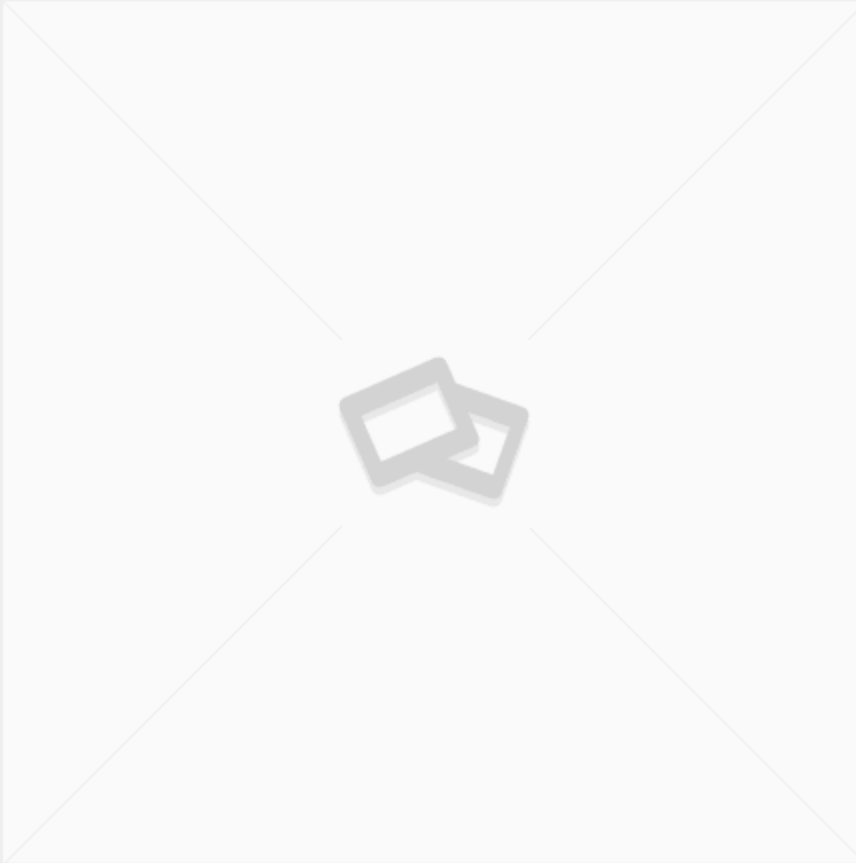


"STRONG VIEWS FOR AND AGAINST SALARIED PARTNERS"

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Despite the current strength of Spain and Portugal's legal markets, the Iberian Lawyer's {overlib linktext="Group of Experts" text="Iberian Lawyer's Group of Experts are 100 of the leading partners in law firms in Spain and Portugal. For every issue of Iberian Lawyer, we ask them a question relating to the practice of law or the management and development of their practice areas." title="Who are the Group of Experts?"} has strong and divided views on how law firms should manage the number of promotions to equity as well as the merits of having salaried partners, who do not share in the ownership of the firm.

El Grupo de expertos opina sobre la diversidad de formas de gestionar la promoción a socio de cuota. Unos consideran que el crecimiento ofrece más oportunidades de promoción a socio de cuota, mientras que otros opinan que actualmente los requisitos son más exigentes y las oportunidades más escasas.

Sin embargo, lo que aviva el debate es lo relativo a los socios asalariados. El tener que pasar un

período de formación antes de ascender se considera una buena herramienta para evitar la huida de los abogados con más experiencia a pesar de que éstos quizás aún no estén preparados para ascender a socios de cuota. Con todo, otros expertos opinan que parece que se formen socios de "segunda clase" y sin la calidad o los beneficios adquiridos por los socios de cuota.

While some members of the Group of Experts feel strongly that the current expansion of firms is generating more partnership opportunities, others believe that there are now higher requirements and fewer opportunities. The age of partnerships may be an additional barrier to new partners. In some firms founding partners are reluctant to retire, while the new generation of partners may be 15 to 20 years away from retirement.

But it is the role of salaried partner that raises most difficulty for members. Supporters feel it is a useful tool to retain senior assistants who may not yet be ready for partnership, as well as giving them a trial period before granting equity status. For others this is an unsatisfactory situation, creating a "second class" partner with neither the skills nor rewards, and without the risk carried by the equity partners.

