

Is Partnership their Goal? Aspirations of the Next Generation of Professionals

Just about every managing partner or law firm chief operating officer I speak with can cite an experience where they have discussed partnership opportunities with a top performing associate who has said “thanks but no thanks” or “thanks but let me think about it”.

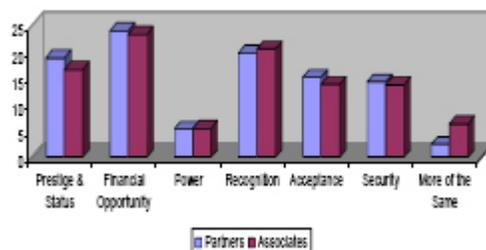
What does partnership mean to you? If you are a partner, think about that for a minute. What does partnership really mean to you? We asked this question, along with 37 others in our global survey of partners and associates in 2004.

We gave respondents a list of possible answers and asked them to identify all that applied to them. (See Figure 1)



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Figure 1 - What does partnership mean to you?



Interestingly, one partner said, “none of the above really describes what being a member of the firm means to me. Primarily, it means that I am an owner and this is my business. It means that I have a stake, both professionally and financially, in making certain my firm is the best that it can be in every respect...”

As you can see from Figure 1, of the multiple choice answers there was significant alignment amongst partners and associates around the world in all but two areas. The next generation does not see the prestige and status of partnership at the same level as the current partners either did when they aspired to partnership or do now.

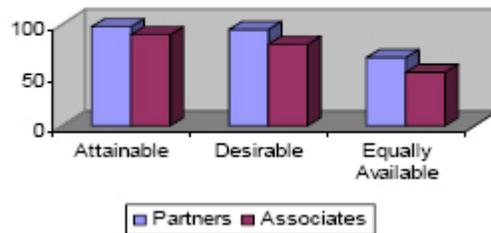
Note that only 2% of partners who responded saw partnership as “more of the same” compared to 6% of associates world wide and 8% of associates in North America. The significant gap here is the first sign that the 25 to 35 year-olds who represent 77% of associates in law firms today don’t see partnership as “the plum it used to be”. Some associates see partnership akin to a pie eating contest where the prize is more pie - with the reward for hard work being more hard work, more worries, more pressure to produce.

Partners around the world used words like owner, contributor, reputation, responsibility, accountability, pride and commitment.

Is Partnership Attainable?

The associates were split into three distinct groups. First, the associates who clearly aspire to partnership, second the associates who have no interest in partnership and third, the women who feel they have to choose between partnership and having a family.

Figure 2 - Is partnership attainable, desirable & equally available to all associates?



Law firms need to demystify the concept of partnership. Associates perception of partnership may not be realistic. Let's look at a spectrum of comments.

For associates who truly aspire to partnership, partnership is "... an opportunity to build an institution; to increase the quality of work and the

quality of clients; to contribute meaningfully to the profession through participation in bar and through community service; to develop long term professional and personal relationships; to learn, grow and go new places intellectually and actually via a diverse group of colleagues."

Partnership is..."the natural consequence of doing your best (dedication, effort, competence etc.)"

For the group that may not aspire to partnership, some of them see partnership as "a goal that most young lawyers seem to pursue without any real idea of what it means; and a status that most older lawyers seek to maintain without every thinking why".

Reflective of the hearts and minds of many women in the practice of law, partnership "may no longer be an option that is workable. I have come to recognize that as a woman I have to choose between a career at a firm and a family."

Is partnership attainable? 97.3% of partners said "yes". 89.3% of associates said "yes".

It seems logical that for a new equity partner to join the club, he or she must add enough to the pie so that the slices available to each partner do not diminish. Unfortunately, in order to generate a sizable practice one needs to be a partner first.

In some firms, "only non equity partnership is attainable. Equity partnership appears to be nearly unattainable at this time."

For many years "it was too attainable... the policy seemed to be that if you stuck it for 7 years and did not screw up too bad, you became partner...result: too many partners and it does not mean much. The firm's leadership is trying to change this, but it will be difficult." The rules changed in most firms through the 1990s and indeed, for many lawyers, the rules changed well after they had begun their legal career. Making equity partner is "becoming much more difficult" and "practically speaking only a few will make partner."

As leaders of your firm, you can only hope that the individuals you want to invite into the partnership are still in the firm when their time comes. One firm I met with indicated that

there is a dearth of equity partnership candidates. Why, because the good ones have been recruited by competitors.

Partnership may be attainable “but not easily - you must have the right academic credentials and the right legal experience, you must prove yourself over and over again and basically commit your whole life to the firm for a considerable period”.

Partnership is not attainable “if you work a reduced work schedule to accommodate parenthood”.

Partnership is “probably attainable; however I am not interested in becoming a partner of a law firm. I would rather earn less money and have a life.”

Partnership is attainable “...but at what price? Ten years is a long time to wait and the time and energy that must be invested to make partner, beyond the normal workload, is difficult to juggle with personal and family life.”

Is Partnership Desirable?

Well, that depends on where you are. Desirability of partnership ranges from 68% of the respondents in Asia Pacific to 89% of the respondents in South America. 77% of the associates in Europe and the UK and 80% of those in North America claimed that they desired partnership in their current firm. (Figure 2)

The rise in associate salaries, particularly from 1998 to 2002 in North America, means that the differential between senior associates and junior partners is simply not enough to be a motivator. As one partner stated, “stunningly, it seems the majority of them are disinterested...and the associate salaries are apparently high enough to satisfy their desires.”

