

PITTSBURGH BUSINESS TIMES

PERSONALITIES OF PITTSBURGH

Peter Kalis takes firm worldwide

Since Peter Kalis took the helm of K&L Gates LLP in 1997, the firm has grown from 400 lawyers in six offices in the eastern U.S. to more than 2,000 in 48 offices on five continents. It's passed the \$1 billion revenue mark, carries zero debt and currently ranks as Pittsburgh's seventh-largest private company. The kid from Wheeling, W.Va., who once kicked around the idea of attending McDonald's Hamburger University before becoming a Rhodes Scholar, is entering his 34th year at the firm.

Your background is in restaurants. Did you ever consider that as a career? My mom and dad ran a diner in Wheeling, W.Va. As boys, my brother and I spent considerable time there trying to help out but mainly got in the way of our parents. Although the sailing wasn't always smooth, mom and dad maintained their little business until my father became disabled and passed away in the 1960s. In high school, I was indeed a night manager at a McDonald's. I even flirted briefly way back then with applying to McDonald's Hamburger U. in Chicago but decided instead to follow my brother to West Virginia University. Our parents were passionate about our education. My brother ended up a doctor, and I ended up a lawyer. Every day, though, I still think it's all about hustling to serve customers and about keeping the counters clean. Old habits die hard. It was good training for the business of law.

Of all the cities in the K&L Gates universe, do you have a favorite? It's not diplomacy that restrains me but rather a sense of humility. We have 48 offices – 26 in the U.S., four in Australia, seven in Asia, two in the Middle East, eight in Europe and one in South America. All of these cities are special places – authentic and proud, brimming with unique histories



JOE WOJCIK

and boundless futures, full of good hard-working people, all with tales of joy and woe, battles won and lost, and friends lost and gained. How could I choose? I'm just lucky to be a part of it all.

Are there still regions where the firm wants a physical presence? As emerging markets cool and the economic reality of the next decade or two comes into sharper relief, including an energy independent North America, it becomes increasingly clear

that our firm should have national coverage in Canada with offices in Montreal, Toronto, Calgary, Vancouver and perhaps other cities. With powerful resources and energy sectors, strong banks, a great stock exchange in Toronto and thousands of highly skilled lawyers, Canada is a natural for us. The pending economic reforms in Mexico, which, among other things, will open up the energy sector to foreign investment, make that country a strong candidate for expansion as well.

BIO BOX

TITLE: Chairman and global managing partner, K&L Gates LLP

AGE: 63

EDUCATION: J.D., Yale Law School; doctor of philosophy, Rhodes Scholar, University of Oxford; B.A., political science, West Virginia University

CAREER: Law clerk to J. Skelly Wright, chief judge, U.S. Court of Appeals, District of Columbia Circuit, and Associate Justice Byron R. White, U.S. Supreme Court. Joined then-Kirkpatrick, Lockhart, Johnson & Hutchison in 1980 as an associate and rose through the ranks.

What's your best tip for the frequent international traveler? Ignore the advice about not drinking alcoholic beverages when airborne.

This Jan. 1 is probably the first in years where K&L Gates isn't officially marking the completion of a merger or acquisition. How will you celebrate? Our New Year's Eve ritual will disappoint you, and this year will be no different. That evening, I always send a global email to our partners on how we concluded our financial year. Once I click on send, I enjoy a moment or two in quiet contemplation of the year that passed and the one about to emerge. And then Mary and I go out to dinner. She drives, as I'm likely still feeling the effects of my moment or two of quiet contemplation.

Your wife Mary is also a K&L Gates partner, so do you two have

any strategies to share with other dual-career couples? In one sense, we have no problem leaving the office at the office. Life's too short to talk about all of that stuff at home. On the other hand, the days are rare when both of us don't spend work time on our home computers, sometimes at odd hours. We're in the client service business, and the sun never sets on our household.

What do you like best about what you do? American lawyers toil with language and ideas while advising and acting on behalf of clients in the world's oldest constitutional democracy. We are at once guardians and instruments of the Rule of Law. Think of us as somewhat like academics, except that we get paid more and drink something other than tea with our colleagues. What's not to like about that?

And least? What I like least is the incessant criticism of "Big Law" coming from certain consultants, academics and legal journalists whose next cogent thought about market interactions will be their first. At the end of the day, however, they can be reduced to the distant buzz of gnats in an elephant's ear. If you stay close to your clients and your partners, the noise and distractions recede into the distance.

Greg Jordan recently left Reed Smith to become PNC's general counsel. Is there anything you haven't done career-wise that you want to accomplish? We're all proud of Greg, but I've made different choices when, over the years, opportunities have come my way, as they inevitably do when you've been in the saddle as long as I have. My job here isn't done and won't be done until my partners or I decide that it's done. What will I do then? Early in my adult life, I was a graduate student, so leisure time doesn't scare me. Until they change the locks on me, however, I likely will remain at K&L Gates and try to be useful without being under foot.

How and why did you decide on a career in law? I admired an uncle who became a local judge in Ohio. But it was the times as well. Vietnam. The civil rights movement. The environmental awakening. Jock Yablonski and the Miners for Democracy. Watergate. The nation was awash in big ideas and bigger challenges. Most had a significant legal dimension. I wanted to be part of that conversation. As time has passed, I've come to learn that lawyers are missionaries for

the Rule of Law and that law is a higher calling. We are critical to a world of free markets, free ideas and free peoples. Law and lawyers are more relevant than ever, especially as we live in a century in which many globally significant economies have no tradition comparable to the Rule of Law.

