

Partnership In Decline: How Law Firms Are Responding to the Decreasing Interest In Becoming a Partner

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Summary: Law firms have traditionally prided themselves on making partner a priority. This has been a key focus for firms ever since they first began with the reward of partner privileges, such as higher pay and access to clients. However, recent years have seen a shift in attitudes, where partner status is not seen as the ultimate goal for many lawyers. Firms are responding by adapting their policies to accommodate the changing landscape.

There are a variety of factors changing the nature of partnership for law firms. One is the availability of more varied career paths. This means that lawyers now have the option to pursue other goals, such as non-partner roles, that can provide greater job satisfaction and financial security. Another factor is the increased competition among firms for top talent. Going beyond traditional partnerships, firms are now offering a variety of compensation packages, including equity-based and non-equity-based options.

This new attitude towards partnership has created a need for firms to re-evaluate their policies. In order to remain competitive, law firms have had to balance the need to retain top talent with the need to maintain their structure of seniority and leadership. By offering different forms of compensation, firms can retain the loyalty of their employees while still creating an environment that emphasizes the importance of achieving partner status.

Another way firms are responding is by providing more mentoring and development programs. These programs are designed to help lawyers develop the skills and relationships necessary to become partners. Additionally, firms are focusing on creating an atmosphere where collaboration is encouraged. This could involve team-building activities, structured networking events, and the sharing of resources.

The declining interest in reaching the top has forced law firms to rethink their approach to partner status and to create a culture that embraces the changing attitudes of lawyers. By providing more varied career paths, offering different forms of compensation, encouraging mentorship, and creating an atmosphere of collaboration, law firms are adapting to the new landscape and are improving the prospects of their business in the future.

Partnership in Decline

The traditional law partner model is beginning to show signs of decline in modern law firms. Recent studies by the Law Society of England and Wales have shown that up to 70% of law firms have experienced a decrease in the number of partners reaching the top. This shift is largely due to the spread of flexible working and alternative entry routes into the legal profession, as well as the move towards more client-focused, non-traditional legal services.

Evolution of Law Firms

Modern law firms are recognizing the need to adapt to this change and are emphasizing the importance of more agile, flexible approaches to legal service. This evolution of law firms is appealing to a younger generation of attorneys who are more interested in having a better work/life balance, pursuing more innovative career paths, and contributing to the world in meaningful ways. In order to respond to these changing demands, firms are increasingly focused on creating a culture that is more supportive and welcoming of diversity.

Measures to Boost Interest

Law firms are now taking measures to boost interest in partnership. These measures include implementing specific strategies to attract and retain talent, offering flexible working arrangements, and creating more

individualized career paths so that associates can pursue their aspirations while still advancing their career within the firm.

Changes in Partnership Incentives

In addition, law firms are revising their incentive and reward structures to focus more on client service and success as opposed to traditional EUR of hours billed EUR. This shift is designed to create an environment that is conducive to collaboration, innovation, and risk-taking. As a result, law firms are now looking to provide more meaningful and innovative ways to recognize and reward performance, rather than focusing solely on financial rewards.

Impact on Modern Legal Professionals

The changing views on partnership have had a widespread impact on modern legal professionals. With more accessible entry routes and the emergence of flexible working, the traditional law partner path is no longer the only route to the top. As law firms adjust to the new legal landscape, attorneys are now able to pursue their own career paths, choosing from a wider range of roles and responsibilities to best suit their individual interests and aspirations.

Associates' Views on Partnership Has Shifted.

Today's associates are not necessarily as interested in making partner as they once were. For some, it seems more unattainable and less desirable than it has been for associates in the past. This is especially true coming out of a recession, when firms are typically electing fewer partners. As a result, there appears to be a definite shift in the goals of some of today's [law firm associates](#).

Increasingly, lawyers are now more focused on using their time at law firms to gain work experience and earn money, without having to commit long-term. Associates often leave law firms before they can even be considered for partner, either by moving in house or out of the profession entirely. In fact, we've met some associates who go to law firms without any intention of staying there long enough to be a partner. Law firms do not always discourage such attitudes since economically they can't make everyone partner.

There are many reasons why associates quit, including poor performance reviews, the pressure of billable-hour requirements and family obligations. Another very common reason why associates leave their firms is the lack of perceived opportunity for advancement. Especially in extremely large law firms, associates believe making partner is out of their grasp. And, for many, it is true. The bar is certainly higher to [become an equity partner](#). The saying, "you work hard and pay your dues and you'll make partner" no longer always applies. Partnership is not just about a well-developed skill set or technical expertise in a practice area, but also the associate's potential to be a savvy business developer.

