



Boston College Law School - Career Services Office

How to Assess the Financial Viability of a Law Firm (Without Access to Their Partner Compensation Data ...)

In today's market, you need to determine how well a given firm is doing before you accept (or decline) an offer from them. As firms are private partnerships, there is little public information about their finances and it is awkward, at best, to ask a senior partner specifically how the firm is doing financially. The following list provides you with some guidelines as to other ways to assess the firm's viability without actually asking.

Questions to Ask Associates

Meet with associates at the second and third year level and try to ascertain how busy they are. First year associates normally lead a roller coaster existence so their work hours and billables will always be erratic. If the second and third year associates are slow, consider whether this means that partners and senior associates are hoarding any work and little is trickling down to the junior ranks.

How have you been impacted by any cost-cutting measures that the firm implemented within the last two years?

Has the firm shifted any associates from slower practice areas to busier ones, *e.g.* have corporate associates been retooled as bankruptcy attorneys?

Questions to Ask Firm Partners

What is the firm's Strategic Plan? (If a firm does not have a plan that might present an issue.)

How diversified are the firm's practice groups?

What are the firm's growth areas right now? Has this list changed within the last two years?

Are partners required to make capital contributions to the firm? (*Remember that partners get paid last.*)

Has the firm opened or closed any offices within the last two years? Why?

How long is the current lease?

Who are the firm's top 10 clients, in terms of both hours and finances? Has this list changed within the last two years and why?

How has the firm's class size for summer and entry level associates varied in the last two years? Has the firm extended offers to all summer associates?

What, if any, cost-cutting measures has the firm implemented within the last two years?

Questions to Ask Summer Associates

The firm should be able to provide you with a list of former summer associates if you do not know anyone who summered there.

How busy were they this summer?

How busy were the associates who sat near them or who mentored them?

Were their assignments for actual clients or for business development purposes?

Resources

Compare the firm's NALP numbers (*i.e.* previous year vs. current year) to assess any change in firm size (remember to compensate for the entering class) and changes in practice area numbers, (*e.g.* has the number of corporate associates decreased significantly)? What seems to be the firm's attrition rate?

Review the *American Lawyer* "Am Law" 100 and *AM Law* 200 lists and pay particular attention to the charts that delineate: 1) Change in Gross Revenue from the previous year to the current year; 2) Change in Revenue per Lawyer from the previous year to the current year; and finally, 3) Change in Profits per (Equity) Partner from the previous year to the current year, bearing in mind that partners are supposed to get compensated after all other firm expenses have been paid. Also, remember that *Am Law* receives these numbers from the firms.

Review recent news articles for stories about any of the firm's practice areas or major clients. (www.nylj.com/nylawyer is a good resource). Have any partners or practice areas recently left the firm?

If you have questions, please set up an appointment with a career counselor.