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Partnership is the 'Holy Grail' for law firm associates

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Goldberg Segalla is the third large firm where Richard Cohen has worked. The first two had a more traditional partnership model than the way Goldberg Segalla promotes associates, according to Cohen, founder and managing partner.

In the typical model, an attorney practices for a certain number of years, is at the firm for a set period of time and generates client business or revenue (billing hours).

He considers the partnership track at Goldberg Segalla unique among its counterparts. In addition to several tiers of advancement, including making partner before elevation to equity partner, associates are promoted not so much as a reward to them as it is to the firm.

“In very simple terms, when we decide whether to elevate somebody, it’s based on whether that elevation makes the firm better, period. That’s as easy as it is,” Cohen said.

Achieving the title of partner may mean something different at the various firms but regardless of how it is accomplished, he called it the “golden ticket” for attorneys.

“Ultimately, the Holy Grail, so to speak, for an attorney is to be elevated from associate to partner,” Cohen said. “It really is akin to, in another business, being elevated to vice president or some position like that. A lot of it is just in the title, but that’s really what every lawyer strives for.”

The partnership track differs from the typical corporate model of promotion, yet it also varies at law firms, which determine for themselves the how and why behind the title. There are firms with lots of partners but others with not as many.

It is a “true partnership,” said Hodgson Russ Chairman Daniel Oliverio, in which each attorney is part-owner in the business, not just an employee. The Buffalo firm has 88 partners who technically, he said, are self-employed, which brings with it a number of obligations. The most important is fiduciary — making sure to do the right thing for the business — along with a financial obligation. The partners/owners are ultimately responsible for all parts of the firm.

“It’s different from a corporate model and different from somebody being a vice president of a corporation that they have no ownership interest in,” Oliverio said.

At Phillips Lytle LLP, every partner holds a single vote and equity in the firm and agrees to be governed by the partnership agreement, said Managing Partner David McNamara. Whereas in traditional corporations the general direction is in the hands of management and one’s employment status is subject to change at any time, a law firm is in the hands of the partnership mix, he said.

“In a partnership, nobody can walk down the hall and tell you, ‘Pack up. Today is your last day,’ because you’re a partner in the business,” McNamara said.

Cohen said the partnership model may be different in large firms than in smaller ones. Many small firms probably don’t operate much differently than a typical small business, he said, with those running the company looking to each other for support and sharing responsibilities.

Breaking down the numbers

According to the Business First list of area law firms (Jan. 8, 2016, edition), Goldberg Segalla’s Buffalo office has the highest percentage of partners to attorneys among firms with at least 20 attorneys. Phillips Lytle has the second-lowest percentage among firms with 20 or more. And Hodgson Russ has the highest number of total partners in its Buffalo office.

There’s good reason for each.

Cohen said Goldberg Segalla has a large stable of partners (37 partners of 52 attorneys, or 71.2 percent) because of its less-traditional view of partnership elevation, or what it takes to become a partner. The firm relies on a “13 Point Leadership” criteria.

“We are very different in this respect,” he said. “We don’t believe that simply generating business or bringing in business, in and of itself, makes somebody a good partner. We happen to believe that how you lead and interact with each other is the most important criteria.”

The firm has promoted associates who showed the ability to develop business, as well as others who may not have as big of a book of business but demonstrated other abilities that can help the firm succeed.

He cited as an example a young associate who was named partner because the other partners decided that to wait would have been a mistake. Cohen said in the more traditional model, the attorney may have been simply patted on the shoulder for a job well-done and told that he was tracking toward a partnership.

"Because he was a new lawyer, only out of law school three years, he hadn't developed much business yet but he had demonstrated a dynamic spirit and a level of maturity and leadership that we thought would make the firm better, so we made him a partner," Cohen said. "Although he's an extreme example, that's the criteria we use with respect to elevation of every single person at the firm."

Phillips Lytle has 51 partners of 131 attorneys, or 38.9 percent — a lower percentage of partners in part because of its single-tier partnership. There are no non-equity partners at the firm. The only attorneys promoted are done so to full equity partner.

According to McNamara, that single-tier partnership is somewhat unique in the modern-day legal scene. The criteria is a combination of qualitative and quantitative abilities, he said. Those promoted are individuals who deliver "superior lawyering" and technical skills that leaders feel is at the partner level. Generally the firm considers promotion when an attorney is on track toward at least eight years of practice, with several of those years at Phillips Lytle, and after contributing to its economic health. Also considered are the person's contributions to the culture of the firm through collegiality and teamwork, he said.

"We don't have partners in name only who don't have equity and don't have a vote and only have the title of partner," McNamara said.

At Hodgson Russ, the original partners are long gone, said Oliverio. When a firm is controlled by individuals who continue to practice, there may be some hesitancy to add business partners the way a firm such as Hodgson would.

Also, because of the firm's size — with 160 attorneys, it's the largest in Buffalo — the natural progression is to make lawyers equity partners. The firm has 101 partners in the Buffalo office, 50 more than Phillips Lytle, which is next on the list, and 55 more than the area's third-largest firm, Barclay Damon.

Oliverio said another consideration in who makes partner are retirements and attorneys who leave the firm.

“We’re naturally going to make more partners than a firm that’s one-half our size or one-quarter our size, but there are years that we only make a couple of partners,” he said. “Generally we try to stay within a certain range.”

It doesn’t mean the criteria isn’t stringent. He said a host of factors help determine the track toward partnership, the most important being that the individual is a “first-class lawyer.” Also considered are business development, community activities and administrative leadership roles, he added.

“First and foremost, you have to show during your first eight to 10 years at the firm that you are no less than a top-tier lawyer in your specialty, otherwise you will not make it here,” Oliverio said.

Joining the ranks

The vast majority of partners throughout Goldberg Segalla’s 16-office footprint are non-equity partners. Equity partners are those who vote on promotions. A committee evaluates candidates and makes a recommendation to the equity partners, Cohen said.

Generally, a partnership vote occurs in December at the last equity partner meeting of the year, to become effective Jan. 1. In 2016, eight associates were elevated to partner and six partners were named equity partners.

At Hodgson Russ, all of the partners approve who advances annually, Oliverio said.

“We’re a true democracy here,” he said. “We do it the old-fashioned way — everyone votes. … It’s a discussion among us and a consensus when we make decisions here. We found that’s one of our strengths because it allows us to have a depth in leadership and future leadership.”

McNamara said Phillips Lytle partners are elected each year by way of a two-thirds vote. Each fall they are named and officially become partners Jan. 1.