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David Morley, Allen & Overy: moderniser by necessity

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An ‘insufferable brat’ as a child, the outgoing head became one of London’s less fusty lawyers



‘He’s challenged the status quo’: David Morley of Allen & Overy

David Morley has a story he loves to tell. He was about 16, and he had always wanted to be a lawyer. He cannot explain why — no one in his family practised law, or had even been to university — but everyone at the state school he attended in Chester, in the north of England, knew he wanted to be a lawyer.

“I’m sure everybody thought that was complete pie in the sky at the time, there was no reason to think I had any chance whatsoever of being a lawyer,” he says, laughing. “I must have been an insufferable little brat.”

Despite his confidence, he had not put in the work and his exam grades suffered. He remembers going to see his sixth form tutor, who did not look up when he walked in but just declared that he could forget about his professional ambition, given his academic results.

The teenager was devastated. “I went home and I thought, well that’s it, my dreams have ended. And I went to bed and the next day I woke up and I thought, well, let’s see,” he says.

“That moment actually in many ways was the defining moment in my life because it was a major setback in my life plans and it made me very determined not to make the same mistake again.”

It was not the end. Mr Morley made it to Cambridge university and on to Allen & Overy in 1980, then a small law firm with 35 partners and revenues of £8m. He became a banking partner in 1988, managing partner in 2003 and was elected senior partner (the law firm equivalent of chairman) in 2008.

The firm — part of the “magic circle” of leading London legal outfits — has since grown to about 530 partners. Last year, revenue was £1.28bn, making it the second-biggest London-based law firm by sales. Pre-tax profit was £570m, which amounted to about £1.2m per equity partner. The highest paid partner received £2.9m, up from £2.1m a year earlier.

Now 59, last week was his final at the firm. Mr Morley’s influence on A&O during his tenure in management may be more significant than any other law firm leader, says his rival, Clifford Chance senior partner Malcolm Sweeting. Mr Morley has earned the reputation as one of the more creative leaders — opening one of the first low-cost centres in Belfast to help reduce their clients’ legal bills, and launching Peerpoint, a sister business to A&O that employs lawyers on a project basis.

He founded Prime, a group that tries to give legal work experience to people in the UK from disadvantaged backgrounds, and has sought to diversify the workforce at A&O.

“I don’t think any of the law firm leaders have truly innovated, but he’s been full of good ideas, he’s challenged the status quo, and he’s been prepared to do what’s best for A&O,” says Mr Sweeting. “He has almost universal respect in the profession.”

It was purely by chance that Mr Morley ended up at the firm. He had applied to all the top law firms in the City of London in alphabetical order, and A&O was the first to interview him and offer him a job.

When he joined, the firm had its main office in London and a small outpost in Dubai. It had

been founded in 1930, so was young compared to other large London rivals: Freshfields Bruckhaus Deringer (founded in 1743), Clifford Chance (early 1800s) and Linklaters (1838).

It was a pivotal moment for law firms, too. As Mr Morley puts it: “Inflation in the UK was over 20 per cent, interest rates were 14 per cent, unemployment was over 2m and heading upwards, Margaret Thatcher had just come to power.

“There was a revolution going on and there was a revolution going on in the City as well,” he says, citing political and economic reforms such as the abolition of exchange controls under Thatcher’s leadership.

“So actually looking back it was the start of quite a dramatic take-off in workload in the City and demand for professional services.”

That workload ebbed and flowed over the coming decades for the largest City law firms, which meanwhile were expanding through Europe and Asia, developing into global behemoths. By the mid-2000s, the boom times were so good that firms expected double-digit revenue growth every year.

The around-the-clock work intensified after the start of the financial crisis in 2008, when clients would call at all hours in a panic.

Just as suddenly, it stopped.

“By the end of that calendar year there was . . . a deep feeling of unease,” says Mr Morley, who had become senior partner in May that year. “It was obvious the phones were not ringing and the work was drying up.”

Without a full consultation with the partnership, Mr Morley and the other executives quickly decided to restructure. The cuts were deep: 10 per cent of the firm was made redundant.

While such a reaction may be typical in many industries, the legal profession has maintained an old-fashioned reluctance to fire lawyers.

Much of that changed during the crisis, and other firms were forced to follow A&O’s lead.

The crisis had a lasting impact on the industry, handing leverage to companies’ in-house legal teams to exert pressure on the fees and quality of external providers.

With US law firms crowding into the City, accountancy firms investing heavily in building their legal practices and start-ups with more flexible fee models, the profession has been forced to modernise more rapidly than at any other time in its history.

Mr Morley predicts even more rapid change in the years to come, largely driven by how technology is already affecting the industry by consolidating work and cutting down on the time lawyers take for tasks such as drafting documents, doing due diligence and searching rafts of files.

He is not predicting the death of the industry anytime soon, though.

“I’m very bullish about it,” he says. “The world in which we work has become more complex at a faster rate than it’s becoming commoditised at the other end. So when people say, oh, all the work’s going to be done by robots, a lot of it will be, but there are new opportunities being created all the time.”

These are issues for his successor to face, however. Replacing him as senior partner today is Wim Dejonghe, who was previously managing partner.

One of the last things the departing boss did at the firm was take a public stance on Britain’s possible exit from the EU. Mr Morley opposes such a move, although stresses that his opinion is personal rather than the firm’s.

During the next six months, he plans to travel with his wife, including a trip through South America and a month in France, with Euro football championship matches in Marseille and Lyon, plus the start of the Tour de France in Mont-Saint-Michel.

Beyond that, he prefers not to say.

“Some people think that somehow you’re leaving the firm, and so your universe is shrinking. But I like to see it like a personal big bang, where my universe of options is expanding.”

Second opinion: The rival

“We were rivals,” says Malcolm Sweeting, the senior partner of Clifford Chance who frequently found himself on the opposite side of big banking deals to Mr Morley before both ascended to management.

In one deal in the late 1990s, Mr Sweeting had to hop between two sets of simultaneous negotiations, one of them involving Mr Morley.

In his absence, the Allen & Overy man briefed the room on what his Clifford Chance rival would have said had he been there. Rather than take advantage of his opponent, he did so in a fair manner that ensured the deal closed quicker, says Mr Sweeting: “He’s a man of the greatest integrity.”