

John Wilson: Legal Entrepreneur

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The Class of 1941 is one of the treasures of the Yale Law School. It produced public servants, such as Gerald Ford, Lloyd Cutler, and Sargent Shriver. It produced jurists, such as Potter Stewart and Byron White. One of the most beloved members of the Class of '41, however, is not a household name: John Wilson. This panel on Entrepreneurs in Private Practice provides a welcome opportunity to talk about how John Wilson invented a different kind of law firm -- one that became a critical component in the development of Silicon Valley.

John Arnot Wilson was born in Ohio in 1916. John went to college at Princeton, and then came to Yale Law School. After graduation, like many Yale graduates, he moved between government and the private sector – in his case, the Atomic Energy Commission and a large corporate law firm in Cleveland.

In 1957, John decided to trade the snow squalls of Cleveland for the tremors of Northern California. Initially, he worked at Hiller Aircraft as general counsel. He then hung out his own shingle in Redwood City. But as he watched the birth of the semiconductor industry in what was then known as Santa Clara Valley, and the conception of the venture capital industry, John began to envision a new kind of law firm.

At the time, “serious” corporate lawyers were located in the established, staid law firms of San Francisco: only an hour away physically, but decades away temperamentally from the incipient start-ups in Palo Alto. Both the entrepreneurs forming new enterprises, and the venture capitalists funding them, had no alternative but to look to the San Francisco firms for legal work. John Wilson’s vision was to create a full-service law firm closer to

the entrepreneurs -- not just physically, but in outlook and orientation as well. Thus, in 1961, he begat the law firm that became known as Wilson Sonsini Goodrich & Rosati.

The guiding principle of John's firm, from day one, was that it would take its values, its personality, its culture, from its client base, which was becoming Silicon Valley. Today, many firms operate in the technology space. You have to transport yourself back 45 years to understand how radical John's concept was at that time. As the firm developed, John's client-centricity evolved into four attributes that shaped his law firm. Here they are, in no particular order of importance.

Feature One: meritocracy. More than any other business sector in America (and possibly the world), the high-tech industry is radically meritocratic. Silicon Valley's innovative culture, with rapid evolution and brutal life cycles, embodies the ultimate in industrial Darwinism. Technology companies thrive on talent. They care less than other companies about pedigree, gender, age, or ethnicity. They just want the best.

John designed his law firm to take advantage of, and replicate, that obsession with merit. He competed with the established firms in San Francisco, not by matching their gray hair or club affiliations, but by hiring go-getters who could talk the entrepreneurs' language and master the new world of venture capital and tech IPO's. Internally, John made meritocracy the defining feature of every personnel decision: hiring; partnership; compensation. No lockstep progression. No reluctance to designate someone a "star" or break her out of the pack. For talented young lawyers, working in that environment was often irresistible, especially when coupled with a client base that asked "what can you do?" instead of "who are you?". One of the great benefits of John's passion for meritocracy has been demographic diversity that is in the top handful of all major law firms in the United States.

Feature Two: demand-driven, scalable, full-service. That's a mouthful, but the different parts of it are inseparable. From John's earliest days of thinking about the firm, he was determined to make it full-service, so that he didn't have to refer out the "hard" work to

firms in San Francisco or New York. It also had to be scalable: as clients like Hewlett-Packard and Apple Computer progressed from garage, to IPO, to Fortune 100, the firm had to grow along with them in sophistication and expertise. But what drove that evolution of services – and this is key – was demand, not supply. John was determined to develop best-of-breed services in the areas that the firm’s clients demanded. The clients -- rather than management consultants -- determined the firm’s growth, both directionally and quantitatively. This was very much in contrast to the “field of dreams” philosophy of many other firms: *i.e.*, if you hire the talent, the work will come.

Feature Three: business advice, not academic advice. Intellectually, John Wilson could have been one of the many dons produced by the Class of ’41. Fortunately, the academy held no allure for him. John wanted to differentiate his lawyers from those in the established firms by emphasizing practical legal solutions to business problems – not by winning best-of-show in corporate forms-manship. To do that, John’s lawyers had to stay very close to their clients, so that their requests for legal help came in the context of ongoing familiarity with their financial, operational, and capital challenges.

Feature Four: risk-taking. Lawyers generally are not risk-takers. Writ large, John’s notion of taking on “the big boys” from a small office in Palo Alto set the firm’s risk-tolerance level at a high mark. But beyond that core risk, John was willing to take risks on particular clients. The firm prided itself on representing start-ups with no money. As a practical matter, if they did not get funding, the firm would not get paid. To mitigate that risk, John created an affiliated investment vehicle, WS Investments, that would take modest stakes in most of our start-up clients. Although nine out of every ten investments failed, some of those investments went on to become companies like Google. Moreover, clients deeply appreciated the symbolic, as well as the financial, support reflected by such seed investments. John wisely realized that such investments had to be shared among all partners, not limited to those who originated the client relationship, so that the firm would not be torn apart by jealousy over a few big hits. Over time, the investments were extended to associates and non-lawyer staff as well. But John was always careful to keep

the investments at a modest enough level to avoid skewing anyone's professional judgment.

John Wilson died in 1999, at the age of 83. In the last twenty years of his career, he had seen his seedling grow from 10 lawyers to 850, and from \$5 million in annual revenue to half a billion dollars a year. Far more important, he had created a law firm that did not just service the technology industry, but had become an integral part of it. The list of companies for which John's firm is principal outside counsel – HP, Apple, Genentech, Google, Sun, Autodesk – is a who's who of the technology world. Ultimately, John's message to his colleagues and protégés was that, to succeed, they needed to become more like their clients, not to distance themselves in a legal ivory tower. In that sense, John Wilson was among the ultimate legal entrepreneurs of his time.