

Chambers Associate interview with Sullivan & Cromwell chairman, Joe Shenker

Chambers Associate: Let's start by talking about the acquisition by AT&T of Time Warner, you must be pretty happy about it – what can you tell us?

Joe Shenker: We've been counsel to AT&T for many years, advising on major transactions such as the Time Warner deal and the 2014 acquisition of DIRECTV. These two deals epitomize the broader industry trend of telecommunications companies expanding into the media sphere, acquiring or merging with content providers and modern content delivery systems, such as "over-the-top" streaming services.

We represent MLB Advanced Media, the technology services and digital video streaming business owned by the 30 franchise members in Major League Baseball (also a client), and advised in the spinoff of their digital streaming business into BAMTech, the subsequent \$1 billion sale of a one-third interest in BAMTech to the Walt Disney Company and the formation of BAMTech Europe, a joint venture between BAMTech and Discovery Communications.

We also represent all three main phone companies in China and they are looking to augment their offering by owning and delivering their own content. These are the key transactions that are re-shaping the industry landscape, and it's exciting to be at the forefront of this transformation.

CA: Are there any practice areas which have performed particularly well over the last year?

JS: M&A – especially cross-border work – has been extraordinary. We have been very active in the pharma, biotech and healthcare space. In technology, in addition to AT&T and MLB Advanced Media, we represented Telstra (Australia) in its sale of its interest in Autohome (China), Ruckus Wireless in its acquisition by Brocade, Alcatel-Lucent (France) in its acquisition by Nokia (Finland), and Cablevision Systems in its acquisition by Altice (France). In the financial industry we represented Scottrade in its acquisition by TD Ameritrade, and AIG in its sale of United Guarantee Corporation. Our energy team also had a big year, including advising Chevron and others in Kazakhstan on the second-largest project financing ever, representing Canada's Enbridge on the largest-ever foreign purchase by a Canadian company, helping the world's largest power utility, State Grid of China, to acquire the largest private utility in Brazil, as well as advising TerraForm Power and TerraForm Global, who are among the largest owners of solar and wind generation assets in the world, in its sale to a major energy and infrastructure fund.

We've also seen increased activity in the emerging area of financial technology, or FinTech, working with virtual currency exchanges, blockchain and distributed ledger developers, payment providers, and online lenders. As tech startups as well as established financial services companies encounter a rapidly developing and uncertain regulatory environment, they increasingly are coming to us for our depth of regulatory expertise and multi-disciplinary approach that includes our financial services, intellectual property, M&A, AML, and cybersecurity practice groups.

Finally, our litigation group is extremely busy, especially in investigations, where we've had a couple of Supreme Court cases. We're handling the Volkswagen emissions caseload, consisting of thousands of cases globally. The Volkswagen matter is the perfect example of how a company with an existential crisis looks to us to handle all aspects of its "bet the company" litigation.

Regardless of practice area, we have been very busy with really trailblazing work. It's work that will redefine the sports and media landscape, reshape the drug and pharma industry, and guide the development of the emerging FinTech market. It's ground-breaking work that requires intense focus, deep, multi-disciplinary expertise and experience, and creative, out-of-the-box thinking and problem solving. That is what we strive for and recruit for.

CA: Sergio Galvis talked quite a bit about training lawyers as generalists – why have you taken this approach?

JS: It's always been the ethos of the Firm to train our attorneys as general counselors to individuals. Every one of our clients is an individual. Our dealings with corporations are through individual directors, CEOs or other executives and they are looking for a holistic approach to a problem. Everyone recognizes there are specialties and you have to bring them to bear, but we are looking for counselors to bring it all together in a cohesive way and present it cogently and coherently. The best adviser is going to be a well-rounded individual who can relate to people. They're going to have a high IQ and EQ, and a broad range of experience.

It's also important for the client and the Firm: we want a uniform level of activity. We don't want pockets of activity and inactivity. That's bad business; it could lead to layoffs and it's not fun for the practicing lawyer. By adopting a generalist approach, our lawyers are able to seamlessly, consistently and constantly advise our clients across industries, including in new and emerging markets.

One of the most important things we do is recruiting. You can have a great brand name, own your skyscraper, and have a good balance sheet, but it is not as important as recruiting the bright minds that will fill your skyscraper, uphold and enhance your brand, and maintain and grow your balance sheet.

