

# DAILY REPORT

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## Advice for Young Lawyers: Choose Your Path, Soon

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HAVING PRACTICED law now for nearly a quarter of a century, I frequently get questions from younger lawyers on how to develop a law practice. Here are a few of the more important lessons I've learned over the years:

### **Lesson 1: Choose a specialty and become the go-to lawyer in that area.**

The first key to developing a successful practice is specialization. When a prospective client is faced with a legal problem, he usually doesn't want a generalist—he wants someone who focuses on solving that kind of problem. Accordingly, you must specialize in at least one area of the law.

Ideally, lawyers should try to decide on a specialization early in their careers. Unfortunately, too many lawyers tend to let their careers develop by accident or through inertia. I have seen many lawyers accept a job after law school, diligently do the work and then watch five years go by before they seriously start to consider what kind of career they want to have. That is a bad way to go. The sooner you start planning, the better off you will be.

You can always change your area(s) of specialization, but you must choose at least one. After making a couple of changes early in my career, since 2002 I have been doing political law, which generally means that I advise corporations,

candidates, lobbyists and political committees on the laws governing political activities at the federal and state level. There are many such niches out there. The important point is that you pick one.

Successful lawyers often pick practice areas in which prospective clients satisfy three criteria: They have money, they have significant legal issues, and they will pay you well for your expertise. One example of a lawyer I encountered who planned his career this way was a wealthy senior equity partner at a large and prestigious New York law firm. He focused on representing insurance companies that had issued professional liability policies to architects. My initial reaction was that I could hardly think of anything more boring. But I eventually realized that this was an excellent choice. When an architect makes an error, a lot of money may be at stake. A building may need to be torn down and rebuilt. A bridge may collapse. A construction project may need to be revised midstream. There is likely to be litigation involving many parties, with significant potential damages, and the architect is going to look to his insurance company for backup. An attorney who can help the insurance company legally deny coverage or minimize its exposure is going to be able to charge a pretty penny for his expertise. This lawyer was doing just that, and making a very nice living. He chose wisely.



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Once you choose an area, do everything you can to become known as the go to person in that area. Write articles and publish them where they will be read by prospective clients and colleagues. Speak at CLE seminars. Review the biographies of other lawyers who practice in that area, figure out what organizations they belong to, join them, attend their meetings and obtain a leadership role. Become a leader in the state bar committee that covers your areas. Once you have become known in your state as the lawyer to go to in a certain area of the law, your practice should grow nicely. Word of mouth and reputation can send you a good bit of business.

### **Lesson 2: Until you have your own clients, you are always at risk.**

The second lesson is that, until and unless you have your own clients, you are

always at risk of being let go, particularly during the inevitable economic downturns. That lesson was brought home to me years ago when I watched closely the divergent career paths of two excellent lawyers.

The two lawyers had much in common. They graduated from similar law schools at about the same time. They spent their careers in private practice at big law firms. They also worked roughly the same number of hours each year. But they spent their time very differently.

The first lawyer was a service partner, one who did the work for other lawyers' clients. He went to the office early and worked late. He knew the law cold and did a great job. He was a nice guy, one whose door was always open. But his career was spent in his office, sitting at his desk, with his head down, researching, writing or sending emails. He didn't spend time developing his own client base. He did his work well and then went home at the end of the day.

The second lawyer was a rainmaker, the best I've ever seen. He was only rarely in the office. He was always out in the field, working to develop personal and professional relationships with prospective and existing clients. He was a specialist in three areas (see point #1 above). He wisely chose specialties where the clients in one area would be interested in meeting clients in the other areas, which allowed him to serve as a broker of valuable professional relationships for others. He wrote or co-wrote articles on current legal issues and sent them to prospective clients and legal reporters interested in that topic. He spoke at CLE seminars, some of which he originated and organized himself. He worked at developing positive relationships with other lawyers in the same field, and they would send work to each other when they had a conflict. When a prospective or existing client had a problem, he would go to the client's office to discuss it, sometimes flying there

on his own nickel. He didn't rely heavily on email and was instead always on the phone or in an in-person meeting.

Unsurprisingly, the different uses of roughly the same amount of time by these two lawyers led to very different compensation. The rainmaker was earning literally five times the amount paid to the service partner. Five times the amount, for roughly the same number of hours. It is important to work hard, but it is more important to work smart.

The difference in the value that these two lawyers provided to their firm also became apparent when the service partner started to press management to make him an equity partner. He accurately and fairly pointed out that he had paid his dues and met his hourly requirements and that he had been a loyal and hardworking member of the team for years. He told them that if they couldn't make him an equity partner, he would regretfully need to leave the firm. The firm's response was to tell him that he had been a great partner and good friend, and they wished him the very best at his next job.

The service partner had no client base and thus no leverage. Until and unless you have your own client base, you are always at risk. Your path to financial advancement will always face obstacles, and in times of economic downturn you will be among the first to go.

### **Lesson 3: Understand law firm economics and develop a path to equity partner.**

It is critical to learn early on how law firm economics work and then to plan out the best and shortest path that will allow you to become an equity partner. By the term "equity partner," I mean an owner of the firm who is earning passive income through leverage (i.e., earning income through work performed by other lawyers).

