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Cornell stands down as global managing partner at Clifford Chance

By Bob Sherwood, Legal Correspondent

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The head of Clifford Chance is to stand down after steering the world's biggest law firm through the most difficult period in its history.

Peter Cornell, its global managing partner, would almost certainly have secured the backing of Clifford Chance partners to lead the firm for another four years as it aims to expand its US practice and become the first truly global law firm.

Instead, Mr Cornell has decided not to stand for re-election to the job, saying he prefers to leave at a high point after achieving his key objectives.

After rigorous cost-cutting in the face of tough market conditions, the firm is optimistic about a significant jump in profits this year.

Mr Cornell - who has led the London-based firm since 2001 while his wife and younger children continued to live in Madrid - took the radical step of basing himself in New York at the beginning of this year in an attempt to shake up management and boost profits in its US operations.

Clifford Chance has struggled in its ambitions to create a top-tier US litigation, banking and M&A practice after its takeover of Rogers & Wells in 2000.

Morale at the firm fell as Clifford Chance failed to stamp its authority and culture on the US arm and many big-name partners departed. In 2002, the firm was forced to scrap its billable hours target in the US after a group of junior lawyers sent a memo warning they were under so much pressure they could be encouraged to "pad" their hours.

Mr Cornell was forced to shut down the West Coast operations last year after they failed to achieve the profitability demanded of them.

The partnership finally agreed on Friday to change its rigid "lockstep" rules so that partners in offices that produce lower income can be paid less while those in high-earning markets - particularly the US - can earn more.

That will give the firm greater flexibility to recruit high-earning US lawyers as it tries to compete with the top US firms.

His decision to stand down will trigger an internal election to choose a successor.

David Childs, chief operating officer, who has earned a reputation as the firm's enforcer after driving through tough cost-cutting plans and beefing up management controls, is likely to be seen as a frontrunner.

Clifford Chance made a net income of £239m last year on turnover of £915m, giving an average profit per equity partner of £644,000.

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