

### THE WORK

## After Two Decades, Kelley Drye Gets a New Chairman

Posted by Sara Randazzo



Midway through last year, after deciding it was time to make some changes, the leaders at 175-year-old Kelley Drye & Warren brought in outside consultants to guide them through a comprehensive review of the firm's operations.

The result: a transition at the top, with litigator John Callagy (left), the New York-based firm's first-ever chairman, stepping aside after 20 years in the job to make way for broker-dealer partner Paul McCurdy (below, right), who joined Kelley Drye in 1987 and

has served on its executive committee since 2006.

It was that committee—whose members are elected by the firm's partners and have the sole authority to choose the Kelley Drye chair—that voted the 51-year-old McCurdy into the top leadership post. (New York real estate partner James Kirk will continue to serve as the firm's managing partner.)

Callagy, 67, insists that his age did not figure into the change. "It was time to give somebody else a shot," he says, adding that McCurdy was one of several candidates the executive committee considered.

Age has been something of a sensitive subject at Kelley Drye in recent years. In January 2010, the federal Equal Employment Opportunity Commission filed an age bias suit against the firm, claiming a policy forcing partners to give up their equity stakes upon hitting age 70 was discriminatory.

The firm dropped the policy four months later, with Callagy telling sibling publication the New York Law Journal at the time that, "It doesn't serve our business interest anymore. And the EEOC wanted us to do it. We told them we would do it, we told them before the lawsuit we would do it." The suit, prompted by a complaint from then 79-year-old labor and employment partner Eugene D'Ablemont, is in the discovery phase in Manhattan federal district court. (According to the firm's Web site, D'Ablemont remains a partner in the New York office).

McCurdy takes the reins of a firm that, according to the most recent Am Law data, had gross revenue of \$203.5 million in 2010, a 3.8 percent decrease from 2009. Profits per partner, meanwhile, were up .5 percent last year, to \$950,000 last year, and revenue per lawyer rose 1.6 percent, to \$635,000.

Kelley Drye—which, in addition to its Manhattan headquarters, has offices in Brussels; Chicago; Los Angeles; Parsippany, New Jersey; Stamford, Connecticut; and Washington, D.C.—is smaller by head count now than it was when Callagy was installed as chairman two decades ago. It has 308 lawyers today compared to the 346 it had in 1992. Under Callagy's



watch, Kelley Drye shuttered its nearly two-decade old Los Angeles office in 2003 and boosted its Washington, D.C., presence through a merger with Collier Shannon Scott in 2006. In April 2011, it reentered the West Coast market by combining with 15-lawyer White O'Connor Fink & Brenner.

The firm's place within the legal marketplace has shifted over time as well. In 1993, Kelley Drye ranked as the forty-fifth most profitable firm in the nation based on 1992 financial data gathered by

The American Lawyer. Last year, it ranked 132nd

based on the most recent Am Law data. (The firm has risen sharply on another American Lawyer survey, the Diversity Scorecard, jumping more than 50 spots over the past two years to land in fortieth place on the most recent list.)

Looking back on the past two decades, McCurdy says Callagy became chair at a "challenging" time in Kelley Drye's history "in terms of focus and strategy and growth plan." Without offering details, McCurdy says Callagy brought the firm "into a sharper, more disciplined and more strategic focus," but that the time has come for changes to be made.

With that in mind, the firm brought in consultants Dominick Volini and Bob Rosen from Healthy Companies International, a global management consulting and research firm. McCurdy says a client recommended, to lead a thorough review of Kelley Drye's governance structure. That review is not yet complete, says McCurdy, adding that his first goals as chair will be to successfully adopt new policies to shape the firm based on the feedback the consultants and firm leaders have gathered via their extensive interviews with the partnership.

One thing that McCurdy says he is committed to is developing a management style that allows individual offices and practice groups a significant level of autonomy and gives partners more of a say in Kelley Drye's overall direction. "Sometimes democracy can be messy," he says, "but we do it in a way where people are engaged, participate in the discussion, and come to decisions in that manner."

While prepared to dive into his new duties, McCurdy says he also plans to maintain his practice full-time representing such clients as Merrill Lynch, Bank of America, OptionsXpress, Murphy & Durieu, and Cuttone & Company. How does he plan to do double duty?

"I haven't figured that out," he says. "But I'll tell you I'm energized by this opportunity."