

BCG's Top 10 Reasons Partners Should Move During a Recession

Lateral partner hiring is resilient in even the worst economic conditions. Thus, despite the current credit crunch, lateral partner hiring has increased nationwide and firms are continuing to supplement their ranks with partners with business. Partners with business should evaluate their current firm's status and determine whether it is a good time to make a strategic move. Why would any partner decide to move in such a tumultuous legal market? There are a number of good reasons partners should consider moving to another firm in an economic downturn.

1. Firms ill-equipped to withstand an economic downturn will not be able to stabilize, so it is essential for partners to evaluate now whether their firm is financially stable and can provide the best environment for them during the next few years of recovery and beyond. Just as we regularly evaluate the funds in which we invest our hard-earned dollars, it is likewise essential that partners evaluate whether their current firm is the best place for their clients and practice for the long-term. It is simply not enough to sit tight and await what the market will bring. Every partner should conduct an individual assessment and investigate other options.

2. A downturn often brings lower attrition at mid-size firms because there are fewer opportunities. Mid-size firms also often have a better chance of hiring from larger firms because they can compete for highly qualified partners who have been laid off at larger firms. This means huge opportunity for partners who have been laid off or are looking to park a respectable book elsewhere. For example, this market presents unique opportunities for partners who have not been able to grow their book of business at their current firm, perhaps because of increased billing rate pressure or conflicts, or for partners from large firms who have recently been laid off because their book has been negatively affected by the downturn.

3. There are tremendous opportunities available to partners with skills in niche practice areas in this down market. Although many firms have instituted hiring freezes, many firms are still hiring in niche areas like labor and employment, ERISA, health care, tax, and intellectual property litigation. Firms are also projecting increased need into 2023 in areas like bankruptcy, regulatory compliance, fraud, and white-collar litigation, areas in which we typically see an uptick in a depressed market.

4. Although some firms are downsizing and may even close their doors, other firms are expanding, merging, and have even recently launched new offices. Lynne Marek, a reporter for the *National Law Journal*, cited recently in one of her articles entitled "Second City, High Priority: Big Law Looking to Lure Laterals By the Lake" the fact that "National law firms have rushed into Chicago during the past decade, especially in the past three years, but many are finding now that their collective arrival is fueling intense competition to fill those offices with lawyers." The fact that so many firms have started new offices in Chicago indicates that they view Chicago as a vibrant market within which they will continue to grow and expand. Firms are hungry for partners with business to fill new and growing offices. The resulting increased competition means excellent opportunities for partners with business. And this type of growth and expansion is not limited to Chicago. Firms in other geographic markets are focused on their expansion efforts as well. Newly-launched offices provide excellent opportunities to get in at the ground level, participate in a firm's strategic growth plan, and maybe even move into a practice group or firm leadership position. New offices also get a lot of attention and backing because every managing partner wants to see a new office succeed. Thus, highly motivated partners looking for opportunity will find that these newly-launched offices are often well-positioned for growth and expansion and generally have the financial backing for success and the resources to expand even in a down economy.

5. Firms are expanding and diversifying their practices to better service their regional, national, and international clients, so it is an excellent time to seek out new opportunities. Because of the remarkably tough economic conditions, clients are consolidating their legal services and many are limiting the number of

law firms with which they work. Thus, many firms are refocusing their strategic plans to globalize their practices and to deliver the broadest services to their clients through acquiring highly qualified partners in a multitude of practice areas. Thus, although [lateral partner](#) hiring has always been resilient in recessions, we have nevertheless seen a marked increase in the number of requests we are receiving from firms nationwide for partners and/or groups with business. This presents tremendous opportunities for partners with business at smaller or mid-size local firms looking to take a leap to a regional or even national firm. It also presents opportunities for partners at large firms to join global practices which will afford them increased marketing, cross-selling, and business development capabilities.

6. If you are a partner with business in a niche area and have some flexibility as to your compensation expectation in this market, a firm may feel like they are getting a deal, so you may be able to transition now easier than later. This is particularly true for partners who may have smaller books in unique niche areas where firms may be looking to add to their expertise. These partners who have some flexibility with respect to compensation and the level at which they would join a firm may be able to make a move in this market that they couldn't otherwise make under better market conditions.

7. Tough economic conditions mean that more and more firms are being forced to incentivize their clients by offering alternative fee arrangements. For partners currently practicing at large firms who may have clients who cannot pay top tier firm billing rates, this could be the perfect time to transition to a firm that may have more billing rate flexibility and be able to accommodate a lower billing rate structure.

8. Firms continue to expand internationally, so partners who have international capabilities may be particularly marketable to firms seeking to globalize their practices. Some partners may be more marketable for international positions just by virtue of the type of experience or language skills they bring. Partners who have not considered expanding their pool to include international openings (or domestic openings at international firms that require specific language or international deal exposure) may find that the global market is worth exploring.

9. Firms are launching new practice groups and retooling current practice groups. These new and retooled practice groups present unique opportunities for partners with transferrable skills in niche areas. Because of the credit crisis and the failure of many financial institutions, firms are retooling and projecting where the need for legal services is likely to be over the next few years into the recovery period. Firms are forming exciting new practice groups to assist clients facing the credit crisis. Many of these niche practice groups have been set up for the sole purpose of servicing clients' needs brought about by the current financial crisis. For example, we are seeing firms forming "financial markets crisis groups," "bailout" practices, "financial industry task forces," and even "economic crisis response groups." These new practice groups present many opportunities for attorneys with particular transferrable skills in niche areas.

10. It's simply that time of year! Even in a good market, most partners begin their search in the third/fourth quarter and then transition to a new firm during the first quarter of the following year. Most partners have year-end profit distributions and other factors which cause them to want to stay at their firm until these profits are distributed. Beginning a search in the fourth quarter of the year makes sense in terms of timing and opportunity. Firms will be focused on hiring partners during the fourth quarter into the first quarter, which historically tend to be the most popular months for partners to transition successfully to new firms.

Despite tough economic conditions, firms continue to expand at the partner level and there are a myriad of opportunities for partners seeking to move who know what to look for and how to present themselves. Partners who plan carefully and execute strategically will be well-positioned to take advantage of unique opportunities, even in a recession!