

Help wanted: Lawyers needed for Silicon Valley firms

IP, M&A and corporate governance fuels demand, driving salaries higher

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by [Becky Bergman](#)



Dennis G. Hendricks

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Hiring and grooming young associates can be an expensive way to expand a firm, says John Montgomery, co-founding partner for Montgomery & Hansen LLP.

Silicon Valley law firms are gearing up to grow this year, with rival law firms opening or expanding offices to gain a foothold this highly-sought territory.

That expansion will come with a higher price, as well, with firms saying they will pay more this year -- around \$160,000 for first-year associates -- for experienced partners and talented up-and-comers.

Pillsbury Winthrop Shaw Pittman; Orrick, Herrington & Sutcliffe; Munger, Tooles & Olson and Shartsis Friese are among a handful of firms that announced they would hike their first-year attorney salaries to a \$160,000.

San Jose-based Hickman, Palermo, Truong & Becker LLP, a 21-attorney patent preparation and prosecution boutique firm, will increase its first-year associate to \$130,000 per year.

Nearly half the law firms surveyed by Robert Half Legal plan to hire new attorneys. Just as many said they would likely hold steady with no new hires or job cuts.

A small percentage said they were unsure of their firm's plans, according to the staffing service for the legal industry.

With the burgeoning workload created by Sarbanes-Oxley -- and lawsuits over backdated stock options fresh in mind -- it's not surprising that litigation topped the list of expected growth areas with 30 percent telling Half's survey team it's a focus. Other growth areas identified include ethics and corporate governance, mentioned by 22 percent; intellectual property, 18 percent; real estate, 11 percent; bankruptcy, 8 percent and general corporate/commercial, 1 percent.

"Litigation activity, from labor and employment disputes to contract issues and patent and copyright protection, is creating demand for tenured attorneys with relevant case experience and successful track records," says Charles Volkert, executive director of RH Legal.

"Litigation occurs in every industry and is a practice area that continually produces a significant volume of work," says Volkert.

More than 50 national firms have either established headquarters or opened new locations in the Bay Area during the past decade, says Martha Sellers Klein, a senior consultant with Mlegal Consulting Inc. in Palo Alto.

"There is a demand right now for law firms to take on business for companies at all levels of financing," says Klein.

"The hot areas are startups that have matured and emerging markets like biotech that have received two to five rounds of funding," says Klein, whose consultancy represents roughly 30 of the top 100 top law firms in the U.S.

Intellectual property law, an area that deals with the rights of creators and the use of their creations along with patents, trademarks and copyrights, will continue to keep local attorneys busy.

John Ferrell, co-founding partner for Palo Alto-based Carr & Ferrell LLP, doesn't see any signs of a slowdown on intellectual property litigation. He also believes mergers and acquisitions, estate planning and elder care are hot sectors.

"Many lawyers who went into estate planning in the 1960s and 1970s are retiring and looking to hand that work over to someone," says Ferrell, "And with all the baby boomers that need legal service, I think this is one of the secret gems in the law profession."

Ferrell's 15-year-old firm will expand from 40 to 50 lawyers over the next 12 months, the first growth spurt since the late 1990s.

Ferrell says his nine-partner firm, which has 30 associates and represents venture-backed, private companies, will also head back to school this fall for the first time in five years in hopes of garnering interest through job fairs.

In fact, on-campus interviewing and job fair participation has steadily increased, according to the National Association of Law Placement (NALP), a Washington, D.C., trade group that found students received an average of 37 offers per firm for the 2007 summer program, the highest level since hiring for summer 2001.

About 91 percent of the summer program participants reported they received an offer for an associate position, while 73 percent accepted, a figure that is now at a level similar to that of the late 1990s.

Local attorneys like to hire young associates they can groom, but it can be an expensive way to expand a firm, says John Montgomery, co-founding partner for Menlo Park-based Montgomery & Hansen LLP.

Montgomery, who launched his six-partner firm in 2003, will expand from four associates to six this year.

It can cost as much as \$250,000 to support and train new lawyers during the first several years.

Most associates take two to three times longer to do the same work an experienced lawyer does and they likely won't reach profitability for at least three to four years.

"If you're lucky, you break even on the time billed after the first year," says Montgomery.

And of course, there is always the risk that once an associate reaches profitability and gains some worthwhile experience, they will jump ship for a competing firm.

"Lawyers will leave a firm for another if they feel they will gain a stronger platform from which they can build their practice," says Klein. "Other factors include better quality of work, the challenge of building a new office or practice and greater compensation."

Montgomery, whose 20 year-plus work history reads like a who's-who list in the legal industry -- Brobeck, Phleger & Harrison LLP, GCA Law Partners, Baker & McKenzie and Wilson Sonsini Goodrich & Rosati -- knows a thing or two about keeping his associates happy and committed.

"We've been able to grow slowly and shape our corporate culture to reflect who we are," says Montgomery. "We don't base our success on profits per partner."

"Don't get me wrong, we love our job and our profession," says Montgomery. "But we also love our family and children."

BECKY BERGMAN is a freelance writer based in North Carolina.