



## Is it Bad to Be Part of or Join a Law Firm with High Turnover?

[By A. Harrison Barnes]

Law firms are organizations, and organizations go through changes—including turnover. In order to understand the sort of turnover a law firm may go through and whether it is something you should view as a negative or positive, it is useful to think of many of the challenges of running a law firm and keeping it competitive in the marketplace. The main question you need to ask yourself when considering turnover within a law firm is whether the turnover is something that is likely to push the law firm forward in the market...or a sign that the law firm is retreating in the market or unable to compete.

The essence of any successful organization is whether it is going forward or backward. As in life, you are always better going forward than going backward.

There are some genuinely bad law firms out there. Notwithstanding, I have been studying law firms for years and can tell you that virtually every law firm goes through cycles. A rash of calls will come about departures from a law firm, and I will hear about how “morale” is low and how the law firm is crashing and burning. Sometime later, I will see the firm at the top of an associate survey and hear about its record profits. In most cases, the attorneys who report “low morale” and other problems at the firm are often (although not always) the ones bringing down morale in the first place.

After seeing this sort of thing happen so many times they are difficult to count, I will simply offer that law firms, like people, go through changes as part of their growth. Oftentimes, the worst thing you can do is bail out of a law firm going through positive changes. The best thing you can do for yourself is remain at a law firm with massive turnover if these changes are being driven by positive factors. Nonetheless, some changes are more significant than others.

Running a law firm is in many respects similar to raising a child; the leaders of the firm must decide what they want the law firm to be. Is your law firm seeking to be a world-class performer, or does it want to remain small? Does your law firm want to be known

as the absolute best at something, or does it not care about prestige at all?

There is a profound difference between being in a law firm that wants to take over the world and being in one that does not care about taking over the world. Law firms that take over the world leave legacies—not just on the legal landscape but also on the people who work for them. Law firms with no such concerns may be more interested in simply providing places for small groups of people to come to work. The sort of law firm you work in will make a difference in terms of what you will become, and it will also determine the reasons people either stay at or leave the firm.

I think of law firms as having personality types. The personality type of the law firm you are in will, in many respects, determine whether a rash of turnover inside the firm is a good or bad thing. Some of the most prevalent law firm personality types are explained below.

### The Flash in the Pan

Most law firms start out at the bottom of the heap. They start out small; they start out less prestigious; they start out with smaller profits and partners and associates who are not the most desirable in terms of what the market demands. Most lawyers are intensely competitive beasts and want more than anything to be at the best law firms. (Without a single exception, every attorney I have ever worked with has expressed interest in working at one of the most successful “name brand” law firms.)

At some point, the flash in the pan will do something, or a variety of things, well. It may land a big-name partner who will generate a ton of business; it may get a string of clients in one industry; it may make a public relations coup; it may become extremely profitable all of a sudden one year. A large variety of things can happen, and it usually requires more than one to make the law firm successful.

What often happens at flash in the pans is that they get very, very arrogant about their success. A law firm will frequently start making “shocking” public statements degrading other firms and people in the legal market. The law firm will start exhibiting many classic characteristics of hubris in Greek tragedy.

The reason this generally happens with flash in the pans is that these law firms have a lot of pent-up frustration that they acquired from their journeys up the law firm pecking order. Instead of being content in its successful role, the flash in the pan law firm begins to lash out at the world and at people it considers beneath it. The law firm will often start acquiring expensive partners (which it may not be able to afford) from other firms and bringing them on rapidly in a quest to further improve its standing in the legal community. In addition, the firm will begin spending money on office space and other accoutrements to ensure that it is competing properly with other big-name law firms.

News of these problems begins to emerge publicly when the law firm stops paying its



vendors in a timely manner—it may even begin having problems paying its staff and attorneys. The law firm may also become hypercritical in many of its reviews, in an effort to reduce its headcount.

Attorneys are typically very poor businesspeople. While the fact that attorneys are poor businesspeople is not a major source of concern, problems with the ways attorneys do business emerge due to the fact that attorneys often think they are good businesspeople. Attorneys—at large law firms in particular—spend the majority of their time working for successful businesspeople and advising them on legal issues. However, advising on legal issues is not the same as running a business. While most businesspeople could never be excellent attorneys, most attorneys could never be excellent businesspeople.