While a full discussion of law firm economics is beyond the scope of this article,

younger lawyers should realize early on that only a percentage of the revenue that a firm generates from their hours is used to pay their compensation. As a general rule of thumb, one-third of that revenue is used to pay the lawyer's compensation; one-third is used to cover the firm's overhead; and one-third goes into the pockets of the equity partners who own the firm. The goal is therefore to figure out the quickest and most effective path to equity partner. If one doesn't exist in your current firm or if you are not interested in making the sacrifices that your firm requires in order to get there, don't linger—move on to other pastures. But put a plan in place sooner rather than later. If you do not, you will spend your career making money for others.

### **Lesson 4: Choose your own life and work balance, and only work at a law firm that matches your goals and priorities.**

The final lesson is the most important. Life is short. We have all seen good lawyers and good people pass away too early, before they were able to retire and to enjoy the fruits of their labors. It is therefore very important to make a decision early in your career about how you want to live and work. Each of us needs a balance between our professional and personal lives that works for us.

Unfortunately, many lawyers allow themselves to become trapped in a work model that forces them to give up other things they value. Oftentimes this is done simply through fear and from the perceived security of receiving a steady paycheck. But as noted above, you are always at risk until you have your own client base. As such, you must take control of your own practice and life and make a conscious decision about how you want to work and live.

The best way I can convey that is to share some of my own story. I spent the first 12 years of my career working hard

in Big Law, and I eventually became a nonequity partner at a large law firm. Eventually I realized, however, that I was unable to strike a work and life balance there that made sense for me. In a number of those years, I spent the Friday morning after Thanksgiving calculating where I was in relation to my billable hour requirement for the year and trying to figure out how many hours per day I needed to work between then and Dec. 31 to keep my job. The stress of attempting to meet those hourly requirements, while spending roughly 2.5 hours every day fighting Atlanta traffic to get to and from the office, was placing strain on both my marriage and my health. I wasn't able to be the kind of father my kids needed, and I wasn't actively involved in their lives. I vividly remember getting hit by a car in Midtown one year when I was walking across the street from my law firm to grab a quick dinner at a fast food joint. It was Father's Day, and instead of being home with my family I was alone in the office writing a brief. Probably served me right.

When I made nonequity partner, I also realized that nothing much had changed. I had a nice new title, but I was still on the wrong side of the leverage equation and was still spending my time making money for other people. I also realized that I didn't have a good path to equity partner; it would be very difficult for me to achieve a \$1 million book of my own business while trying to meet the billable hour requirements servicing other lawyers' clients.

About that time, I saw an article in the Daily Report about Kevin Broyles and his law firm, which is now called FisherBroyles. It was entitled "The Laid Back Law Firm," and it showed a picture of Kevin holding his young son at a football game. It described a law firm model that Kevin had developed and that made much more sense to me. I left Big Law and spent two happy years working with Kevin. He has since built an extraordinary law firm.

In 2010, I formed my own firm, a boutique that focuses on litigation and political law and that follows the same basic model. All of our lawyers are equity partners, meaning that they are members of the firm with the opportunity to earn leverage. There are no billable hour requirements—each lawyer works as hard as he or she prefers. Our compensation structure is objective and transparent, one in which we use fixed percentages of revenue to reward the categories of contributions that lawyers make to the firm: originating business, serving our clients and managing the firm. In the absence of a subjective compensation structure, no one has to write a memo to a compensation committee or engage in office politics to try to influence a year-end bonus. Any lawyer who brings in a client keeps a fixed percentage of the revenue from that work, regardless of who does the work. As such, all lawyers have the opportunity to earn passive income. We try to keep our overhead and costs to a minimum, which maximizes the amount that our attorneys keep.

While it is not for everyone, this model has worked much better for me. Because lawyers in this model keep roughly 80-85% of the revenue they generate, it is possible to earn a nice living on fewer hours. In my first year out of Big Law, I earned 80% of my prior draw working 20% of the billable hours—my own personal 80/20 rule. My marriage improved, and I got involved in my kids' lives. I became an assistant Scoutmaster, and my wife and I raised an Eagle Scout. I attended my daughters' concerts and shows and learned their friends' names. We took family vacations without me constantly worrying about my billable hour requirement. Without the bureaucratic management of a large law firm to tell me I couldn't do it, I adopted more flexible flat fee structures with many of my clients, and I stopped living my life in six-minute increments.

The model that Kevin developed and that we and other firms have emulated is an excellent one for senior associates or non-equity partners who don't see a reasonable and clear path to becoming equity partner or earning passive income at their current firms. It is also a good model for solo practitioners who want to maintain the independence of their practices but would like to be able to earn passive income by sending work to other lawyers within the same firm.

Our model is not for everyone. I know many outstanding lawyers who have done very well in large law firms while simultaneously living very happy family lives. For younger lawyers, the point here is not that you should choose our model; it is just that you must think these issues through and make a deliberate, conscious decision about how you want to live and work. Do not let years slip by while you are keeping your head down and doing your work without thinking these issues through. Find a balance that works for you and your family and then choose a law firm and model that works best for you, given those priorities. Good luck! 