



Prologue

This book is the history of Ashurst, one of the world's foremost commercial law firms, and one of the oldest. Ashurst's foundational moments span cities and continents. In London, the firm began with a lawyer well known for his progressive views and radical politics. The firm's early growth coincided with the emergence of landmark legislation for company creation, investment and taxation, and it tracked the growth of new industrial and commercial sectors such as manufacturing, mining, electricity, transportation and the media.

In Australia, too, there were important foundational moments. The inception of the firm's ancestral partnership in Melbourne nearly coincided with the inception of that city. One of the firm's first matters involved the estate of Melbourne's founder, John Batman. In Sydney, an ancestral partnership was implicated in many of the major turning points of antipodean politics, commerce and law. That partnership presented the first writs in both the High Court and the Federal Court of Australia. For a century, it fulfilled the venerable role of Sydney City Solicitor.

As a commercial law firm, Ashurst's work encompasses advice on corporate mergers and acquisitions, capital raisings, private equity, infrastructure, litigation, real estate, banking and finance, restructuring, intellectual property, competition law, taxation law, employment law, environmental law, natural resources law, a significant pro bono practice, and much else besides. Over the years, Ashurst has acted for a long list of household names, including well-known international banks, a number of global digital platforms, energy majors, prominent funds and governments. The story of Ashurst is the story of a modern law firm, and in many ways it is the story of modern law, modern society and modern commerce.

A professional services partnership is a unique organisational form. Hierarchies are inevitable in any organisation, but those in professional partnerships are flatter and less rigid. Individual partners have considerable autonomy, and the 'people side' of a professional partnership is arguably more important than in numerous other types of organisation. Compared to the allocation of executive authority in a corporation, for example, power in a partnership is much more dispersed,

Opposite: Albert Charles Cooke,
The City of Sydney looking east from Darling Harbour, 1874
S Calvert, engraver
Ashurst Art Collection

and it is distributed more horizontally than vertically. Individual partners have significant clout, by virtue of them being co-owners who bear primary responsibility for driving revenue and growth. Professional services partners are traditionally wary of centralisation, systematisation and ‘corporatisation’.

Like corporations, major professional services partnerships have boards and executive committees. But instead of chairs and CEOs, partnerships have traditionally had senior partners and managing partners. These differences in titles signify important differences in leadership roles and modes. Historically, unlike corporate chiefs, the heads of professional services firms have often lacked sole authority to hire or fire. They have tended to use soft power more often than hard. In their engagement with fellow partners, there is as much accommodating and negotiating as there is managing and directing. The growth of corporate-style management in law firms has changed this somewhat, but it is still the case that professional services leaders ask as often as they tell.

Unlike in a large corporate, the ‘means of production’ in a professional services firm are mostly embodied in ‘human capital’. A major law firm, for example, is not much more than its people, its client relationships, its brand and its history. Motivating people—and even inspiring them—is therefore key. Professional services firms have experimented with many different models for profit-sharing and remuneration as means to get the best from their human capital. Not all of the models have worked. Firms have also used a variety of non-financial means to build organisational commitment and a motivating culture—again with mixed success.

Because people are so important, and because power is so dispersed, matters of personal reputation and integrity are central to professional partnerships. Every partner’s ethics and standards are a matter for the whole firm. Professional development is also given a lot of attention, as are the finer details of branding. Whose names are on the letterhead and the front door?

Disagreements about individual contributions are perhaps more common in professional partnerships. The top fee-earners and practice-builders push hard against rigid and uniform remuneration systems. Sometimes they look unsympathetically at less well-performing partners and offices and practice areas. For the leaders of professional partnerships, there are narrow lines to walk here. New partners need to be recognised and ‘incentivised’, for example, but existing partners need to be rewarded too, including for historical decisions and investments. And even the most successful rainmakers need water carriers.

