

# Finding a New Home for Your Practice

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Anyone who reads the professional announcements in this publication knows that partner movement is a reality. No matter what you think about the accelerating rate of change in the profession, it is a fact of life that practice group acquisitions, law firm mergers and individual partner moves are occurring with growing frequency.

Twenty-five years ago, you might have expected to retire from the same firm where you began to practice. But this career scenario has become increasingly less common. Instead, it is more likely that you will find yourself working in several employment situations during the course of your career.

So what should you do if you are anticipating one of those moments of change in your career? What are some of the questions that you should ask yourself if you or your partners think it is time for you to go? What questions should you ask a firm that is courting you?

## ○ **Understand Your Own Needs and Preferences First**

Before considering your options, it is important to understand your own priorities and values. Until you have taken the time to understand what brings you professional satisfaction, it is a mistake to begin seriously considering new opportunities, particularly if you are being pushed out the door.

For example, you should ask yourself:

- Are the frustrations that I am feeling in my current situation inherent in any organizational setting? Or am I bothered by “big picture” issues that might be remedied by a move?
- What kind of management style and work culture do I prefer? Would I rather be in an environment where democracy rules? Or do I prefer to practice law and leave all management issues and time-consuming meetings to someone else?
- Do I want to be in an environment where lawyers are heavily rewarded for bringing in business? Where origination credit is shared? Or where all clients are thought of as clients of the institution?
- Is it important for me to be in an environment that values work ethic over everything else? Is work/life balance a significant issue for me?
- Do I care about my physical surroundings? Is location important?
- Do I prefer to work with associates who attended top-tier law schools? Or associates with life experience outside of the practice of law?
- Do I value community service or involvement in professional activities outside the firm?
- Do I prefer to do cutting-edge work or do I get more satisfaction working with smaller clients because I prefer helping individuals rather than large institutions?
- Is office technology important to me?

If you do not take the time to look inward, looking outward is an exercise in futility. How can you begin to evaluate another work situation if you have nothing to measure it against?

- **Due Diligence Can Now Begin**

If you have a reasonably good sense of your professional self, you are on your way to increased career satisfaction. While self-awareness is no guarantee that you will get what you want, at least you know what to look for.

After you have determined what you are looking for, here are a number of questions to ask before you sign a new partnership agreement.

You may not need to ask all of these questions because some issues may not concern you. Choose the questions that get at your underlying concerns and look for facts and supporting documents rather than conclusions.

Talk to partners, associates and support staff at the firm. They will each have different but important perspectives on these issues. If you can, it is also a good idea to speak to lawyers who have left the firm as well as colleagues who are familiar with the firm's reputation.

- **Questions to Ask**

### **1. Firm Management**

How is the firm governed? How much power does the managing partner or management committee have? Does the firm employ a professional administrator? How are important decisions made?

Into what practice groups is the firm divided? What do the partners vote on and how are the votes weighted? What information is made available to the partnership? Is there more than one tier of partnership? Are there committees? What do they decide?

Does the firm have a clearly defined marketing strategy? Do partners try to cross-sell the full range of services that the firm provides? Does the firm articulate a clear vision of its place in the legal community and a sense of what legal work it does not perform?

### **2. Firm Culture**

On average, how many hours do partners bill per year? Is there a minimum number of hours expected? How many non-billable hours are partners expected to put in? Is there a required amount of pro bono hours or community service?

Do lawyers at the firm eat lunch together? Socialize with each other after hours? Do people seem to like each other? Spend time courting potential clients using interdepartmental teams?

Does the firm have an intellectual environment? What do lawyers keep on their office walls? Artwork? Pictures of their family? Sports memorabilia? How late do partners typically stay in the office when they are not trying to meet a deadline?

How good is the firm at adapting to changes in the marketplace for legal services? Do partners ever take long vacations (i.e., over two weeks)? Are lawyers encouraged to attend or teach CLE programs? Does the firm hold practice group meetings?

What professional organizations and clubs do partners belong to and which ones do they actively participate in? In what ways has the firm's culture changed or been changing in the past several years? Does the firm have any growth or merger plans for the future?

### **3. Partner Compensation**

Is the partnership a true partnership? Do partners share in the success of the firm or does the firm operate with an eat-what-you-kill mentality — or something in-between? How is compensation determined? Is it done by a formula? By a compensation committee?

What factors are given weight in setting partner compensation? Do these factors give partners incentives to engage in the non-billable activities that are deemed important by the firm?

What is the difference in compensation between the highest and lowest paid partner? Do partners collect a small draw during the year and a large distribution at the end of the year? Do partners have to make a capital contribution? Over what period of time can this contribution be made?

Are partners given a budget for marketing? What benefits does the firm offer? Is there a funded retirement plan?

### **4. Client Base**

Who are the firm's largest clients? What percentage of the firm's revenues come from these clients? How stable are these clients and client relationships and how long has the firm had these clients?

To what extent are your areas of expertise synergistic with the rest of the firm's expertise? Are there opportunities for the partners to provide new services to your existing or prospective clientele? Is there a chance for you to provide new services to the firm's existing clientele?

Are there potential conflicts of interest that may cause you to lose business? Do you provide any services that the firm does not wish to offer? Will your referral sources

continue to refer business to you at this new firm? Or are there reasons they might be reluctant?

Has the firm conducted a client survey recently? How did the firm fare in the survey?

## **5. Firm Finances**

How high are the firm's accounts receivables? What is the firm's realization rate on its receivables? How much debt does the firm carry? How many years does the firm have left on its lease? What are the financial terms? Does the lease contain options for acquiring more space?

What billing rates does the firm use? Do partners have flexibility in what they can charge their clients? What are the profits per partner? What are the gross revenues per lawyer? What are the operating costs per lawyer? Does the firm send out bills on a monthly basis?

Are there any malpractice claims pending against the firm? Any other significant liabilities that the firm is carrying or legal actions pending? When reviewing a firm's finances, it is a good idea to review several years' worth of documentation to see how consistent the firm has been.

## **6. Human Resources and Technology**

What is the turnover rate for associates/support staff/partners? How well do partners make use of associates, paralegals and support staff? Have there been any significant departures in the past 24 months? What is the explanation for these departures? How does compensation for associates, paralegals and support staff compare to firms of a similar size?

Is there a mandatory retirement age? Is it enforced? What are the criteria for admission to the partnership? Do laterals need to spend a period of residency before they can be considered for partnership?

Does the firm conduct periodic performance reviews? Does the firm deal with performance problems in a direct and timely fashion? Do partners mentor associates on skills like building client relationships?

What technology does the firm use (e.g., phone system, computer hardware, time and billing software, document management systems)? Does the firm spend adequate time ensuring that support staff and professional staff are making good use of the technology that is available?

### **o Conclusion**

There are of course many other questions that could be added to these lists. But don't over-lawyer your own move.

A healthy level of scrutiny can help you to minimize the risks of entering into a partnership that is not right for you. But like a marriage, you will not know for sure what it is really like until you have been living together for a while, and, in the end, every partnership involves some compromise.

Don't miss a good opportunity just because you lack complete certainty; but make sure to ask some well-thought-out questions and see some supporting documents before you tie the knot.



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