



DUVAL & STACHENFELD LLP[®]

CORE IDEOLOGY, BUSINESS GOALS & VALUES AND BUSINESS STRATEGIES

CORE IDEOLOGY

Core Purpose: Build a highly motivated and successful law firm that is propelled by the enthusiasm and commitment of its attorneys.

Core Values: Deliver outstanding service to our clients.
Incorporate honor, integrity and fairness into all aspects of our business.
Insist on plain unvarnished honesty in all matters.
Attack complacency.
Put the Firm first: our success depends upon effective teamwork.
Ardent support for our purpose and values.
Do the right thing even when it hurts.

BUSINESS GOALS

To be widely regarded as one of the premier law firms in the United States. Our success will be measured not only by our profitability, size and client base, but also by the depth of our clients' satisfaction and the loyalty and commitment of our attorneys to our firm.

STATEMENT OF VALUES AND BUSINESS STRATEGIES

Our Statement of Values and Business Strategies more fully explains our Core Ideology and how it relates to our business strategies of:

I. BUILDING A SOLID FOUNDATION

1. The Genius of “And”:

Although most law firms are completely satisfied with achieving financial success, we have decided that success is only one of our primary goals. Our other principal goal is to build a firm that creates enthusiasm,



loyalty and commitment among our attorneys. In many ways, these goals conflict with each other. For example, the relentless drive of many firms to maximize their bottom line often results in policies that negatively impact job satisfaction. And, not surprisingly, reduced job satisfaction often translates into diminished enthusiasm, loyalty and commitment of employees, which can impair excellent client service, which in turn can threaten the success of the Firm. Conversely, a high degree of job satisfaction will dramatically increase the enthusiasm, loyalty and commitment of employees, which substantially magnifies the chance of the Firm succeeding. Consequently, we have concluded that our success and job satisfaction are mutually dependent and integrally related rather than competing forces.

By seeking to have our cake and eat it too, we have rejected the tyranny of the “or” and embraced the genius of the “and.” Instead of choosing between our success and job satisfaction, we are dedicated to figuring out ways to have both. In pursuing both, we are not trying to balance the two, which would imply going to the midpoint, fifty-fifty, half and half. Rather, we seek both to an extreme, at the same time, all the time. Irrational? Perhaps. Rare? Yes. Difficult? Absolutely. But as F. Scott Fitzgerald pointed out, “The test of a first rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function.”

2. We will achieve excellence:

We are adherents to the cliché that “if something is worth doing, it is worth doing well.” We simply cannot achieve the level of success to which we aspire if we only achieve excellence some of the time. It is an unyielding but necessary standard. While unfortunate, it is a reality that excellence can not be achieved at times without sacrifices. Although we seek to run our business in a way that reduces the sacrifices required, we recognize that we have to “take the bad with the good.”

3. Honor, integrity and fairness will pervade the Firm’s ether:

Honor, integrity and fairness are central components of our core values, and we insist on them being incorporated into all aspects of our business. It can take a lifetime to build a reputation for honor, integrity and fairness; however, it can be lost in seconds and, once lost, can not easily (if ever) be regained. Without it, we will never achieve the level of enthusiasm, loyalty and commitment from our attorneys to which we aspire. In our hearts, we all know what honor, integrity and fairness are and we can either rigorously adhere to those principles at all times or join another organization.

4. We will attack complacency:

Complacency is an illness that can easily afflict even the greatest of organizations. The problem is that it creeps up on you just as your business is succeeding; indeed, this caustic destroyer of great organizations is so devious in that it saps the will of the most iron-willed and talented persons who have, despite unimaginable odds, achieved amazing success and requires that very person to have the strength of character to recognize that it is even more of a battle to stay on top than to get there because...bluntly...where is the

¹ The genius of the “and” is explained in more detail in the book “Built To Last,” Jim Collins and Jerry I. Porras (2001). This book has played a pivotal role in the development of our Core Ideology.



motivation now to come from? There is no silver bullet to insulate against this disease except to have this value as a constant reminder to everyone that we can never be complacent – as soon as we delude ourselves into believing we have won, we will have lost.

