

Growth spurts: Can Goodwin Procter's impressive string of European hires hold it together?

Madeleine Farman and Victoria Young sit down with Europe chair David Evans to discuss laterals, integration and the next steps in the region

After its recent haul of new hires, it is hard to believe Goodwin Procter's 119-lawyer offering in Europe began in 2011 with one partner, a telephone and a desk in London. Europe chair David Evans joined Goodwin after a 26-year stint at Ashurst, where he had served as a board member. One month later he was followed by colleague Samantha Lake Coghlan, a real estate funds partner. It was nearly a year before they gained their next lateral partner, Linklaters' global co-head of real estate Joe Conder.

But in the last two years Goodwin has really picked up the pace in Europe. Since launching its coveted private equity practice with the hire of Richard Lever from King & Wood Mallesons (KWM) in 2015, Goodwin has expanded beyond London, opening in Frankfurt and Paris. Across the three locations, 25 lateral partners have arrived from firms including KWM, Ashurst and Shearman & Sterling.

Evans can boast a 40% year-on-year revenue increase for the London office over the past few years, claiming London alone has brought in 50 new clients since January 2016, including Bregal Investments, ECI Partners, Henderson Park, Slate Asset Management, Partners Group, Phoenix Equity Partners and Capital Dynamics. Firm-wide, Goodwin posted a third consecutive year of record revenue and profit, with turnover growing 5% to \$912m in 2016. The firm's profit per equity partner dropped slightly to \$1.98m.

But while growing rapidly, questions remain as to whether Goodwin's burgeoning European offices can digest and properly



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integrate a slew of new arrivals.

As one rival partner in the City puts it: 'It's got to critical mass in a single jump and there are a lot of mouths to feed. It needs to be quite successful quite quickly to feed these mouths.'

BUILDING UP

Goodwin took on real estate partner Evans to head up its first London 'pillar' practice, one of the four pillar business law practices in the US: private equity, financial institutions, technology and life sciences, and real estate investment practices, at a time when the Magic Circle

firms were retrenching. Its second pillar, private equity, would follow.

'Real estate is not as infrastructure-hungry as it is with PE on the law firm side,' Evans says. 'It's not as brand sensitive.'

Evans has not strayed from his original strategy, which is something partners praise in Evans' leadership style. As Conder notes: 'He's very strategic looking and thinking. He's receptive and open minded to other people's points of view, and takes that on board with strategic thinking that he's already done.'

Describing his own

leadership style, Evans says he is 'consensus-driven but with a sense of direction'.

Although all firms will opine about culture, this is one part of the European growth strategy Evans has been very strict on. 'We were pretty ruthless in building the right culture from the beginning. You don't always get it right. All partners met all laterals and a core group of partners will see all associates, and indeed all staff, that we hire. There's probably only one person or maybe two in this entire office that I haven't interviewed,' Evans adds.

The London office is yet to lose a partner permanently. Hospitality partner Matthew Pohlman left Goodwin in 2015 only to return in February this year.

Evans describes the string of hires the firm has made in the past 18 months as 'strategic rather than opportunistic'. The office had to wait patiently to build on its private equity pillar.

'It really was "Goodwin who?" for quite a while. We needed to get that brand built, we needed to get the right infrastructure and then we needed to find the right person. We kissed a lot of frogs and the culture piece for us was challenged quite a bit in the private equity world. We eventually found Lever, who fitted on so many different levels for us.'

Lever, KWM's former corporate co-head, was the catalyst for growth in the City private equity practice. 'I wanted to go to a firm where private equity was important and was a leading part of the strategy,' he tells *Legal Business*. 'The push factor at KWM was that it had completely lost its focus. Real

estate did a lot of low-end stuff that wasn't profitable. They didn't focus on the high-end stuff that Goodwin does, like acting for funds in real estate.'

Key transactions Lever has been involved in since joining Goodwin include TA Associates' \$1.15bn acquisition of Russell Investments, an asset management company, from the London Stock Exchange Group. He also led the team advising US snacks firm Amplify Snack Brands' acquisition of upmarket crisp and popcorn business Tyrells Potato Crisps in a £300m deal.

Lever's appointment opened the floodgates for lateral hires, spearheaded by Evans. In July Goodwin confirmed Lever's KWM colleague, leveraged finance partner Simon Fulbrook, was joining in London. Just four months later, Goodwin announced it was launching in Frankfurt with a four-partner real estate team from Ashurst led by Stephan Kock.