Deep friendships are common in professional partnerships, as is a sense of collegiality and common purpose. But so are personality clashes and conflicts. Given the centrality of people, and the foundations of co-ownership and joint leadership, these conflicts can have an outsized impact in partnerships.

For these and other reasons, decisions about new hires and new partners need to be made very carefully. Chemistry matters, and merit even more so. Partners can arrive through gestation and promotion from within, or they can join sideways from other firms, grafted on as so-called ‘lateral hires’ or ‘laterals’. Looking back over the history of professional partnerships, another fact is striking: partnership growth and succession has often been a family affair.

As well as people joining partnerships, people leave. The flip side of a ‘lateral hire’ is a ‘lateral departure’. Some partners leave en masse, with like-minded peers. Some leave dramatically or

with ill feeling. The reasons behind exits can be general (such as differences in philosophy or vision) or specific (such as subjective feelings of being under-recognised or under-rewarded). Because authority and expertise are more localised inside the firm—in individual partners and practice groups—and because there is an inherent looseness in the partnership structure, the option of leaving—and taking clients, too—can be more attractive and viable than it might be in a corporation.

To expand geographically, a professional partnership can set up offices in other cities and countries and then seed them with people from existing offices. Or it can acquire or merge with a local group of partners—a ‘lateral hire’ on a much larger scale. Because of the pre-eminence of people and culture, and the distributed nature of internal power, mergers between professional services firms are an especially delicate business. The challenge is to grow without alienating or demotivating the ‘means of production’. Looked at alongside the careful and democratic steps of a professional services tie-up, corporate mergers seem speedy and autocratic. Those careful steps include sensitive negotiations about pay, promotion, spheres of practice, branding and other intellectual property. Inevitably there are differences between firms in business systems and procedures, how internal roles and ranks are defined, how quickly people are promoted and whether they can receive bonuses, the profile of different practice areas, and the scale of external philanthropy and pro bono work. Differences in local laws are also relevant to mergers, as are, more fundamentally, the individual partnerships’ driving philosophies of practice: what they do and why.

In the 1990s and early 2000s, the world saw waves of transformation in international trade, financial markets and the geography of economic activity. Trade flows boomed, particularly with the growth of emerging and export-focused economies such as those of China, Brazil and India. Through trends of specialisation and offshoring, major corporates based in the United States, the United Kingdom and Europe sourced inputs and finished products from NAFTA, BRIC and ASEAN manufacturers.

Cross-border financial flows also boomed. Chinese corporations raised capital in New York. Japanese investors traded commodities and derivatives in London and Chicago. Pension funds and hedge funds scoured the globe for attractive opportunities. Large commercial banks made loans around the world and developed ever more complex financial products. The financial crisis of 2007–08 disrupted these trends, but did not reverse them.

Globalisation of finance, trade and production had direct and diverse impacts on the practice of commercial law. The clients of major law firms needed help with foreign opportunities and cross-border deals. To meet those needs, the law firms could work with other legal practices on a transaction-by-transaction basis or through agency arrangements, or they could expand internationally so that their own global profile would broadly match the footprints of their clients.

Of the law firms that decided to internationalise, some sought to join up with existing firms while others tried the self-seeding approach. Firms also expanded into new practice areas, such as technology and environmental law. The accelerating international trend of legal services growth and mergers was given the title of ‘Big Law’. That phenomenon coincided with

a countercurrent: accounting and consulting firms increasingly entering paralegal and legal fields. In major law firms around the world, these trends sparked much thinking and, ultimately, significant strategic responses.

In 2010, Ashurst was a major international law firm based in the City of London. Historically a top-ranking UK firm in mergers and acquisitions (M&A), it had become very strong in private equity as well as in finance law and in natural resources and projects work. In addition to its strong presence in London, it had a growing international network, having opened offices across Western Europe, the United States and Asia. The firm was well positioned to serve its international clients, and well placed for future growth.

