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Cover Story

Demchak swings for fences with Jordan



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The appointment of a general counsel is almost always a nonevent. But not at **PNC Financial Services Group Inc.**, where CEO [William Demchak](#)'s personal recruitment and subsequent hiring of [Gregory Jordan](#), the longtime global managing partner at **Reed Smith LLP**, as the bank's top legal officer set off shock waves in Pittsburgh's corporate and legal circles.

The magnitude of the executive pairing — PNC and Reed Smith are, respectively, the city's largest financial institution and law firm, and the nation's 12th-largest bank and 19th-biggest law firm — coupled with the secrecy in which the negotiations were conducted has everyone pondering the implications.

In his first major hire since assuming the CEO post in April, Demchak didn't hesitate to bring aboard a fellow empire builder. While PNC's expansion through the Midwest and Southeast technically came during [Jim Rohr](#)'s tenure, Demchak unquestionably was a driving force. And Reed Smith quadrupled in size during Jordan's 13 years at the helm.

It all says a lot about how Demchak's building his team. Jordan was simultaneously an out-of-the-box hire and yet a very PNC-type choice.

"It's all Bill," said Rohr, PNC chairman and Demchak's predecessor as CEO, who introduced Jordan, 54, and Demchak, 50, several years ago.

"Bill and Greg clicked," Rohr said. "Greg's going to do a great job. Look how he's grown Reed Smith — 25 offices around the world."

But in the end, when the offer from Demchak was made, not even Jordan saw it coming.

'TOO GOOD TO PASS UP'

Demchak phoned Jordan in late August to tell him PNC's general counsel, [Robert Hoyt](#), was joining the British bank Barclays PLC. That opened the door for the PNC chief to make a run at Jordan.

“The first surprise was to hear that Bob Hoyt left,” Jordan said. “Bill called me before that news came out. And then, I’m busy 24/7 running Reed Smith, so I didn’t have a resume, I wasn’t looking for a job. So, yeah, the call and the opportunity took me by surprise. But the opportunity Bill sketched out at PNC was just too good to pass up. It’s a growth-focused agenda, and I’m excited to be part of it.”

Demchak moved fast. He had to. By all accounts, PNC was unaware Hoyt was on the verge of leaving. Moreover, there’s been a bit of jockeying with Barclays. Perhaps some quid pro quo was in order. As late as spring 2010, reports swirled that Barclays was shopping for a U.S.-based bank and analysts repeatedly cited PNC as a potential target. Rohr swatted down the speculation at an Economic Club of Pittsburgh luncheon with a crack about European banks — he singled out Barclays — lacking the capital requirements to do deals in the U.S.

Jordan met with Demchak over breakfast, then went on a two-week trip to visit Reed Smith’s Asian offices.

“The whole discussion only lasted a month,” Jordan said. “It took me no time at all to understand how exciting an opportunity it would be, but when you’ve worked somewhere for 29 years and weren’t thinking about leaving, that takes a little time. Leaving Reed Smith was really hard for me, but the short answer is, I’m leaving because of PNC and because of Bill. I promised him I’d give 120 percent.”

Reed Smith also wasted little time shoring up its senior management. [Alexander Thomas](#), a 43-year-old Washington, D.C.-based lawyer who chairs the firm’s international litigation practice, was told of Jordan’s departure and named his successor in less than a week.

Most of the firm learned the news a few hours ahead of the public announcement.

“Perhaps the most important company based in Pittsburgh just got better and one of the best executives in Pittsburgh is staying here,” said Reed Smith Chief Marketing Officer [David Egan](#), who was Jordan’s Beta Theta Pi fraternity brother in the late 1970s at Bethany College in West Virginia.

Jordan brings legal and business credentials to the table, including a reputation as a tough and savvy litigator with a background in banking.

“If Jordan’s as good as he seems to be, he is probably a good delegator and used to working with senior management, and he’s probably very strategically oriented, looking several years ahead at what changes need to be made,” said [Robert Denney](#), president of [Robert Denney Associates Inc.](#), a Philadelphia-area consulting firm that works with law firms nationwide.

Denney noted it’s “very unusual” among U.S. firms that a managing partner or CEO would leave to become a general counsel.

