

# California Law Business

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Closing Argument Sandford Lechtick

November 4, 1996

## It's Just the Money Myth

Lawyers don't leave law firms to chase higher salaries, contrary to popular opinion. They're chasing quality of life

Contrary to what most people think, money is not the driving force for job change. In fact, the notion that lawyers, *especially lawyers*, move for the buck, is one of the biggest job myths around.

There is no question that compensation issues are generally important and factor into the total career equation. However, based on more than 23 years of experience in the search business, I have found that the compensation component usually masks the real gut issues - the true "thorns" under one's saddle.

After having worked with literally hundreds of attorneys in a variety of practice areas and at all levels, I have concluded that quality of life issues and the touchy-feely stuff, i.e., work environment, culture, infrastructure, management style, advancement opportunities, the commute, family considerations, and change in priorities all impact, to varying degrees the decision. In fact, lawyers who change jobs, do not get significantly more money. Some, such as many who go in-house even move for less - sometimes much less money. Let me go one step further. The "change jobs for more dough" is not just a myth in legal circles - but equally so in every profession we've ever recruited for.

The whole quality of life issue seems to erupt roughly three times in an attorney's career. The first, "What am I going to be when I grow up?" question hits associates with 1-4 years experience. At this point, they are evaluating the firm they work for, how they fit, the people they work with, their prospects for partnership and financial riches, their training (or lack of), the culture and specific work they're doing. Most recognize that there are more career options for 2<sup>nd</sup> to 4<sup>th</sup> year associates than say, 5<sup>th</sup> to 8<sup>th</sup> year associates. Therefore, most conclude (and rightfully so) that the window of opportunity will shut when they are senior associates with no business of their own. Staying too long without generating their own clients, can be the kiss of death. Sad but true. The exception is the young, highly motivated attorney who possesses excellent academic credentials and a specialty in a hot practice (e.g. corporate securities, emerging growth companies, high tech/biotech, healthcare and real estate).

The second quality of life is triggered by family considerations - either the attorney is getting married, divorced, moving to a new location, starting a family, etc. For both male and female attorneys, the specter of a growing family causes grater introspection. Partnership commitments, time away from home, commute time, juggling family vs. law

firm responsibilities are examined. The female lawyer, especially the young mother, is affected more so.

The third change stage may be mid-life crisis, onslaught of gray hair or simply a desire to climb new mountains. Some voice the words of the Peggy Lee song “Is That All There Is?” Peter Dekom, one of this town’s top entertainment lawyers (and highest paid) said good-bye to his partners at Bloom, Dekom, Hergott & Cook and jumped into a new business venture. Raoul Kennedy, a nationally known trial lawyer, left Crosby, Heafey, Roach & May after 28 years and joined Morrison & Foerster which offered the opportunity to diversify and expand his practice. Pierce O’Donnell, who was a name partner in a firm that merged with Kaye, Scholer in the 1980’s left and opened up his own shop. J. Michael Hennigan and James W. Mercer took their group from Howrey & Simon and did the same.

The way I see it, law firms have distinct personalities, just like individuals – and do indeed reflect the leaders’ work ethic. We see movement when Type B lawyers (somewhat laid back) - non-workaholic types) work at Type A law firms which are generally more fast track, entrepreneurial, much higher energy and filled with Type A hustlers. On the other hand, Type A lawyers go stir-crazy in Type B environments, which they perceive to be too laid back, too complacent, boring, and not particularly profitable firms.

Partners focus much greater attention to the bottom line than associates. As owners of their organization and concerned with the business of the firm and its overall profitability, they scrutinize general issues of bottom-line economics, health of the firm, prospects for future growth, expansion of their practice, firm direction and infrastructure, management style, lawyer retention, turnover, cross-selling opportunities and reputation.

Partners increasingly scrutinize the impact of leadership (or lack of) in how well the firm is run, how successful it is in containing costs, exploiting business opportunities, enhancing profitability and spearheading marketing initiatives. In a slightly contradictory statement I made earlier that lawyers do not change jobs or firms for more money, perhaps, they do, but it’s all the other stuff going on which impacts dissatisfaction over compensation. One partner we are working with generates \$1.5 million per year consistently, but as the management’s “circle the wagons” mentality pervades the firm, profitability has declined, and so has his compensation. The firm still has too much dead wood, not enough business generators, a concentration of business with too few clients, and an expensive lease. The firm’s finances, turnover and lack of growth has caused this partner to more closely examine the firm’s state of affairs and whether to stay there. Money has been a key stimulus, but the end product, not the cause.

At most firms, there is an “in-crowd” and “out-crowd.” Who is in or out is not necessarily contingent on productivity, business origination or longevity although all play roles. Rather, interlocking relationships, practice group affiliation, politics and who has inherited which clients can make the difference between being anointed or sent packing. Those with practices that fall into the firm’s bread and butter practice areas, (generally

dominated by the firm's senior partners), are usually "innies" - especially if they've been there since the beginning. Often they are a core group that has been practicing together for several years. Most are generally excellent lawyers but some may not be spectacular revenue producers. Sometimes they were merely in the right place at the right time. "Outies" are often those with practices that are outside the mainstream. Outies are either out of sight - out of mind, not in the power loop and may not receive the support or associate back-up necessary to expand their practice. The associates in their department may be the last to make partner - or not at all.

Leadership vacuum. Myopic management policies. Poor planning. Loss of clients. Constricting client base. Too many eggs in too few baskets. Firmwide inability or reluctance to make tough business decisions. Analysis paralysis. Too much dead wood. Declining profits. Morale problems. Higher than normal turnover. Take a look at most firms that disintegrate and you'll see varying degrees of the above. Depending on the degree and combination may foreshadow significant problems that ultimately doom the firm. Some lawyers see the handwriting on the wall quicker. Some see disturbing signs and decide to explore options. Petit & Martin did too little too late. Mudge, Rose missed the boat totally. Adams, Duque & Hazeltine hemorrhaged partners over a three year period and finally pulled the plug. Kindel & Anderson's days are numbered. Unfortunately wake-up calls are sometimes only heard when really important, long-time partners leave. And then it usually is too late.

We see partners who move because their practice is being squeezed, and don't receive firm wide commitment for its growth. In some cases, their practice and client base conflict with the firm's long-term growth objectives.

Everyone and I mean everyone likes to be stroked, appreciated, rewarded for a job well done. Yes, there are some who say "Just give me the bucks," but even they like a stroke once in a while. We have partner clients (some who are consistent million dollar plus revenue producers), taken for granted and in some instances treated like outsiders.

In conclusion, compensation issues are important and cannot be discounted. And sometimes the buck makes or breaks deals. For some it's a way of keeping score or affording hefty mortgage and car payments and children's education. For some, the score is how much time they have with their family, how much they enjoy their work and the people they practice with. For others the key is the opportunities they have for building their practice in a dynamic, supportive team oriented culture. Some recognize that joining a better managed, more vibrant firm with strong leadership will ultimately put more money in their pocket. There is no question that when an attorney - especially from one firm to another, he or she wants to do better financially. And quite often they do. But while money is important, it is a lot of the other stuff - firm culture, touchy-feely issues, leadership, arrangement effectiveness, cross selling strategies, marketing know-how, firm reputation and talent retention as well as life style considerations and changed priorities that spearhead most career and job movement.

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