



THE BLOOM IS OFF THE ROSE: HOW SERVICE PARTNERS CAN DELAY PREMATURE WILT

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It took a while for the downturn in the economy to reach law firms. Fortunately it hasn't negatively impacted firms across the board. Some practice areas are thriving in the current climate, as one would expect. There are those which do well in a bull market, those which do well in a bear market, and many which are relatively unaffected by swings in the economy, based on industries served.

Likewise, firms of all size and practice area mixes which were able to ignore poor business management practices during our previous long period of economic growth, have been affected to the point where deficiencies must now be addressed. This isn't optional for firms which intend to survive. Because even though our economy has slowly started to turn, it will take quite a while until that change makes itself visible in most law firm bottom lines. A good analogy would be that of a huge ocean liner trying to make a sharp U-turn; turn the wheel as hard as you like, adjust the engines all you want, it's still going to take time and distance to make that turn. Most firms simply can't hang on much longer waiting for a miracle turnaround.

Economy pundits and law firm consultants alike predict that, with the exception of a few practice areas, we will never return to the double digit growth and prosperity law firms experienced in the 80's and early 90's. We're experiencing a sea change in how legal services will be delivered to and valued by clients. Those who "get it" will find the cheese. Others will continue to go hungry, and ultimately fade from existence.

I've been watching how firms have been responding to these outside forces. And I've worked with a lot of firms privately to help them face the sometimes bitter reality that things must change in order for many firms to survive. In fact, I now start most strategic planning retreats with this ground rule: You can object to anything proposed or stated, but you may not object based on or using phrases like "that's how we've always done it!" Sometimes a partner will look like a fish who has accidentally leapt out of the pond — mouth agape and cheeks fluttering —

frantically trying to find acceptable words to express their resistance to and discomfort with change.

If you've been following legal industry news, or even just talking to your colleagues at neighboring firms, you know that layoffs at law firms have been ongoing at unprecedented levels. Many fine young associates — many who would have eventually become partners in another day and age — have been terminated for lack of work to fill their plates, and/or not enough demonstration of rainmaking ability.

Newly minted grads are disillusioned by the seemingly false promises law school provided. They never expected that they would receive diplomas and a statement of their student loan balance, without a job secured. Some unwillingly and desperately scramble to open a solo practice, while others search for jobs wherever they can find them. (Can you say, "Would you like a Will with that burger?")

To me, one of the saddest aspects of this extended downturn is the rude awakening being thrust upon service partners.

I admit that it is not a desirable aspect of my consulting practice when a client has me do what they haven't the guts to do themselves: meet with a partner and let him or her know that their continued existence at the firm cannot be economically justified or continued. Gratefully, I don't often have to deliver the message. However, frequently as I help a firm analyze its financial practices, they come to this realization on their own, and act accordingly.

Should the partner have seen it coming? Yes. Always. Yet, I am amazed how often stubborn denial or a basic lack of understanding about law firm economics keeps the partner from anticipating the end. And I am even more astounded when partners see it coming, know it is inevitable given the present trend, and do absolutely nothing to prevent it. As if their fate is somehow sealed and unalterable. And that's just a shame. Because with some effort, much can be done to alter the outcome.

First let's establish just how service partners get into their arrangement with a firm. Back "in the day" these attorneys were sometimes called "worker bees." I think that service partner is not just a more diplomatic term, but also more reflective of the partner's role at the firm.



It starts with a smart, promising associate becoming a favorite resource for one or more successful, busy, and overwhelmed rainmakers. Typically they have been searching, perhaps with several failed attempts, to find someone to whom they can delegate their expanding volume of client work with confidence, and trust that deadlines will be met, assignments will be understood, and the clients will be treated with the same care and respect as they would treat them.

Over time the associate develops deepening relationships with the rainmaker(s) and his/her clients. Trust develops. Some work may start to flow directly to the associate. All of this frees up the rainmaker to bring in additional clients, and continue to push a greater volume of the work down.

What I've witnessed over many years is that the associate eventually gets to a point where they either want to build their own practice, or acknowledge that rainmaking is not an activity they enjoy. This is a crucial juncture in career development.

The senior rainmaker, in order to serve his or her own interests, will exert considerable pressure upon the young lawyer to continue to focus time and energy in serving existing clients, rather than spend the time attempting to build their own book of business. And the fledgling rainmaker will be forced to take a stand at some point, in order to be able to continue to build their own book of business. Sometimes this creates such conflict and tension that tempers flare and words are exchanged. In the extreme, the younger lawyer leaves to find an environment — solo or at another firm— where he or she is not held back from developing clientele.

The young lawyer must be willing to work long and hard to fit in work for the existing rainmaker's clients, perform a myriad of time-consuming client development activities, and service his or her own small developing stable of clients. It's not easy by any means. Usually all is accomplished at the sacrifice, at least for some extended period of time, of a healthy balance between work life and home life. Not to mention that initially the quality of clients brought in may not be of the same caliber as those of the more senior rainmaker(s). As a result, additional pressure may be brought to bear on the young lawyer to invest his or her time more "wisely" for the benefit of the firm. Meaning? Our clients are more profitable than yours, and we want to maximize return on our investment in you.

And then, to seal the deal during those real go-go expansion years, law firms started making partners of these talented associates. The message was very clear.



The rules have changed. You no longer need to develop a book of business to make partner, with all the rights and responsibilities thereto. All you have to do is service the clients of existing rainmakers. Keep the clients happy. Maintain the client relationship. Do excellent work. Work hard and generate lots of billable hours. Follow that formula, and success and the brass ring will be yours.

It was certainly an inviting message. It was immediately welcomed by smart associates who loved doing quality work but were unable to force themselves to develop their own book of business. Rainmaking was simply an arduous journey beyond their comfort zone that they were unwilling to make.

