



## Private Practice or In-House? *Choosing the Right Path for You*

I

As your parents may have told you when encouraging you to go to law school, having a law degree means you can do much more than simply work at a law firm.

As your parents may have told you when encouraging you to go to law school, having a law degree means you can do much more than simply work at a law firm. Of course, working at a firm can be terrific experience. Young lawyers are exposed to many aspects of the law and may even receive mentoring from senior partners. At some firms, new attorneys will “learn by doing.” Your research and writing skills will get an excellent workout. You can develop a specialty and build a client list. The compensation and the perks of working in private practice can be quite enticing. But at some point, every lawyer experiences burnout. Maybe it’s the 80-hour workweek, or maybe it’s the endless paperwork that accompanies billing in six-minute increments, but after a few years (or even a decade or two) at a firm, you may ask yourself if there isn’t a better way. That’s when the prospect of becoming a member of a company’s in-house legal team can seem especially alluring. Both law firm positions and in-house positions have their perks and drawbacks, though. The trick is to determine where you, your skills, and your lifestyle requirements will fit most comfortably.

### **At the Firm: An Overview**

Law firms are excellent places to launch your legal career. Most corporations don’t hire members of their legal teams until they have had a few years of seasoning at a law firm. Why? Well, because a law firm is viewed as a type of “finishing school” for a young lawyer. Of course, a lawyer’s “finishing” will depend on the type of firm he or she works at.

At a small firm, the environment may be much different than at a large big-city firm. The practice may be more general overall, and the firm may not have a formal training program. Instead, new associates are likely to have more client contact and more hands-on experience from the start. You may not work the long hours that are practically required in a large firm, but you may have to bring in your own business. In addition, small firms don’t have the same resources that larger firms do, so you may find yourself handling your own paperwork rather than relying on a legal secretary. Finally, small firms won’t offer the high starting salaries of mega-firms. But if you are eager to jump in and control your own destiny, a small firm can provide excellent training. Not all small firms are the same, though. Some small firms are actually “boutiques” and focus only on one specific type of law, which means you won’t get exposure to many different kinds of law. Others are spin-offs of larger firms, in which case a new associate may have an experience similar to a larger firm, although the environment itself may be smaller.

At a mid-size firm, new associates are likely to make more money than at a small firm. Also, the practice may be less generalized—a mid-sized firm is likely to have at least a few different departments that will specialize in a variety of legal issues. Medium firms will, of course, have more resources than very small firms, but they still won’t be able to match the vast law libraries and administrative support that big firms offer. Still, if you are afraid you might get lost in the crowd or weeded out of a highly competitive large firm, a mid-size firm may be the way to go. A mid-size firm can offer a good combination of solid training in a variety of legal specialties, a good salary, and hands-on experience.



Many large firms have training programs, either formal or informal, that will guide a young attorney's professional development. For example, an associate may be rotated through several different departments before he or she chooses to focus on a specific practice area. That way, the associate gets a broad overview of the firm and of the legal system as a whole. This day-to-day variety will keep you from getting bored. However, working at a large firm may mean you'll spend more time paying your dues by writing boring briefs and memos.

Working at a law firm also provides young lawyers with a sort of safety net. Yes, all new associates have to start out doing the scut work, but eventually, you'll have the chance to work on important deals or cases. No matter what your responsibilities, a more senior member of the firm will always be watching over you and monitoring your work. You'll make mistakes, but your supervisor won't allow you to screw up too badly.

Working at a law firm, no matter what size, also means that you'll get experience servicing clients. Law firms are part of the service industry. Although they offer a very professional service, at the heart of it, the client is still king. After all, the clients pay the bills! Therefore, young attorneys must learn how to meet clients' needs and keep them happy. This is a valuable skill, but that means that your needs often have to take a backseat. According to a former law firm associate, "If a client calls at 6:30 on a Friday night and needs something by Monday, you had better cancel the plans you made for the weekend or else ask for a huge favor from a fellow associate." Still, for anyone wishing to move up the ranks or strike out on his or her own, knowing how to tend to a client's needs is an important skill that will help you be financially successful.

Firms stay financially successful largely based on how much they bill the client. Firms are selling their services. Charging by the hour used to be the norm, but more and more often, firms, especially large ones, are charging by tenths of an hour (every six minutes.) Every minute that associates and partners aren't billing is "lost" time that could otherwise be spent generating revenue. From a firm's perspective, the more time an associate bills, the better. And since clients are so important to a firm's livelihood, associates will eventually be responsible for bringing in new business, or "rainmaking."

The potential to earn big bucks is what lures many young lawyers to big-firm life. Even in an economic downturn, top recruits at big firms may find themselves earning close to six figures right out of school. The dollars come at a price, though. New associates often report working 60- to 80-hour weeks. This is partly because the learning curve is so steep during the first few years, but it is also because the client is king. If the client needs you there on Saturday and Sunday, you'll be there.



## Law Firms at a Glance

Firm Size	Small	Medium	Large
Hours	May be shorter than at large firms	Definitely a full-time job	Long hours are expected
Salary	On the low end	Average	Usually quite high
Training	Do-it-yourself	Some training	A well-developed system
Resources	Expect to do your own paperwork	Usually some support staff	Paralegals, word processors, a law library every thing you need
Practice Type	Mostly general	Some specialization	Lots of different specialty departments

### The In-House Difference: An Overview

Working in-house can be significantly different than working at a law firm. First of all, in-house lawyers have only one client, the company they work for. That means there isn't any pressure to be a rainmaker or recruit new clients. And since your sole client pays your salary, you don't have to worry about billable hours.