One challenge facing law firms is the growth of other legal service providers: non-law firms, accounting firms, outsourcing firms, and AI technology. For law firms that are too highly specialized, these other providers are, and will increasingly become, competitors. However, you cannot create a machine that is a well-rounded counselor—that cannot be replicated via AI. You can, however, create a machine that augments and helps that multi-disciplinary counselor. It would be something that reads and digests more information and helps the adviser to become even more well-rounded.

CA: Associates told us about the recent introduction of more careers advice and the facility to use alumni to get access to certain jobs – what exactly is it that you have introduced and what were your reasons behind introducing it?

JS: As I said before, our most important task is to recruit the best and the brightest from around the world. In one recent year, our

incoming class had more lawyers who were born in China than were born in Brooklyn. We look for the brightest people no matter what their background, and are committed to providing them with the best training to give them the ability to excel, whether ultimately as lawyers here, at other firms, maybe in-house, maybe as a banker or a judge or as a business executive. As part of honoring that commitment, we created a Career & Alumni Services office which helps associates, and alumni, to find jobs or, for alumni and clients, also to recruit new hires – on an anonymous basis if needed. We also have career development plans to help associates identify longer-term career objectives as well as a number of developmental goals to pursue over the shorter term. We provide associates with a written, customizable tool to take charge of their careers and pursue their career goals, whatever those might be. We understand that associates might want to think about jobs elsewhere, and they might not be comfortable talking to partners.

In order to ensure the integrity of the process, the Director of Career & Alumni Services works on an administrative floor that has no S&C lawyers. Our Director maintains a database of available positions, which is comprised of referrals from partners, clients, our alumni, and other sources. She then works with interested associates to find a match without the prospect of our partners or other lawyers knowing about it. We just started this career service and I'm very excited. It helps fulfill our "bargain" with our recruits. We believe that by committing to our lawyers' education, training and career prospects, we will continue to attract the best and the brightest.

Similarly, we are big believers in the "S&C family," so we maintain strong contact with our alumni through bi-annual receptions in New York and other events throughout the world in Hong Kong, London, Los Angeles, Panama City, Paris, Shanghai and Tokyo. The attendance is amazing and speaks to the strength of our alumni network.

CA: The job of a lawyer creates a certain amount of stress: what is the firm's approach to managing pressure, workload and stress?

JS: That's a fantastic question and I worry about it a lot. With smartphone technology, clients expect you to be connected almost

24/7 and it's stressful. People have come to expect instant reactions, but a quick response does not always yield the best or smartest advice.

I worry about the health of associates and partners as well as the quality of advice because the two are inextricably linked. We want it busy, but not too busy. We don't monitor hours, but I do watch the levels of activity; we turn down business regularly if we think the practice is overextended. We want a uniform work flow. We talk to people who are working too hard; we want people "awake in the day and asleep at night"—we pride ourselves on providing the best possible service and product to our clients and that is only possible when an appropriate work/life balance is maintained.

The office itself can affect our lawyers' quality of advice and their happiness at the Firm. It's critical to have a collaborative and hospitable environment. We make sure there are breakout rooms, couches, snacks, TVs where you can watch baseball or soccer. We were one of the first firms to have an on-premise fitness center (since 1995) and, after Hurricane Sandy, we rebuilt it: it is a multi-million dollar fitness center which is heavily subsidized for associates. From the time we first bought an interest in the building (in 1995), we also built a childcare center. We wanted to make sure our lawyers have that freedom. If your caregiver doesn't show up, we also have a service to send caregivers to your home and one on the premises for a sick child.

We are currently refitting two of the floors we occupy. I go to design meetings and have personally spent time with the interior designers and, because we own the building, we have the flexibility to ensure that the space is conducive to collegiality. We have comfortable chairs, more lighting, and a place to kick back.

It's not always going to work out perfectly; there will inevitably be times of too much stress and too little sleep. But when I greet associates, I encourage them to take regular vacations and to be sure to take advantage of any down time in their work. Everyone, including me, needs to take some time to disengage from the work and recharge our batteries—this is a hard and intense job, but I strongly believe that spending quality time away from the office is critical to each lawyer's long term happiness and success.