Moreover, general counsel is a different and more powerful position than it was 10 or even five years ago, he said.

“Look at the growth of regulatory issues and trying to make sure that the company is adhering to them or anticipating what the next group of regulations may be,” Denney said. “Legal departments haven’t become a profit center but they don’t want them to be loss-leaders anymore. They look for more of a businessperson than a super lawyer. A few

years ago, I asked a CEO at a far-smaller company than PNC why he hired a particular general counsel and he told me, 'He thinks like a businessman, not a lawyer.'"

Jordan not only viewed the law as a profession, but he also accepted it as a business and made sure Reed Smith embraced that as well. Early in his tenure, he struck an arrangement with the University of Pennsylvania's Wharton School, one of the nation's most prestigious business schools, to create Reed Smith University, providing business education to the firm's employees at all levels.

THE JORDAN AGENDA

In addition to serving as general counsel, Jordan will be executive vice president and head of regulatory and government affairs, have responsibility for the PNC Foundation and the corporate ethics office, be on the executive committee and report directly to Demchak.

He pointed to similarities between the two companies.

"Reed Smith increased its position through geographic expansion, innovation in what we offer, in making sure we can meet the demands of what I call 'the new normal' and the need for increased efficiency," Jordan said. "All those things are part of Bill's agenda for PNC. It's a really successful company, and I think it's well-positioned to take what it does so well to another level."

Much of his work will center in Pittsburgh, Jordan said, and he's looking forward to that. Jordan, his wife and their two daughters, are a close-knit family, but building Reed Smith kept him on the road so frequently that his globe-trotting has in the past put him among US Airways' 50 most-frequent fliers. For example, in 2007, he was on the road 197 days.

Jordan took his daughters, Emma and Audrey, on trips every year and once managed to secure a visit for the girls to the London set where the first three "Harry Potter" films were in production, thanks to connections he made with Hollywood studio executives through entertainment law cases he handled.

"I do hope (the PNC job) will allow me to spend more time at home in the evening with my family and less in hotels in other countries," he said.

"When you look at all the travel and the intensity he needed to be focused daily, I think that takes a toll," said [Lori Carpenter](#), president of downtown-based Carpenter Legal Search, which has recruited for both PNC and Reed Smith. "It's hard to travel all the time; it's hard to change time zones."

Once the shock subsided, the kudos poured in.

"This is a great hire for Bill Demchak," said University of Pittsburgh Chancellor Mark Nordenberg, one of Jordan's professors at Pitt's School of Law. "In Greg Jordan, he's recruited a true triple threat — an internationally respected lawyer, a business leader who has built one of the world's largest and most respected law firms, and one of the region's most-committed citizens, which always has been important to PNC."

Peter Kalis, chairman of **K&L Gates LLP**, which is the region's largest law firm in revenue and has twice as many offices as Reed Smith, also weighed in. They're friendly rivals and go way back. When Jordan was in law school and Kalis a young lawyer on the partnership track, Jordan was occasionally on retainer as Kalis' cat sitter.

"It is often and accurately reported that Greg and I are from the same neighborhood in Wheeling, W.Va.," Kalis said. "Greg continues to make all of us proud. Through his long and successful service at Reed Smith, he earned a spot among the world's elite law firm managing partners. He'll be equally effective as a GC. PNC's already strong management team just got a lot stronger."

On the morning of Oct. 4, the day following the announcement, Jordan met with Kieran Fallon, who served as acting general counsel after Hoyt's departure. Fallon joined PNC two years ago from the Federal Reserve Board, where he was general counsel for regulatory affairs; while at the Fed, Fallon also served for three years as general counsel to an oversight body for the Troubled Asset Relief Program, better known as TARP. Fallon will run regulatory and government affairs for PNC, reporting to Jordan.

After the meeting with Fallon, Jordan and his wife Ellen took a breath and proceeded to squeeze in a vacation to Florida.

'SAME LAYOUT, HUGE BUDGET'

"There are a tremendous amount of superstars over there," Carpenter said. "Greg will be directing a law firm but in a different way. It's got the same layout as a law firm environment, but there's a huge budget."

