

# HOUSTON BUSINESS JOURNAL

## The Business Journal Interview with Kirkland & Ellis Partner Andrew Calder



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### THE CALDER FILE

Partner, Kirkland & Ellis LLP

**Age:** 36

**Hometown:** Edinburgh, Scotland

**Education:** University of Edinburgh, Scotland, Bachelor of Laws, BPP Law School, CPE degree

**Family:** Wife and two kids (soon to be three)

**Favorite Houston restaurant:** Mockingbird Bistro

**Hobbies:** Skiing, golf, watching the Texans

**Favorite Starbucks order:** Vanilla latte

Andrew Calder, Houston partner at Chicago-based law firm Kirkland & Ellis, in front of the building being built by Hines. Kirkland & Ellis was the first tenant to sign a lease in the building.

JOE MARTIN  
Reporter- Houston Business Journal

Andrew Calder sits at his desk with side-by-side monitors chiming regularly with new emails, calendar alerts and other notifications. When he looks up, he can see the future of his law firm, Kirkland & Ellis, outside his window.

A block away and more than 40 floors above the street will be the future home of the

Chicago-based law firm at 609 Main, a new trophy tower being built in Houston by Hines. Kirkland recently announced it would be the anchor tenant of the top two-and-a-half floors of the building, a 62,000-square-foot space for a firm that just moved to Houston less than three years ago.

The move is a signal to clients and competitors alike that despite low oil prices, the firm isn't going anywhere. In fact, it expects to triple its employees in the next four years.

**What are the growth plans once the new office opens?**

For the space we're taking initially, there's room for 120 attorneys. We'd expect we'd fill that space within the next three to four years. Today, we have about 45 attorneys. With just the hires we know we're getting this year, we'll be up to about 60. That includes our first-year class. Then, with the expansion into litigation and restructuring, we'll add significant head count.

We've heard a number of comments about out-

of-town firms being temporary residents in Houston. That's not our intent. Kirkland doesn't go into any market unless it believes it's sustainable for the long term. We have an incredible runway from the firm, partly based on existing success, but also based on the long-term thinking of the firm.

The way we look at it is that Houston will soon be the third biggest city in the U.S., so it's a natural extension to be here.

#### **Was there any other space you were looking at?**

We looked at four or five locations in town. Two of those were in existing office buildings and three were new-builds. We looked at the new one going up in the Houston Center and another one going up here downtown.

We had a lot of comfort with the developer because Hines developed Kirkland's Chicago office. We liked the fact it was a completely new build and an opportunity to build out space the way we wanted to build versus trying to fit ourselves into an existing footprint.

We also thought it was a perfect location. Many of our clients are in the Chase Tower or various office buildings on this side of town.

Given our fast expansion and hopeful future expansion, it was nice to have the ability to sign up to flexible terms and expand as necessary.

#### **What do those terms look like?**

We have the top two and a half floors with options to expand as necessary to the rest of the third floor and possibly a fourth floor.

#### **Where does Kirkland find new lawyers as it grows here? Are they new grads, lawyers from other firms or Kirkland lawyers from different markets?**

It's a mix. We're obviously bringing in first-year associates through traditional channels such as recruiting programs at law schools around the country. In addition, we're opportunistically hiring from other law firms both within Houston and around the country.

We don't have a single path to get a good recruit. We're opportunistic. As we see someone who fits the profile of what we're trying to build, we try to bring them as we can. There's no one size fits all.

#### **The phrase "opportunistically hire from other firms" sounds a lot like poaching. Is that the nature of the game in this market today? Be competitive and steal away lawyers?**

I don't like the term "steal away lawyers." We, of course, want to be competitive for talent just as other firms in town want to be. It's always flattering to us when other Houston firms try to hire our folks. We'll clearly always be opportunistic if lawyers from other firms approach us and want to join our brand.

It's a dynamic marketplace down here. It's an area where firms are re-aligning to some extent to adapt to the changes of the profile of the client coming to market with more out-of-town money to fund operations and new law firms coming into town, as well.

Historically, it's been a static market for legal

services here with limited new entrants to the market. That's now changed. In many ways, it was changed by firms before Kirkland. We're not a late comer to the market, but we're certainly not a first mover in terms of shaking up the lateral market in Houston.