A year after Lever joined, Goodwin hired KWM's Paris private equity team, bringing more than £8m in annual billings with them. The move saw KWM later file a claim against Goodwin of approximately £15m. Paris chair Maxence Bloch says: 'From a Paris perspective, what you need these days in private equity, and especially if you're doing mid-market private equity, is a very strong presence in London and a strong presence in the US. This is if you want to be credible, to be able to step up on larger transactions, if you want to have the market knowledge and market presence.'

In December it emerged Shearman global private equity head Mark Soundy and tax partner Sarah Priestley were to join Goodwin's London office following their resignation. Then in January this year it was confirmed the firm had taken on KWM's prized funds team.

Goodwin, which had a best-friend relationship with legacy SJ Berwin, predating Evans' arrival, gained the six-partner team, which was also in

GOODWIN PROCTER - AT A GLANCE

Core London clients: Graphite Capital, GreenOak, Ares, Macquarie Group, Deutsche Asset Management, PAI, TA Associates
PEP: \$1,982,000
Equity partners: 216
Non-equity partners: 135
Equity partners in London: Nine
Non-equity partners in London: 12
Revenue 2016 (global): \$912m

Recent key matters:

- Spice Private Equity (Spice), a subsidiary of the Swiss investment company, Spice Private Equity Ltd, in the \$31.1m sale of assets held by Spice.
- NREP on a final closing of its NREP Nordic Strategies Fund II with an investment capacity of €1.7bn.
- HSBC Alternative Investments (acting on behalf of clients of HSBC Private Bank) and Hines UK on the £416m sale of Broadgate Quarter in the City of London to The Blackstone Group.
- GreenOak on the acquisition of Grafton Advisors from UK property developer Quintain, a wholly-owned subsidiary of Lone Star Real Estate Fund IV.

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discussions with Gibson, Dunn & Crutcher, Hogan Lovells and Macfarlanes, although Macfarlanes denies the firm held conversations. Fifteen associates and five trainees joined with them. At the same time, KWM agreed to drop the litigation claim over the Paris hires.

When asked about the claim, Evans explains: 'It wasn't one of the things keeping me up at night, put it that way.'

The next day it was confirmed the firm was bulking up with another two hires in Paris, including funds partner Arnaud David from KWM and corporate tax lawyer Marie-Laure Bruneel.

The new London funds team joined Goodwin a week after the office had moved into its new building. With 44,000 sq ft at 100 Cheapside, Goodwin London can now comfortably fit 125 lawyers, almost double

the 67 lawyers it has now.

Does Evans expect to hit 125? 'I'm 55, I don't know how long I've got, but we probably won't shoot through 100 unless there is an opportunity we would be stupid not to take.'

Although Evans says the firm has 'had its growth spurts' he does have plans for areas he's still looking to bulk up – additional leveraged finance and private equity capability in London, real estate in Paris, and private equity and regulatory funds in Frankfurt. The firm is still 'open to opportunistic stuff' and is constantly looking at litigation, one of its key practices in the US, which sits alongside corporate and regulatory and advisory.

BRINGING IT TOGETHER

After a frenzied two years, Goodwin's focus is now on integration.

Due to Europe's rapid expansion, Evans, who became the region's chair in a new role created last year, is considering introducing formal practice heads. Discussing the plans with practice heads in the US, Evans expects to make a decision on whether to introduce a new structure over the next six months.

Rival partners are curious to see if Goodwin will be able to keep the lateral hires it brought on from KWM. Says one partner: 'It was a small, very collegiate group of partners. They all knew each other, they weren't in each other's pockets, but it was self-contained. You'll find the larger size means you can't be as intimate as you were before. None of them were brought in to make up the numbers; they are a good group of lawyers. As to whether that makes for a good team where everyone will work well together – which is not KWM's forte unfortunately – the jury is out.'

Evans is confident the entrepreneurial yet isolating culture SJ Berwin is known for is not an issue. He says: 'People tend to adapt to their surroundings. People have come to Goodwin from firms which are a lot sharper elbowed. As long as you immerse them and surround them with good cultural behaviour, they adapt.'

'There's a lot of time going into this and the hard work starts now,' comments Evans. 'The immediate part of that is integration. I'm not worried or obsessed about it because frankly the cultural piece of how we accrue laterals means we've got a head start, but it needs time and attention for sure.'

However there's another personal aspect to this growth story for Evans, the man who started it all in London. 'For me, part of the issue will be letting go of the baby a bit. It was me and now it's this, and I've got to let go. Now we've really got to prove the strategy on the ground.'

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