

THE AMERICAN LAWYER

An **ALM** Publication

americanlawyer.com

NOVEMBER 2012

MANAGEMENT

By Ralph Baxter,
Michael A. McAndrews,
and Will Turani

At the Beginning

On the tenth anniversary of its Wheeling operations, Orrick describes how it turned a metal-stamping facility into a back office.



On July 10, 2012, we stood in Wheeling, West Virginia, with more than 1,500 people to commemorate the decade that had passed since the opening of Orrick, Herrington & Sutcliffe's Global Operations Center (GOC). Ten years earlier, the building that now serves as the global hub of our operations was a vacant metal-stamping facility that had long ago seen its best days.

The summer celebration took us back to an even earlier time, when we first conceived of our groundbreaking project. In 1999, we were running our roughly 200-member firmwide support teams primarily out of San Francisco. With rapid lawyer growth throughout the firm, we needed additional space and personnel. In the midst of and at the epicenter of the dot-com boom, we also faced not only rapidly rising real estate costs, but we were also struggling—as were all “old economy” businesses in those days—to attract and retain talented support personnel.

In first conceptualizing the GOC, we set out several goals that appeared to some to be contradictory. We sought to achieve significant cost savings, coupled with a consistent and high-quality work product. We needed a location that offered lower real estate costs, as well as job applicants that would be as strong as those available in major metropolitan areas. And throughout we were committed to adhering to our core values: excellence and integrity, cooperation and individual respect; and enthusiasm and pursuit of improvement.

In 2000 we retained Deloitte & Touche's Fantus corporate real estate group to help evaluate the idea of creating a centralized back office and to identify potential sites. We conducted an extensive nationwide search, starting with an initial list of 190 locations, which was eventually whittled down to 22, then to four, and finally to one. Each site was evaluated on the basis of both economic considerations—the cost of labor and real estate as well as government incentives—and the availability of a sus-

tainable and talented workforce. We also sought a facility that was expandable to accommodate potential growth. The commitment, economic and otherwise, from state and local officials, led by West Virginia's then-Governor Bob Wise, was instrumental to our selection of Wheeling.

The Wheeling Stamping Building, a 100-year-old, 88,000-square-foot facility, required a total overhaul. We completed the renovation in a little more than seven months and simultaneously began the process of recruiting staff, both internally and externally, to fill positions in finance, accounting, and IT.

By virtually any measure, we have exceeded the goals we set out for the GOC:

■ **THAT FIRST YEAR**, we had 3,000 job applicants for our initial 70 positions (excluding several positions that were filled by existing employees who relocated to Wheeling). Today, as we have in every other year, we continue to receive literally dozens of qualified applicants for each open position. Perhaps even more important, our turnover is close to nonexistent.

■ **BY 2004**, we were already achieving savings of \$5–6 million a year. Today, we conservatively enjoy cost savings two-to-three times that figure, with most of those savings stemming from lower compensation and occupancy costs. Notably, we do not include in our cost-savings figure the substantial economic benefits of significantly reduced turnover.

■ **OVER ITS 10-YEAR EXISTENCE**, the GOC has grown substantially—increasing its workforce fivefold to 350 employees today. The GOC not only provides support to our 25 offices globally in areas such as finance, human resources, information technology, and research and information, but increasingly houses important members of our client service teams, including career associates, as well as legal team professionals as part of our document review service and global corporate solutions services described below.

Over the years, we learned a great deal about the challenges of, and the approach to, driving change in our firm. At first, there was, understandably, resistance to change. Most people, especially lawyers, are hesitant to venture far from their comfort zone. And lawyers have often been criticized—probably with justification—for seeing issues more readily than opportunities. We had to carefully balance the need for input, discussion, and communication among all constituencies with our need to execute decisively. As the results came in, even many doubters became advocates, and acceptance rapidly turned into greater demand and expectations. Early successes led the firm to migrate further services, including a variety of human resource functions and web engineering, to the GOC.

When we set out on this course more than a dozen years ago, not even the most future-minded Orrick attorney could have envisioned many of the ways in which the GOC has evolved. Perhaps most significant is the central role that the GOC has played in our efforts to drive change in the client service model, including the ways in which we staff, price, and manage engagements and in our development of a broad range of efficiency-driven services. At every step of the way, the GOC has been critical to our disproving the notion that quality and efficiency are mutually exclusive. Among the ways we leverage GOC resources to generate efficiencies for our clients are the following:

■ **CAREER ASSOCIATES**. We have committed to delivering the right talent for the right task at the right cost. As part of our “New

Talent Model,” we created a variety of new career associate roles. Today, the GOC is home to almost 50 of our career associates—full-time members of our transactional and litigation practices. In 2011 Orrick ran its first summer program for career associates, and we doubled the number of participants in this year's GOC summer program.

■ **GLOBAL CORPORATE SOLUTIONS**. Over the past several years, we introduced our global corporate solutions suite of services. This suite offers clients a cost-effective resource for coordinating and executing process-driven legal and compliance initiatives in four areas: global equity compensation, global employment counseling, global compliance services, and (through Orrick's wholly owned subsidiary Verbatim) global corporate secretary services.

■ **DOCUMENT REVIEW AND E-DISCOVERY**. Recognizing that document review can compose as much as 70 percent of litigation expenses, we combined various resources and processes and leveraged the GOC to create a way to better serve our clients. At any given time we have more than 120 attorneys at the GOC working on discovery and due diligence matters. By fully integrating GOC eDiscovery and document review teams with our case teams, we have been able to provide clients with the benefit of accountability afforded by a single service provider while reaping the cost efficiencies provided by many outsourced models.

Our experience has proven that there are vibrant communities in various locations capable and interested in supporting global businesses. To anyone contemplating these kinds of operational changes, the importance of proactively forging relationships and integrating local expertise into your enterprise, while seemingly obvious, cannot be overstated. Only in retrospect can we appreciate the importance of getting to know the area through strong associations with government officials as well as with local businesses, community groups, and, most importantly, our employees.

Even in the most enlightened law firms, structural change follows a pattern: resistance, gradual acceptance, normalization, visualization (of new applications, opportunities), demand, and high expectations. Over time, the GOC began to impact our entire service delivery model and our attitude. As we began to realize what we could do with “back-office” functions, new talent models, pricing structures, and other innovations emerged.

Our first ten years in Wheeling saw numerous developments that we could not have envisioned at the outset. Yet, in July, as we stood at our anniversary commemoration, we knew that the next decade's changes have the potential to be even more impactful and wide-ranging.

Ralph Baxter is Orrick's chairman and CEO, Michael A. McAndrews is a partner in the real estate practice and partner-in-charge of the firm's Southern California offices, and Will Turani is the firm's director of global operations & sustainability. Each played a significant role in conceptualizing and executing plans for the Global Operations Center.