In the current economy, with firms shedding lawyers or shutting down operations altogether, you may have more job stability as part of an in-house legal team. According to an article in Corporate Counsel, even though large companies may be laying off thousands of workers, those in the legal department are usually spared. "If nothing else, corporations will need lawyers to handle the legal work stemming from layoffs," the article points out.

A common perception is that in-house lawyers don't have to work late nights or on weekends. This is partly true, since in-house lawyers only have to meet the demands of one client. So, if the company you work for is running smoothly, you may not wind up working the crazy hours that private practice can demand. However, if it is crisis time, you'll be expected to put in as many hours as necessary to get the job done. You can bet that Enron's legal team pulled its share of all-nighters! Ultimately, the hours you work will depend on the company and on the state of that company.

There is, of course, a trade-off for the somewhat cushier lifestyle that many in-house attorneys enjoy: salary. Even if you have only been in private practice for a few years, you may see your compensation take a dive when you join a corporation's legal department. And, if you are at the partner level, you may have to take a substantial pay cut—up to 50 percent, according to Kimm Alayne Walton, author of *America's Greatest Places to Work With a Law Degree*. The Law Department Compensation Benchmarking Survey, conducted by Altman Weil and the American Corporate Counsel Association, reports that in-house attorneys received a median compensation of \$92,100 in 2002. Chief legal officers, or general counsels, received an average of \$267,500 a year. The good news is that many in-house counsel jobs come with stock options and bonuses that can help bridge the salary gap. In addition, what you may lose in salary, you make up in personal time and control over your working hours.



### **What Does an In-House Attorney Do, Anyway?**

Many in-house attorneys do a little bit of everything. You may find yourself working in areas such as transactions, acquisitions, and contracts. And since many corporations have a global presence, international law may come into play, as well. In short, members of the in-house legal team tend to be generalists. If you enjoy working on a wide range of legal issues and don't want to be pressured to specialize, as may happen at a law firm, in-house work could be right for you. But because in-house counsel is responsible for such a wide range of matters, efficiency is highly valued. According to an in-house practitioner at a Fortune 500 company, "The in-house practice is more about setting priorities and doing the best you can with the time allotted. On exceptionally busy days, 'triage' is a good way to describe your duties."

In-house attorneys are also expected to foresee potential problems and stop them before they happen. While attorneys at law firms quickly learn to recognize the legal issues in, say, a business agreement, an in-house attorney will work more closely with the business people to establish business terms, identify legal issues, and decide what type and level of risk is acceptable. Those at the general counsel level are most likely to function as trusted business advisors and often report directly to the CEO. Business knowledge or a deep knowledge of a specific industry may be especially helpful for in-house attorneys.

One thing in-house attorneys may not do much of is litigate. When corporations are preparing for trial, they often turn to outside counsel for assistance. Because in-house counsel handles such a wide variety of tasks on a day-to-day basis, they can't drop everything and prepare for trial. That's where outside counsel comes in. The in-house attorneys are more likely to manage outside counsel during trial, rather than doing the work themselves.

### **What Do You Need to Succeed In-House?**

- Learn the nature of your own responsibilities. Companies large enough to hire in-house counsel of ten have several attorneys. Be sure the division of labor is clear.
- Understand the business. How does your company make money? How does the business cycle function?
- Know the limits of your time and of your expertise. Understand the basis on which you may hire outside counsel and develop a good relationship with them.
- Stay abreast of legal developments. While law firms usually do a great job of circulating developments within the firm, in-house attorneys may find themselves more isolated. Subscribe to magazines, email updates, and law firm "client updates."

### **What Do You Need to Succeed at a Firm?**

- Realize that your clients are your lifeblood. Have a strong sense of the client's needs, and be willing to do everything necessary to meet those needs.
- Find a more senior associate or partner who is willing to mentor you. The law firm is your training ground. Take advantage of any professional development programs that are available.
- Understand that as a new associate, you may not be working on the most exciting assignments. Do good work, and that will change. Do sloppy work, and you'll be stuck spinning your wheels.



- Cultivate an outgoing personality. It will assist you in satisfying your existing clients and in attracting new ones.
- Realize that working for a big law firm is NOT a 9-to-5 job.

### **Making the Switch**

First, be sure that you really want to move from a law firm to an in-house position. “While the hours are generally better working in-house, a different kind of stress is attached to accepting more personal responsibility for any given deal,” says a lawyer at Mattel. Also, because you may not be doing as much “hands-on” practicing, it may be difficult to return to firm life later on. If you’re sure that an in-house job is right for you, the best time to start looking is after you’ve gotten three to five years of experience in private practice. This is because “you’ve got some experience under your belt, but you’re still—to be perfectly crass—cheap,” writes Walton. “The longer you stay in private practice after that, the more likely you are to price yourself out of the market.”

When you start looking for in-house positions, try working your personal connections first. Then, do research on the corporations you’d most like to work for. Send your stellar resume and cover letter to the legal department or the human resources department. In-house jobs are in high demand, so you will be facing stiff competition. Be persistent!

### **What Is Right for You?**

Only you can decide whether you would be happiest in private practice or as a member of an inhouse legal team. Whichever path you choose, Legal Authority can assist you in researching the corporations or law firms that will be most receptive to your talents.