For those who were struggling to build their own book of business, allowing themselves to become a “captive” service partner relieved them of the conflicts that would inevitably arise whenever they were too busy with their own client work to service clients of others. And so many took the path of least resistance.

For a long time, life was a fresh and fragrant bouquet of flowers for those attorneys. Compensation and benefits were plentiful. Partnership status was conferred as promised. And it even worked out for many of these early service partners right through the end of their careers, as institutionalized client relationships transitioned from original rainmakers to adept long-term service partners.

In the 90's, we started to see the transition away from institutionalized clients. The impact was heightened by a marketplace which was no longer in a strong growth mode, leading to greatly increased competition for work. This was in turn further exacerbated by the rise of boutique law firms, which served to lessen everyone's share of work volume. It was at this point that the bouquet started to wilt. Alas, the pendulum began to swing back from whence it came.

As senior rainmakers retired, died, or scaled back, service partners no longer offered the same profitability to their firms. Without adequate work to fill their plates being pushed down from more senior partners, firms were left with lots of mouths feeding at the partner trough, and not all contributing to its replenishment. Many service partners hung on long after they were aware that they were taking out a lot more than they were contributing. Many felt that they deserved it as payback for a career spent servicing the clients of others. And frankly, many were bitter that the firms existing rainmakers, most of whom were significantly younger, were no longer filling their plate with work. After all, they kept their promise to the firm and faithfully serviced the clients of others, but the firm was no longer keeping



up its end of the “deal.”

We first saw firms attempt to deal with this new economic reality through creation of non-equity partners, and in some cases de-equitization of existing service partners. There was even an early hint that the rules had dramatically changed when some large firms started quietly pushing service partners out the back door.

Yet, most service partners did nothing. Many hoped they could last to the end of their career and depart with dignity intact. And many firms obliged as best they could. But even as this new reality was forming, many in the new generation of young attorneys were allowing themselves to become service partners.

Today, it's no secret that if you're a service partner, you're at risk. When you allow your career to progress without developing any book of business, you lose the ability to control your future in any meaningful way. How can it be otherwise? Unless you are determined to work in public service, government or a corporate environment, you need to build your own book of business just to protect your ability to earn a living.

Ok, let's suppose you're a service partner, and have no book of business. You know that eventually the partner(s) who feed you work will die, become disabled, or retire. What do you do then if you're not ready to retire? How do you ensure you stay employed?

And what if your firm dissolves? Without a book of business, how likely are you to land on your feet? Not very. That's the sad, unvarnished truth. How would you feel being thrust into the marketplace only to determine that you don't even have the value of a senior associate who is demonstrating rainmaking abilities? How will you feel becoming Of Counsel or an independent contractor, who is paid hourly for the work you do? Will you pray for the best and continue to allow others to determine your future? Or will you get to work now to ensure you actually have some control over what happens to you in the future?

Well, the simple truth is that as a service partner you have a book of business, but don't realize it. Your “clients” are the senior rainmakers at the firm who keep you busy. The problem is that over time you get lazy. You spent your young years impressing and winning the confidence of one or more rainmakers. They reciprocated by ensuring you had a full plate of quality work for years.



But you probably became complacent doing that work, and stopped “selling” yourself to other up-and-coming rainmakers at the firm. In fact — and I mean no offense by this — your more senior status and the manner in which you present yourself may be off-putting to younger rainmakers at the firm. And it’s equally likely that you haven’t spent much time cultivating your relationship with them in order to get work assignments. And if they’ve asked for your assistance on client work, you may not have treated their clients with the same diligence as the senior rainmaker’s clients. After all, it’s one thing to put extra hustle in your step for a more senior lawyer, and entirely another to do so for someone more junior. Plus, your compensation may actually be impacted if your rate is lower for the younger rainmakers clients.

As a consequence, you likely missed opportunities to cultivate new clients internally at the firm. When your existing “clients” retire, your work will dwindle away. And your economic value will decline rapidly. If you do nothing, you will eventually be on the receiving end of an unpleasant discussion. Think about it, marketing yourself aggressively internally is a much better alternative.

Consider another option to help alter the inevitable path you’re on: invest your own time to learn another practice area which is more plentiful at the firm, and is in need of additional hands. Learning another practice area can be very difficult. You may not be able to sustain your current hourly rate at first, given your reduced efficiency and skills. That’s probably hard to stomach. So you may have a double whammy of investing additional time in learning, and investing additional time in work so as to maintain your profitability factor for the firm. All while surrendering your ability to mask that you are actively working to continue justifying your very existence at the firm. Well, as my mother would say, who promised it would be easy?

Lastly, you can start to develop a book of business. It’s never too late, and there’s no activity in marketing which can’t be learned, and no skill which cannot be developed. You just have to make up your mind to do it.

Maybe you need to work with a coach to develop skills. A marketing consultant can do wonders to help you set goals, identify the best strategies, and develop the most effective and realistic plan. Remember, you have a lot to offer; years of skill and experience servicing clients day in and day out. It’s not like you have to go begging for work with a desperate look on your face. You just have to get “out there” and make sure prospective clients and referral sources know who you



are and what you can do for them.

You may be surprised to learn that all those years of honing your skills and building experience have given you confidence and a level of comfort in presenting yourself that just didn't exist years before. And keep in mind that you don't necessarily have to develop a big book of business. Just enough to economically justify your continued existence at the firm.

People who allow others to take control of their futures and passively wait for events to unfold get what they deserve. If you're a service partner take a good honest look down the path you're on. If you're not sure the destination is desirable, then take a proactive stance now. Do something about it. Empower yourself to take back some measure of control over how things turn out. Remember that praying, while admirable, is not a strategy in and of itself. Need help? Call me.

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