Does partnership provide job security?

Some associates indicated that partnership was desirable as a way of securing their future. Indeed, once attained, does partnership really mean security? “Partnership is only important in that, for an up or out system, it is job security once you reach a certain level of seniority.” How you see it depends very much on where you sit. From one partner who lived through the dissolution of his former firm, “I have learned that being a partner does not bring security. Being a partner generally means working harder, not working less.”

One partner we spoke with subsequent to the survey was quite emphatic that partnership does not mean security at all. Individuals “worry about making partner every day. Every morning I get up and here’s what I have to do:

- Bring in new clients with immediate billable work
- Service existing clients and a very high level of quality and service
- Nurture new clients – leads for future work
- Contribute to my firm in terms of hours...billable hours

- Bill the work I do
- Collect the cash, for the bills I've sent, for the work I do

If all of this is in sync I will continue to be a partner.“

Is partnership equally available?

The short answer is no. Some of the partners who responded to our survey appear blissfully unaware. Some said “yes” – “assuming equal abilities and attitudes” or “yes” “to those who really want it and contribute”. This gets complicated when we attempt to define “attitude” and “contribution”.

Other partners recognize that in some firms there is “no clear way to become a partner”. Economics dictate that it can very much depend on the area of practice that an associate has chosen. If a practice area is “top heavy” chances of making partner may be slim to none.

Associates recognize that the rules have indeed changed from how the game was played by the generation before them. They know that to make partner their practice must be economically viable and in some areas of practice and with some institutional clients it is near to impossible. Associates recognize that “Partnership is only available to those whose achievement, success, and contributions to the firm as an attorney merit that partnership. In other words, partnership isn't automatic” as it was for many who came before them.

Associates also realize that those who take time for families “do not make it” on the other hand “associates who hire a nanny and outsource the raising of their kids have a shot”. As law firms struggle with strategy and models that are economically viable they are going to have to figure out the baby factor. If 45% to 50% of all young lawyers are women, the loss of talent and the loss of the firm's investment in every woman that leaves the practice can be considerable.

Is there a clear path to partnership and do associates understand it?

Again – the short answer – no. That said, 60% of associates who responded said yes as compared to 76% of partners. As one associate put it, “the opportunity to become a partner at my firm is reasonably attainable, but poorly defined”. Indeed many firms have recently clarified the path to partnership that is published and available to all associates. Others indicated that the project was underway, having recognized that associates crave achievement and a clear understanding of how to achieve within the framework of their firm.

Smaller firms in many jurisdictions are still a “club” and membership can be elusive. One would think that the bigger the firm, the clearer the criteria. Indeed, in many large firms partnership is just as elusive.

One partner indicated that his firm had three distinct categories of criteria.

- The super-lawyer and rainmaker who generates a practice of \$2 Million or more.
- The self-sufficient lawyer who generates enough for himself and delegates some work to juniors.
- The recognized expert in a particular field.

Recognizing that few partnership candidates actually fit any of those categories, the firm looks for technical competence, a minimum of 1800 billable hours and “something extra”. That “something extra” can be hard to define. It could mean that a candidate has the ‘potential’ to fall into categories 1, 2 or 3 at some point in their career or that the individual has other unique value to the firm.

Partnership compensation plans that reward hours worked are a disincentive to meaningful delegation and to pushing work down to associates who are trying to achieve targets set by those same partners.

Another problem is access to resources. For example, “only partners who have already demonstrated an ability to bring in clients are permitted to utilize the resources of the Marketing Department. Therefore, those trying to develop their own clientele, who have not yet done so, are shut out entirely from these firm resources.”

Themes for law firm leaders

Partnership is, and will always be attractive to a small number of individuals who embark on a legal career. The spoils and riches flow to the partners in private practice firms. Responsibility and accountability for today’s profitability and tomorrow’s legacy are the burden of partners in private practice firms. The challenge for law firm leaders is keeping the talent pipeline full at all levels. Partnership will always be attractive to the A-type, highly driven individuals for whom winning in a competitive environment feeds their ego and their sense of accomplishment. The challenge for leaders is attracting the right people: hiring people for who they are rather than what they’ve done and then creating an environment where they can reach their potential.

A private practice legal career in the right firm is a wonderful place to launch a career that may lead to many other disciplines. Firms that embrace new members of their alumni will win. Firms that treat as pariahs those who depart, will lose the competitive game.

Conclusion

The good news is the vast majority of associates (80%) see partnership as desirable. The good news for firms is the rules are changing so only those who combine technical skills, business development skills and desirable behaviours will actually make partner in the future. Firms simply must figure out how to create an environment where women can achieve those lofty goals and procreate.

Partnership does mean ownership, influence, contribution, responsibility, accountability, financial opportunity and success. Associates crave achievement but they do see the world a bit differently than the generation before them. As firms change partnership criteria to meet the new economics of sustainability, they might also seek a greater

understanding of the values of the next generation. After all, your retirement may depend on the future success of your firm.

Just last week a young lawyer asked me why he would want to be a partner in any firm. I got the best answer to that question in a conversation today. "Because it's better than not being a partner: Partnership gives the perception that you are successful. Without being a partner, you can't build a practice."



In short, if you're going to work in a private practice firm, it's better to be a member of the club.

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