1 Who and What Is a Law Firm?

It takes very little to make a law firm. For purposes of this book, a law firm consists of one or more lawyers who share some or all of the following: office space, clients, expenses, and revenues.

Prior to the start of the Twentieth Century, this basic description by itself largely captured the reality of most law firms. Most law firms were very small, effectively just office sharing arrangements. Young lawyers typically arrived as apprentices. They studied and learned under a senior lawyer, and helped that senior lawyer with cases. Once the apprentice was prepared to handle his (or, rarely, her) own cases, the apprentice generally left and established a separate practice.

Sometimes a senior lawyer also developed too much work for one lawyer to handle, and asked an apprentice or former apprentice to help handle some of the work. Or sometimes an experienced lawyer shared office space with another experienced lawyer, and—while likely not working together much on matters—these lawyers might have divided up work.

Perhaps one handled all the transactional work, the other litigation, or they helped each other cover proceedings and the like. These two models became the first multi-lawyer firms.

In the early part of the Twentieth Century, the New York firm that became Cravath, Swain & Moore decided to break somewhat from the traditional model and start what is now known as the "Cravath system."[4] In the Cravath system, young lawyers are recruited to join the firm right out of law school. These young lawyers are then expected not to develop their own clients, but to work on matters for firm clients. After some period of years, some of these lawyers are invited to join the partnership and to assume an ownership interest in the firm. Others leave the firm, generally to take on other legal jobs (in-house counsel, government positions, and the like), non-legal positions, or to join another firm or open their own firms. Firms operating using a version of the Cravath system tend to be "up-or-out" system: a junior lawyer is promoted to partnership or is expected—and might be forced—to leave the firm.

As the Twentieth Century progressed, the largest firms in the country grew rapidly in size and sophistication. In the early 1900s, few firms had more than a handful of lawyers. As of 2007, the largest American-based law firm has almost 3,800 lawyers[5] More than 250 firms, meanwhile, have at least 170 lawyers.[6] Twelve American-based law firms have gross revenues in excess of $1 billion.[7]

Further, law firms employ hundreds of nonlawyer staff. These staff include secretaries, paralegals, filing clerks, runners, and others, who are performing jobs traditionally performed by law firm staff.

As law firms have grown and the legal profession has matured, firms have also become more sophisticated in their operations. Once, lawyers were solely responsible for marketing their practice, running the firm and supervising staff, and overseeing

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[4]Milton Reagan, *Eat What You Kill* 20 (2004).

[5]National Law Journal, *The 2008 NLJ 250, available at* **http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202425778391** (reporting DLA Piper has 3785 lawyers).

[6]*Id.*

[7]American Lawyer: *The Am Law 2008: Two Firms Pass the $2 Billion Mark, available at* **http://www.law.com/jsp/tal/PubArticleTAL.jsp?&id=1208947716661**.

completion of client work. But handling firm management became too time-consuming for lawyers, or lawyers decided it made sense to have a non-lawyer assist in certain capacities. Initially, some firms asked staff to assume additional or more specialized roles. A particularly able or skilled secretary or paralegal might assume responsibility for some marketing, or for managing information technology and staff.

By the latter portions of the Twentieth Century, the largest and most sophisticated firms retained specialized professionals to manage the firm and to handle various administrative capacities. A person with business or management expertise might be asked to become firm administrator, a trained accountant might be asked to take over the bookkeeping or chief financial officer role, and trained marketing staff might be asked to handle marketing functions.

Today, many firms have a managing director or chief operating officer, frequently a well-credentialed professional. Firms also hire marketing and human resources specialists to handle marketing and human resource tasks. Some firms employ literally scores of marketing personnel. They have people to write computer programs, manage information systems, data, and files, and even prepare electronic documents for production or electronic exhibits for trial. Also, the current trend in law firm management is for a law firm to identify the limited portion of the market for legal services it wants to serve, and then to arrange its resources to best serve that market. For many firms, this means stripping the resources from, and possibly even shedding away, practices that do not fit the firm's intended focus.

This overview should not be read to suggest that all firms are similar, or that all larger firms today have many lawyers and professional staff handling personnel, administration, finance, and information technology, or that they are narrowing their focuses. Rather, most lawyers still practice at firms with two or fewer lawyers. (In 2006, the ABA reported that 47 percent of lawyers in private practice were sole practitioners.)[8] Some markets, even

[8]American Bar Association, *Lawyer Demographics*, *available at* **http://www.abanet.org/marketresearch/lawyer_demographics_2006.pdf**.

some significant cities, may have only a handful of firms with more than a dozen lawyers. The exact traits of these firms vary, but many continue to use a combination of the lawyers, legal secretaries, and paralegals to handle all or virtually all aspects of the practice of law and the operation of the law firm. Many firms also handle virtually any legal work that walks in the door and that appears likely to pay.

Moreover, while this summary initial describes the typical growth of a standard, corporate-client focused firm, many firms today have a much more limited practice. A plaintiffs' firm, for example, may consist only of a couple of partners who receive help from some shared associates, paralegals, and legal secretaries. Another firm, particularly one that relies heavily on relatively small collection matters or bankruptcies, may have only a few attorneys, but rely on a great number of paralegals and legal assistants who help handle such smaller cases quickly and efficiently. A third firm may provide trust and estate services only to very high net worth individuals, and employ only very experienced lawyers as well as nonlawyers who possess appropriate skills and expertise—such as accounting or investing expertise—needed by such clients. A firm may even have most of its lawyers work from their homes, or use lawyers based in foreign countries. Few commonalities exist anymore among law firms—if they ever did. When considering or joining a firm, you should identify and assess how the features more unique to that firm are likely to coincide with your vision of your life and expected practice.