

Top firms take wildly differing stance to partner exit terms, but research shows growing willingness to enforce tougher notice periods. Caroline Grimshaw reports on the latest Big Question survey

Firms get tough on exit terms as deterrent tactics gain sway

UK business lawyers continue to disagree on what is an acceptable notice period for departing partners, while a high number of clients are complaining about partners being put out of reach through such measures.

The latest *Legal Week*/EJ Legal Big Question survey has found that partner notice periods vary widely, with 42% required to give less than six months' notice and 58% expected to give more.

The majority of respondents (69%) were on notice periods of between three and nine months, but 11% needed to give less than three months' notice and 11% had notice periods of more than a year.

One partner at a City firm commented: "The notice period is being turned to increasingly by firms, where previously partnerships did not even have a fixed



'IF PEOPLE ARE NOT COMFORTABLE I DO NOT THINK YOU WOULD FIND MANY FIRMS THAT WOULD WANT TO HOLD THE PARTNER TO FULL NOTICE'

Deirdre Walker, Norton Rose

notice period. As firms become more commercial, they are using it as a form of negotiation."

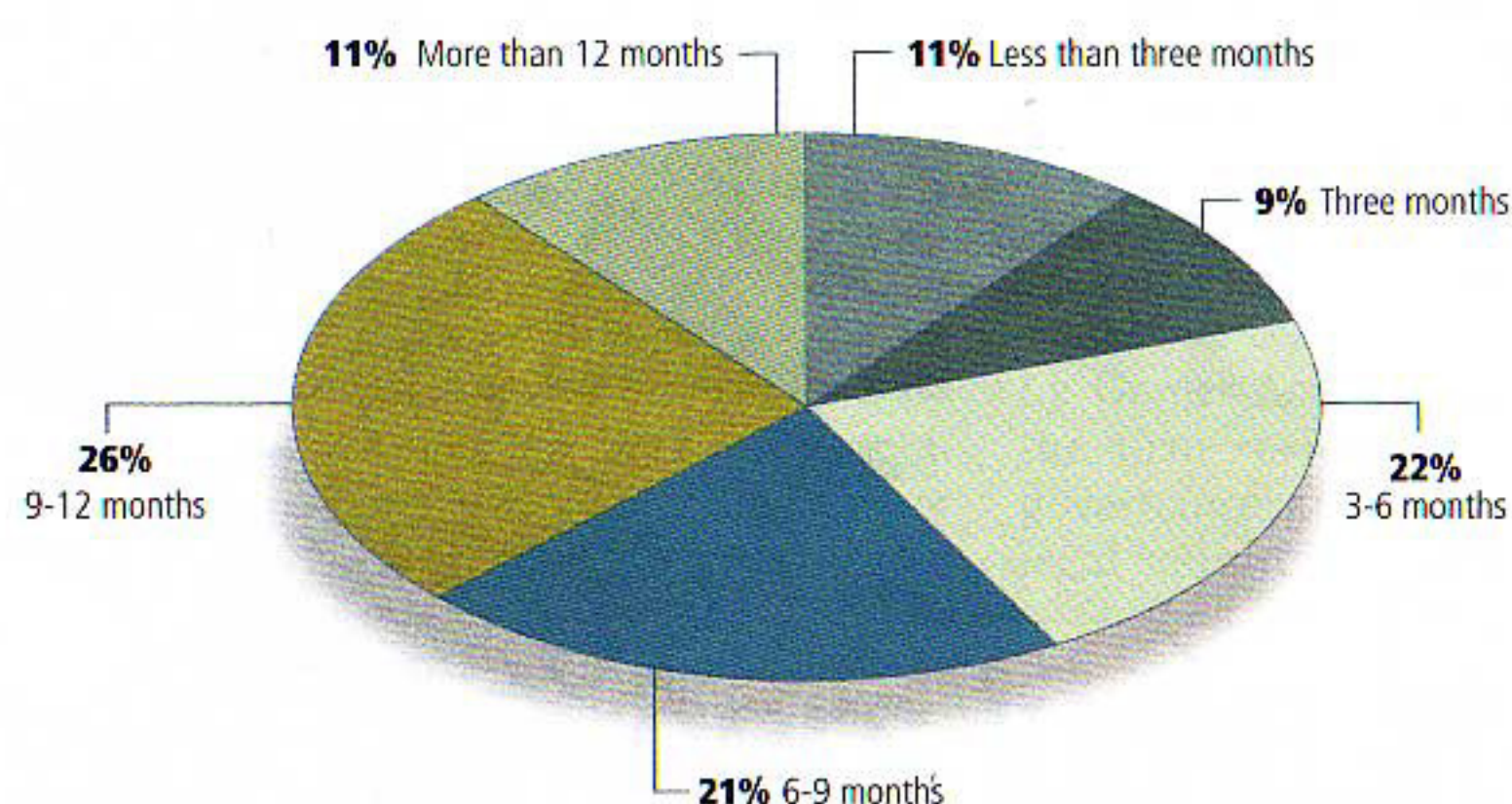
Opinion was divided about what a fair length of time to be held to is. Only 17% of respondents believed the period should be three months or less, while 55% said it should be from three to nine months. However, a significant proportion (28%) said it should be nine months or more.