#### **What's been the catalyst for these changes? Why have firms like Kirkland said this is where they need to be?**

Within the energy sector itself, there was a real change in the types of clients able to invest in the space. Traditionally, the big New York private equity firms, national private equity firms, when they invested in energy, they tended to do it from their home base. Now you have major private equity and hedge funds down here in Houston with very large offices.

I came down to start the Simpson Thacher & Bartlett office in 2011 before I worked at Kirkland. I was in New York for many years. It was really client demand that drove them to open a Houston office, and I think Kirkland was the same story.

#### **When you do recruit from the law schools, do places like the University of Houston or TSU suffice for talent compared to the Ivy League and historically prestigious schools?**

There are some fabulous institutions down here. One thing we believe is that we have to maintain a local character to the office.

We really want to recruit from local schools because, frankly, the talent in this part of the world, in addition to the Ivy League hotbeds, is really an untapped market. Some of the opportunities for students in these local schools have been limited in the past, and now we're delighted to take advantage of the training they get in those schools.

#### **Are there anything law schools could do better to prepare students for the real world?**

It's interesting when you go on recruitment trips, these schools are all focused now to prepare the lawyers for a broad range of potential outcomes for their education. They're more focused on things they do well as opposed to things they could be doing better.

Along those lines, I was at Tulane University for recruiting, and they run a corporate law training program where they bring in lawyers from law firms. University of Texas is doing something similar. That more practical insight to what they're going to be doing after law school is very helpful. Law schools are picking up on that and adapting to that.

#### **Kirkland came here at the high point of the oil boom. With oil where it is today, does the growth strategy change at all?**

We believe we're well-hedged. We're one of the only firms in the country that has both a tier-one energy practice and a tier-one restructuring practice. We have many fine competitors with phenomenal energy practices and many with phenomenal restructuring practices, but not many that have both.

With the downturn, we've been able to offer our clients the full suite of services, from healthy

M&A investment type of activities we typically offer to workout solutions through restructuring. We now have a partner in the restructuring group that joined us from New York in November of last year. We'll also have a new litigation group that will be up and running in the next few weeks.

#### **Kirkland handles over 400 private equity firms worldwide. What sort of opportunity does it see in Houston and the distressed energy industry?**

They've always been there as a source of capital in the energy space for the past five to 10 years. With this latest commodity downturn, they're not all coming in to distressed investment – although some of them are. For some of the hedge fund clients, that's the space they place in. But for our private equity clients, they're there to be an alternative source of capital. As equity capital markets and other traditional financial sources continue to dry up, private equity firms are there as an alternative source of capital and in many circumstances an attractive partner for existing E&P companies to take advantage of. We continue to see robust interest from our private equity clients in respect to the oil patch.

#### **You mentioned a new litigation practice. What other practices will Kirkland bring to the Houston market?**

The eventual goal would be to have all four of Kirkland's groups – transactional, restructuring, litigation and intellectual property – here in Houston, just like we do in all of our other offices. Right now, we have transactional, and litigation will start up in the next few weeks. We also started a restructuring practice a couple of months ago.

Intellectual property is the final one to come down here. We'll add groups as necessary to serve clients needs, but the long-term goal is to have this be a full-service office.

#### **With the energy industry where it's at today – and with no expectation that it will change anytime soon – what do you expect will happen to the legal industry in Houston over the next 12 to 18 months?**

There will be significant upheaval. The market will move toward restructuring and workouts for energy companies as opposed to what we've been used to in last five to 10 years, which is continual capital markets for master limited partnerships and others. Having a strong brand for restructuring and liability management, which is the key phrase to help companies out before they hit a wall. That's going to be critical in legal services. Fundamentally, most clients these days are looking for a holistic solution, not one firm to come in and do a small financing or debt exchange and not be able to do the next step. If it turns into a significant downturn scenario, being able to protect the directors, the institution and the company if there was a Chapter 11 scenario.

If you're optimistic about it and commodities do turn in the near future, folks will have to be nimble enough to turn on a dime and offer the full suite of corporate services as companies come out of the downturn and into stabilized growth mode.