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Amid Talent Ups and Downs, Knobbe Martens' Homegrown Ethos and 6-Year Partner Track Prevail



Courtesy photo

Steven J. Nataupsky, managing partner of Knobbe Martens.

By Jessie Yount

Law firms of all shapes and sizes—large and small, boutique and full-service—have jumped into the intellectual property arena in recent years. In fact, the pandemic ushered in an unusual era, in which demand for both patent prosecution and litigation remained strong, according to IP firm Knobbe Martens managing partner Steven Nataupsky.

Though Nataupsky expects the broader economic downturn to have some effect on patent prosecution, his expectations for 2023 are largely optimistic, with the potential for an uptick in patent litigation. As a result, Nataupsky said he doesn't expect a severe impact to the business, and that layoffs are something the firm has never done, nor plans on doing.

Instead, the Orange County, California-founded Am Law 200 firm continues to focus on a differentiated approach to talent recruitment and retention. Below, Nataupsky spoke with The Recorder about recent challenges in the talent market, and

a few of the firm's unique selling points, such as a 1,640 billable requirement (on client matters) and a six-year path to partnership.

The following conversation has been lightly edited for clarity and length.

The Recorder: IP demand has continued to increase in recent years. How has that brought about new recruitment challenges?

Steven Nataupsky: IP law firms used to have their pick of recent law school graduates with technical degrees, but no more. Now, we compete with many more firms and private companies for talent. Companies specifically increased pay and benefits for new recruits, so there's no longer a big gap between in-house and outside positions, and we've had to work harder to attract talent. We recruit at many more schools now, and have also increased our associate pay scale to more closely match the market. We focus on attracting those who

appreciate our unique culture and service offerings, not simply those whose primary focus is the highest-paying job.

TR: Did the pandemic bring about other talent challenges?

SN: Yes; as with many firms, we saw some early retirements and career changes, particularly at the mid and senior level. We have a mandatory retirement policy. When we set it, it was out of a concern that people would want to stay too long. But we've had the opposite issue. Our overall attrition rate remains incredibly low, but we have seen more early retirements than in the past. The pandemic absolutely accelerated that as people reevaluated what they wanted to do with their lives. We had one partner go back to nursing school. One attorney decided to be a writer. We'd love for everyone to stay at the firm until 65, but the reality is that we have a diverse partnership with diverse interests. Fortunately, we have focused extensively on talent

and leadership development so that we are prepared when an attorney decides to step away from the practice.

TR: How would you describe the firm's talent strategy?

SN: Our firm is focused on recruiting lawyers with engineering and science backgrounds, and growing through our summer associate and associate programs. We're not a big player in the lateral associate or partner market. From our founding 60 years ago, our strategy has been to grow from the ground up by recruiting young, diverse talent into the firm, including many attorneys with unique technical backgrounds. We recently welcomed 38 new associates to the firm, and nearly all of them have technical backgrounds—including 10 who have Ph.D.s or master's degrees.

We also focus on helping associates develop into great lawyers by providing and encouraging significant professional development opportunities, and giving them ownership over their careers earlier than at many other firms.

Our partnership track is six years and new partners receive equity from Day 1. Because we have a short partnership track, we want associates to focus on developing superior legal skills and learning from their mentors within the firm. We don't expect new partners to have a large

book of business. Instead, junior partners must exhibit strong legal skills and show promise and engagement in business development. To me, there's nothing more rewarding than introducing younger lawyers to a client. When I and my peers were early in our careers, more senior partners mentored us and gave us opportunities, and now we're paying it forward. This also includes finding opportunities for more junior partners to take on leadership roles within the firm.

TR: What is the expectation for a junior partner, given the firm's 6-year partnership track?

SN: First and foremost, we want them to be excellent lawyers who are delivering high quality work product. We also want them to be active in client and professional development activities. We also expect junior partners to assume roles in firm management, which include providing education to junior attorneys, recruiting and mentoring associates, and serving on firm committees like our diversity and education committees. As I noted earlier, we don't expect newly promoted partners to have a book of business, but we do expect them to be doing the things that will lead to work in the future.

TR: What does the firm look for when hiring new attorneys?

SN: We look for strong technical skills, particularly in

areas where we see potential for growth. A current example is artificial intelligence. We also expect excellent law school grades and participation in law school groups and societies that demonstrate the student is outgoing and passionate about our profession. We have found that superior academic and social skills often result in successful candidates. We also look for attorneys with interesting personalities and hobbies, because those interests will help attorneys relate to clients and develop business in the future.

TR: Why does the firm have a lower billable hours requirement, and how does that factor into a different lifestyle or work/life balance that the firm offers?

SN: Our billable hours requirement is 1,750. However, new attorneys receive 15 quota credit days each year. Each quota credit day reduces the quota requirement by 7 hours, so the firm effectively requires about 1,640 billable hours per year. Attorneys often use quota credit days for professional or business development activities, and personal time away from work. The goal of the reduced quota is to encourage attorney engagement in their communities, provide time for pro bono work and professional development, and promote a sustainable work-life balance.