You were a summer associate at Jones Day. Why did you choose to join then-Kirkpatrick & Lockhart? I was indeed a summer associate at Jones Day in Cleveland in the summer of 1977. It was a great firm then; it's a great firm now. And I even liked Cleveland. But, frankly, K&L had me at the hello. The founders – Kirkpatrick, Pomeroy, Lockhart, Johnson, Hutchison, Frazer and Miller – were still walking the halls, and the indomitable Chuck Queenan was running the firm. With Queenan, I found intellectual power and ferocity of spirit coupled with empathy for friends and foes alike. He was, and indeed is, the compleat lawyer. I made a very quick calculation that if I could just hang around that guy, I'd be a better human being and lawyer as a result.

What's the biggest difference at the firm from when you joined in 1980 and for the associates of 2013? Let me first say what's the same. An associate in a law firm is one of the most anxiety-producing stages of any employment track. Enormously bright people, who in other vocations would be well on their ways to professional advancement, arrive at law firms with accomplished histories but without the legal judgment to add material value at the point of client engagements. As building blocks for their careers and to serve clients, they are assigned more basic though necessary tasks until, through a magically accretive process, they are able to operate in sophisticated areas of law without supervision and to speak on behalf of the firm and its clients. That has not changed. The biggest difference, I think, is all positive. Because of the forces of globalization, regulation and innovation extant in the world today, there is a pandemic of legal complexity. Associates can follow disparate paths into the legal marketplace – regional, national, international – in a wide variety of specialties.

Did you have a mentor at K&L? Obviously Chuck Queenan was in a class by himself, though I was a litigator and he was a corporate lawyer. Dave Brownlee taught me that, with governance issues as well as complex legal questions, the first

answer is rarely the best. Some of my early litigation opportunities were provided by the inimitable Joe Katarincic, who left the firm 20 or so years ago. I learned much about how to litigate from my contemporaries Tom Birsic, Neal Brendel and Jerry McDevitt. My junior co-authors, Tom Reiter and Jim Segerdahl, are in fact senior to me in everything but age. If you stretch to the year before my arrival at K&L, Justice Byron R. White of the U.S. Supreme Court was a spectacular mentor. Among other things, Justice White taught me that law is a contact sport.

K&L Gates has zero debt. How do you manage this? We would rather not buy something if we can't afford it. Our partners finance our firm, its operations and its growth without the need for debt. Highly leveraged firms, as the contemporary theorist Nicholas Nassim Taleb has written, have to be brilliant at predicting both future revenue and volatility, especially volatility arising from so-called "Black Swan" events, which themselves are unpredictable. Such firms have little room for error. Firms financed through equity have more room for error. Because I am highly imperfect at what I do, I appreciate the greater room for error.

K&L Gates' first overseas office was in London. You're a Rhodes Scholar and studied there. Was there a special satisfaction in establishing an office there? Returning to England was, and continues to be, a very emotional event in my life. I arrived in Oxford as a 23-year-old who had seen nothing of the world and experienced less. Oxford is a magical place, a place that at once embraces big ideas, subtle distinctions and precise language. In my first week or two there, I attended the memorial service for W.H. Auden. The eulogist was Sir Isaiah Berlin. The greatest poet of the 20th century was eulogized by the greatest scholar of the 20th century. That pretty much sums it up. I attended seminars of H.L.A. Hart on Legal Positivism, Sir Otto Kahn-Freund on the role of law in mediating the ubiquitous tension between consumption and investment, Dame Helen Gardner on T.S. Eliot, among others. You can see that this would have made an impression on a kid from Wheeling, and anyone else for that matter, and to this day I am eternally grateful for what our British forebears have created for us in literature, language, the common law and, perhaps most importantly, the Rule of Law. And I marvel every day at the difference between

the gloom of pre-Thatcher England and the vibrant global capital that we find now in London. As Prime Minister David Cameron said upon Baroness Thatcher's death, she not only served her country – she saved it.

You've taken the firm around the world via acquisitions, mergers and starting offices from scratch. Which is the least-complicated way to enter a new market?

We've had a bias in favor of mergers when entering new markets. But we've also started many green field offices where mergers haven't been feasible or desirable, and those have also worked out well. In fact, of our 48 venues, about half were started as green field sites. The real issue, however, is the quality, character and loyalty of the people, however you come by them. And we've been very fortunate in this respect.

You have Russian wooden doll figurines of Pittsburgh Penguins in your office. What's the story behind that? After the Pens' last Stanley Cup victory, a friend from Boston visited our Moscow office and purchased from a street vendor a set of figurines of five Penguins stars of sharply descending heights. As a local hero, Evgeni Malkin is the tallest figurine by far followed by four guys named Crosby, Gonchar, Guerin and a very, very tiny Jordan Staal. Russian humor.

The K&L Gates Pittsburgh office is awash in white, and there's almost a stairway to heaven atmosphere, going from the reception area to the next level where your office is located. What role did you play in the design? No one coming to my office has heaven in mind as the destination. We care about our architectural brand because it reinforces our more general firm brand. We work hard to associate our firm with values such as transparency and innovation. We concluded long ago that a luminescent, minimalist office design reinforces our brand promise of innovation and transparency.

K&L Gates has taken extra steps to create a healthier workplace; your Pittsburgh office includes areas for bicycle parking; you've had fitness initiatives that brought yoga and belly dancing classes into the workplace. What do you do to keep fit? Unless early flight times preclude it, I work out daily. I suspect that there are few people in the world who work out as much as I do with as little visible effect.
– *Patty Tascarella*