5. All of us will “Do the right thing even when it hurts”:

There is a freedom and simplicity in this admonishment which we all make to ourselves. It means that we are relieved from a great deal of worry and stress. Given a situation, all we need to do is figure out what is the “right thing to do” and then do it - how very simple! Of course, the devil is in the details sometimes in figuring out what is indeed the right thing to do but this sets the framework for **all** decisions. Note the phrase “even when it hurts” – sometimes it does – in those instances it is even more important than ever to do what is right. Finally, it is important for the attorneys at the Firm – management and non-management alike – never to swerve from this principle. It is worth emphasizing that this admonishment is not directed only at management but also at every attorney and other employee of the Firm.

6. We expect plain unvarnished honesty:

Although rose-colored perceptions to the outside world are often critical to the success of any organization, internally they can be quite destructive. We need to have the strength of character to be able to admit when we have failed or made a mistake. Virtually all organizations shrink from admission of failure. We, instead, will always strive to identify our failures and use them as learning experiences. We will shy away from ego stroking. Indeed, our modus operandi will be to focus not only on what is right but also on what is wrong – for only by knowing what is wrong and fixing it can we continue to improve. Of course, while we expect honesty at all times, we also expect the message to be delivered in a respectful manner. Although respect and tact can often lessen the sting of unpleasant news, we do recognize that “plain unvarnished honesty” can be painful at times; however, the longer one lives in this plane of existence, and the longer one is weaned from the opposite standard of conduct that exists in most of the outside world, the more one appreciates the benefits of working and living in a truthful environment.

7. Embrace it or don’t come:

Our entire business model is built around our core purpose and values. We deeply believe that creating an organization of people who are passionate about our core purpose and values will dramatically create our chances of success and job (and even life) satisfaction. Although we are not a cult, we are cult-like in our belief that our values and purpose are immutable and must be actively supported by everyone at the Firm. Of course, there will be disagreements about the best way to achieve our goals and whether any particular action is consistent with our values, all of which is fine; but, ultimately, we cannot tolerate anyone at the Firm who is not supportive of our core purpose and values. Although other conflicting values are perfectly legitimate in other business cultures (and many other businesses succeed with very different values), anyone at the Firm who is out of sync with our core ideology will be expunged like a virus. So, our advice to potential candidates for the Firm is not to come if you do not embrace what we stand for.



II. BUILDING STRONG CLIENT RELATIONSHIPS

1. We will consistently provide outstanding service to our clients:

Our success is not only dependent upon delivering outstanding service to our clients, but on delivering such service on a consistent and long-term basis. Indeed, it is perhaps easy to provide outstanding service on a single matter for a new client; it is up to us as a firm to figure out how to continue this superb service after the thrill of the first matter for a new client has long-since dissipated.

2. Outstanding service will be defined by our clients – not by us:

We have learned that each client has a different desire for the manner in which legal services are provided to it. We will not be so arrogant as to believe that we have the right to decide how services are to be provided; instead, we will “listen” to our clients and provide them services in the manner that they wish them to be provided. Another way to say this is that we will “customize” our services to the client’s needs and desires.

3. Long-term business relationships with clients will be sought:

In dealing with our clients, we will seek to build long-term business relationships as opposed to seeking “one-shot” matters. We will remind ourselves and our clients that the first matter is usually the toughest for a law firm to perform to the client’s expectations; accordingly, it is in the interest of both the client and the Firm to establish long-term relationships in which the Firm and the client grow their businesses together. These mutual benefits include increased efficiency for the benefit of the client and increased stability in business growth for the Firm.

4. We will seek to make our customers our best salespeople:

There is no better salesperson than a satisfied customer. It is an essential goal of the Firm to turn each client into an advocate for our success. This means a lot more than just doing a good job. It means understanding and satisfying not only the stated needs of our clients but also their unstated (and even perhaps unknown) needs. It means learning everything we can about the business of our clients and thinking of ourselves as responsible for helping develop the success of our clients’ businesses.