Road to Partnerships is Getting Longer

The fast track at top law firms is slowing down. Major law firms are sometimes prolonging the period leading up to partnership because of the desire for more experienced associates, an active market for lateral partners and greater pressure to improve profitability. At firms where an associate's first shot at partnership once came around 7 years after law school graduation, it can now come around 10 years after, or longer.

Partners want associates to have more experience. However, at the same time, clients are demanding leaner staffing on matters thereby resulting in fewer opportunities for associates to gain experience. And in a down economy, there are less deals where associates can build their skills. Also, lateral hiring of partners with business results in a large pool of homegrown senior associates who have to wait for partnership consideration. Further, there is another pool of lateral senior associate hires who usually have to face a prolonged wait for partnership as well, especially since firms often take their time to reach a high comfort level with associates who were trained elsewhere. Finally, because low partnership numbers drive up profits per partner, firms may be wary of making a large number of even well-qualified associates partners.

What is Left for Those Who Do Not Make Equity Partner

Inevitably, there remains a plethora of senior level associates who start to feel alienated and, unless the firm gives them effective feedback on the prospects of partnership, will most likely opt to quit the firm.

One method firms have been using to deal with this situation has been the institution of non-equity partnership tiers. In fact, over the years, many changes have occurred in the traditional partner-associate structure. Permanent associates, temporary attorneys, staff or contract lawyers, of counsel and non-equity partners (NEPs) have all been added to the mix.

Non-equity [partnerships have long been utilized by large law firms](#), but the use of this alternative is on the rise. In fact, most large law firms have created some form of NEPs. Even smaller firms are following the trend. The popularity of this structure continues to grow to the extent that the number of non-equity partners in many firms is increasing more rapidly than the number of equity partners.

NEPs - Reasons for the Rise.

There are at least five reasons more firms are creating an NEP tier:

[to lengthen the equity partnership track in order to give younger lawyers more time to build their skills and their business](#);

to postpone on having to decide who deserves to make partner;

to avoid reducing profits per partner, particularly when profits are down;

to try to retain associates who may not, or will not, become equity partners and might otherwise leave the firm; and

to accommodate the many young lawyers today who don't want to become equity partners because they don't want to assume the responsibilities associated with partnership, and a non-equity partnership will provide this middle ground.

Types of NEPs.

There are two types of NEPs: temporary and permanent.

Temporary status. In firms where NEP status is defined as "temporary," or simply an additional step to full partnership, associates (or laterals) are elected NEPs for a designated period, usually not more than two to three years. The additional time before consideration for equity status enables them to gain more legal and client service experience, develop areas of expertise and develop more business. It also gives the firm more time to evaluate the lawyers.

Permanent status. In firms where the category is defined as "permanent," NEPs will generally not then be considered for equity partnership--although there can be exceptions. In order to retain these lawyers, the firm designates them as "partners" to the public without defining their NEP status.

The Advantages of NEPs.

NEP status has advantages for both lawyers and law firms. For one, while the lawyers are considered to be full partners to the public, they gain additional time to develop before facing the possibility of not being elected to full partnership. And lawyers who don't wish to assume the financial obligations and time commitments required of equity partners can still become partners. From the firm's perspective, the tier allows them to buy time and hold on to valuable lawyers without having to make them full equity partner.

Other Alternatives

Non-equity partnership is not the only alternative for a firm. Other options include creating a permanent category of "senior associate," "senior lawyer," or "special counsel"; or designating certain associates as "senior associates" and giving them substantial bonuses. This usually indicates the firm's strong commitment to making these associates equity partners once they complete the normal partnership track. Of course, there is always the option to just let go of senior associates without allowing them to achieve partnership.

Conclusion.

Just because the prospect of equity partnership is not as easy to come by or may take longer than in the past does not mean that you cannot have a long, stable career with a law firm. At the very least, you should know that there are other [options available for lawyers at law firms](#) besides straight equity partnership. Perhaps a non-equity partnership arrangement may even work out better for your career goals. If your current law firm is not in a position to offer you partnership, an attractive alternative to partnership or even go into discussions about your prospects for partnership, don't be discouraged. There is no need to feel that there is no longer a place for you within the realm of a law firm. Perhaps it's just time to go into discussions about joining another law firm.

Interested in Learning More About Legal Hiring? Read the Definitive Guide:

[How to Hire a Legal Recruiter for Your Law Firm: How Law Firms Recruit Attorneys Using Legal Recruiters](#)