All believe, however, that salaried partner status requires very careful managing with the individual – especially regarding their ability and realistic opportunities to make equity.

Charles Coward at Uría Menéndez believes: "law firms that focus only on size or growth will certainly need to restrict access to partnership if the economy slows or if additional competition arises in the form of newcomers. By definition, it is more difficult for an associate of a highly leveraged firm to become an equity partner."

Even so, Marcos Araujo at Garrigues, with twice the leverage of Uría, says his firm is open to new partners. "We pride ourselves in ensuring that access to partnership remains as easy or difficult as it ever was." He believes it is the English law firms, with their focus on profitability, who find it hard to make new partners.

Few respondents felt they should make a public distinction with clients between partners with equity status and those who are salaried. As one anonymous Expert puts it: "If the requirements for being made a salaried partner are as rigorous as those for equity partners, then there is no need to make public the distinction." Which leads others to ask – if they are in fact the same quality as equity partners what is the need for salary status?

Is it becoming harder for young lawyers to become equity partners?

"Yes, the legal profession is more demanding every day; dealing with increasingly complex matters requires greater skills and more dedication." Fernando de las Cuevas, Gómez Acebo & Pombo

"The significant growth of the Spanish legal market has put a few young lawyers into a position where they could become equity partners sooner than usual. However, the level of activity needs to be maintained over the next few years in order for these lawyers to make it." Javier Fernández Cuenca, Pérez-Llorca

"Founding partners have difficulties in accepting new equity partners." António de Macedo Vitorino, Macedo Vitorino e Associados

"Young lawyers are giving more importance to law firms where partnership is an effective possibility." Diogo Leónidas Rocha, Garrigues Leónidas



"Due to the badly supported, unplanned and inconsistent enlargement of a lot of law firms most will face serious problems and inevitably must be restructured." César Bessa, Monteiro, Abreu, Cardigos Associados

"Yes, the main reasons are top quality of the potential candidates and the increasingly difficult balance between maintaining demanding profitability standards and giving young lawyers the opportunity to develop as partners." José María Balañá, Lovells

Is it an advantage for law firms to make people salaried partners?

"Firms keen to emphasize size and numbers are the ones most likely to favour or have large numbers of salaried partners. I am not certain that this type of approach benefits retention or makes young lawyers feel really part of the firm." António de Macedo Vitorino, Macedo Vitorino e Associados

✘ "No. The principal disadvantage is that short of introducing salary premiums, there is little enticement for permanent continued improvement in performance." Luis Vinhas, Abreu & Marques, Vinhas e Associados

"There are some firms who hold on tight to the idea of hourly billing no matter what the client wants, those firms are likely to lose out." Manuel Barrocas, Barrocas Sarmento Neves

"Yes. Salaried partners are a comfortable and logical way – albeit somewhat dangerous in the long run – of solving the problem where a firm wishes to retain a senior lawyer who is a great professional but for some reason cannot make partner." João Vieira de Almeida, Vieira de Almeida & Associados

"Purely transitory, it should never be permanent." Luis Crespota, Deloitte

"Salaried partner is more a question of a promotion for a senior associate and a way for the firm to recognise hard work and commitment with the firm. It is a clear message, both inside and outside the firm, that this salary partner will one day become an equity partner." Vitor Marques da Cruz, F.Castelo Branco & Associados.

"We expect to see a strong enhancement of this status in the coming years. I do not see any circumstance in which salaried partners could not be an advantage for most law firms." Francisco Escat, Baker & McKenzie

"The word salary is a fiction that makes the concept of partner quite a blurred one. I do not see any particular reason to convert a senior solicitor into a salaried partner except the tradition." Lupicínio Rodríguez Jiménez, Lupicínio Eversheds

Should law firms make a public distinction between equity and salaried partners?

✘ "We think transparency for clients is paramount. Non-voting partners should be (and in our case are) mentioned in a distinct way from the voting equity partners." José Miguel Júdece, PLMJ

"Whatever the motivations are, I think that this should be an internal distinction and there is no reason for partners and lawyers from other firms to be aware." Rafael Montejo, Legalia Abogados

"A client should not rely solely on a purely verbal description of the hierarchy of the lawyer within the firm. I do not therefore think that a public distinction between equity and salaried partners should be made." Carlos de Sousa e Brito, Carlos de Sousa e Brito & Associados