5. We will market ourselves as a law firm that assists our clients’ business as opposed to thwarting it:

Although lawyers frequently market themselves as “business lawyers,” clients often have a very different view. In marketing the Firm, we will stress that (i) we are the best at what we do, (ii) we are providing our services for a reasonable cost, and (iii) we are able to achieve the results that our clients seek. We will strive to remember that our clients, particularly in transactional matters, ordinarily do not benefit by us bludgeoning the other side into a grudging submission; instead, our clients ordinarily are better served when we engineer a friendly and mutually beneficial transaction where all parties walk away with a positive feeling and a desire to do business with one another again. Of course, when our clients prefer an aggressive approach, as is often



the case in litigation matters, we are well versed in how to effectively deliver that type of service.

6. We will seek to create an atmosphere in which clients have “fun”:

What an extraordinary concept – that clients would rather do business with a service provider that is enjoyable (even “fun”) to work with as opposed to the converse. This seems so obvious that we have adopted it into our business strategies.

III. BUILDING A COHESIVE AND EFFECTIVE BUSINESS

1. Team oriented approach:

Although the Firm is merely a platform for the success of our attorneys, our attorneys as individuals do not come first. Rather, we strongly believe that each attorney’s chances of succeeding (or becoming more successful) will be dramatically improved if he/she is part of an enthusiastic team that has a common vision and purpose. As part of our strategy for creating an enthusiastic team, we adhere to two fundamental principles: (i) first, put the Firm first by adopting values, strategies and policies that lead to the success of the Firm through relentless teamwork, and (ii) second, allocate the rewards of our success fairly among our attorneys. For example, instead of building a “we” culture, many firms tolerate, if not encourage a “me” culture that, among other things, promotes client hording, discourages cross-selling and focuses primarily on rainmakers. Although we fully recognize the importance of each attorney’s efforts to our success and we generously reward everyone for their contributions to our success, we believe that our goals will not be achieved unless we consistently work together. As a result, whether marketing to prospective clients, servicing existing clients, recruiting new attorneys or pursuing another objective, teamwork is the foundation of our business model.

2. Incentivize Individuals:

Although we are passionately dedicated to a team oriented approach, we understand that it is critical to reward each attorney for his/her success. Yet, how can we both incentivize attorneys for their individual success but also push everyone to be on the team? This is tricky and difficult and there is no magic solution. The best we can do – like any successful “team” – is to recognize that we are human beings and that most human beings experience joy in individual success as well as the satisfaction of being part of a winning team. We cannot forget that as we strive for a team approach it is also necessary to help all of us feel good about our success as an individual as well. Ultimately, whether we like it or not, talented and successful attorneys who feel they are not properly rewarded will not sacrifice themselves on a long-term basis for the good of the “team;” instead, these attorneys will leave and take what we have built together elsewhere.

3. We will seek to make each attorney a salesman for each other attorney:

Although it is critical for the Firm to reward each attorney for his/her success, it is equally important to reward each attorney for helping another attorney to succeed. This is because (i) incentivizing everyone to help each other binds the Firm together, (ii) it is often easier to advocate the talents of another than to



advocate one's own talents, and (iii) it is a basic rule of marketing that it is nine times easier to expand an existing client than to create a new one. Indeed our marketing motto "Find a client for your partner today" is intended to emphasize to all of us, all the time, how much easier it is to find clients for your partners than for ourselves.

4. Seek consensus:

As part of our efforts to create a team approach, we seek to build consensus (with associates as well as partners) on major policies and strategies whenever possible. Although building a consensus is often a laborious process, most attorneys want to play a meaningful role in the management of their firm. More importantly, we have found that participation in management is not only personally satisfying for most attorneys but also creates substantial loyalty and commitment towards the Firm, which is a key component of our long-term success. On the other hand, even though we seek consensus, it simply is not possible to achieve agreement on all decisions. Yet, decisions must be made or we will fail miserably. As a result, we expect each member of the Firm to actively support the decisions of the Firm even if he or she disagrees with such decision.

