experience continued slowing growth. The divergent path began last year as continued U.S. economic expansion, good corporate earnings growth, and a low-interest-rate environment helped the U.S. economy away from the pack. Now, with global markets in a state of flux, "U.S. financial markets continue to act as a safe haven amid heightened perceived risks, which has driven volatility higher," said Stone. "We believe volatility will remain, with the additional variable of the drop in oil prices and flare-ups possible from time to time moving through 2015."

PNC's investment professionals' annual review of historical

IN MEMORIAM

James Walter Wilson Nov. 21, 2014, Age 68	Judge Lawrence A. Brown Jan. 5, 2015, Age 89
Robert Bell Frailey Nov. 23, 2014, Age 90	Jon A. Baughman Jan. 12, 2015, Age 72
Judge Arnold C. Rapoport Nov. 29, 2014, Age 83	Joan L. Markman Jan. 14, 2015, Age 57
Margery K. Miller Dec. 6, 2014, Age 67	Bayard M. Graf Jan. 16, 2015, Age 88
Carl A. Hechmer Jr. Dec. 17, 2014, Age 96	Walter M. Phillips Feb. 7, 2015, Age 76
Robert Shaffer Dec. 27, 2014, Age 67	Judge Irving L. Bloom Feb. 11, 2015, Age 80

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trends for stocks vs. bonds reflects a second straight year that stock returns have exceeded those of bonds. The current 10-year trailing return of stocks vs. bonds indicates outperformance largely as a result of the equity markets' strong performance over the past few years, according to Stone.

"We believe 2015 will bring a year of above-trend 3.3 percent U.S. GDP growth, assuming that payroll job growth will maintain its current pace of around 230,000 new jobs per month, and the unemployment rate will decline to end 2015 at around 5.2 percent."

Both Hoffman and Stone believe 2015 will be a year of continued economic expansion for the United States. Geopolitical concerns remain on the radar as the biggest risks to markets; also prominent is the fragility of the Eurozone and Japanese economies. Finally, ongoing uncertainty about falling oil prices is something to watch heading into 2015. ■

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