

Partnership Assets

“Did you hear about Jim Freeport?” Executive Committee member Harry Puncillio asked his fellow EC member, Robert Mentor.

“No, what happened to Jim?”

“Nothing happened to Jim, it happened to us. He’s leaving the Firm?”

“No kidding? Isn’t he a bit young to be retiring?”

“He’s not. He’s joining Effete & Mighty.”

“No. Jim never struck me as an Effete-type guy.”

“Well, he’s about to become one, Bob. And he’s the fourth partner we’ve lost this year to one of our competitors.”

“We’ve got to do something about this.”

“Just what I was thinking.”

“Good, we’re in agreement then, Harry.”

“The question, though, is what to do.”

“Exactly, Harry, that is *precisely* the question. Why don’t we talk about that sometime?”

“How about now?”

“Don’t we need to get committee consensus on this, Harry?”

“We’ll need committee consensus to take action, Bob, but we don’t have to get committee consensus to talk. The partnership agreement provides specifically – and I think I quote here – ‘that nothing herein to the contrary notwithstanding shall be construed to prevent partners from talking to one another outside of committee meetings, from time to time.’”

“By golly, you’re right. I’d forgotten all about that provision. Good thing somebody thought to include it. So, then we’re free to proceed.”

"Sure are. What do you recommend?"

"Well, off the top of my head, I'd say the problem is one of loyalty. We've got to instill a greater sense of loyalty in our partners."

"And just how would you propose we do that?"

"I don't know, maybe an oath?"

"You think a loyalty oath would keep partners at the Firm?"

"Maybe not. But if they felt more a part of the Firm, in on decisions, you know, that might help. Perhaps we ought to go back to having weekly partnership meetings."

"Bob, we ditched those weekly meetings ten years ago because they were a waste of time. Now we can't even get partners to come to our annual meeting."

"You're right, that's probably not the answer. And I guess physical restraints wouldn't work, either. It's a damn shame to lose these good people, though, after all the Firm has invested in building them up. But everything seems to come down to the bottom line."

"Wait a minute, Bob, I think you've got something there."

"I do?"

"Yes, you do. What's the Firm's most valuable asset?"

"I don't know. I suppose our computer system cost quite a bit, didn't it? And the art collection wasn't exactly peanuts, either."

"No. I don't mean equipment, Bob. People. People are our most valuable asset, and partners are our most valuable people, isn't that right, Bob?"

"Can't quarrel with you there, Harry."

"So, that's it, isn't it, Bob?"

"Sure is, Harry. *What's it?*"

"If partners are valuable assets of the Firm, our most valuable assets, we've got to start treating them as such, right?"

"Couldn't agree with you more on that one, Harry."

"So, we wouldn't let our computer system, or our art collection, walk out the door without our getting compensated for them, would we?"

"No. I don't think our computer system or art collection could actually walk out the door, but I think I see what you're driving at. You think the Firm ought to get compensated when our partners leave."

"Gosh darned right I do."

"But the firms that are stealing our star partners are already paying top dollar for them, and our best partners are worth it, so I don't think we could get any more for them."

"That's just the point you were making."

"Yes. Ah, could you expand on my point a bit, just so I can make sure you've understood it fully."

"Of course. What you were saying, that is, if I comprehend you correctly, was that the problem was not so much that we were losing partners, but that we were losing the *wrong* partners, our best partners.

"That's exactly what I was saying."

"We've got plenty of partners who aren't producing. What we've got to do is figure out how to lose the partners we want to lose."

"But that won't be so easy to do, will it, Harry. After all, our competitors are going to want to nab our most productive partners, the way they always have in the past."

"Sure, but *we* know the value of our partners far better than the firms to which they're going. All we've got to do is tout the virtues of our deadwood partners and pawn them off on our competitors for big bucks."

"And how exactly will we benefit from this, Harry?"

"Well, our underproductive partners know who they are. Most of them are concerned right now that we're going to bid them a not-so-fond sayonara. If we can tell them that we are going to unload them on other firms at a big premium, they'll be happy to give us a portion of that premium."

"That would only be fair."

"Fairness is all we're after. So, we'd be taking partners who were a net loss to our firm and creating a new stream of revenue from their sale. That revenue will make the Firm more profitable, which will mean that we can pay our productive partners more and thereby increase our chances of retaining them."

"But that's not the only advantage, Harry."

"It's not?"

"No, that's the brilliance of your idea. Having to pay all of that money for our unproductive partners is going to make our competitors a lot less profitable."

"So that means that *their* most productive partners are going to be on the market and will be ripe to be picked off by a firm that has trimmed its own fat."

"Exactly. And that lean and mean firm just might be Fairweather, Winters & Sommers."

"None other."

"But there's one problem with your idea, Harry."

"Clue me in."

"Well, we can't just go to another firm and offer our partners to them. They'd be very suspicious."

"You're right, that would never work."

"But that's the beauty of your idea, Harry: it creates yet another potential stream of revenue."

"You're right. Remind me how."

"Well, since we can't approach another firm directly to sell our partners, we do it the time-honored way: through a headhunter. But not just any headhunter. No, we wouldn't entrust our partners to just any headhunter. We create our own captive headhunting firm to peddle our underproductive partners at a premium, and then collect a headhunting fee on top of it."

"There's one big problem with all of this, though."

"What's that?"

"We'll never be able to explain this in a way that the EC could understand it."