5. Open display of information is encouraged:

Other than the preservation of client confidences, there is no obvious reason to conceal information regarding the Firm from any of the attorneys. All attorneys will have access to all pertinent information regarding the Firm (including the financial picture).

6. Everyone is encouraged to give constructive criticism:

Support staff who come up with ways to do things better that improve our bottom line will be rewarded. Partners are encouraged to suggest to other partners how their business could be better run. Associates are encouraged to think like partners. All will be encouraged to have open minds to the thinking and suggestions of others.

7. Unpopular views may remain unpopular but they will not be forbidden:

Consistent with our belief that honesty is the best policy, we will embrace the old saying "I hate what you say but I will defend to the death your right to say it." We will seek to remember that often views that at first are unpopular later are proven to have been quite wise. Accordingly, we are committed to the principle that the freedom to express opinions will significantly improve our ability to make the best decisions.

8. Responsibility will be based on ability:

Our partners and senior attorneys are encouraged to delegate responsibility to junior associate attorneys as soon as they are able to handle it and not to wait until they achieve an arbitrary class standing. Some attorneys advance more quickly than others and those that are able to handle responsibility early should not be stifled by arbitrary timing requirements that constrain their talents by slowing down their ascension.



9. Management will work hard to keep “in touch” with attorneys and staff:

It is a classic defect in an organization that management is the “last to know” when the company is in trouble. This is sometimes quite simply because of the view that bad news conveyed from the “rank and file” will result in management “shooting the messenger.” We seek to avoid this by, quite simply, not “shooting the messengers” and, indeed, rewarding them for having the courage to convey bad or difficult news to management.

10. All attorneys will be encouraged to think like partners:

All of our attorneys are encouraged to think like partners even before they have achieved such status. This will include being vigilant for external circumstances that could help or harm the health of the Firm, seeking to develop business (even as a junior associate), treating the Firm as a business enterprise that needs to economically benefit from its actions (i.e., get paid for its work), and participating in management of the Firm.

11. Money matters:

Although no one would say that money is all that matters, most people are motivated by the chance to make additional money. We will not fool ourselves into believing that the privilege of working for the Firm is in itself worth so much that “money” is not a critical component of making partners, associates and support staff happy and motivated. However, to be an effective incentive, compensation must be fair and motivate attorneys to do what needs to be done for our success. Consequently, we have designed a compensation system that rewards attorneys for taking actions that further our goals.

12. Business generation is not the whole story:

All partners will shun the view that he/she who generates the rain makes the rules. Rainmaking will be taken into account in compensation – that is it.

13. Everyone cannot do everything:

Not everyone has the skills to be a rainmaker. Not everyone has the skills to complete a complex major transaction at high speed. The Firm will seek to be flexible enough to be a rewarding place to be for such extremes as “mega-rainmakers” and talented hard workers without rainmaking talent.

14. We will recognize the devastating effects of the Peter Principle and try to avoid it:

The Peter Principle (that employees in an organization are promoted to their level of incompetence where they tend to remain) is one that we will be ever vigilant to avoid and root out. We will encourage everyone to be wary of the insidious effects of the Peter Principle and use our plain unvarnished honesty to solve flare-ups of the Peter Principle whenever they occur. Imagine, for example, the strength of an organization in



which a talented attorney finally achieved the role of managing partner (which he was unable to handle having been “promoted to his level of incompetence”) and stepped down after the honest suggestions made by his partners that he could best continue to serve the Firm as the talented lawyer he had been all along.

IV. BUILDING A COLLEGIAL AND FUN ENVIRONMENT

1. We will treat all personnel with respect:

All attorneys, from the most senior to the most junior, are expected to treat each other with respect. This includes partners treating associates civilly even in adverse situations and attorneys treating support staff properly. All of our employees are human beings entitled to respect, even if they are not performing up to expectations. Disrespect and abuse of attorneys or staff will not be tolerated – period!

