



Is it the end for Partnerships?

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For the 2017 Bellwether Report, *The Race to Evolve*, we spoke to almost 150 lawyers and decision-makers around the country. We wanted to take the temperature of the legal industry at this pivotal moment – to find out how independent law firms were performing during this time of change, the issues of the day, what works, what doesn't.

During our research, it became clear that there had been a change in the structure of law firms in recent years; the traditional partnership model is no longer the most widely used. Almost half of the firms we spoke to in 2013 were partnerships, but this year partnerships only account for 29%.

In fact, back in 2013, partnerships and non-partnerships were roughly equal in their market uptake (47% and 50% respectively). But while partnership models have declined, non-partnerships have increased, now being used by 69% of firms.

One explanation for this could be the relatively small size of firms. The majority of lawyers we spoke to were practising in "very small" firms, with between two and 10 fee earners on staff. 6% were solo outfits and 22% were "small". But we wanted to know more, so we dug deeper into the issue.



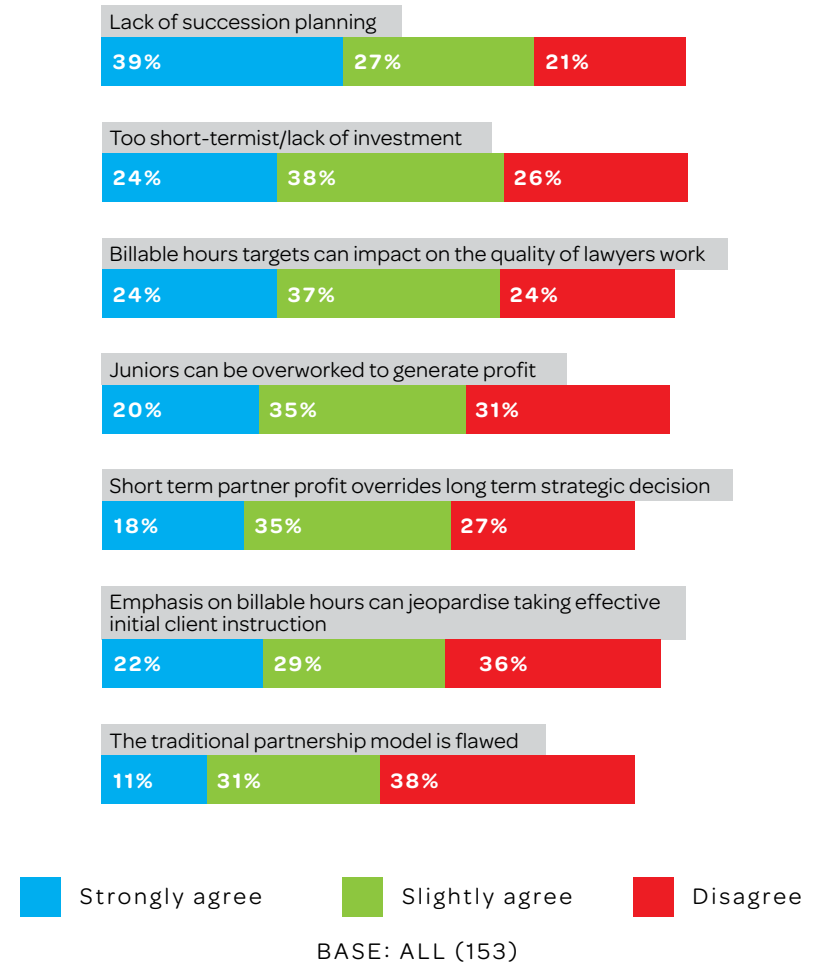
The majority of lawyers we spoke to believe that there are downsides to traditional partnership models.

“The key is all about building relationships and that’s what the big firms don’t do. Instead, they do targets.”

42% of the lawyers we spoke to say that the traditional partnership model is flawed. But this opinion proved divisive, with 38% of lawyers disagreeing.

Although there are still those who believe that partnership models are effective, on average, the majority of lawyers believe that the model has its downsides. The following reasons were asserted:

ATTITUDES TO PARTNERSHIP MODEL



Does this attitude change according to seniority?

The decrease in the use of traditional partnerships is backed up by negative attitudes across the sample of lawyers we spoke to.

“I was expected to see 7 clients a day, every day for five days a week to meet my financial target. Targets are the worst thing in the world for creativity. You become a machine and you hate your job.”

Negative attitudes to traditional partnership models were displayed by lawyers of varying degrees of seniority.

61% of decision-makers, for example, took particular issue with the model allowing for short-term partner profits to override long-term strategic decisions. Lawyers and progressives also disagreed strongly with the model's potential to prioritise the short over the long term, in particular with a view to it limiting investment in up-to-date systems, tools, and technologies.

The lack of succession planning is a major issue across the board for the majority of lawyers, decision-makers, traditionalists and progressives. The perceived lack of support and management training for up-and-coming lawyers is a hindrance. One lawyer we spoke to said: *‘One of the resolutions I made ages ago was that if I ever employ people, I will make sure they get the training they need. If you can't cope you make mistakes. In many firms, this is because of greed. They give you a lot of work because they want the money. They don't want to employ other people to assist.’*

Overworking juniors and the detrimental impact of billable hours are indeed major stumbling blocks for many, especially lawyers and progressives. Interestingly, however, while decision-makers also agreed that these are downsides, they didn't agree quite as vehemently as their counterparts.

