



## AN INTERVIEW WITH CARTER PHILLIPS

Carter Phillips is chair of Sidley Austin's executive committee, and a member of the firm's management committee. He was managing partner of the Washington, DC office from 1995 to 2012. An eminent appellate lawyer, Phillips has argued a total of 77 cases in the Supreme Court, the

highest of any lawyer currently in private practice.

Sidley Austin holds more than 1800 lawyers in 19 offices around the world. With a broad transactional practice, extensive litigation experience and a highly regarded regulatory practice the firm has earned its spot as one of the global powerhouses.

In an exclusive interview, *Who's Who Legal* finds out the firm's values, views on the developments in the global marketplace, and growth plans for the future.

### *What are the key values of the firm?*

The firm's slogan is "talent, teamwork and results." We pride ourselves on having talented lawyers globally that work collaboratively and actually like each other. I'm always struck by the atmosphere of collegiality when going to pitches with partners. The results aspect speaks for itself, but as a traditional mid-Western firm, we always seem to emphasise the teamwork aspect as much as the results!

### *Has the relationship between clients and firms changed in any way?*

After the challenges of 2008, clients became generally more cost conscious because they were struggling, as indeed were law firms. Greater value is now placed on firms that are efficient and have the expertise to provide clients with the services they need. Clients want us to handle their matters in a way that also manages their costs; there is greater discussion of alternative fees including the possibility of capping fees. That being said, they do not want the quality of work to deteriorate, so this can create tension between firms and their clients. However, this tension is clearly understandable and manageable when there is a valued relationship.

### *How has the increasingly competitive market impacted on the way the firm works? Is there enough room for the wide range of law firm types currently in existence?*

Domestically the pie is not growing: there is a finite amount of legal work available. The competition is to wrest as much of that pie as we can. We have to rely on what sets us apart from other law firms. Therefore, we take comfort and satisfaction from the fact that we have the most first-tier national practices as ranked by US News – Best Lawyers. We are able to offer clients

diversity in terms of practice areas, geography and also with regard to lawyers. Being able to offer a first-tier service across the entire spectrum of practices is fundamental.

I don't think there is enough room for the increasing number of law firms. There will always be niche firms that manage to carve out an area for themselves, but in the long run it will be harder for those firms that want to be regional or national, because larger firms will take the valued cross-border work. Regional firms will be challenged over time because clients who have global businesses will want a firm that is able to deal with the global aspects of their business.

### *What is the impact of emerging economies on the transformation of the global legal profession?*

Our commitment in Singapore (Sidley Austin was granted a licence to practice local law in early 2013) gives us a major advantage as we have an easy point of access into the South and South East Asian markets. We expect to continue to expand that practice. It's pretty clear that developing countries are boons for London practices in general, as well as to project finance practices. What is most important to us at Sidley, is to have people with credibility. We don't need offices in every single jurisdiction, but we do need to be in a position to offer clients first class legal skill in the relevant capabilities.

### *Is the traditional partnership model still relevant in today's market? How has the firm developed its model?*

It depends on how you define traditional. In the small town where I am from, the traditional partnership model was a two to three partner arrangement – that is clearly not sustainable these days. The traditional lockstep system in Britain is also not sustainable because partners whose practices become more and more successful will not happily live in that kind of situation. If you look at most of the UK firms, they have already started and will continue to modify their models.

### *How important is brand awareness for today's global law firms?*

Rather than brand awareness, I see the most positive impact in terms of client referrals in having lawyers on the ground, where they are in a position to create opportunities for other partners. As an example, our Beijing office has represented the government of China for many years. So when the government needed litigation support in the US, the fact of having a Beijing office, as well as good relationships with relevant government ministries made it easier to convince the government to use our firm for its US work. It is this broader array of relationships that comes from having a presence across the world that raises awareness as opposed to the brand directly.

