



## ENTICING ENTREPRENEURIAL LAWYERS

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A common lament among Pennsylvania law firms is an inability to attract and retain those lawyers who are best described as entrepreneurial. By that most firms mean an attorney who has the innate ability to combine talented lawyering with natural rainmaking instincts, and often a desire to manage a firm. These are the self-starters who are destined to build healthy books of business and solid firms. They have a drive I often describe as “fire in the belly.” Moreover, they usually have a vision of where they’re heading, and a self-confidence that they will reach their goal.

The problem of attracting this type of desirable candidate is not limited to Pennsylvania; it is common throughout the country. It is most exasperating for mid and small-size firms, whose very survival is dependent on attracting this type of young talent. Without it a law firm often crumbles abruptly, or slowly fades from existence as the senior rainmaker(s) begin to scale back and retire. When a firm is left with “worker bee” attorneys who cannot generate sufficient revenues to keep the firm afloat, and who haven’t sufficient charisma to lead the firm successfully into an uncertain future, the firm is facing an inevitable end.

What does a firm have to do to attract and retain desirable entrepreneurial candidates?

I recently had the opportunity to meet with one of these attorneys. I asked private clients in a mid-size PA community to give me the name of a desirable lawyer in their town who they had unsuccessfully tried to woo. To my surprise, the same name was provided by more than one firm. I contacted the attorney. Despite his hectic schedule, he graciously agreed to meet with me over breakfast even though I purposely did not give him much information to go on concerning the nature of the meeting. That was the first thing which impressed me even before we met. He was curious and open to discussing whatever I might bring to the table.

The young lawyer I met was impressive in many ways. He was highly articulate. He had strong leadership characteristics, including that indefinable charisma which invokes loyalty in others, and a strong vision of his future success — clearly someone who would be well suited to some day lead a firm toward a

successful vision of the future. He succinctly mapped out for me his goals, his strategy to get there, and his progress to date. His marketing savvy also impressed me. He understood the importance of political and social involvement in a community his size. There was nothing “passive” about his marketing in that he viewed every activity as an opportunity for marketing. He understood the financial aspects of his practice. It was refreshing to meet someone who I knew I could ask, and find out, what the monthly “nut” was for his firm. I restrained myself, lest I get too far off track.

In short order I turned the conversation to the point of our meeting. I asked him about past merger possibilities; why he had not pursued them, and why he had chosen instead to remain on his own. He first confirmed to me that he had been approached by firms of various sizes over the few years since he started his own practice. One firm had approached him more than once. Of course I wanted to know why the deals offered were not acceptable. While I concede that what follows is only one individual’s perspective, I believe it is representative of this type of candidate.

**The Road to Partnership:** The first issue identified was the existence and/or perception of so many roadblocks on the path to partnership. Most firms have lock-step paths for advancement to partnership which typically encompass a five to ten year journey, with seven years being the most common length. There are milestones which must be passed, such as building a sufficient book of business and demonstrating skill and willingness to embrace firm management duties, enroute. But many firms demonstrate little flexibility to significantly accelerate the passage to partnership, even if the milestones are reached quickly. In essence, the superstar must be held back so as to not create resentments in those more senior attorneys who have not reached the same benchmarks, despite having longer tenure.

**Show Me the Money:** Another issue is that of leverage and its impact on compensation decisions. Most firms reap their greatest margin of profit from associate labor, and the next highest margin on non-equity or junior partners. Many firms encourage rainmaking by sharing a percentage of fee receipts from associate-originated business either as part of compensation based on prior year numbers, or as a bonus based on current receipts. Some firms still use the old “Rule of Threes” formula, e.g. one third to compensation, one third to overhead, and one third to the partner profit pie. (Of course in today’s reality overhead encompasses more than one third at most firms.) For an entrepreneurial lawyer who is used to earning every cent after overhead is paid, it is simply unacceptable to scale back compensation to fit these types of formulas.



Many firms also use lockstep compensation system for non-partners. Again, it is perceived that there is little room for flexibility to recognize superstars, because firms want to keep everyone happy, and therefore try hard to treat everyone equally. In addition, the entrepreneurial candidate recognizes that joining a firm will mean additional work and responsibilities. Additional work will come from assignments pushed down from partners, which will need to be done on a timely basis in addition to the lawyer's own client workload and marketing efforts. And, the lawyer will need to find time to demonstrate firm management responsibilities, often on a grander scale than his/her own practice would have commanded. The bottom line then is to work harder and earn far less. It's not rocket science to figure out why this is not an appealing opportunity.

**A lack of firm leadership:** One characteristic which defines entrepreneurial lawyers is an innate ability to lead. They develop a strong vision of where they are headed. They have a strategic plan, if only in their heads, to get there. They are very future-oriented. It is apparent to the entrepreneur when the top leaders of a firm are weak, or lacking in vision. Remember that while you interview these candidates, they interview your firm as well. Firms which are perceived as stodgy, tradition-based, sluggish to make changes because every change requires consensus, behind on the use of technology and so forth are not desirable matches for the entrepreneur.

**Impediments to marketing:** At the core, entrepreneurs are natural marketers. They see opportunity at every turn. They understand the amount of time which must be invested in today's activities to reap tomorrow's benefits. They are not afraid to try new things and see how they pan out.

At many firms the process of getting approval for marketing expenditures, or even participation in certain types of activities which the firm may not deem a good investment of time, is daunting and frustrating. One can understand if everyone at the firm must have a plan which fits into a larger plan for the firm or department, especially if individual lawyers are responsible and accountable to execute their plans. But that is rarely the situation. Unfortunately, at too many firms marketing takes a back seat and gets little support.

Some firms still look down upon most marketing activities required in today's competitive environment as "unprofessional". Many firms are unwilling to commit dollars where necessary, and are often focused on poking holes in new ideas rather than trying to launch them. Few firms recognize marketing efforts in their compensation decisions. Marketing committees are often chaired by attorneys who keep turning emphasis to repeating tried-and-true techniques which worked yesterday, rather than keep up with and try new techniques that may be more



successful today. Most unacceptable to the entrepreneur beyond the perceived lack of support for these activities are the perceived impediments to performing them at all.

**Negotiate with who?** Beyond all else, entrepreneurs expect to be treated with respect. When being wooed by a firm, it is viewed as an insult to be asked to negotiate compensation terms with the firm's accountant, administrator, or even junior partners. It is an insult to be "interviewed" by associates. The entrepreneur expects to be treated and acknowledged like an equal, not an underling.

Is this the sign of a 600-pound gorilla in the making? Well, certainly some entrepreneurs will evolve in that direction. But I think it's mostly about the fact that when an entrepreneur looks in the mirror, the reflected vision is that of the successful attorney he or she will be — not the lawyer of today. They want to be regarded and treated based on the potential that they are certain will be actualized.

Realistic or not, the viewpoint of the entrepreneur is something that a firm must acknowledge and respond to effectively if it is to successfully attract and retain these candidates. The firm must rethink how it presents itself, and conducts the interviewing and due diligence process. The firm must examine how it prioritizes and rewards marketing activities. The firm must rethink compensation and partnership advancement to determine where flexibility can be built in, if at all, to recognize a superstar. Firms which are unable or unwilling to make adjustments should concentrate instead on raising their own "baby" lawyers, and in providing superior mentoring to assist the young lawyer to grow into tomorrow's superstar, within the firm's existing organizational structure.

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