In Australia, Blake Dawson had an equally strong position in M&A and in commercial law more broadly. One of the 'Big Six' Australian law firms, it was trusted by governments and major corporations alike and had a pre-eminent position in key practice areas such as infrastructure, employment, mining, environmental law and intellectual property law. Due to a series of historical mergers and expansions, it had offices in Sydney, Melbourne, Brisbane, Perth, Canberra, Singapore, Tokyo, Shanghai and Port Moresby, as well as agency and network relationships in Jakarta and other cities.

By serendipity, the client bases and practice areas of Ashurst and Blake Dawson were closely aligned, and their geographical profiles were strongly complementary. When the firms' respective leaders contemplated further international growth, naturally they looked at each other. The leaders soon confirmed that the complementarities were indeed significant, but many unknowns remained. What specifically would the respective firms bring to the merger? What impact would a merger have on the firms' clients and, just as importantly, the firms' culture?

When the firms came to negotiate about branding and ownership and remuneration, where would those delicate discussions land? Commerce was modernising. Rival law firms were innovating. Clients' expectations—including about diversity, sustainability and social impact—were rising and widening. What would a merger mean for the combined firm's significant pro bono services and its overall social licence to operate? And what would it mean for the firm's business performance and market position?

The goals of the global merger, and the answers to these questions, define Ashurst today. They are the foundation upon which the firm embraces changes in the workplace, technology, commerce and legal practice, while protecting core values of merit and inclusion. They equip Ashurst to grapple with megatrends such as climate change, globalisation and financialisation. And they position the firm to make major strategic decisions—and, almost inevitably, enter new strategic partnerships—with the goal of being a thriving international firm for at least another two centuries.

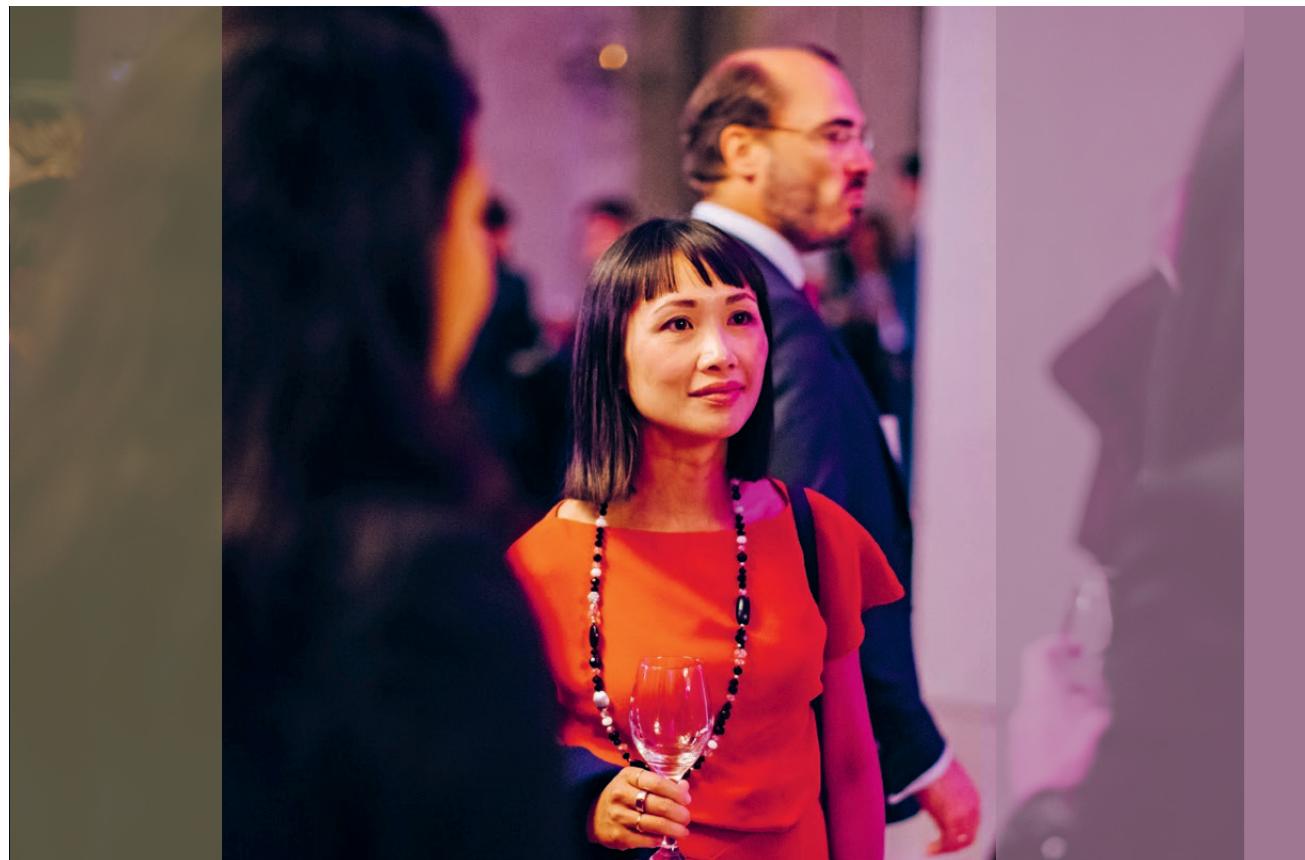
This book begins with two chapters that present chronologically the early history of Ashurst in England. Chapters 3 and 4 do the same, respectively, for Blake & Riggall in Melbourne and Dawson Waldron in Sydney. Chapters 5 and 6 explore some long-forgotten episodes from the firm's early Australian history, including a surprising connection between the story of Ashurst and the world of modern art.

