

## Skadden's Eric Friedman Opens Up About Pay Wars, Meeting Client Demand and the Firm's Presence in Russia

"With recent events in Europe, there is a lot of geopolitical uncertainty, and that always creates headwinds for empire-building, procyclical M&A," Friedman says.

By Ben Seal  
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For the past year-plus, transactional lawyers have been drowning in work, responding to a well-documented surge in demand. At Skadden, Arps, Slate, Meagher & Flom, all that activity resulted in the firm placing in the top 10 for global M&A value handled in 2021, according to Refinitiv. For executive partner Eric Friedman, that success in the present is central to the firm's plans for success in the future.

In this interview, Friedman discusses how the firm is using its strengths to compete for talent, how the firm has adjusted to meet demand and what Russia's invasion of Ukraine means for the firm's efforts in Europe. This conversation, which took place prior to the Big Law exodus from Russia, has been lightly edited for length and clarity.

**Ben Seal:** Last year was unbelievably busy for deal work. What does the firm's M&A practice look like right now, and what are you expecting for the coming year?

**Eric Friedman:** Last year was a record year. Deals almost tipped \$6 trillion, which was up massively over 2020. Deals between \$1 billion and \$5 billion doubled. Megadeals were up more than 25%. Cross-border deals surpassed \$2 trillion, and SPACs completed 300 deals. Those pieces of the global M&A market translated into our attorneys being exceedingly busy, and the diversity of projects, the type of work and their ability to develop was extraordinary.

Some of the deals we were involved in last year underscore the point, because they really cover different industries, different segments. We represented Proofpoint in its \$12 billion acquisition by Thoma Bravo, the largest privatization in cybersecurity history. We represented Apollo in the Athene \$11 billion buyout, the largest insurance M&A deal of the



Photo: Nick Coleman

**Eric Friedman, with Skadden, Arps, Slate, Meagher & Flom. March 3, 2022.**

year. And we represented PPL in what was really a two-way transaction, a multibillion-dollar energy deal. And then in the SPAC world we did over 150 de-SPAC M&A deals, including the Grab/Altimeter transaction, which at \$40 billion is the largest ever de-SPAC deal globally. That gives you a flavor of the dynamism of the M&A market.

Pivoting into 2022, the market certainly remains strong, and that is fueled by both strategic needs and private equity dry powder. That's fueled some amazing deals in the first couple months of the year. We're representing Activision Blizzard in the \$75 billion acquisition by Microsoft. We're representing DuPont in the \$11 billion sale of its mobility materials business. Those deals are illustrative of strategic transformative opportunities in the market, recognizing that, with recent events in Europe, there is a lot of

geopolitical uncertainty, and that always creates headwinds for empire-building, procyclical M&A.

**BS:** Has Skadden had to make any adjustments internally to respond to the surging demand over the past year or so?

**EF:** It's less structural or formal, but absolutely, though not quite in the way you would think. Perhaps unlike some firms, we view the transactional practices writ large as similar pieces of a broad spectrum. Whether that's M&A, private equity or restructuring, they are similarly skilled transactors operating in different segments of a common market. In a booming, procyclical M&A market, you saw a number of our distressed and restructuring M&A transactors jumping in and getting involved in a wide range of other corporate activity—SPACs, de-SPACs, the financing that comes along with those kinds of deals. It wasn't a formal structural shift. It was much more cultural. We really benefited from our ability to flex across those practices.

**BS:** How has the talent war affected the firm's approach to meeting all that demand (and ability to do so)?

**EF:** I want to approach the war for talent, which is a genuine phenomenon that's been happening, in combination with the high demand for legal service, the COVID pandemic environment and the social unrest, all of which were at play in the last couple of years. I really think it's hard to unpack one element without the other elements.

From my perspective, this is an amazing time to start a career at a global law firm like Skadden. High demand provides a lot of opportunities to work on interesting, complicated matters from the get-go. That's a great environment to hit the ground running. Associates get to not only learn from the best, they get a varied experience working with the best, and their skill development is accelerated.

At the same time, the pressing social and geopolitical challenges have provided significant opportunities to give back. That's an integral part of how we believe we can win the war for talent. Our attorneys and professional staff completed over 180,000 hours of pro bono service in 2021. That's enabled our attorneys to plug into a wide variety of important pro bono work. You're creating a dynamic that shifts the war for talent from how much money different firms might throw at the situation to a much longer-term proposition of investing in career development and feeding our colleagues' need to be giving back to our communities. It's actually been, from that perspective, an incredibly enriching time to be practicing law, despite the difficult pandemic and social and geopolitical situation.

The last pillar of it is, we have a strategy to increase attorney representation across gender, race, ethnic, cultural, sexual orientation and ensure that our firm is a great place to work. The outcropping of a decade of heightened efforts in that regard is that, for two years in a row, we have promoted our most diverse new partner class ever. Last year alone, over 50% of our newly promoted partners were women and attorneys of color. You have this intersection happening where there's this incredible surge in work, an incredible, heightened desire for pro bono and public interest and our prioritization of creating an incredibly diverse and inclusive environment for our colleagues to succeed and thrive. For me that's the interplay that we're seeing and how we're approaching the proverbial war for talent.

