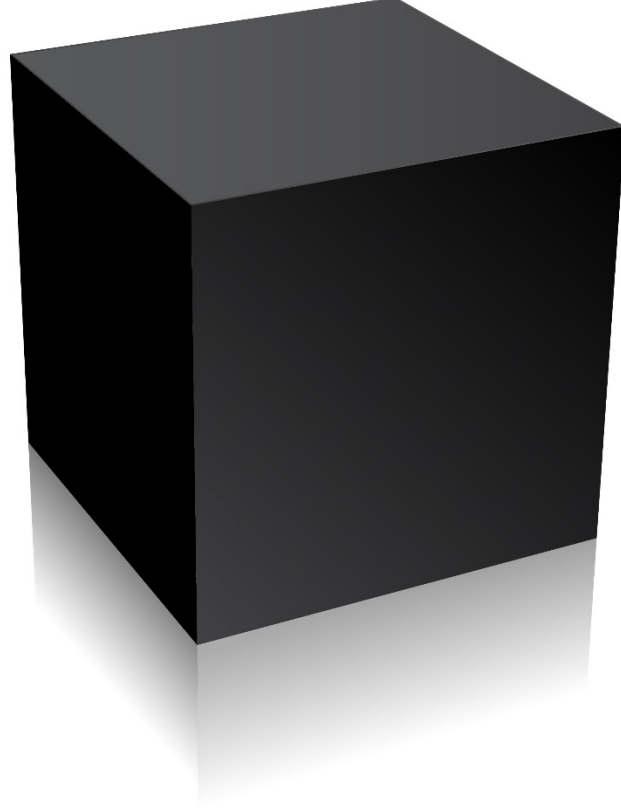


Working in a Law Firm: What You Need to Know

**Office of Career Strategy
Professor Mitt Regan
Center on Ethics and the Legal Profession**



TOPICS

- *Law Firm Organizational Structure**
- *Lawyers: Partners and Associates**
- *Work on Client Matters: Teams**
- *Professional Development**
- *How Do Firms Make Money?**
- *Market Pressures on Law Firms: What Do They Mean For You?**

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Law Firm Organizational Structure

Managing Partner

Executive Committee

(Managing partner, department heads, rainmakers)

Other Committees

(Compensation, promotion, hiring)

Professional Managers

(Chief financial, operating, talent, marketing, diversity officers)

Departments Heads

(Practice Group Leaders)

Lawyers

(Equity Partners, Income Partners, Associates)

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Managing Partner & Executive Committee

Set strategy for allocating resources among departments, practice groups, offices, clients, and industries based on expected profitability

Resources:

Compensation

Promotions

Entry-level hiring

Lateral hiring

Mergers with and acquisition of other firms

Marketing budget

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Department Heads

- *Lobby managing partner and executive committee for department lateral partner hiring, promotions, compensation for partners**
- *Monitor profitability of practice groups and partners in them**
- *Consider practice group requests for associate hiring, lateral partner hiring, promotions**
- *Review evaluations of lawyers in practice groups**

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Practice Group Leaders

- *Lead specialized practices within the department**
- *Set standards for work done by the group in terms of type of work, fee arrangement, and profitability**
- *Advocate with department head for associate and lateral partner hiring, promotions, compensation for partners, funds for marketing**
- *Monitor revenues, hours, profitability within the group**
- *Evaluate lawyer performance**

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Lawyers: Partners

***Equity partners**

- Compensation as percentage of firm profits**
- Contribute capital**
- Vote on major mergers, partnership promotions, but management makes recommendations to which partnership typically defers**

***Income Partners**

- Salary with potential for bonus**
- Don't originate enough business from new clients or have strong enough relationships with clients to warrant entitlement to equity**
- May manage matters and/or have specialty**

Partnership Tiers

- *One-tier firm: equity partners only: promotion from associate after 8-10 years**
- *Two-tier firm: equity and income partners**
- *Income partner: promotion after 8-9 years**
- *Certain period to demonstrate potential for developing client relationships that justify promotion to equity partner**
 - If not, in some firms asked to leave; in other firms may stay**
 - Can be vulnerable to layoffs in business downturn**

Lateral Partners

- *Very active market for profitable equity partners**
- *Recruiting may be of individual partners, a partner and key colleagues, or an entire practice group**
- *Increasing percentage of partners in the firm come from lateral hiring rather than promotion from within the firm**
- *Ask what percentage of partners are promoted from within the firm compared to lateral hires**

