

# THE AMERICAN LAWYER

An ALM Publication

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JUNE 2017



2017

## SECOND HUNDRED STANDOUTS

THE STORIES BEHIND EIGHT FIRMS' SUCCESSFUL (AND NOT-SO-SUCCESSFUL) YEARS.

# Hot Product

Kobre & Kim's unique model propels it into the Am Law 200

WITH ITS FIRST APPEARANCE ON THE AM LAW 200 THIS YEAR, 14-year-old Kobre & Kim has become part of a very small club of relatively young law firms—still led by their founding partners, in fact—that nevertheless rank among the largest grossing firms in the country.

Kobre & Kim landed on the Am Law 200 in 191st place with gross revenue of \$101 million in 2016. The New York-based firm has 77 lawyers, including 27 equity partners. The firm's revenue per lawyer and profits per equity partner figures rival many of its Am Law 100 counterparts. Kobre & Kim's RPL came in at \$1.31 million and PPP at the single-tier partnership was \$1.93 million.

That's not to say that name partners Steven Kobre and Michael Kim are entirely happy with the firm's trajectory. "Growth is a problem for us," Kim says. "Growth happens despite what we're trying to do."

Law firms must grow to give young lawyers meaningful opportunities, but at large firms, he says, it's harder to maintain quality control and give clients "a uniform user experience." Kim says he'd like to keep growth below 10 percent annually. As it is, the firm turns down 80 percent of the 800 to 1,000 potential matters that come to its doors each year, Kim and Kobre say.

Kobre & Kim's unusual business model offers a very specific set of what the founders call "products"—not practices—in an environment that minimizes conflicts, since the firm almost never accepts repeat business. Most of its work consists of referrals from firms whose clients need super-specialized assistance with a high-stakes problem. And when one of those clients comes back for another matter, Kim and Kobre say, they always refer that client back to the originating law firm.

Kobre & Kim's seven product groups include government enforcement defense, internal investigations and monitorships, international judgment enforcement and offshore asset recovery, insolvency and debtor-creditor disputes, financial products and services litigation, trusts and estates litigation, and intellectual property and technology litigation. None of those practice areas are unique to Kobre & Kim, but the firm says it aims to capture the unique aspects of those matters, such as cases that span multiple international jurisdictions or that fall into a niche within a niche, such as its work for a commodities trader in a first-of-its-kind spoofing case.

Kim and Kobre started their firm in 2003 in Kobre's apartment after both left the U.S. Attorney's Office for the Southern District of New York. (Their first office mate was Kobre's infant son.) In the firm's early years, they rode the post-Enron, post-

Sarbanes-Oxley wave of white-collar criminal defense work, and also got a steady flow of small civil cases via former government colleagues who had taken jobs as litigation heads for major banks. But in 2005, seeing the margins for such work decline, the partners took themselves off panels for banking clients and sought out a new, higher-margin niche.

The practice they chose—complex litigation against financial institutions—proved unexpectedly profitable after the credit crisis hit. Then, as more competitors entered the field, the firm revamped its product line again, counseling clients in sprawling cross-border enforcement actions and disputes. When competition forces down margins in that specialty, the founding partners say, their firm will be on to something new.

Kobre & Kim's model of continuous innovation in search of high-margin work isn't without its risks.

"We've had to push deeper to offer more specialized products," Kim says. "It has been very challenging, an immense amount of effort to keep our momentum going." The firm has something akin to a research and development team, with strong emphasis on knowledge management.

Not every idea works out. Bitcoin and marijuana law both looked promising, but the firm didn't see a way to differentiate itself in a crowded field.

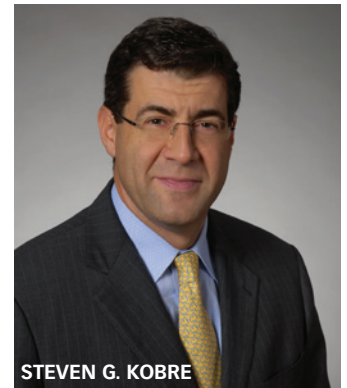
"Products are going from specialized to commoditized faster than ever," Kim says. Conflict rules are loosening in many markets, and more firms are looking to go conflict-free, Kim says. So Kobre & Kim will be doubling down on its "geographic arbitrage" and specialized products offerings, he says.

The Am Law 200 results would suggest that plan has worked out well so far.

—GINA PASSARELLA AND EMILY BARKER



MICHAEL S. KIM



STEVEN G. KOBRE

KOBRE & KIM	Gross Revenue \$101,000,000	Revenue Per Lawyer \$1,310,000	Profits Per Partner \$1,930,000
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