Business & Practice

Memo to Exiting Lawyers: You're Not Part of the Firm's Strategy

By Roy Strom

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Welcome back to the Big Law Business column on the changing legal marketplace written by me, Roy Strom. Today, we look at the en vogue message about departing partners: They are no longer part of the plan.

Here is a memo to managing partners and law firm marketing chiefs: In Big Law's Free Agent Era, it is more likely than ever that a group of partners will leave your firm. And people will be interested in that. Reporters (like me) might write about it. So, what's your explanation?

It appears there is an emerging consensus. The partners who left were not part of the law firm's "strategic plan." That message surfaced twice in the past week alone.

First, a group of eight insurance partners departed Drinker Biddle for McDermott Will & Emery.

"We are executing on our strategic plan and have an aggressive growth strategy as part of that," Andrew Kassner, Drinker Biddle's chairman and CEO, said in a statement to AmLaw. "While we are sorry to see them go, a firm's strategic vision isn't always for everyone."

Then, nine partners in Katten Muchin Rosenman's environmental, health and safety crisis group left for Baker Botts.

An internal Katten memo described the departure as a result of a new three-year strategic plan Katten began implementing last year. The plan includes "further development of our practices in the finance and financial markets sectors," the memo said. For their part, Baker Botts said they are a "destination law firm" for the environmental crisis practice.

I asked Kassner for more info on the firm's strategy, and he replied with a statement saying the firm's strategy was implemented in 2015 and last year the firm set record levels of revenue per lawyer and equity share value.

"The challenge with any effective strategic plan is to ensure that the strategy, implementation plan, and firm culture are in alignment," Kassner said. "One must be willing to prioritize the firm's strategic goals, articulate them, and stay focused. No firm today is going to grow and be successful without being willing to approach things differently."

This “strategic” defense is common in the business world. Conglomerates have been breaking up or selling off component parts for decades. Many times those moves are cheered for “unlocking value” by allowing a business line to focus on what it does best.

But it’s been different at law firms, at least until relatively recently.

These days partnerships at many firms are much less the genteel, lifelong positions they used to be. Firms are run more like businesses. The sensitive part is that their business lines are comprised of people.

“These aren’t partnerships in the traditional sense anymore,” said Kay Hoppe, a Chicago-based Big Law recruiter. “They have been forced into being businesses. Lawyers, unfortunately, need to get used to being viewed as the product that law firms sell.”

Lawyers often have had a long career at their firm. They probably value the place. They might even derive some personal meaning from their connection to their colleagues, who are, after all, their “partners.”

But if a law firm decides it doesn’t want to be representing, say, insurers anymore, then it’s pretty much deciding it doesn’t want to work with its partners who represent insurers.

I don’t envy the people at law firms that have to break the news of a lateral loss to the rest of the world. It can’t be easy.

Jocelyn Brumbaugh, founder of law firm marketing strategy firm The Brumbaugh Group, said law firms are not usually explicit with partners about the practices they are no longer emphasizing.

“It is a rare firm that is going to say, ‘Starting tomorrow, we’re going to do this instead of that,’” Brumbaugh said. “The ships don’t turn that quickly. But the information is there if you are willing to take a clear-eyed view as to where your firm is going.”

Susan Peters, president of strategic public relations firm Greybridge PR, said communicating a firm’s strategy publicly can be an opportunity to send a signal to the talent a firm is trying to lure.

“Being more transparent does work better for everyone,” Peters said.

Still, recruiters said there are times when CEOs employ the “strategic” defense to masquerade a real loss. And that is not always a good idea.

One way to tell whether it’s likely that the law firm was the one looking to end the relationship—and the lateral group didn’t simply go seeking greener pastures—is whether the partners are moving to a less profitable firm. If they are moving up from a profits per partner perspective, then it’s more likely the old firm would want to keep them.

“They’re trying to make the best out of a worst-case scenario and I’d rather see these managing partners just not comment,” said Los Angeles-based Big Law recruiter Larry Watanabe. “That’s the right thing to do.”

Nobody likes to hear that they're not part of the plan. But if leadership is honest with their partners about which practices they are getting out of, then they could offer to help those groups make a move.

Mark Jungers, a Big Law recruiter who splits time between Milwaukee and Los Angeles, said he sometimes gets calls from law firms asking to help groups of their partners find new employers. The good news for both sides?

"Groups that have a practice that they can move are going to be in demand by someone," Jungers said.

Worth Your Time

On Contract Automation: Last week, I wrote about a legal tech product that automates the red-lining of contracts in Microsoft Word. This week, Seal Software introduced a competitor product that highlights potentially problematic contract terms in Word.

On Our Nation's Capital: Go figure, 100% of Washington-based managing partners surveyed by the Zeughauser Group said they were optimistic about their firm despite the tight markets for talent and clients in the region. More than half said they'd been approached about merging with another firm.

On In-House Pay: General counsel at the country's 500 largest public companies make an average $2.6 million, according to a new survey. That's a new high, but still about half of the profits per partner at the nation's wealthiest law firms.

That's it for this week! *Thanks for reading and please send me your thoughts, critiques, and tips.*

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