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Saving Dewey & LeBoeuf

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The current state of the public record suggests that Dewey & LeBoeuf began its ill fated trip to disaster years ago. It appears that by last winter, the partners knew that a brick wall was hurtling at them at 200+ miles an hour. The question nobody has yet asked is whether the firm could have been steered to safety at that late date. I would suggest that with [capable leadership](#), [enjoying the confidence of the firm's partners](#), associates and other stakeholders and a [collaborative](#) approach by the full partnership it was possible to avoid the oncoming brick wall.

The starting point would necessarily be the firm's [October, 2011 partners' meeting](#) at which the partners were first told that about a third of the firm's 300 partners had special deals under which their compensation was guaranteed at fixed lucrative amounts, not pegged to the firm's profitability. The net effect was what Professor Steve Harper and others called a fatal ["partnership within a partnership" and a Ponzi scheme](#). Much ink and much of the Internet ether has already been spent on why this dubious compensation scheme just doesn't work and I won't add to that discussion here. The point here is that reasonably intelligent lawyers, hearing a state of facts that commands a single conclusion, namely, that their law firm was on a catastrophic course, had the capacity to make critical flight or fight decisions. It appearing that no viable or credible stay and fight decisions were presented, a critical mass of vital partners chose to begin heading for the exit ramps.

The survival course that was actually foisted on the gathered leaders had no appeal. The ["Plan"](#) was to reduce headcounts, including at the partner level, by some 5% and foist a deferral of guaranteed compensation agreements. That cannibalism just doesn't instill confidence since any reasonably intelligent lawyer would (and apparently many if not most did) conclude that this "plan" sounds dumb and other personal options should be explored. The flaws in this "plan" were essentially a lack of confidence in the incumbent leadership, an historic lack of transparency in management which did not appear to be changing in any way, kicking the can down the road with a hope for a change in luck was recognized as the foolhardy aspiration of dice rollers on a losing streak, a fear of being kicked under the bus in inevitable subsequent partner reductions as the "plan" inevitably spun into failure.



Instead, the only viable plan required (a) a complete, detailed *mea culpa* from the firm leadership; (b) a demonstrable and credible guarantee of full transparency by firm leadership with a new reliable form of governance with appropriate checks and balances in place; (c) a detailed explanation of the [disastrous personal consequences](#) to each partner if the firm should implode; (d) implementation of a [public relations crisis management plan](#); and (e) a [signed pledge](#) by *each* partner to stay the course.

There was no acceptance of responsibility by incumbent management. Rather, months later the [firm's managing partner was unceremoniously tossed under the bus](#). The previous clandestine management style was replaced by an apparently equally stealthy "office of the chairman." Partners did not fully appreciate that massive escapes to the exit doors were more likely to be collective defenestrations. Subsequent media disclosures were replete with, shall we say, [dissembling](#), to be kind. And public [claims and denials by the partners of the existence of a pledge](#) made for mirth.

Would this plan have worked? It was only tried once before when the New York office of a national law firm (the New York office was itself previously a proud stand alone law firm) confronted with the fact that the law firm was destined for implosion because of claimed improprieties at other branch offices. The New York office adopted each element of the plan outlined above, with resounding success. But would this plan have worked for Dewey & LeBoeuf? We'll never know. But we do know the "plan" it chose was an abject and tragic failure.

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