Because most attorneys are selling their time by the hour, they very rarely have good understandings of the sorts of calculations that must be made when running a business in order to appeal to the market, manage cash flow, plan for the future, motivate employees, motivate themselves, get repeat business from clients, and more. Due to a lack of skill in this regard, attorneys who get into power and start exercising control over significant financial resources often make serious mistakes.

This happens most commonly with young partners who are thrust into positions of authority at rapidly growing firms. I have seen more young partners than I can count “lose control” over their stations. I have seen them become addicted to cocaine and prostitutes and become habitual and chronic lawyers. These transformations have seemed profound, due to the fact that many of these same partners were hardworking and somewhat “bookish” sorts of attorneys just a few years previously. Watch out for up and coming law firms headed by young partners with too much power.

The clearest signs of a flash in the pan are sudden reductions in staff, stories about the inability to pay vendors, and other signs that the law firm is unable to meet its expenses. When the law firm starts making public statements about its lack of problems, you generally know something is seriously wrong.

Many people recall the U.S.S.R. collapsing over what appeared to be a short period of time. Finley Kumble, Brobeck, and many other firms have met the same fate. The existence of the signs of a flash in the pan does not always signal that the end is coming, but it is a reason to look out. The first thing a legal organization should be doing is telegraphing financial strength. When a law firm fails to telegraph financial strength and you see other signs it is on weak ground financially, it is appropriate to be alert. Mass turnover at a law firm that appears to be a flash in the pan is a clear warning sign that you should stay away.

### **The Conformist Firm**

Conformist law firms typically are older law firms or made up of associates and partners who are from older/conformist law firms themselves. The conformist law firm is the most common type of law firm out there today. I would estimate that conformist law firms make up more than 90 percent of existing law firms.

In the conformist law firm, the associates, partners, and others will be very concerned about appearing to be doing the right thing at all times. They will watch what others are doing and make judgments about whether what they are doing is the correct thing. Is it uncommon for law firms to have law firm brochures? If so, the conformist law firm will not have one and will cite this fact as a justification for not having one. Do most of the law firms in the city have formal dress codes? If so, the conformist law firm will have a formal dress code, as well.

Law firms become somewhat conformist for many reasons. Generally, however, law firms will be conformist due to the economics dictating their existences. The conformist law firm likely works for a large number of successful, traditional clients, rather than small entrepreneurs, who in most cases are somewhat, if not very, “established.” Because the law firm’s clients are established, the law firm is likely to be made up of many “older” partners who have worked in the geographic area for some time. If the firm is a newer firm, then the relationships with these clients are most likely the products of “older” relationships. Conformist law firms can be large or, in many cases, smaller in some geographic areas. However, they are almost always built upon client relationships that have existed for some time.

It is important to note that the business cycles of America are reflected in the law firms that serve this country. Are you aware that there are law firms that specialize in railroad law? Predictably, most of these law firms are shrinking and dying off. These law firms are from a different time. New law firms specializing in intellectual property law are doing much better than they would have done 20 to 30 years ago.

When you see a rash of departures from a conformist law firm, it is usually not a good sign. In most cases, conformist law firm departures occur due to the fact that the firm is “losing its edge” or its clients are going out of business. The transition can be slow, as it has been with the erosion of work in the railroad law field, or it can be more rapid. Older partners may be losing interest in their work. The clients may be slowly going out of business. Multiple things might be occurring.

One thing that may be occurring is a generation shift. The expectations that partners in many conformist firms have of associates are not always in sync with the expectations associates have of what their



workplaces should be like. There has been a lot of news coverage recently about the fact that people in the younger generation are not as interested in work and need a lot more coddling and hand-holding. If there is a lot of turnover because the law firm is not willing to provide such therapy, you need to ask yourself whether this is a reason for you, too, to leave for different pastures.

Summer associates and other young attorneys are easily lured to join conformist law firms because they often have good

names. Some of these names may have been established a long, long time ago. While the trends I am referring to here are “macro” in all respects, you need to understand that when turnover occurs on a widespread basis in a conformist law firm, it is generally not a good sign.

The issues to consider will be where the work is coming from, where the new work is coming from, whether there is new work on the horizon, what sort of new work is anticipated to come into the firm, and

whether the law firm is in a position to create new life. If this does not appear to be the case, then you should look at mass turnover inside such a law firm as a major warning sign. Notwithstanding, you need to ask yourself whether the law firm has weathered similar storms in the past. If it has, what did it do to get through the storm last time? Would this be a realistic solution now?

\*This is the first of a two-part series. Check back next week for more.