

Rainmaker Q&A: Sheppard Mullin's Eric Klein

Law360, New York (October 20, 2016, 10:36 AM EDT) -- Eric A. Klein is a partner at Sheppard Mullin Richter & Hampton LLP in Los Angeles, and chairman of the firm's health care practice. Klein is called upon nationally to structure and negotiate some of the most complex population health management joint ventures, physician alignment transactions and risk adjustment programs. He is one of the most active physician group, health plan and hospital merger and acquisition lawyers, having advised on more than 60 percent of all major managed care physician group transactions in the Western U.S. in the past five years.



Eric A. Klein

In the past four years, Klein and his team have led transactions with aggregate value of more than \$1.5 billion in the hospital-based physician group sector. He and his team have led 23 health plan purchase/sale projects in the last four years, have worked extensively on provider-sponsored health plan projects and also obtained a majority of all restricted Knox-Keene health plan licenses granted in California in the past three years.

In the hospital sector, Klein has led 53 hospital purchase/sale and joint venture projects in the last 10 years. Klein also represents health care-focused private equity funds in their transactions, national growth strategies and operations.

Q: What skill was most important for you in becoming a rainmaker?

A: Listening is the most important skill, but self-confidence is the most beneficial personal attribute. Too many attorneys are so scared and nervous when it comes to making a pitch that they have to control the discussion, talk first and even sometimes interrupt the potential client, not allowing the client to tell their story and develop confidence and trust in you.

I always get the client talking first, no matter what, as they will tell me what they need, what their working style is and what their worries and anxieties are. If I can sit there and listen to and accept their concerns and then integrate and reflect that in my response back to them with a clear, confident game plan, they can see that I have listened, understood and am ready to address their concerns.

If I can be calm, open and connected during a pitch meeting, then I have shown the client that I also can be effective in a negotiation or high-pressure situation. Clients have enough worries as it is — they don't need to worry about whether their lawyer can remain calm, confident and effective.

Q: How do you prepare a pitch for a potential new client?

A: I believe that the key to being an effective rainmaker is to really understand the client's business. As sometimes 90 percent of any legal problem really is a business problem, knowing the industry's business environment, vocabulary, revenue model, leaders, accounting challenges and history allows you the opportunity to be relevant and creative.

If you can talk the talk, the client will believe that you can walk the walk. Without that knowledge base, you are limited in your ability to think on your feet and offer solutions to the client. To prepare for a pitch, I will look at industry trade publications, financial statements (if publicly available and, if not, at a public company competitor's financial statements), press releases, stock analyst research reports and, yes, even the client's own website. Google is your best friend in preparing for a potential new client pitch!

Q: Share an example of a time when landing a client was especially difficult, and how you handled it.

A: Many clients in the health care industry have been plagued by lawyers who know how to say "no" but don't offer creative alternatives or who are not responsive to clients' needs and timing. Recently, I was introduced to a company that had gone through two other large law firms recently public company competitor's financial statements — one had proven after several weeks of trying not to have the necessary expertise, and the second firm was not responsive, taking two weeks to return telephone calls.

Needless to say, that caused the head of the company to have very little faith in "large firm" lawyers. In our pitch, I listened to their complaints and their needs, but I also focused on how they liked to communicate. We offered up creative solutions during the pitch which gained some trust, but we sensed there was still significant hesitancy. When my partner and I who were making the pitch heard how the company's leader was frustrated by being on the phone since he loved illustrating the discussion by using a whiteboard, we knew immediately how to lock in the client.

We were given the first small assignment as a test, and, rather than generating the typical long memorandum, we did a very colorful short PowerPoint presentation full of graphics that was easily digestible and then had more in-depth information in appendices. The immediate response from the company was that we "got" them and understood how to effectively communicate with them. The general counsel commented on how happy the company's leader was with our communication skills and promised additional projects. We've continued to build a strong and broader relationship with that company since then.

Q: What should aspiring rainmakers focus on when beginning their law careers?

A: Unlike Los Angeles' weather, it is raining all the time for lawyers, but many just don't see it. I like to teach young lawyers to recognize that they will work with probably tens, if not hundreds, of people each year. For me, a typical deal will include a cast of perhaps 20 to 60 people. If you keep in touch with 75 percent of them at least once or twice a year, then over the first six years of your practice you can build a network of hundreds or thousands of contacts.

Remember, if you only get 1 percent of your contacts referring you business, that at first may sound daunting — until you realize that 1 percent of a 2,000-person network means that 20 people will be sending you business. At that point, you're a rainmaker!

Q: What's the most challenging aspect of remaining a rainmaker?

A: As your practice grows, you must remain able to not only generate additional business but also to service such new business very well. Balancing client generation and client work always is a challenge for successful lawyers, and that is why having a strong team is a critical requirement. I've been very blessed at Sheppard Mullin to have the full support of the firm in growing the national health care team to over 120 attorneys in the past eight years. With such effective partners and associates working together, we work each day to service our clients and always add value.

Many rainmakers over time let go of the day-to-day work and focus more on business origination, but, for me, working with clients day in and out is as much of a pleasure as the thrill of the hunt. Plus, unless you are working with clients all the time, you don't get to see firsthand the nuances and the emerging trends that can be so valuable to clients and to your practice. If you are lucky enough to be positioned as a knowledgeable lawyer in an otherwise opaque industry, you will have clients looking to work with you so as to access the knowledge and experience you have of what really works and what doesn't.

The health care industry is going through a massive transformation as it responds to the changes initiated by the Affordable Care Act, the aging of the population, the disruption of new technologies, the effect of health care costs on the economy, and the changing environment for doctors and hospitals. The industry needs good lawyers who can help guide health care companies through these stormy and uncertain times, so I think it is a fertile area for the next generation of rainmakers.

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