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MIDSIZE

HOT LIST

A SPECIAL REPORT

The National Law Journal here spotlights 20 law firms that in no way are stuck in the shadows cast by giant competitors. As clients demand better value for their legal spend and potential laterals more satisfaction from their careers, these firms know they're in a good spot. They also know that it takes keen business strategy to capitalize on that position. The firms we've selected for our Midsize Hot List are led by forward-thinking attorneys who are guiding their organizations in new practice directions, amassing more business in mainstay practices and spreading into new regions. They all have one thing in common: They're midsize, and they like it. —LEIGH JONES

FOSTER PEPPER PLLC

They do customer service by the book

This Seattle shop also concentrates on doing top-notch work for national and international clients—including Saudi princes.



Foster Pepper PLLC



BY SHERI QUALTERS

Foster Pepper managing partner Robert Kunold Jr. wrote the book—literally—on how the firm’s lawyers should treat clients.

He produced *The Client Perspective* about five years ago as a “garish-color notebook,” he said—an ugly yellow that lawyers can easily locate in their offices. The book spells out how the firm expects its lawyers to work with clients. Kunold personally orients new lawyers on the topic so they’re clear about the firm’s expectations.

“We try to do a better job of making sure our clients know what we’re doing,” he said.

Kunold saw a need for the book after he became managing partner in 2007, he said. Since then, client complaints, concerns and frustrations have dropped off, and the firm hasn’t had a serious beef with a client “in quite a few years,” Kunold said. “On those sorts of objective measures, we’re doing well.”

Clients have responded by showering the 122-lawyer Seattle firm, which also runs a small Spokane, Wash., outpost, with top-notch work.

Last October, the firm helped Vulcan Real Estate, a subsidiary of Microsoft Corp. co-founder Paul Allen’s Vulcan Inc. investment company, sell 1.8 million square feet of office space to Amazon.com Inc. Amazon paid \$1.16 billion for the Seattle corporate headquarters space it previously leased.

In January, the firm helped investor group Global Baristas LLC, led by actor Patrick Dempsey, buy the assets of the Seattle company that ran Tully’s Coffee shops in Washington and California. Tully’s had been Seattle’s second-largest coffee retailer, behind Starbucks Corp., but filed for Chapter 11 bankruptcy in October 2012.

Low cash reserves and high leases prompted the bankruptcy. Foster Pepper convinced a bankruptcy judge in Seattle to accept Global Baristas’ \$9.15 million bid over a higher Starbucks offer.

GOOD GENES: “Our DNA is focused on hiring really good attorneys, doing really good attorneys, doing really interesting work and being viewed as a leading firm in Seattle—even if we’re not the biggest,” said managing partner Robert Kunold Jr., at left with Jane Pearson.

Our client’s bid “was for all of the assets and provided the best package” for Tully’s, partner Jane Pearson said.

Foster Pepper earned the best deal for Global Baristas, according to its executive officer and general counsel, Michael Avenatti, who is also a partner at the Eagan Avenatti law firm in Newport Beach, Calif. It was he who tapped the firm to handle Tully’s purchase.

“As a lawyer who deals with lawyers around the country, I like to think I have a pretty good sense of which lawyers are good and which are not so good,” he said.

Lots of factors made the transaction challenging, he said, including a tight timetable; Tully’s numerous agreements, leases and third-party contracts; and attractive competing bids, including the one by Starbucks.

Foster Pepper focuses on a number of national practice areas, including commercial real estate, mergers and acquisitions, municipal finance and investment management for pension funds. Supporting those practices by making the best lateral hires is of critical importance, Kunold said.

“Our DNA is focused on hiring really good attorneys, doing really interesting work and being viewed as a leading firm in Seattle—even if we’re not the biggest,” he said. And it’s not just about skills. Laterals must prove a good cultural fit. “We’re quick to say no.”

Municipal finance work earns fixed fees, and firms traditionally bid for pension-fund investment management work, but Foster Pepper’s recent embrace of contingent-fee arrangements means that about 25 percent of its work now is done on that basis.

“We see opportunities where clients don’t necessarily want to fund the legal fees,” Kunold said. That includes commercial disputes, antitrust and intellectual property work.

The firm’s deep bench in key areas doesn’t stop it from providing more esoteric services. Yacht-and-aircraft practice chairman Edward Harley, for example, is building a global practice that includes representing Russian billionaires and Saudi sheiks who “buy and sell their slips in the south of France,” Kunold said. “It’s a skill he’s developed that we’ve encouraged him to develop.”

Although the firm has a penchant for slow and steady growth, it’s been known to build up quickly if the timing and people are right. In 2011, for example, it added six intellectual property attorneys from the former Black Lowe & Graham, now Lowe Graham Jones.

“It’s opportunistic. I don’t profess to say we plan out everything in advance, because we don’t,” Kunold said.



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