

# *The Benefits of a Two Tiered Partnership*

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Law firms of all sizes are being much more selective about who makes equity partner. Gone are the days where doing good work and putting in your time is enough to get you to a profit sharing level. Today, equity partners almost always have to prove that they can contribute their share to the firm. So what does this mean for associates and how can a two-tiered partnership track be beneficial? With a two-tiered partnership structure, associates get more time to prove themselves and also more time to determine whether partnership is the right goal for them.

Two-tier partnerships (non-equity and equity) exist so the firm can train and develop associates into equity partners. The non-equity track to partner at most firms is on average, 6 years long. After the associate is promoted to non-equity partner, they are usually up for equity partner anywhere from 2-4 years later (entire track to equity partner being about 9-10 years long). If the firm doesn't think they are "ready" for equity partnership at that time, they will offer a few options: the non-equity partner could be given another look in a year or two, they may move into a permanent non-equity partner role (or of counsel), or the firm may help them move into an in-house role (often times with a client or firm connection). The non-equity track effectively serves as a transition phase. The non-equity partner is given many of the responsibilities of being a partner without having to buy into the firm, develop a large book of business, etc. Non-equity partners are often the ones leading the deals, interfacing with clients and managing the associates while the equity partners are managing the clients and the deal flow.

There are many benefits to having the partner title. For one, it is hard to decipher between equity and non-equity partners on firm websites and often times within the firm itself. Non-equity partners look the same as equity partners to clients, which gives one the credibility to manage client relationships and to start developing new clients. [At the top AmLaw firms with institutional clients \(Kirkland, Latham, White & Case, etc.\), the goal is to "inherit" clients from equity partners.](#) It is important to establish and develop relationships with clients as a non-equity partner as these relationships will solidify one's path to equity partner. If you are at a firm that requires you to develop business and bring in new clients in order to achieve equity partner status, the non-equity partner track gives you the "ramp up" time needed to do so.

From the firm's perspective, two-tiered partnerships give firms more flexibility with respect to compensation. Firms with two-tiered partnerships are able to promote associates to non-equity partner without necessarily having to create another seat for an equity partner at the table. It also allows firms to keep more senior non-equity partners (often called service partners) at the firm based on their expertise, not their revenue producing capabilities.