

# PARTNERSHIP VERSUS EXTERNAL OWNERSHIP IN LAW FIRMS: CHANGE NEEDED?

Why law firm partnerships are so resilient!

I do often get invitations to speak about external investments into law firms, what basically means to hand over control to someone else but the partners (although often claimed otherwise). But is this really a change for the better? Working with law firm partnerships since over 20 years now, I observe how adaptive, resilient and, yes, even innovative this form of governance is. One of the reasons is that the partners are "in charge", and that means those who serve clients and who know what is needed have the power to change. And they do so. In the end, the legal industry is probably the only industry in the world which offers every kind of client, at every hour of the day, 24/7, 365 days long a service adapted to their needs. Is there room for improvement? Of course. But are partnerships obsolete? Of course not! They weather storms more easily as there is no external investors money which need to be protected, and the partners can, and do, adapt to different circumstances, including, without loss to anyone, merging, splitting up, or otherwise adopting to changing competitive pressures of the market or client needs. The resilience which results from this adaptable form of governance can not be underestimated...