



THE NEW ELLIS GROUP

Monday Monday

Connecting the Dots with Karen Kaplowitz



*Helping you create and reinforce the habits of successful career building,
gleaned from my work as a business development strategist, trainer and coach*

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Do You Know How Compensation and Promotions are Decided in Your Firm? Law firms are confronting the fairness of their compensation and promotion systems as more discrimination lawsuits are filed by women partners [Chadbourne & Park; Sedgwick; Mintz Levin] and as the results of the Major, Lindsey & Africa survey on pay disparities between male and female partners in big firms reverberate through the legal community. These issues affect men and women. For each set of stakeholders, the starting point must be personal responsibility for creating and implementing fair systems and then insuring that everyone knows how they work.

- If you are a **partner** whose compensation and status depend on generating business, you are responsible for understanding your firm's compensation system and culture and for communicating your contributions effectively and appropriately. You cannot assume that other people will know your role in bringing in work or treat you fairly.
- If you are a **practice group leader** whose success depends on building your group's client base and revenue, you are responsible for insuring that people in the group are treated fairly and know how the system works. You will otherwise lose talented, connected people who do not feel they are being rewarded.
- If you are the **managing partner**, you are responsible for insuring that the firm's compensation system is fair and applied fairly, and that people understand the system.
- If you are a **firm client** who believes that a stable, diverse legal team will best protect your company, you are responsible for encouraging law firms to retain and reward everyone you value on your company's team. It helps if you know how the firm's systems work.

Example: A young non-equity partner was getting mixed messages from his firm. On one hand, he was told at annual reviews that to advance to equity status he needed to produce some clients of his own. On the other hand, he was assured that his major value was the work he did with a senior partner for one of the firm's largest clients. He tried to bring in some smaller clients but either they could not afford the firm's rates or the firm was not interested in them. He devoted himself to doing excellent work for the large client and to forging relationships with the next generation of lawyers at the client. Over time, the clients often called him directly on matters. He was paid fairly as a non-equity partner. However, he was still not made an equity partner. He found himself fielding weekly phone calls from recruiters. He did not want to change firms if he could become an equity partner. Even though he was unsure what it would take to get there, he held off pressing the senior partner for clarification because he did not want to rock the boat.

Finally, the young partner had a drink with a former partner who confided that he had been in the same rut at the firm: he got no credit for sustaining and building the firm's relationship with a significant client and never had a clear path to equity partnership. The former partner had not wanted to go to another firm and compete for the significant client's work. He ended up going in-house-- at the significant client's company. The former partner said that he felt little loyalty to the firm and no longer sent the bulk of his work to the firm. He encouraged the young non-equity partner to ask the senior partner whether he had a path to equity partnership based on his work for the large client. The former partner also advised him that if he did not get some assurance that his contribution to sustaining and growing the client relationship would be recognized, that he should look elsewhere. The former partner told the young non-equity partner that he was free to use him as an example of the potential consequences of the firm's letting senior lawyers keep a stranglehold on client origination credit.

If you are a stakeholder, are you taking personal responsibility for the firm's treating all partners fairly? And are you insuring that everyone knows how the system and culture actually work?