

# Reimagining Rainmaking: How Alternative Origination Credit Can Address Inequity and Enhance Retention

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# Can Origination Compensation Promote Diversity?

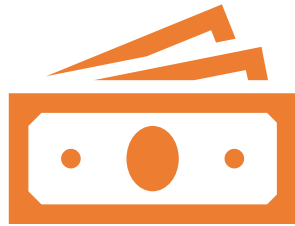


# Lockstep Compensation

- Compensation based on seniority
- Transparent
- Rewards loyalty, not profitability *or* origination



# Formula-Based Compensation



**Compensation based on formulas**



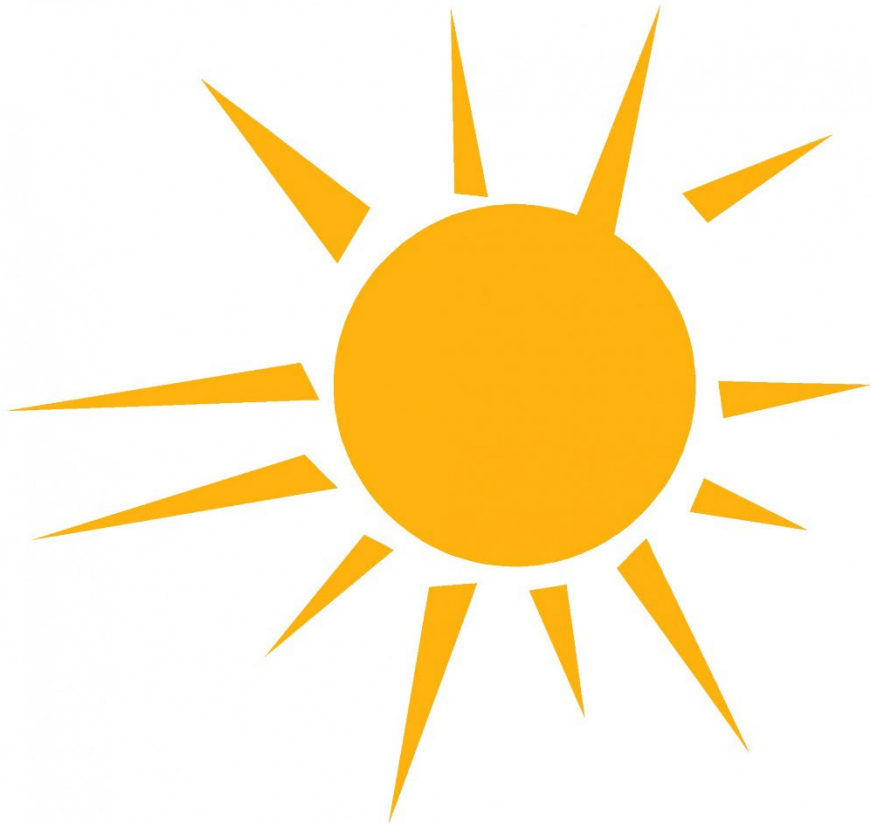
**Formulas may include:**

- Hours formulas
- Profitability formulas
- Origination formulas
- Citizenship formulas

# Discretionary Compensation

- Lockstep or Formula-Based Compensation can be modified to allow discretionary considerations
  - Firm citizenship
    - Committees, Management
  - Community citizenship
    - Pro bono work, non-profit board service
  - Reputation and marketing
    - Intangible values

# Levels of Transparency



- Transparent formulas and compensation
- Transparent formulas, not compensation
- Transparent compensation, not formulas
- Discretionary modifications reduce transparency



# Origination Credit

## Shared

- Attorneys decide how to divide credit
- Rewards all aspects of client service
- Requires trust and sacrifice

## Sole

- Credits only the primary relationship
- Motivates hustling
- Disincentivizes collaboration
- More inner-firm competition

# A Rising Tide Lifts All Boats



Shared origination allows senior partners to sponsor diverse partners to ensure their joint success.

# Closed Compensation System



# Closed Compensation System – Box Input

- Originating attorney collections/profit
- Billing attorney collections/profit
- Working attorney collections/profit
  
- Management
- Pro bono
- Business development activities
- Training/mentoring
- other firm activities

# Closed Compensation System – Box Output

## High Visibility to firm financials

- Firm wide collections/profit
- Firm expenses
- Costs per attorney
- Equity partner bonus pool

# Closed Compensation System

- Requires trust in managing partner
- Greatly reduces Partner infighting
- Efficient; more focus on client service and the practice of law
- Ability to reward good behavior

# The Client's Role In Assigning Origination Credit

- Does the client have a say in origination? Should they?
- How do clients express expectations to potential or existing counsel?
- How far do clients go in advocating for origination credit?
- Uncomfortable conversations ... and uncomfortable silences

# Compensation Systems Drive Behavior

- What really matters? Transparency, mentors, opportunities
- Do your people understand law firm economics?
- What is the impact on diversity?
- Does the client have a role in forcing changes to compensation systems?



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