2. We will attempt to balance the needs of the individual against the needs of the Firm:

Management of the Firm, when making decisions which apply to individuals, will seek to neither (i) put the needs of the individual (however needy) ahead of the interests of the Firm or (ii) heartlessly ignore the needs of the individual based on the view that management must think solely of the Firm, but will instead attempt to balance these two conflicting needs to be consistent with “doing the right thing even when it hurts.” Another way to look at this is that management cannot conveniently use the interests of the Firm as an excuse to terminate or otherwise mistreat individuals – management has to do a great deal more analysis than easily jump to this type of conclusion in an adverse situation.

3. We will have a sense of humor about ourselves:

Only fools take themselves so seriously that they cannot laugh at themselves. A sense of humor about life and one’s own frailties makes us better able to relate to our clients and ourselves. Without a sense of humor, we will not succeed for we will not have the strength to enjoy our success or to admit and learn from our failures.

V. BUILDING FOR THE FUTURE

1. We will not be afraid to pioneer new ideas:

It is almost too obvious that organizations in which new ideas are encouraged are dramatically more likely to succeed than organizations in which rocking the status quo is taboo. Indeed, although trite, the only constant is change. Those who are resistant to change inevitably will lose to those who are not afraid of it. Arrogance and hubris in the belief that our initial success proves the rightness of our way of thinking, if not checked, will become the seeds of our destruction. Ironically, almost everyone has a natural inclination to be “afraid” to pioneer a new idea – for the obvious reason – what if you are flat out wrong – everyone will know – and there will be nowhere to hide – it will be embarrassing. We need to have an atmosphere in which radical ideas (often the best and the worst of ideas) can flourish – we have to be unafraid to be wrong sometimes.



2. We will be flexible in our thinking – there is no “box”:

We need to be flexible to: (i) the changes in the business world that change the role of the lawyer, (ii) the fact that that which works at one time and in one place will not necessarily work in another time and place, and (iii) the fact that each attorney, in servicing his/her client, will have to satisfy that client and that satisfaction may have to be delivered in a unique fashion. Another way to observe this admonishment is by internalizing the viewpoint that there are no “boxes” around our abilities except the voluntarily accepted limitations of operating within the sphere of our Core Ideology.

3. We will remember that today is a time of incredible opportunity:

Today is a time of incredible opportunity. This belief is intended to be timeless – it is always a time of incredible opportunity for those with flexible minds.

4. We encourage our attorneys to gain financial independence:

No matter how successful the Firm becomes, we realize that there will always be tough times ahead. How we handle those situations will depend, in part, on the financial independence (or lack thereof) of our attorneys. Without financial independence, decisions will be based on the financial necessity of the moment rather than the best choice for the future of the Firm. Through financial independence, we can capitalize on downturns in the economy, making those moments times of incredible opportunity rather than times of incredible distress. Although we respect everyone’s right to decide what is best for them, we respectfully encourage our attorneys to save part of their compensation each year “for a rainy day” – as opposed to living paycheck to paycheck – so that we are all better able to weather the storms.

5. We will regularly re-evaluate our goals and strategies:

Strategies and goals may need to be modified periodically to reflect new business realities. For all we know, putting things as positively as possible, we will achieve our business goal at some point and then what? Perhaps our new goal will be to maintain ourselves at that level or there will be an entirely new goal. Or, putting things more negatively, it may at some point become clear that we cannot achieve the goal at hand; in that situation, rather than giving up, it may make sense to modify that goal or change direction to a goal that is more achievable. In either case, it is pointless to speculate before the goal at hand is achieved or failed. We will need to trust our posterity to make this decision with only one warning – to ensure that the new goal is one that can be achieved by adherence to, and within the framework of the Core Ideology. The foregoing approach is even more obvious when applied to business strategies – these need to be evaluated on a regular basis, for what works at one time and place may utterly fail at another time and place.