Allen & Overy corporate partner Mark Wippell said: "It depends on how valuable the individual is, what clients they have and how independent or connected with the rest of the firm they are."

The results follow last week's news that Denton Wilde Sapte has extended its notice period for partners. The firm raised junior equity partners' notice periods from six to nine months, while senior equity partners' notice was increased from nine months to a year.

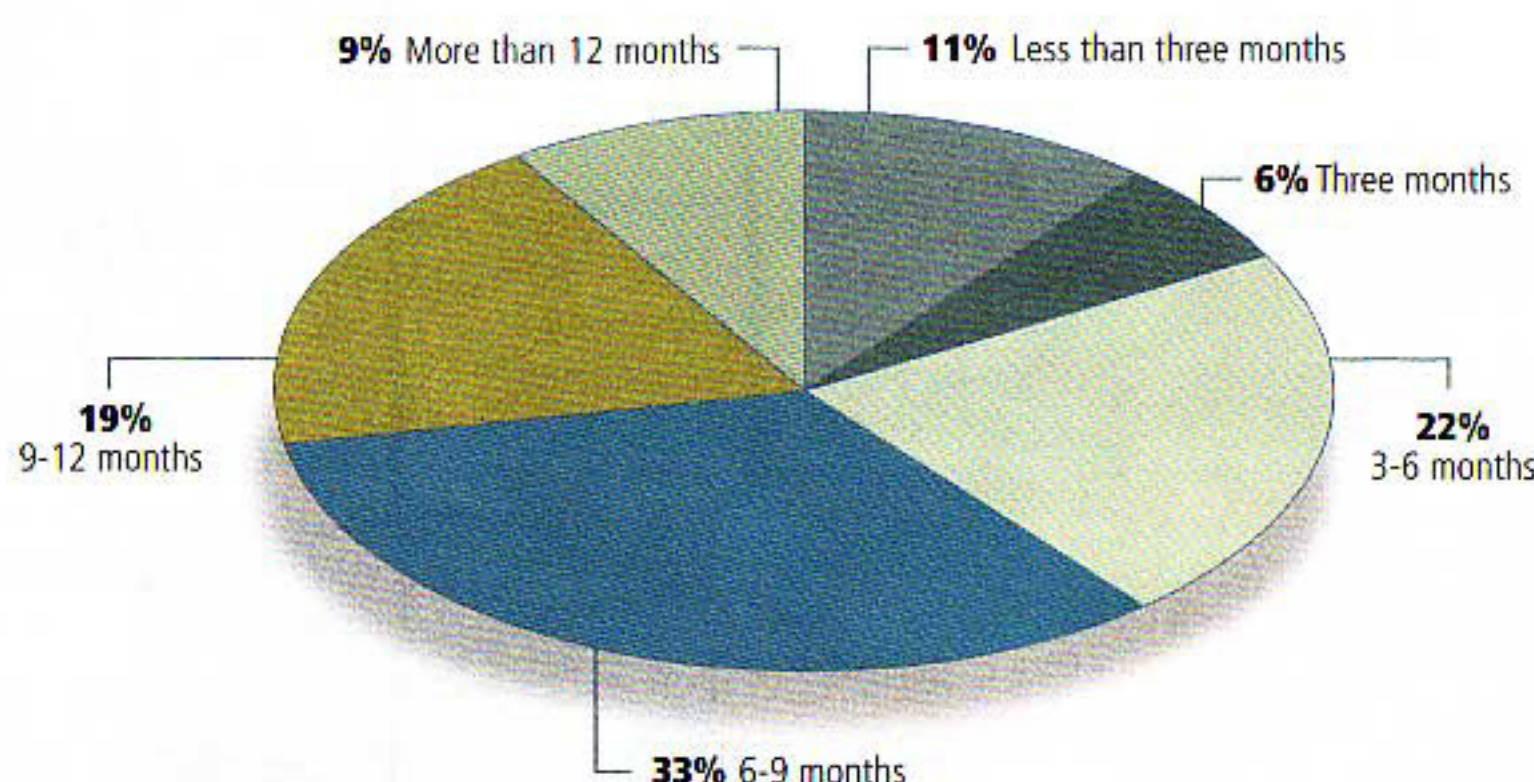
The survey of more than 100 leading partners also showed that firms are

HOW LONG IS YOUR NOTICE PERIOD?