PNC won't disclose the department's size, but if ranked by lawyers would handily fit among the city's top 10 firms, Jordan said.

"Bill and his team have recruited a bunch of our people over the years," he said. "PNC has built a first-class law firm inside the company. That's going to be a real fun part of it for me."

There's another familiar face at his new job. Jordan's brother-in-law, [Tom Trebilcock](#), is PNC vice president of e-business and payments and heads up mobile banking.

[Gerard Cassidy](#), a Portland, Maine-based financial analyst at RBC Capital Markets who tracks PNC, believes what drives a bank's selection of a general counsel is to obtain crucial expertise. Most investors, he noted, would be hard-pressed to name the general counsel at any big bank because their focus is on what will drive earnings in the next 12 to 24 months.

Still, cost containment is one of the big areas Cassidy is watching at PNC.

"If he's able to negotiate lower rates with outside law firms, investors will be very happy to hear that," Cassidy said of Jordan.

One thing Reed Smith has over PNC is geographic reach. Jordan mentioned PNC's footprint now encompasses cities such as Chicago, Richmond, Va., and Washington, D.C., where Reed Smith has offices. Jordan believes his connections will be helpful. Reed Smith also operates in Houston, where PNC recently opened an energy office, and along the California coast. But Reed Smith also has offices extending from Europe to the Middle East to Asia-Pacific.

"The outlook we have for PNC over the next three years is to maximize their existing franchise in the United States," Cassidy said. "Someday, could we see PNC do more business outside the U.S.? I wouldn't rule that out. Having someone on board to navigate those different companies' laws would be helpful. But I wouldn't say by hiring someone

that has this type of expertise is a clear signal that PNC next year is going to open offices in Brussels and London and Beijing.”

People who know Jordan are quick to mention his people skills, both in terms of hiring and team play within his company and the community.

“In any organization, you’re as good as the people under you,” Carpenter said. “Greg put people in the right places at Reed Smith, and that’s the same thing Demchak is doing at PNC to make himself successful, and that makes the organization successful. It comes back to saying a lot about PNC’s commitment to Pittsburgh and the type of senior management that (Demchak) is looking to build. Had they brought someone in from a big firm in New York or Chicago, that would have been a very different picture. He’s one of our own.”

That’s key. Jordan’s hiring is such a PNC move but by a CEO who’s not viewed as traditionally PNC. Demchak grew up in Fox Chapel but built his career at a Wall Street bank, departing JPMorgan Chase & Co. in 2002 for PNC. Not only is he the first PNC CEO not to come up through its ranks, but he follows Rohr, the Cleveland native who became more Pittsburgh-than-thou, the quintessential local CEO.

Rohr regaled a room full of business folk in town from Colorado on Oct. 4 for the Denver Metro Chamber Leadership Foundation’s 2013 Leadership Exchange with the tale of how local CEOs and civic leaders convened to clean up Pittsburgh’s red-light district to build the Cultural District and then develop the North Shore simply by checking egos at the door and working cooperatively. It wasn’t just talk; Rohr is famous for building connections.

“Jim is the consummate relationship person, and he’s introduced me to a lot of people around Pittsburgh, and he’s done the same for Bill,” Jordan said.

Turnover in the corporate community, the influx of private-equity ownership and companies focused here and abroad have loosened the grip of the old-boy network.

Jordan, though, is well-integrated in the community. He serves on the boards of **Highmark Inc.**, the Allegheny Conference on Community Development, the Global Business Coalition on Education and the Extra Mile Foundation, and chairs Bethany’s board of trustees. He’s also friendly with other lawyers.

[David Pusateri](#), former managing partner of McGuireWoods’ Pittsburgh office, ran into Jordan a few weeks ago at a diversity conference in Washington, D.C. They greeted each other as Sewickley neighbors rather than lawyers, Pusateri said.

“Greg’s very, very well-liked,” Carpenter said. “He’s always taken a personal interest in people. He’s down-to-earth and can talk to anyone. I’ve seen him getting onto airplanes, and he always stops and talks. He’s also a very dynamic business leader and not only does he understand the law, but what it’s like to lead a legal department the size of PNC’s that will continue to grow.”

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