

4 Considerations When Moving To A New Law Firm

By **Amy Richardson and Lauren Snyder** (January 31, 2020)

As ethics counsel, we help lawyers navigate the ethical requirements and implications of leaving and joining law firms. During that process, we have gained firsthand knowledge about the practical issues attorneys face when finding and transitioning to new firms. If you are contemplating making a lateral move, here are some tips we have compiled based on our experience. We hope they will enable you to have a smoother transition to your new firm.

Our tips fall into four categories: (1) firm structure; (2) benefits and your proposed role; (3) compensation; and (4) partnership agreement and other binding documents. Of course, every career decision is personal.

1. Firm Structure

Regarding firm structure, here are some things to consider:

Look at the firm's website. In particular, look at the ratio of partners to associates and whether the firm has different types of partners. Two-tiered partnerships or firms with many associates and few partners may present less advancement opportunities for junior lawyers.

Also consider whether the founders are still present. Firms that have their original founders still present may have yet to undergo a generational transition. This transition can be difficult and is something you may be a part of if you stay at the firm.

Consider whether you will be joining the main office or a branch office of the firm. At some firms, location can impact compensation or leadership opportunities within the firm.

Ask whether the firm has debt. It is important to know about the financial health of the firm.

Ask how long your sponsors — i.e., the partners interested in you and your practice area — have been in their positions and how long they are likely to remain there. Having your sponsors at the firm, particularly in leadership positions, for several years after you join will help you succeed at the firm.

Learn about the role of practice group leaders. In larger firms, some practice group leaders wield significant influence; it would be good to know about this in advance and is something to consider as you contemplate your role at the firm.

2. Benefits and Proposed Role

Regarding benefits and your place at the firm, here are some things to inquire about or consider:

Ask if there is a defined benefit pension plan that is unfunded and closed to new entrants. Or, if the program is not closed, ask if you will have enough years of service to qualify at a reasonable age if you stay.



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Discuss how the firm will pay and promote the people you plan to bring with you (or yourself if you are moving with a group). If you want to bring other lawyers with you, advocating on their behalf should be part of your negotiation.

Consider whether you will need the help of other lawyers at the new firm to support your practice. If you need assistance from junior lawyers, ask about whether you will have the help you need. If you need assistance from senior lawyers, consider whether they already have established relationships with business-generating partners which might limit their availability to assist in your work.

If you are supplementing an existing practice at the firm rather than introducing a new practice, carefully consider how you will fit into the existing practice. If you are bringing a new practice area to the firm, think about how your practice area may be different from others and understand that you may have to do some internal marketing to convince younger lawyers that your practice area is a positive opportunity for them.

Generally, having ties to the firm in the form of a personal relationship or a working relationship can benefit you as you transition. It can help you be successful at the firm and also gives you the inside information about how the firm operates.

Ask about client and matter intake procedures. Having clients and opening a new client matter are not one and the same thing.

3. Compensation

Regarding compensation, inquire about the following:

Ask how compensation is determined and who makes the determination. For the first year or two, the firm will likely guarantee you a certain level of compensation, either in dollars or in placement in the firm's compensation tiers. If you are a partner, consider how much business a partner at the level of your guarantee would have to bring in to make what you will be paid in the first year or two. It is our experience that it is better to underpromise and overperform than the converse.

Negotiate your billable rate at the new firm. If you are able to keep your rate the same, it may make the transition easier for your clients. While it may be difficult to persuade clients to pay significantly higher rates at a new firm, if your rates are well below those charged by others at the firm, that can create friction at the firm.

Ask what the capital contribution is and when you are expected to make it. If you are expected to make it immediately, many firms will arrange for you to borrow it from a bank and repay it over time.

4. Documents

Regarding documents, you should carefully review all various documents you will be asked to sign or send to clients. Among others, you should review the firm's partnership agreement and standard engagement letters. In the partnership agreement, look at the section regarding withdrawing partners. Pay particular attention to how the firm handles withdrawal and other issues that may arise. Compare the provisions of the engagement letter to your existing agreements to see if there are any significant differences that could impact your client relationships.

For example, if the new firm seeks broad advance waivers and you do not currently do that, asking your client to sign the new engagement letter could create some tension between you and your client.

Conclusion

We finish our list with a few words of advice about a some potential difficulties you could encounter. When partners make lateral moves, they enter a new environment with established relationships and possibly unspoken rules. It will take some time to adjust. As a new partner, you should not expect partners at your new firm to introduce you to their clients, even if your practice is complementary or could fill a specific need. And be prepared to put the work in. You do not want to begin your tenure at your new firm by not billing enough or bringing in less business than promised. Set realistic expectations during negotiations with your firm and then work hard to exceed them once you join.

Seeking answers to the questions outlined above will enable you to truly get to know your new firm before making a move. At the very least, you will be well informed about your obligations, compensation and place at the new firm. You may even identify potential red flags or points of contention before you make the move. Our hope is that this will enable you to have a smoother transition. We wish you the best in your selection process and as you transition to your new firm.

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