PARTNERSHIP ATTITUDES BY SUB GROUP

	Decision Maker (88) %	Lawyer (50) %	Traditional (52) %	Progressive (69) %
Lack of succession planning – up and coming lawyers not being trained/equipped with management skills	65	72	60	80
Too short-termist – lack of investment in up-to-date systems, tool and technology	58	68	52	80
Billable hours targets can impact on the quality of lawyers work	56	68	54	71
Junior lawyers can be overworked to generate profit	47	66	48	68
Short term partner profit overrides long term strategic decision	61	42	60	52
Emphasis on billable hours can jeopardise taking effective initial client instructions	43	62	37	68
The traditional partnership model is flawed	45	38	42	48

A lack of long-term vision and the presence of financial pressures account for much of the move away from traditional partnerships.

“Some people make a conscious choice to jump from a big firm, leaving a lot of money for something that’s more their own thing - they are not compromising on quality or intelligence in any way. Personally, I was thinking of the future.”

Lawyers and progressives are the most vociferous critics of the traditional partnership model, but they aren’t alone. Taken all together, lawyers and decision-makers, traditionalists and progressives alike object to the underlying financial pressures that partnership models impose, as well as the lack of long term vision employed.

The need for law firms to prepare for the future is a recurring theme in the Bellwether Report 2017. The legal industry is in a period of flux, with clients demanding change, and lawyers pledging to adapt, while still cleaving to traditional thinking, from hourly billing to partnership structures. You can read the [*Bellwether Report 2017 – The Race to Evolve*](#) in full [here](#).

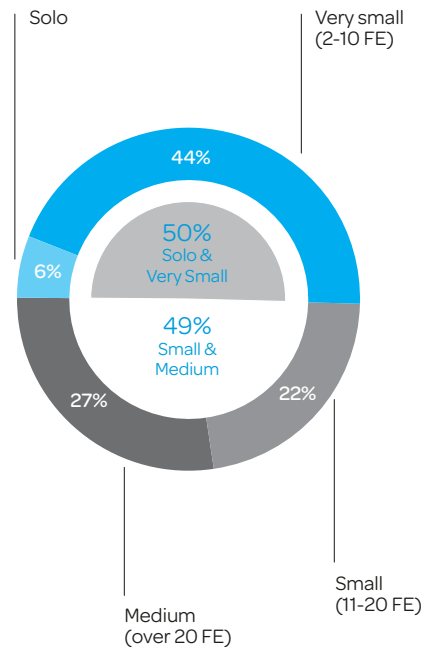


Our research sample for this report included 10 in-depth interviews, followed by an online survey among 149 lawyers, via the LexisNexis databases.

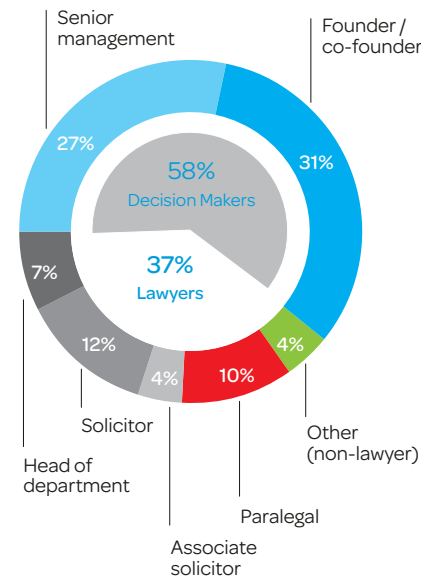
The majority of respondents were decision-makers spread across the country in firms that were equally split between small and medium-sized, and very small or sole practitioner outfits, with a good balance of specialist and generalist practices.

The research was conducted throughout June 2017, by an independent market research agency, Linda Jones & Associates.

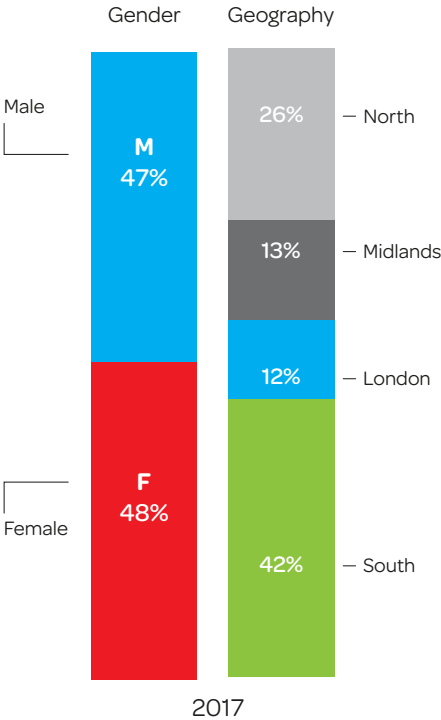
PRACTICE SIZE



RESPONDENT'S ROLE IN FIRM



OTHER DEMOGRAPHICS



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