

## Who Will Be Income Partners in the Future?

By [Michael D. Short](#) on November 28, 2016

In July, I wrote a blog entitled [Who Will Be the Owners of Law Firms in the Future](#). My goal at that time was to start to share my prognostications on where the business of law is going and what the law firm of the future will look like. I started at the top of the leverage pyramid, with a much smaller equity ownership group (in relation to the size of any equity partnership today). In the next step of this series, I want to add the next “layer” to my firm of the future – the Income/Non-Equity Partner class.

Currently, this classification is a hodgepodge collection of many lawyer-types, including:

1. **Future equity owners** – those developing lawyers who have progressed out of the associate ranks and need an opportunity to develop business...and prove that they are, or will be, business people who practice law.
2. **Former equity partners** – rather than creating a Senior Counsel position or some other classification for senior lawyers who are no longer equity owners, some firms move them back into this classification...a move that makes the intent of the position too broad – rather than being a positive professional development step toward equity status it becomes a confusing catch-all/hodgepodge.
3. **Great technical lawyers who cannot generate business** – these are the 1<sup>st</sup> chair, highly talented legal strategists who can lead a matter at a sophisticated level but cannot, for whatever reason, develop into a rainmaking role.
4. **Really nice people** – these are the lawyers who are forever “really close” to taking their practices to the next level but cannot make it happen and never will...but it’s not the firm’s culture to remove them.
5. **The “oblivious”** – Those who have experienced significant multi-year decreases in salary but still haven’t figured out the message the firm is trying to send (i.e., “please leave, but do it on your own so we can avoid having a really difficult direct conversation with you and preserve our culture”) OR they are very self-aware and are simply ignoring the message because they have no better options.

In far too many firms, this group includes several members who sap profitability from the firm (on a working attorney basis), block the development of good young lawyers who get frustrated and leave, and drain the positive energy from the firm due to the related conclusion that management tolerates chronic under-performers.

In the future, firms will not be able to tolerate profitability drains because the profits will be needed for investments back into the “technologization” of the practice of law...along with the assets and people needed to support this natural, competitive occurrence.

In the future, this classification will have only three roles, and all members will clearly know which role is theirs –

1. **Future equity owners (#1, from above)** – there will be an infinite number of slots for these developing lawyers/future owners, but the practical reality is that only a relatively small subset of the associates will demonstrate the needed blend of legal skills, personality, drive, and business-world connections (or the ability to develop such connections) to claim one of these seats...and then hopefully develop into an owner.
2. **Great technical lawyers who cannot generate business (#3, above)** – the difference in the future will be the need for these lawyers to have a direct and profitable connection to a major-rainmaker who needs this level of support. Firms in the future will not be able to afford a surplus of these lawyer-types and every one must be generating an

appropriate level of profits for the equity owners.

3. The new role – **Partners who can “technologize” the firm’s knowledge** – these tech-savvy lawyers can think in terms of if-then-else statements and Boolean operators to convert the routinized/commoditized aspects of the firm’s legal skills and knowledge into technology-based tools by working closely with a larger IT department (or outsourced service group) that includes programmers and app developers. These lawyers are not programmers but they speak “computer” and can easily think of legal challenges and related solutions in terms of workflows that can be programmed. They will also be project managers who can get the work done, tested, and launched into a money-making resource.

There is one gray area in my partnership of the future – where do the business of law innovators belong? The roles I have discussed thus far are client-service focused, yet the evolution of the practice of law also requires some who are constantly trying to identify, develop, and promote needed changes in the business model. Where do they belong?

I believe there are two primary catalysts to innovation in the legal profession – 1) changing client demands and 2) the need to improve profitability. Those who are focusing on the “client voice” and creating a business model that will be aligned with client demands and expectations *in the future* are, in fact, business people who practice law. As such, there is a home for these Partners in the equity ranks. Those who are focusing on the [hard and soft drivers of profitability](#), in order to create the funds needed to attract and retain talent while also investing in technology, are performing important internally-focused, real-time tasks. I view this as a future Income Partner role.

Important note – There are people who think they are innovators and then there are INNOVATORS. This moniker must be earned in the future by a scant few who really understand the concepts. Otherwise, many firms will have a bunch of self-proclaimed innovators (small i) sitting in conference rooms for extended periods of time, coming up with boring or impossible ideas that have no practical application, and expecting to get paid for their efforts. There is no room for dabblers or neophytes in these roles.

Under my model, a key challenge in the future will be the training and development of young lawyers to populate this smaller partnership model, given that an ever-increasing amount of their current work will be done by a computer with a friendly name AND the equity ownership group will, per my definition, be much smaller. Next month I will predict the multiple roles that fall under the current title of Associate.