Furthermore, we represented the European Community in the Supreme Court. We did not get that role so much because of

the brand, but because of our presence in Brussels and the good relationships we had fostered. When the EC wanted assistance, it turned to our lawyers in Brussels who recommended lawyers in DC. You could call that brand awareness, but we see it more as having the right people in the right locations.

*How has the development of technology impacted on the way the firm works?*

There are two aspects to this. First, it has made the practice of law a 24/7, 365-day-a-year enterprise, because there is no place in the world where you can claim to be out of reach. It is a lot more demanding but technology also means that we can be more efficient. An example is electronic discovery which allows us to provide legal services in a less costly manner – I know our clients benefit from this.

Second, like other firms we have a chief information officer to ensure that we are at the forefront of the latest developments, including data security. The hardest part for lawyers is the pace of change. Every time there is a new technological advance, it can prove difficult to acclimatise, but full credit to our CIO who is on hand to help.

*How has the firm approached the issues of pro bono and diversity?*

With regards to pro bono, we have our commitment to the ABA to devote three per cent minimum of billable time to pro bono activities. In actual fact, we exceed that commitment and spend out of pocket for various pro bono activities.

We try to latch on to larger projects to make things more interesting for our lawyers. In Alabama we have more than 10 death penalty cases that we are currently handling. We have a large programme for veterans that spans a number of offices. A final example is the great project we have in Africa and Asia with the aim of increasing our transactional pro bono activities. The project involves helping small businesses gain access to greater resources and markets to help them be a success. Last year over 200 lawyers spent time on those international projects, which is fantastic.

As for our approach to the practice of pro bono, we have hired an individual to be the coordinator for our efforts. This individual has a full-time job ensuring that there are opportunities available for lawyers at the firm and is also responsible for encouraging participation by all of the lawyers within the firm.

In terms of diversity, we have two permanent committees that are responsible for providing a continuous flow of data as to our progress as well as providing recommendations for further improvements. Last year was spectacular – seven women

joined us laterally in Dallas, and others in other key cities. This followed one of the recommendations highlighting the need to find more women in the lateral market. This is good news from the firm's perspective and in the next few years we expect to see a significant uptick in the number of women in leadership positions. What makes this so important is that clients really do monitor diversity – we get requests for hours broken down by gender, race, ethnicity, physical abilities and sexual orientation. If diversity is important to clients, it has to be important to us. Independent of clients' demands, diversity is the right approach to improve the quality of the legal service we provide.

*Which practices are you currently expanding?*

There are a few areas we have in our sights. First, we are looking to expand our practices related to the energy industry. We have a relatively new office in Houston directed at this market and a significant portion of the Singapore market focuses on energy, so it will also be a key spotlight for our Singapore practice. The US energy market has improved dramatically – one area domestically where the pie is expanding.

Another significant area is international commercial arbitration. We have without a doubt the best WTO practice in the world. We also have a phenomenally successful international arbitration practice which we are planning to expand.

At present, the number of Sidley lawyers in the US who practice litigation or transactional work is about evenly divided (another substantial group handles regulatory matters). We would be comfortable increasing our litigation activities outside of the US, and this is something we will consider. As global regulations expand, our regulatory services to many industries, hedge funds, life sciences, financial and technology will expand as well.

As an additional point, there is always more to be done on the corporate M&A side. We have a great practice in Chicago, and plan to expand further in New York or London.

*What are the firm's growth plans for the next ten years?*

We have made a commitment in Singapore to be a certain size by specified dates, so we will definitely see growth there. Asia is one of those areas where the market is expanding, so we need to ensure that we have sufficient capability in that region.

At some point we will focus more attention on expanding in Europe: the goal ultimately is to have a uniquely strong presence in the US, Asia and Europe. UK firms have a hard time penetrating the US market, although the US has done better in Europe, and both have had reasonable success in Asia. It will be increasingly necessary to have a strong presence in all three regions for our clients, so that is the ultimate aim we are working towards.