Opposite: Ashurst partners conference 2019 held in Shanghai

Top: Pauline Tan, Sydney

Bottom, left: Wen-Ts'ai Lim, Sydney

Bottom, right: Paul Jenkins, Global CEO, Sydney and Anna Hermelin, Los Angeles



Ashurst partners conference 2019 held in Shanghai



Part II contains four chapters that capture Ashurst's early steps towards becoming a leading international firm. The chapters focus, in turn, on the firm's core Corporate group; the growing importance of banking and finance law; the arrival of private equity transactions as an important sphere of advice; and the emergence of energy- and infrastructure-related work as a specialised practice area.

Part III explores the modern development of Dawson Waldron and Blake & Riggall; their merger to create Blake Dawson Waldron; and the challenges associated with getting the most from that merger.

Part IV begins by examining some key trends in the legal profession that drove and shaped the history of Ashurst. The trends include the proliferation of major law firm mergers and the international expansion of British, American and Australian law firms. Chapters 22 and 23 describe the merger of Ashurst and Blake Dawson, and the part concludes by picturing the historical connections between the British and Australian firms and their people.

Parts V and VI present a series of thematic chapters on subjects such as women in the law ('Inroads' and 'An inclusive culture'), merit and inclusion ('An absolute meritocracy'), life in the office ('What do I do?'), dress ('A truly modern solicitor'), food and celebrations ('A marvellous banquet with haggis'), premises and place ('Attics and basements'), names and branding ('Sneeze'), the impact of technology in the law ('Technology'), the history and importance of Ashurst's pro bono work ('Pro bono'), and leadership styles and the particular nature of leading a law firm ('Leadership'). Part VII concludes by picturing Ashurst now and in the future.

Change is a key theme of the book. Ashurst partners from across the globe agreed that the changes in the firm and the legal profession over the last forty years or so were more dramatic than the changes of the preceding 160 years. The research for the book included extensive interviews with current and former Ashurst people around the world. The interviewees shared intriguing stories about and powerful insights into culture, strategy, inclusion, merit, and trends shaping legal practice. Their voices speak into and through the book.

At the partners conference 2019 held in Shanghai

Left: Rani John, Sydney

Right: Cameron Cuffe, Dubai