

The Biggest Lawyer in Town

BY STEVEN R. STRAHLER

Fresh out of law school in 1985, Kirkland & Ellis LLP attorney Jeffrey Hammes got a seat at the table when Mitt Romney came to town in pursuit of Bain Capital Inc.'s first deal, a leveraged buyout of medical equipment maker Calumet Coach Co.

Over the next quarter century Mr. Hammes rode a private equity boom to the top of Kirkland, working on the \$6.6 billion Toys 'R' Us Inc. buyout in 2005 and personifying the steady diversification of the litigation powerhouse.

Just re-elected to a second term as chairman, Mr. Hammes, 53, a hard-nosed contractor's son from suburban Milwaukee, isn't the first business-getter to rise at Kirkland. What's different is the morphing of his post into a full-time job, reflecting the urgency that law firm partnerships are placing in top-down, strategic management.

Through the recession and slow recovery, Kirkland has been adding lawyers, many from other firms. Since 2008 its ranks have swelled by 20 percent, to 1,600 attorneys, including 615 in its riverfront office tower. Fueled in the past by high-stakes litigation over tobacco and asbestos, Kirkland's business is more balanced—but also more exposed to the slowdown in private equity and other transaction work, and to the pushback on legal fees.

For Mr. Hammes, taking over the Kirkland juggernaut three years ago mimicked the nowhere-to-go-but-down situation that confronted Phil Jackson's successor at the Chicago Bulls.

"I was dealt a good hand," Mr. Hammes says. Then he sounds a note to self: "Don't make any hard-right turns."

CHICAGO'S RICHEST

Kirkland is by far the richest law firm in Chicago and tops among the 15 largest U.S. firms in profit per equity partner (\$3.1 million last year); but while rising a respectable 4.6 percent, compounded annually, since 2007, the closely watched figure slipped 0.8 percent in 2011, according to *American*



Jeffrey Hammes

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Lawyer figures and legal consultant Zeughauser Group LLC calculations.

Still, 2011 revenue increased an above-average 7.7 percent, to \$1.75 billion, and Mr. Hammes says that while the times aren't what they used to be, the firm will outperform most peers this year. "The good news is demand for our services keeps going up."

Briefly an Arthur Andersen recruit before going to Northwestern University's law school, Mr. Hammes is a solidly built 5-foot-9 with the fleshy features and easy-to-imagine intimidating presence of a movie heavy—emblematic of Kirkland's take-no-prisoners culture.

Allan Koltin, an accounting industry consultant in Chicago, describes his friend since childhood as a born leader loath to kowtow to authority or convention. In pick-up basketball games, "he could assess talent and tell people where to go and what to do—quickly and decisively."

WEST COAST PRESENCE

In school, Mr. Hammes rarely sweated assignments. "It just came super-intuitively to him—he had this affinity for all things legal," says a law school classmate, Stanford University law professor Lawrence Marshall, who co-founded Northwestern's Center on Wrongful Convictions.

At Kirkland, Mr. Hammes became part of an expanding corporate practice that would dilute the share of litigation-related revenue from 95 percent to 40 percent, he estimates. A San Francisco office he opened in 2003 and a Silicon Valley satellite now account for 10 percent of Kirkland revenue, he says.

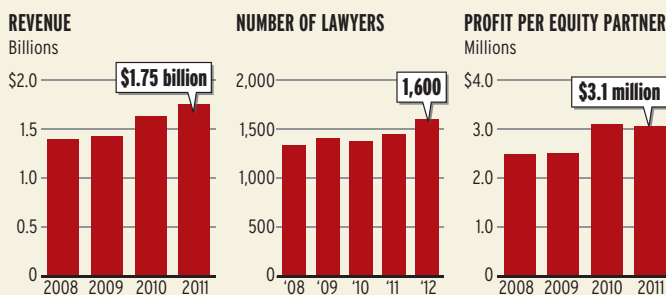
JEFFREY HAMMES IS "THE MOST BUSINESS MANAGEMENT-ORIENTED OF ANY LAW FIRM LEADER I'VE SEEN."

Jamie Sprayregen, Kirkland & Ellis LLP

Representing private equity funds like Bain Capital, which Mr. Romney co-founded and ran, and a spinoff, Golden Gate Capital in San Francisco, was highly profitable and led to follow-on work with portfolio companies. When some went under, Kirkland was there, too. In 1994 a Hammes client acquired a Baxter International Inc. unit and through a merger became Deerfield-based Dade Behring Holdings Inc. Dade Behring sought Chapter 11 protection in 2002, retaining Kirkland bankruptcy guru Jamie Sprayregen.

■ CAPTAIN KIRKLAND

Since Jeffrey Hammes became chairman in 2010, Kirkland's revenue and lawyer headcount are up but profit growth has stalled.



Sources: American Lawyer, Kirkland & Ellis LLP

Mr. Sprayregen later joined Goldman Sachs Group Inc. but returned to Kirkland in 2008 when Mr. Hammes' ascent was clear. "Jeff is the most business management-oriented of any law firm leader I've seen," Mr. Sprayregen says. "He's direct, blunt and candid but also gets people's needs and feelings—and their strengths and weaknesses."

As chairman, Mr. Hammes has built out offices in New York, Hong Kong and London and nurtured a growing white-collar investigation practice that buffered Kirkland during the downturn. Although client BP PLC last month settled federal criminal charges related to the 2010 Gulf of Mexico oil spill and paid a \$4.5 billion fine, its days in court are far from over.

Mr. Hammes is showing more caution abroad, where Kirkland's brand lags, because of "lumpy" economies and an aversion to venturing into faster-growing markets, like India and China (beyond Shanghai and a Beijing office opening next year), where outsiders aren't able to practice indigenous law.

Until 2001, Kirkland was ruled by a headless committee of rainmaking mandarins like private equity pioneer Jack Levin; its first chairman, Washington-based litigator Thomas Yannucci, continued to practice law, unlike his successor, Mr. Hammes.

"Jeff is more focused on the entrepreneurial spirit and the empowering of the younger lawyers to develop their practice," says John Desmarais, a former Kirkland patent litigator and management committee member.

Says Mr. Hammes, "I thought I'd end up in business—and, in a sense, I am right now."

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