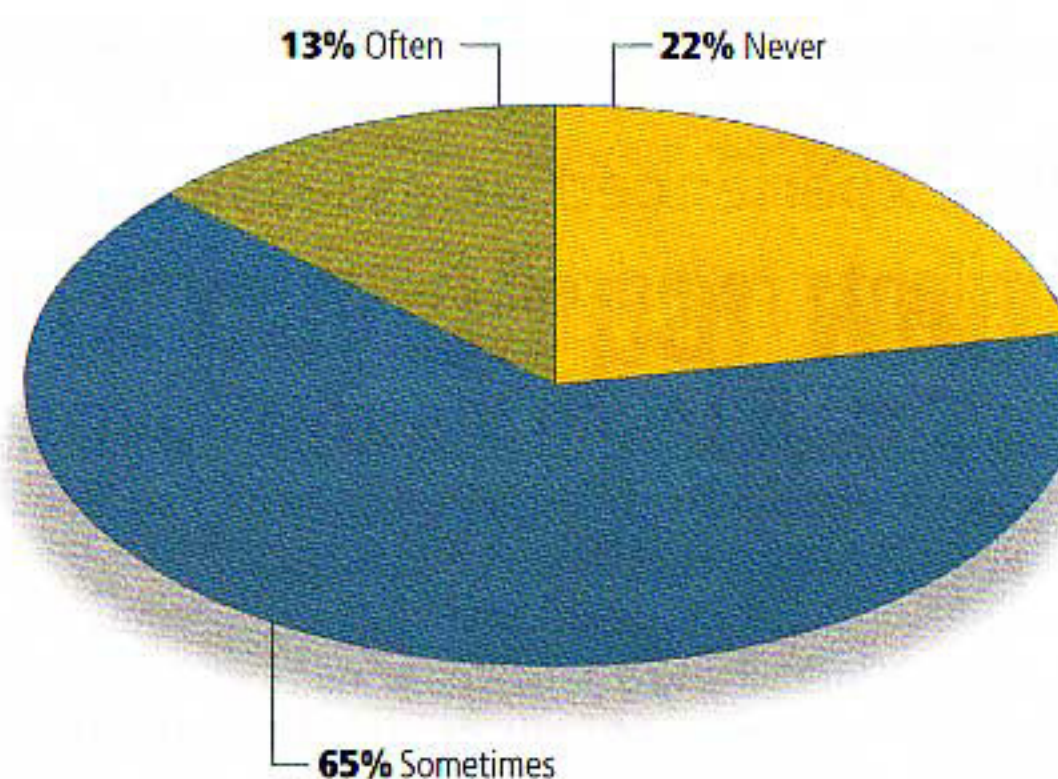
Source: Legal Week

WHAT WOULD YOU REGARD TO BE A FAIR NOTICE PERIOD FOR A PARTNER?



Source: Legal Week

HOW OFTEN DOES YOUR FIRM KEEP DEPARTING PARTNERS TO THEIR FULL NOTICE PERIOD?



Source: Legal Week

keeping departing partners to their full notice period, with 65% saying they do so 'sometimes' and 13% saying they often do. Only 22% of respondents said they never keep departing partners to their notice period.

Norton Rose managing partner Deirdre Walker told *Legal Week*: "The client's needs are paramount, but it is also a balance with the team and office because if people are not comfortable I

do not think you would find many firms that would want to hold the partner to full notice."

The majority of lawyers are against putting departing partners on full gardening leave, with 70% saying they do not think it is a good idea and only 30% in favour.

Walker added: "You have to work out a sensible solution with the client. [If you put someone on enforced gardening



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'AS FIRMS BECOME MORE OF A BUSINESS THERE IS THE TEMPTATION TO PLACE THEIR OWN INTERESTS BEFORE THAT OF THE CLIENT'

Ronnie Fox, Fox Partners

leave] you risk losing not only the partner but also the client. Why should they tolerate it?"

The number of respondents reporting clients complaining because they cannot instruct someone on gardening leave is significant, with 43% saying clients 'sometimes' complain and another 12% saying they 'often' do. Less than half (45%) said clients never complain.

Ronnie Fox, of Fox Partners, said: "As firms become more of a business there is the temptation to place their own interests before that of the client. They would prefer to risk losing the client than to allow the departing partner to take it because that acts as a deterrent to other partners by making an example of them."

TALKBACK

ARE STRONG-ARM TACTICS ON EXIT TERMS KILLING CLIENT INTEREST? POST YOUR COMMENTS ONLINE AT: legalweek.com/talkback

The Big Question is conducted in association with recruiters EJ Legal. Partners at leading UK and US firms wishing to take part in the survey should email: john.malpas@legalweek.com



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