

Trading Off

At *Goulston & Storrs*, old-fashioned ideas about partnership matter more than profits.

By *Daphne Eviatar*

ON A TUESDAY MORNING IN MARCH, the partners of Goulston & Storrs were gathered in a glass-walled conference room in the converted warehouse overlooking Boston Harbor that serves as the firm's headquarters. Partners from Washington, D.C., and New York were hooked in by video. The pressing item on the day's agenda, recalls Kitt Sawitsky, Goulston's co-managing partner ("codirector," in Goulston's terminology), was associate salaries. Would Goulston succumb to the pressure to match New York rates, or stick to traditional Boston levels—about \$15,000 a year lower? With 85 partners in on the discussion, there was no quick answer. Fifteen different partners chimed in before the group finally reached consensus: Stick to Boston rates.

It was a typical decision-making process at a typical monthly directors meeting at Goulston & Storrs, where major firm decisions, from associate salaries to lateral hires, are made by the entire partnership, often after long, grueling discussions. That old-fashioned approach has its undeniable inefficiencies, yet Goulston appears to have turned it into a viable business model. It's a model characterized by team-oriented client service; low associate-to-partner leverage; a base of real estate clients augmented by growing middle-market private equity, corporate, and litigation practices; and valuable lateral hires drawn to the firm for its traditional values. Goulston, a newcomer to The Am Law 200, generates slightly lower revenue and significantly lower profits per partner than

other large Boston firms—in 2006, its RPL was \$635,000 and PPP was \$560,000, compared to Boston averages of \$745,000 and \$1 million. But Goulston lawyers say they're happy to trade profits for collegiality—and, by the way, they're doing very nicely.

GOULSTON'S INSISTENCE on close relationships between clients and partners dates back to the 1960s, when the firm represented primarily Boston entrepreneurs, especially in real estate. "Lawyers here were very much counselors to clients," says firm co-managing partner Douglas Husid, a real estate lawyer who came to Goulston from Massachusetts state government in 1989. "We have many long-standing one-on-one relationships."

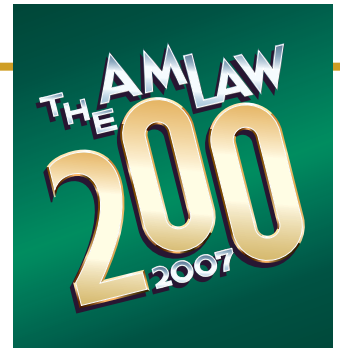
Clients are in regular contact with partners, not blocked by a phalanx of associates. (Goulston's ratio of partners to associates is about 1:1, and it has only one partnership tier.) "Clients come to see that the people they're talking to are the best qualified and generally more experienced on whatever the issue is than is the case at larger firms," says codirector Sawitsky, a corporate partner hired away from Bingham Dana in 1984. The partner compensation system rewards teamwork; factors include not just business generation, but also how well partners distribute that business through the firm.

Partners seem to appreciate those values. Turnover at Goulston is unusually low: According to the firm, only four partners have

left for other firms in the last 20 years. And Goulston consistently attracts partners from larger firms. Twenty percent of the firm's partners are laterals. Husid and Sawitsky say that in hiring, the firm looks for talented lawyers as much as it targets particular practice areas, though Goulston has worked to expand its corporate and private equity practices for many years. (In a recent coup for the firm, it was retained to represent the trustees of some of the Bancroft family trusts, major shareholders of Dow Jones & Co., with regard to the \$5 billion offer made by Rupert Murdoch's News Corp.) That's in addition to the big-ticket real estate development work that's long been Goulston's mainstay, and the tax, bankruptcy, litigation, and corporate work that comes along with it. Goulston litigators have also defended 19 of the largest 25 Massachusetts law firms in malpractice cases.

The affable Sawitsky personifies the Goulston culture. He speaks at great length about the importance of partner meetings, colleague relationships, and participatory decision making with a level of enthusiasm that can strike an outsider as astounding. But Goulston laterals say that that's precisely the attitude that drew them to the firm.

After 25 years at Brown Rudnick, for example, real estate partner Daniel Sullivan, who represents such clients as Children's Hospital Boston and Massachusetts Institute of Technology in real estate acquisitions and expansions, says he felt there was a growing





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emphasis on profit making at Brown after the firm merged with Berlack, Israels & Liberman in 2002. “When you start to stress some values, something else has to give,” he says. “There are trade-offs. And I didn’t feel they were in the best interests of me or my clients.” In 2004 he called a friend at Goulston, and three weeks later joined the firm, bringing with him two senior associates and about \$2.5 million in business. “I had strong relationships with my clients, and I wanted to make sure they continued to be well served,” he says.

Sullivan and others say that at their previous firms, lawyers were often reluctant to refer clients to their partners. But at Goulston, “people really see the best interest in this firm as not being defined by any relationship with one or two or three clients,” says Sullivan. “People

Goulston leaders *Kitt Sawitsky* (left) and *Douglas Husid* preach client service, low leverage, and the immeasurable benefits of a true partnership.

serve everybody’s clients.” Sullivan says that he’s still trying to cure himself of referring to clients as “his.” At Goulston, he explains, “that’s politically unacceptable.”

Goulston’s clients say they appreciate that client service ethos. Former Baker & McKenzie associate Hal Fiske is general counsel for eLong, Inc., an Internet portal based in Beijing, where

Goulston is expanding its corporate work. When he calls Goulston for securities advice—eLong is listed on the New York Stock Exchange—he hears back from the partner who wooed eLong as a client. Even from his former firm, says Fiske, “I don’t think we’d get the level of attention that we do from Goulston.” Adds Connie Kolb, a former Goulston partner who is now senior counsel at Spirent Communications plc in the United Kingdom: “You always feel like it’s a big deal even if it’s a routine matter.”

Providing personal attention is hard work, though. While Brion Bickerton, a recruiter at Major, Lindsey & Africa, says that Goulston is known as a “nice lifestyle firm,” lawyers at the firm say that’s misleading. “I worked harder last year and billed more hours than I have in a long time,” says Sullivan. “But [I’m] enjoying it more.” Associates agree. “G&S is not a quality of life firm in terms of the number of hours people work,” says fifth-year associate Michael McGrail. “But it’s a quality of life firm because it’s the quality of life while you’re here.” McGrail says he bills around 1,800 hours a year; Goulston has no set minimum. “That could lead to pressures on billings that don’t serve our clients,” says Sawitsky.

“I’m comfortable with what we’ve accomplished,” Sawitsky says carefully, noting that the firm’s revenues and profits per partner have grown steadily over the last decade. “But we have to work twice as hard to make sure we’re competitive into the future, because we don’t have the built-in advantage of national brand recognition. We need to spend a lot of energy making sure that the low-leverage value-add and our niches are not a secret. And we have to be active in picking those niches. We can’t be everywhere in all things.”

Sawitsky emphasizes that Goulston’s long-term strategy is not dictated by him or Husid or any other single partner. The firm’s future remains a hot topic at those monthly partnership meetings, when partners can gaze from their swivel chairs through the glass wall out to the Atlantic Ocean, as they debate the course

that Goulston & Storrs, like one of so many ships crowding Boston Harbor, might take. “The question of what will maintain and grow our profitability,” says Sawitsky with earnest enthusiasm, “is up for discussion all the time.”

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