Attorneys
Managing Partner
- Ronald H. Shechtman

Pryor Cashman and Managing Partner Ronald Shechtman Featured in NYLJ Article About Mid-Size Firms

Pryor Cashman was featured in *The New York Law Journal's* October 19, 2009 article entitled "Dinosaurs No More – Mid-sized firms thrive despite predictions to the contrary" by Vesselin Mitev. The article notes that while large firms were hit hardest by last year's collapse of the financial market and were forced to take severe cost-cutting measures like laying off associates and deferring first-year classes, New York's mid-size firms, once considered close to extinction, have emerged largely intact.

Managing Partner Ronald S. Shechtman was interviewed for the article and told *The New York Law Journal* that mid-size firms have survived because of a business model that combines low leverage, fewer offices, diversified practices, flexible billing and an old-fashioned sense of partnership. "A decade ago, the conventional wisdom was that the mid-size firm is a dinosaur, but the evolutionary process has shown it to be an advanced creature," said Shechtman.

Shechtman discussed how clients are demanding more mileage for their dollar, noting that "clients are increasingly value-oriented" as a direct result of the prevailing fiscal uncertainty. With respect to staffing, Shechtman stated: "Leverage is great in an up market, whether it's your margin account or staffing model; if you can keep all those bodies busy and engage them, that leverage is a real profit driver. If the market is down and you can't, and you are sitting with as many unoccupied bodies, it obviously is much more painful and much more expensive."

The article noted that in addition to lower leverage and minimal fixed costs, some mid-size firms point to their mix of practice areas and clients as a major reason for staying ahead of the curve. As Shechtman told *The New York Law Journal*: "We don't have a single client who represents more than 4 percent of our business. Our top 20 clients make up less than one-third of our business, unlike some mid-sized firms that are dependent on one or two large clients or one or two industries and when that industry gets in trouble [they] become terribly vulnerable."

Pryor Cashman's diversity of expertise in numerous practice areas was also highlighted. Mitev wrote that "[w]hile Pryor Cashman is known for its entertainment law practice, the area does not make up a large part of the firm's overall practice. Litigation, corporate, real estate and labor and employment law are strong, and the firm recently added a family law practice as a direct result of a spike in trusts and estates law coinciding with the economic downturn."

"We felt by creating a practice of some distinction that we could provide a service," Shechtman said, adding that many of the larger firms "have given up" on trusts and estates. At Pryor Cashman, the family law group "helps us cross-sell" services to clients who may be re-examining their marriages and looking to safeguard assets, he said.

The article also featured a piece entitled “Lean and Limber” written by Shechtman for *The New York Law Journal*, which is reproduced below.

Lean and Limber (as featured in the NYLJ on October 19, 2009)
Ronald H. Shechtman
Managing Partner, Pryor Cashman

In a reverse of the evolutionary cycle, the mid-sized firm has gone from an endangered species to a model for law firm survival: low leverage, lean cost structure and flexible billing models. But none of those attributes ensures survival unless the firm understands that the "entrepreneurial" description is more than a Web site banner.

Few law firms, large or mid-sized, can rely on business coming to their door. Instead, personal relationships and attorneys' stature drive client development. Client retention then depends upon the efficient and effective rendering of services.

At Pryor Cashman, the roots of survival and success follow those principles. Each attorney, associate as well as partner, is coached and encouraged to develop business through contacts and professional activities. Associates receive commissions, and partners' compensation is weighted toward credit for origination.

So many originators have been created that the firm is not reliant on only a few rainmakers. The client base is as diverse as the originators, where no one client represents more than 4 percent of firm revenues. Lawyers don't read the news, fearful that a company's merger or demise threatens the firm's well-being, or fear that any partner's exit takes away a critical share of revenues. In fact, only a few partners have voluntarily left, and four of those subsequently returned to enjoy the entrepreneurial platform to develop new business.

Thus the firm enjoys a culture in which the busiest partners are the first to assist others with business development. The firm's management allows partners flexibility to use billing alternatives to encourage new business. In the end, the business model delivers value to the client by ensuring that the originating partner manages the client relationship and the billing to keep staffing lean and commensurate with the value of the services rendered.

Most important to my own firm's commitment to these principles is every Friday morning, when our partners gather for breakfast, usually with no business agenda whatsoever. There we reaffirm that those who join us at the table are colleagues whom we enjoy, whom we respect for their professional excellence, and with whom we identify in the drive to create business opportunities.

A wizened recruiter once said to me, when we discussed our active lateral recruitment agenda and the independence our partners enjoy, "You guys practice law the way it used to be."

To read the article, please click here.