

Taylor's Perspective . . .

SDAB Firm Proves That the Future of Litigation Is in the Boutiques

We'll admit it. As a legal profession trade-press publication, *Of Counsel* tends to focus on the megafirms or at least those firms that register on our *Annual Survey of the Nation's Largest Law Firms*, that would be the top 700 partnerships. There's a good reason for that: The large and midsize firms generate a lot of news, what with all the mergers and high-profile legal work.

Occasionally, actually increasingly, a boutique crosses our radar screen that warrants attention. Why increasingly? Because we see a trend emerging, and while it's been a pattern that has been simmering for a few years, it's now coming to a boil: Litigation is going small.

That is, more major corporations with a litany of litigation concerns are retaining boutiques to handle the load, especially those smaller firms fielded by experienced pros who gained their expertise at large firms before they left the megafirm world.

Enter Schirrmeister Diaz-Arrastia Brem, a small Houston partnership that's been created by name partners who all earned their stripes from one of the heartland's more recognizable firms, Houston's 670-attorney Baker Botts. (It's worth acknowledging that the firm's name is a mouthful, and we pity the receptionist who has to answer each phone call by proclaiming said mouthful.)

While SDAB (that's easier) has been around for awhile with a high degree of success, including eight years serving as one of DuPont's "preferred law firms," a cherished role, the firm founded by top-shelf attorney Andrew Schirrmeister and joined by the equally talented George Diaz-Arrastia recently filled in the last piece of the puzzle.

At the start of the year, the two partners asked former Baker Botts colleague Michael Brem to join them. He was more than happy to make the move. And, he did so in large part because he recognizes the trend. "One of the main reasons that I made the change from a class-A megafirm to this firm is that I'm convinced the future of litigation is in the boutiques," he says.

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Brem spells out why this shift to smaller firms is taking hold. First, there's the issue of cost. "As near as I can tell, the transactional lawyers at the big firms can charge whatever they want, and they can do it for two reasons. One, in a \$750 million merger, which isn't a huge transaction, a couple of million dollars in legal fees gets lost. The second reason is that the people involved in the transaction *want* to do the deal. They're not having it forced upon them like a lawsuit."

Because transactional lawyers at big firms are able to command billing rates that are often exorbitant, rates for litigation lawyers at those firms tends to be dragged upward as well. And, increasingly clients are unwilling to pay those inflated litigation rates. DuPont, of course, was one of the innovators among US-based multinational companies to make a concerted effort to hold legal costs in check and fire those firms that aren't cost-savvy.

A Cherished Relationship

The importance of the relationship with DuPont, which Schirrmeister diligently developed, can't be overstated. SDAB lawyers recognize that DuPont values the relationship as well. "We offer the same caliber of representation as the large firms because our

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lawyers have been trained at those same large firms and our rates are somewhat lower," Schirrmeister says. "We use a lot of technology so that our lawyers are very productive, and because we've been working with DuPont for eight years, we know the company well. The relationship is very collaborative."

The cultivation of relationships is also what's allowed this boutique to go global that and Cuban-born Diaz-Arrastia's fluency in Spanish and his understanding of Latin American culture and business. "We've been developing relationships with lawyers in Mexico for sometime now, and it pays off as they've given us many referrals. This year, we started developing relationships in Venezuela and Colombia." The firm's also worked on cases involving the Philippines, South Africa, and companies in other nations.

SDAB's size makes it more nimble than the Jones Days of the world, something both clients and the partners appreciate. "I like not having to deal with the bureaucracy of a large law firm," says Diaz-Arrastia. "Also, when you're in the litigation business at a big firm, you're constantly concerned about conflicts. They happen all the time. We don't have to worry about that as much."

Another reason that the firm continues to generate sophisticated work is the non-legal expertise Brem brings to the practice. After earning an MBA, he started his career working in the oil industry. "The oil industry experience has given me the knowledge to understand what's going on in a case when others don't, particularly in down-hole failure cases, personal injury cases that occur on rigs," Brem says.

"I was at a high management level so I learned a lot about the industry."

From a PR Perspective

While the firm Schirrmeister founded has a lot going for it, he might need to brush up on answering difficult ethical questions about his work. That is, the firm represents many companies that have been charged with horrible crimes that have allegedly victimized hundreds of people, many of whom are among the world's most destitute. His resume mentions his defense for companies accused of benzene poisoning, asbestos poisoning, and toxic pollution that led to widespread birth defects among others.

Now, of course, all of this is not so unusual for corporate defense attorneys. But when asked if he's ever had trouble reconciling what he does and for whom, Schirrmeister answers by saying, "That's what lawyers do."

When pressed with this question—"You've never had to reconcile that you may be representing a company that did in fact do great harm to people who are without the means to defend themselves?"—Schirrmeister says, "I've never posed that question to myself because a factual situation has never put me in that position."

Hmmm. Never? Naturally, this is a question that all corporate defense attorneys should be very familiar with. As a law firm consultant who advises attorneys on public relations matters says, "Defense lawyers are often called upon by the world to defend what they do for a living. Some will simply say, 'What I'm doing is right.' He didn't have a sufficient answer to a question that all lawyers ought to be able to recite by rote."

Schirrmeister might want to read how this month's *Of Counsel Interview* subject, Gary Bezet, answers a similar question. (See this issue's back page.)

Now all of this aside, it's clear that Schirrmeister has gathered a formidable team, one that is proving that companies should continue to look to boutiques for their litigation needs, especially those with the diverse experience and skills the SDAB firm has. ■

—Steven T. Taylor

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