

Leading Questions: Cleary's Managing Partner Michael Gerstenzang

By Mary Ellen Egan

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Lawyers are great at asking questions, but how are they at answering them? Bloomberg Law is talking with lawyers and other legal industry players at the top of their fields to find out what makes them tick, what challenges they face, and how they do what they do.

Michael Gerstenzang says the law business has transformed from giving advice to providing legal services.

"There are a lot of smart lawyers in the world, with deep, substantive expertise," he says. "What can set you apart from others is the ability to tailor your advice and approach to the specific situation of your client."

Gerstenzang, who has spent his entire legal career at Cleary Gottlieb Steen & Hamilton, was named its managing partner in 2017. While overseeing 1,200 lawyers across 16 global offices, he also maintains a private equity and funds practice.

"Having an active practice makes me a better managing partner," he says, though acknowledges it also makes him "a bit of an outlier" among leaders of firms.

In his practice, Gerstenzang says that while he's seeing an increased interest in special purpose acquisition companies, he cautions that there are risks inherent in them.

"We advise our clients to perform thorough due diligence on target companies, and to review carefully the disclosures made in the SPAC's SEC filings," he says. "Unlike other alternative investment vehicles, the scrutiny of being in the public markets adds an extra layer of complexity."

Bloomberg Law also spoke with Gerstenzang about the importance of maintaining close relationships with clients and colleagues, mitigating unseen risks, and the role of empathy in relationships.

This conversation has been edited for clarity and length.

Bloomberg Law: You're a managing partner with an active practice. How do you balance these two different roles?

Michael Gerstenzang: I really enjoy practicing law. In maintaining a practice, I realize I'm a bit of an outlier among managing partners. It's not the model used in most law firms, which is entirely understandable. Given the breadth of a managing partner's responsibilities, it can certainly be more than a full-time job.

Having an active practice makes me a better managing partner. Interacting day-to-day with clients in the context of specific projects provides critical perspective on their changing needs and expectations, and on how we can serve them better through innovations in technology, project management, or billing arrangements. Maintaining close relationships with clients and working with our private funds team on a daily basis generates insights that feed into how I approach being a managing partner.

BL: You have helped set up alternative investment vehicles—are you finding growing interest from clients in setting up special purpose acquisition companies? What special challenges do these entail from the legal side that don't exist in other types of vehicles?

MG: SPACs are certainly a hot topic, but they are not entirely new. They've been around for nearly 30 years and, like many innovations, the current SPAC boom is built on an existing idea being used in new and interesting ways. Their re-emergence creates opportunities and risks. In particular, SPAC sponsors face many different types of risks in connection with "de-SPAC" transactions. We advise our clients to perform thorough due diligence on target companies, and to review carefully the disclosures made in the SPAC's SEC filings. Unlike other alternative investment vehicles, the scrutiny of being in the public markets adds an extra layer of complexity.



Michael Gerstenzang
Photo courtesy of Cleary

BL: What legal question keeps you up at night?

MG: For me it's, "What's around the corner for our clients that may not be obvious today?"

As lawyers, we always want to help protect our clients and position them for success. When we are assisting a client in raising a new investment fund, we work to maintain as much flexibility as possible to allow the client to respond to changes in the market. It's critically important both to ensure that they can take advantage of opportunities but also to mitigate unforeseen risks. And those risks can take many forms.

For instance, we have to think about accepted market practices and imagine how those practices may be viewed if there are changes in regulation or enforcement approach, or if there is an event that makes those practices suddenly appear outdated or unjustified. We've certainly seen those circumstances over time. So we are always thinking about ways to plan for and protect against the next thing, whatever that may be.

BL: What specific strategies are you using to attract and retain clients? What's the biggest challenge?

MG: We work hard to truly understand our clients' businesses. There are a lot of smart lawyers in the world with deep, substantive expertise. What can set you apart from others is the ability to tailor your advice and approach to the specific situation of your client and communicate with them in a way that reflects your understanding of their business. Law firms used to be in the business of providing legal advice. Now, we are in the business of providing legal services, which requires the ability to deliver pragmatic guidance in easily absorbable and directly-relevant ways for clients.

BL: Does the firm have specific diversity targets, is the firm meeting those targets and what does it still need to do to improve diversity?

MG: Across the legal industry, in both big law firms and legal departments, we need to improve diversity. We do not have specific targets, but ultimately we want the diversity of our senior ranks to reflect the gender, racial, and ethnic diversity in our incoming classes of lawyers. As we push for continued progress, one of our goals for 2021 is to become Mansfield Certified by Diversity Lab.

We have also seen clear calls for action on this front from clients and across the industry. In September, there was the open letter issued by the general counsel of 12 major financial institutions, and just last month, Bradley Gayton, GC of our long-time client Coca-Cola, issued new outside counsel diversity guidelines. We welcome these initiatives as opportunities to partner with our clients to help make meaningful change in the legal community.

BL: I'm a new associate, fresh out of law school. What should I do to stand out and advance my career in the best way possible?

MG: First, focus on the craft of practicing law. Think about every interaction as a building block toward becoming a great lawyer. At Cleary, we often say that great lawyers are not born, they are made. That's a reflection of our commitment to a developmental culture. And while development requires training and mentoring, it's also about the commitment of the individual to the process.

Second, have enthusiasm for the work and for learning opportunities, even small ones. It can be critical in demonstrating your interest in growth and the value you place on the experience you are getting.

Finally, cultivate empathy in your approach to development. I believe the ability to put yourself in the shoes of others and understand the point of view of the person asking you for something, whether it be a client or a colleague, is crucial, particularly in a relationship-driven industry like ours.