

Mike Stein Quoted in The American Lawyer Article on How the Healthy Culture of a Midsize Firm Can Help Weather Tough Times.

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Mike Stein, Managing Partner at Pashman Stein Walder Hayden, was quoted in an article in *The American Lawyer*, “When Money Is Tight, How Can Law Firms Keep Morale From Falling?” The article discusses how the healthy culture of a midsize firm can help weather tough financial times.

“Like Murphy, Michael Stein of Pashman Stein Walder Hayden in Hackensack, New Jersey, says the culture his firm has been developing since it was founded a quarter-century ago has helped keep morale up throughout the pandemic. “I feel like we’ve been preparing for this crisis for 25 years,” he says.

“The morale at our firm is better than ever, and part of it has to do with the way we’ve handled comp,” Stein says. The message he wanted to send with compensation decisions this year was: “In a time of crisis, Pashman Stein is a wonderful place to work.”

Stein says firm staff and nonequity attorneys suffered no cutbacks in bonuses, a conscious decision the firm made well before year-end. Equity partners, he says, will likely be pleased with their bonus packages, too.

Stein says he talks to a lot of firm leaders, and when it comes to Big Law, “the firms that have the strongest sense of culture and community” tend to fare best. But it’s even more important among midsize firms, because they can’t compete with the elites on compensation. “If it’s all about what I’m paid, then law firms become fungible,” he says.

But the “reservoir of goodwill” can run dry, Stein cautions. His firm is bracing for more challenges in 2021, with revenue expected to decline 10% to 15%. Collections, which have been steady, could slow to match productivity, which lagged in 2020.

In response, Pashman Stein for the first time retained earnings going in 2021, and is hopeful that will make up for any revenue shortfalls, Stein says. Law firm culture can help firms through crises like this, but firms are still businesses.

“Culture matters,” Stein says. “If you have a bad year, if the culture is strong ... you weather that storm. If you have five bad years, I don’t care how good your culture is.”

He adds, “Profitability matters, and part of the importance of building a culture you can be proud of is so you can attract the best talent and attract the kind of work that makes you profitable.”

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