



MAKING THE GRADE: EIGHT THINGS YOU'VE GOT TO KNOW ABOUT YOUR PROSPECTIVE LAW FIRM



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Let's be honest – many firms aren't exactly silver-tongued at articulating what sets them apart from their competitors. They don't always adequately impart the distinguishing characteristics that would "seal the deal" for lateral partner candidates. I think the primary reason for this is the firms want their plug to be optimistic and appetizing, and the most harmless way to do that is to use nonspecific statements or observations. For example, depending on the partner candidate, they may or may not be acquiescent to variable partner compensation. Some firms may think they are more attractive when they avoid the "nuts and bolts" specifics that may sour candidates who may be interested in the firm.

So...what's a lateral to do?

The first priority is to determine the pros and cons of your current situation. Second, determine what you'd like to see in your next opportunity. Once your list is complete, it will be the ruler you will use to measure each new situation you investigate. It is important that you take the lead by showing the firm how to characterize and promote itself. In order for you to determine if the opportunity is the right one for you, you **MUST** ask the meaty questions that will provide you the right information to ascertain if the firm: 1) is financially sound and has a well-defined outline of who it is and where it is going, 2) shares your view of how law should be practiced and 3) provides you both a financially beneficial situation **and** the atmosphere and opportunity to further grow your practice.



The following questions are to ask that will help you track the process and will either assist you in understanding the dynamics of the partnership or, at a minimum, will aide you in narrowing the field of firms. Some issues will be deal-breakers, others will allow for negotiation and compromise.

What business focus are you targeting? The uncertainty in today's economy makes this a mandatory question to ask. Is the firm attempting to think ahead of the market in an attempt to anticipate the practice areas that will be most in demand in the future? How much does the firm rely on any particular practice areas? If the market for any of these legal services dwindles, what other practices will pick up the slack?



What are the firm's plans for future growth and expansion? Any plans for new and existing satellite offices? What is the time-frame? We know expansion through mergers and acquisitions has become critical in the last several years. However, as we struggle through a recessionary economy, I think we'll see increased attention placed on those law firms that have been conservative in opening new offices. After all, the geographic decisions a firm makes say something about the firm. This may or may not work for your practice.

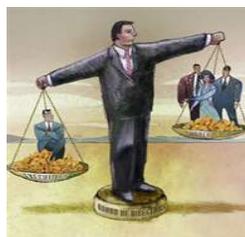


How much debt does the firm have? Capital investment and ongoing debt obligations of partnership are critical issues in joining a firm as an equity partner. The prospective firm should be forthcoming about its debt and use of lines of credit. In today's legal arena, profit per partner figures, on which we've relied heavily in the past, will not be as reliable as forecasts of future success. The key will be how the firm manages its business on behalf of capital partners.



What is your partnership structure? Today's predominant structure is a two-tiered partnership. With the meaning of "partner" has changed considerably over the last decade, becoming an equity partner has, in some ways, become more difficult. Two-tiered partnerships may offer a firm more flexibility to promote lawyers without having to divide the profits. It usually also raises the entry bar to the equity level. Be sure to ask why the firm has chosen its partnership structure and if the firm has de-equitized partners in the past, and under what circumstances this occurred.

What is the firm's compensation model? We are all acquainted with eat-what-you-kill, merit-based and lockstep partnership systems. Though we know that one is not elementally preferable to another, a firm chooses its compensation model for a reason. It speaks volumes about the firm's culture and its business practice. I'm certain some will be more desirable to you than others. You will also want to ask who decides the compensation and if partner compensation figures are open or closed. Third, you will most definitely want to ask if aspects that are important to you (i.e. referring work and cross-selling) are rewarded in the firm's compensation model.



How would my compensation be affected by a down year in my book of business? If your business is one that fluctuates with the ebb and flow of the economy, it is important to ascertain how a more modest year of collections will be viewed by a new firm.



Does the firm have a mandatory retirement age? Just like partnership models, the mandatory retirement age issue has been one in transition at many firms.



Once on board, what programs does the firm have in place to facilitate my integration and aid in future success? You have a plan for growing your practice, but it is critical to know how the prospective firm plans to support you in this endeavor. The uncertainty of the direction of the industry makes this a mandatory question to ask.

Looking for more helpful information? Need expert career counseling? Visit www.grimeslegal.com or call 800-875-3820.

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GLI was founded to provide businesses with a unique resource for locating, qualifying and recruiting proven performers in diverse areas of specialization. We achieve this by first working to understand the business needs of our clients. This requires thorough research into nuances of the industries in which our clients flourish, learning the philosophies of management which guide our clients' business and professional strategies and focusing objectively on their individual cultures.

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