Introduction to Law Firm Practice 2011
Michael Downey, Hinshaw & Culbertson LLP
Exercise – What to Do with Wei Wu?

Background

XYZ Law Partnership, LLP (BLP) is a 60-lawyer firm based with four offices throughout Central State. The firm primarily represents business entities in business transactions, real estate matters, and commercial litigation. It also has an employment law practice, an intellectual property group (with one equity partner patent attorney), and a tax practice. Total revenues equal approximately $36 million.

Before a meeting of the Business Transactions Practice Group at XYZ Law Partnership, LLP, a small group of lawyers from the group discuss a proposal from Paula Peterson, chair of the Business Transactions Practice Group, to consider lawyer Wei Wu as a lateral candidate.

Participants in the discussion are:

Paula Peterson (equity partner & practice group chair)

Stan Sanders (equity partner)

Bruce Benning (recent non-equity partner)

Irene Imhoff (6th year associate, solid but not stellar partner candidate)

Jay Johnson (3rd year associate, promising but not engaged, interested in international law)

Each participant should take a role in the discussions.

Criteria for Partnership

There are no formal criteria for promotion to equity partnership. However, the Compensation Committee, which has responsibility to recommend candidates for equity partner as well as to set compensation for all equity and non-equity partners, has established "threshold considerations," which are:

Respect from the firm

Respect from the legal community

Origination of business

Commitment to clients

Commitment to the firm

Although there is no formal threshold, ordinarily an equity partner is expected to originate more than $500,000 per year in business.

Paula's Proposal

Ms. Peterson has suggested that Ms. Wu start as a contract partner and that she immediately convert to an equity partner on the first day of the month after she obtains both originations and gross (working attorney) revenue of $40,000 per month for four months straight (*i.e.*, if she has $40K in originations and $40K in gross revenues in January through April, she would become an equity partner on May 1). This would be a special deal: XYZ normally only considers equitization of partners in December. Ms. Peterson believes such a deal is necessary to attract Ms. Wu.

Ms. Wu presently serves as Director of Central States International Trade Office (a non-legal position in a statewide governmental office). A change in governors is forcing Ms. Wu from the CSITO, and she would like to join XYZ because of her close personal friendship with Ms. Peterson, head of the firm's Business Transactions Practice. Ms. Wu would be the first lawyer to focus on international business transactions at XYZ.

Wei Wu's Credentials:

2007-	Director of Central States International Trade Office (CSITO) *As Director at CSITO, one of Ms. Wu's major successes was to arrange for cargo flights from China to use Central City's old municipal airport.*
2004-07	General Counsel, Central States International Trade Office
2001-04	Associate, Linklaters, New York City (a top UK-based international firm) *Received the Francis Deak Award from American Society of International Law, granted to younger authors for meritorious scholarship.*
1999-2001	Law Clerk, George Carman, Chief Judge, U.S. Court of International Trade
1998	LLM. Columbia University with honors
1996	LLM. China University of Political Science & Law (a top school in China)
1994	LLB China University of Political Science & Law

Ms. Wu is married to an internationally-renowned research scientist who heads the genetics research institute at Central State Medical School. Ms. Wu has remained in Central State because of her husband's position.

Ms. Wu has not practiced law at a law firm since 2004. She would bring no business to the firm, but she is well-respected and her connections in Central State's and the global business community are significant. During interviews, Ms. Wu has admitted that she has "virtually no experience ever mentoring anyone."

Does your firm accept Ms. Wu as a lateral? On what terms (i.e., status and promises of equity partnership)? How do you feel about this?