**BS:** With all that being said, what do you make of the salary raises and how they're playing out?

**EF:** We want to make sure we are attracting the best and the brightest, and a part of that puzzle is ensuring we're compensating people at the top end of the elite law firm universe. I don't believe that's the start and end of winning the war for talent. That puts you in the game, and when you go back to the discussion we were having about M&A and the diversity of our M&A practice across so many industries ... we're really doing interesting work well beyond the M&A space. Paying top-of-market compensation is part of our overall talent strategy, but it's really not the end of the equation. I think our commitment is to attract the best people, compensate them as described and invest in their development and afford them accelerated development. We can provide such a varied range of opportunities across practices for them to cut their teeth, learn and hone their skills, while also having an unrivaled opportunity to do pro bono work.

**BS:** On the deal front, I'm curious how the shift toward private equity has impacted the firm. What have you had to do to respond to private equity's growth to keep your firm among the top deal firms?

**EF:** The clients at the center of the deal world are ever-changing. Private equity is an incredibly important segment of the M&A world. We view private equity as integrated into our M&A capabilities. At its core, private equity clients are incredibly discerning about M&A transactions and practitioners. We don't start that analysis by viewing private equity as a unique skill, but rather it is a specialized area within the broader M&A spectrum, as is financial institutions, insurance, energy and the like. Within private

equity, last year was great for us. We represented HPS in their acquisition of Authentic Brands with a \$12 billion enterprise value. We represented Hg in its investment in Hyperion Insurance in a \$5 billion deal. The transactors in the M&A space are ever-changing, and private equity is an incredibly important part of that puzzle. But it's all part of the broader piece of M&A. We feel really good about our participation in that deal space.

**BS:** If we could discuss the global perspective for a minute, I know it's an important part of Skadden's place in the legal industry. What do the firm's international efforts look like right now? Where are you growing and what areas are you focused on building your strength in?

**EF:** In Europe, we have been on a growth trajectory. We've added almost 10 new partners in Europe in the past 18 months or so. Those are really in three core areas: M&A, which includes private equity; asset management; and government enforcement. Those are part of the international core pillars of our practice footprint. One stat that underscores how we think it's going: We ranked No. 1 in M&A in the U.K. for 2021, the first time a U.S. firm had achieved that recognition. In a record-breaking M&A environment, it really says a lot that a U.S. firm ranked No. 1. And those 10 partners have been added across the continent and in the U.K.

And in Asia, we have been growing. Asia itself has had a significant shift in 2021 in types of work because of the U.S.-China relationship. That has fundamentally shifted the type of work coming out of Asia. So beyond the Grab de-SPAC transaction, we have ranked No. 1 among law firms advising Chinese companies in U.S. IPOs for 10 years straight. That's evidence of our growth strategy paying off. The dynamic is shifting to the Hong Kong market. We handled all four secondary listings by Chinese companies pivoting from the U.S. to Hong Kong last year. The work was flowing in one direction. It moved quite suddenly in another direction but we were able to move with it and really represent our clients in taking advantage of those shifts.

**BS:** The firm has an office in Moscow, of course. With that in mind, has the Russian invasion of Ukraine changed anything about how the firm is operating in Europe?

**EF:** Our European strategy has pillars in five countries and that strategy remains intact. We are making

adjustments to ensure the safety of our team on the ground in Russia and making adjustments to comply with sanctions as they affect clients and workflow. Skadden doesn't represent any state-owned or state-controlled Russian businesses, including banks. In light of the recent events, we've really pivoted our practice to focus on advising our global corporate clients with respect to the potential impact of recent events and sanctions on their Russian business. The media has cataloged a variety of global corporates that are evaluating their Russia business, and that not only involves the impact of sanctions on them, but also their decision making as to their go-forward strategies in Russia. That's become a focal point of our practice.

We are looking at a handful of local client relationships. In a way, what the media has been focused on is law firms dropping clients who've been sanctioned. That's required, standard operating procedure. We're fortunate to have very few of those clients. We're mainly representing corporate clients who are trying to figure out what to do with their business in the country. We're trying to make sure that our team on the ground, which is integral to providing that international corporate advice, is able to operate in a safe and very seamless manner.

**BS:** What keeps you up at night?

**EF:** How do we perpetuate the foundation that generations have already created at our firm? It has persevered through economic crises, pandemic and a myriad of geopolitical dynamics. Those will always be present. How are we perpetuating our firm culture around the globe in a world where we've worked remotely, by and large, for the better part of two years? How do we find ways to weave people together?

I fundamentally believe that the strength of our culture—which I simplify as an incredible degree of partnership with each other as colleagues, with our clients and our communities—how do we expand that in the face of remote work, geopolitical and social unrest? Those pillars of partnership are what underline the extraordinary client service that clients expect from Skadden Arps. And they make it a great place to work. I'm always thinking about ways we can improve and perpetuate that culture, irrespective of the crisis of the moment. I feel like we've got something really special, and I want to make sure that future generations build off of it.