



Week of **December 9, 2008**

Do You *Still* Want to Be a Partner?

The financial turmoil that law firms, along with the rest of the economy, are experiencing today may lead to a reassessment of the conventional wisdom that every lawyer should want to become a partner.

Of course, questions about the wisdom of automatic partnership transcend the current economic scene. Would we advise our clients to move forward with a decision if questions like these were on the table? Is becoming a partner wise...

- When your voice may be so small in a large firm as to have no influence over the direction of the firm?
- When the "buy-in" to the partnership is at a value asserted by that partnership rather than by an independent study?
- When the sale of your interest could be only under very restricted terms and at a value determined by a formula different than the formula used for the "buy-in" and only back to the partnership, not to a third party (even if a lawyer)?
- When your income percentage will be determined by a "compensation committee" in which you have little or no voice?

These questions are daunting enough, but consider the partnership risks in today's economy. Why seek to join a partnership when, irrespective of how low your earnings from the firm may be, you will be jointly and severally liable for the debts of the law firm in the event of the firm's collapse? Then consider the opposite side of the issue. Law firms with profitability problems increasingly move to eliminate ("de-equitize") higher paid partners as they continue to hire new, young, lower paid associates. Each of the laid off partners was (presumably) added to the partnership because the firm had a strategic goal for his or her practice at some point. However, when the overall profitability suffers, the leadership may make a change rather than hold on to partners.

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Clients include attorneys, managing partners, executive directors and financial directors at small, mid-size, and large law firms. We have seen many of our clients increase their revenue by five or six figures—that's \$50,000 to \$400,000 based on reports thus far.

Many of my clients have experienced:

- Increased revenue with long-term strategies for sustainability

I recently spoke with one managing partner who called this process "culling." It also affects lawyers on the low end of the totem pole. Associates are hired out of law school and work for five, six or seven years. Then, if they don't make partner, they're asked to leave to make way for the next group of young "unwashed" law school graduates. Most human beings are optimists (until they conclude otherwise), and I suspect most young associates believe the sacrifices they make early in their careers are worth it because they are convinced they are among the select few who will become partner—right up until the moment that they are shown the door.

Achieving partnership in a law firm of course remains a worthy and honorable goal for most lawyers. But it should not be taken as an automatic one. Strive to become partner—but do so with your eyes open.

Personal Commentary

I'm proud to announce that I'm coming to video in January. **LawBiz® Management's Legal Pad** will be a wonderful chance for me to take a current topic of interest—either from my coaching, blog, a news story, or a recent interview I may have conducted—and focus in on it. These five-minute videos will let me drill down to the core of the issues. I'll be premiering them in the new year, so stay tuned for more details. I'm excited by this move, and hope you will enjoy the new show.

Best wishes,

Ed Poll

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What Readers Are Saying...

"I look at Ed as my business partner now—my once-a-week essential business meeting to take the pulse of my practice. During our one-hour phone conversations, we hash out the larger and smaller business challenges of my law firm. I always come away from those conversations enlarged, challenged, and sometimes even quite shaken, but with the tools necessary to move forward down the path he and I are constantly redefining for me and my firm."

-AL, Northern California