

## Why the War for Talent is Escalating for Law Firms



Talent management is the rage these days. According to *The American Lawyer*, many law firms have hired chief talent officers to focus on innovative ways to recruit, develop and retain legal personnel (not just lawyers).

It's clear the war for talent, as predicted for the past several years, is escalating. When you look at why, some factors are societal in nature, while others are peculiar to the legal profession. Here is a review of some of those factors.

### Demographic Factors

**The graying of the baby boomers.** Though it's been predicted for years, many baby boomers have been delaying retirement for financial and personal reasons. But now most can delay no longer, since those in the prime boomers group — generally regarded as those born between 1946 and 1955 — are now either in their 70s or fast approaching it.

**A complete shift in career attitudes.** With increasing layoffs, reorganizations and corporate buyouts, loyalty on both sides of the employee-employer equation has broken down. Moreover, the influence of Silicon Valley (and technology in general) has led to a re-evaluation of the value of staying with one organization for a long time. Until recently, human resources professionals would look askance at a professional who would change jobs every four to five years. Now the prevailing philosophy is often that if you

don't change every few years, you're not exposing yourself to different ideas, philosophies and cultures. The result is more movement than ever before.

**The influence of millennials.** Intertwined with the point above, millennials are particularly focused on gaining different experience quickly and moving up in their careers. Many may heap derision on millennials, but they are merely reflecting an instant-information culture in which things can get accomplished in a much shorter time than even 10 years ago.

### **Legal Industry Issues**

**Fewer law school graduates.** Both law firms and law schools re-evaluated their positions as a result of the recession, as there was a significant shortage of legal jobs for a relatively brief time. But from 2010-2015 there was a significant decrease in the number of law school enrollments, and measurable gains did not occur until last year. Part of this relates to the above point, in that college graduates decided that other options, such as pursuing an MBA, would be more fruitful.

**The reputation of law firms generally.** In our recruiting efforts, we hear much more often from candidates that they either don't want to go to a law firm or stay in a law firm. Even though the firms continue to throw money at recent law school graduates, the prevailing attitude is, "I will work in a law firm for a few years, pay off my law school loans, and then get an in-house job, even if it pays less than what a law firm will pay me." The profession has a serious reputation problem, based on long hours, the cookie-cutter assignments that often are doled out, and the whims of partners who often place unreasonable demands on associates.

Two recent trends exacerbate this problem:

- First, because of changing market dynamics (including client pushback on using junior lawyers, alternative staffing models, and the use of artificial intelligence and technology) there may be fewer opportunities for junior lawyers.

- Second, law firms promote increasingly fewer associates and counsels to partners. This phenomenon is reminiscent of an old joke, retold in Woody Allen's "Annie Hall": "The food in this place is lousy ... and such small portions."

**The diversity imperative.** Law firms have gotten the message from corporate clients that legal teams handling their business need to be more diverse. Virtually all law firms that we talk to are encouraging us to recruit diverse attorneys. As a result, the competition to recruit such lawyers is extremely intense. Moreover, statistics show that minorities and women leave their firms throughout their careers at a much higher rate than the overall average. Firms are just beginning to grapple with the fact that the traditional "assignment and mentoring" approach to associate advancement tends to reinforce unconscious bias against diverse lawyers. As a result, many firms have to focus on different methods to ensure the retention of diverse lawyers.

**Difficulty implementing succession planning.** Law firms are unique organizations in that clients tend to be tied to one attorney who is the point person for all, or nearly all, of their legal work. Studies show that nearly 35 percent of their business is tied to lawyers who are over age 60. Yet firms have struggled with transitioning those clients to more junior lawyers within the firm. Much of this is tied to the largely origination-based compensation of most firms, which makes it difficult for senior lawyers to transition work for the good of the firm, and also make it difficult to incentivize the up-and-coming lawyers. As a result, those lawyers are more apt to change firms or leave private practice entirely. (And in many cases, the client leaves the firm as well.)

Even if they were more like other businesses, the talent imperative in 2019 for law firms is daunting. But the factors noted above indicate that both big and small firms face even more urgent challenges.

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