Questions

- *Is a firm a one- or two-tier partnership?**
- *Do income partners have an opportunity for promotion to equity partnership?**
- *If so, how long?**
- *Must income partners leave if they are not promoted to equity partner within a certain period?**
- *What is the ratio of equity partners to income partners?**

Lawyers: Associates

***Senior: 7 to 10 years**

***Mid-level: 4 to 6 years**

***Junior: 1 to 3 years**

***Lateral market for experienced associates, particularly those with specialized expertise**

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Work on Client Matters: Teams

***Client Relationship Partner**

- Main contact with General Counsel and management on strategic issues**
- Ensures firm provides necessary resources for matter**

***Supervising Partner**

- Assigns work on the different aspects of the matter**
- Meets with relevant members of legal department and managers**
- Keeps client relationship partner informed of progress**

***Junior Partner(s)**

- Manage aspects of a matter**
- Prepare supervising partner for meetings**
- Delegate work to senior and mid-level associates**

Work on Client Matters: Teams

***Senior Associates**

- In litigation matters, major responsibility for development of facts**
- In corporate matters, responsibility for gathering information**
- Have command of much of the relevant law. Draft memos, briefs, deal documents**

***Mid-Level Associates**

- Become expert on specific issues**
- Supervise associates**

***Junior Associates**

- Research, draft memos, first draft of some documents**
- Supervise non-lawyer staff**

How to Approach Your Work: “Take Ownership”

- *Your clients are the lawyers to whom you report
- *Your job is to give them what they need to make decisions and report to their superiors
- *Don't be afraid to ask questions to make sure what is expected of you on a task
- *Understand how your work fits into the larger matter so it can be most useful
- *Clients don't have “legal” problems and goals -- they have problems and goals that have legal dimensions

How to Approach Your Work: “Take Ownership”

- *How is the lawyer going to use your work?**
- *What is a succinct summary of your work product?**
- *Based on this, what questions is your supervisor likely to ask?**
- *Anticipate what next questions and steps might be**
- *“Take ownership”**

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Evaluation

- *At a minimum, annual evaluation will solicit assessments from supervising lawyers**
- *People will be busy; not a priority for many people**
- *Recollections may be in general terms and not provide detailed feedback on work**

Obstacles to Real-Time Feedback

- *Takes time, and lawyers are busy**
- *Lawyers can be uncomfortable being critical**
- *Supervisor may revise your work without explaining the reasons why**
- *If work is not helpful, may simply make a note not to use you again**
- *Ask what measures the firm has to provide useful feedback to associates**

Asking for Feedback

- *Take the initiative**
- *Ask for real-time feedback as much as possible**
- *Make it easier by asking specific questions and inviting constructive criticism**
- *“Did my discussion of [specific issue] give you what you needed?”**
- *“Are there ways I can make my work more useful in the future?”**

Professional Development: Questions

- *Does the firm have in-house career strategy advisors?**
- *Does the firm have benchmarks for skills that allow associates to gauge their progress at firm?**
- *Are work assignments designed to enable associates to meet these benchmarks?**
- *Do associates have assigned mentors, and do they change as an associate progresses and begins to specialize?**
- *Are there opportunities for hands-on training experiences?**
- *Are there opportunities for associates to be assigned to clients for a period of time?**
- *Does the firm provide training in management, leadership, and business development? If so, when?**
- *What efforts does the firm make to provide guidance and mentoring for associates from traditionally underrepresented groups?**

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How Do Firms Make Money?

Non-Equity Lawyers

Revenue = billing rate per hour

Cost = hourly salary + proportion of overhead

Profit per hour

**Profit per hour x hours billed by non-equity lawyers =
Total Profits**

Equity partner compensation = percentage of total profits

**Total Profits/Number Equity Partners = Profits per
Partner**

Leverage = ratio of non-equity lawyers to equity partners

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Market Pressures

- *Until a generation ago law firms had long-term relationships with clients**
- *This meant lawyers had steady stream of work**
- *No longer -- clients now shop around**
- *No assurance of steady stream of work and revenues**
- *Every lawyer must be “entrepreneurial” to ensure they have work that generates revenue for the firm**
- *No longer lifetime tenure for equity partners**

Being Entrepreneurial

Rainmakers

Relationships with Clients

Equity Partners

Service Partners

Relationships with Rainmakers

Manage Matters

Increase Work from Existing Clients

Specialists

Senior and Mid-Level Associates

Relationships with Partners

Steady Work and Potential Advocates for Promotion

Acquire Business Development Skills

Junior Associates

Relationships with Senior and Mid-Level Associates

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