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Why Associates Bail Out of Law Firm Life -- and Why It Matters

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The National Association for Law Placement recently released statistics indicating that almost 80 percent of attorneys at large law firms no longer work there five years later. This news comes as no surprise, considering the factors that drive this rate.

Attrition driven by shifts in the business market is to be expected in a large firm: A particular area of practice can dry up or greatly expand, depending on clients' needs. An additional degree of attrition is, of course, necessary, as large firms hire significantly more associates than they plan to share equity with as a partner.

Indeed, anyone who does the math recognizes that large firms need significant attrition in order to remain profitable. Tom Goldstein, founder of Group Magellan, a legal search firm based in Washington, D.C., explains it as part of the large firm business model: "Large firms are under constant pressure to keep their profits per partner high: If a firm cannot do so, it will lose its major rainmakers to another firm that will." Under this model, attrition rates are, to some extent, the price of doing business.

In my role as a personal career consultant to attorneys, I have met with lawyers at all levels of experience who are interested in leaving large-firm practice. The reasons they were initially attracted to a large firm vary: to pay off loans, to earn a high income, to get training and marketable skills, to learn what it was like, for the prestige, because they felt it was expected or because they were uncertain what else to do.

Regardless of why they came, what has kept them there or how long they stay, the majority of attorneys at large firms leave. While some do so because they are not made partner or are asked to start looking, most come to recognize on their own that they do not want a long-term future there.

Today, the issues involved in large-firm attrition are broad. Individuals incur enormous debt and devote long hours of hard work to become attorneys. Large law firms invest

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huge sums of money and spend a great deal of time each year to recruit, interview, hire and train associates. Looking beyond the obvious reasons for large-firm attrition rates -- changes in market demand and maximizing profits per partner -- to explicitly acknowledge the range of forces that drive attrition can help attorneys on both sides of the table maximize their return on investment.

BEYOND MARKET DEMAND

1. The legal profession attracts many bright students who are not sure what else to do next, a substantial portion of whom come straight from college without any workplace experience. Lawyers go to law school for a wide array of reasons, hoping to pursue a broad range of interests. Those without an attorney as a close friend or family member typically arrive with only a vague understanding of what practicing law is like, heavily influenced by TV and movie portrayals. After three years in school, the vast majority of lawyers from top-tier schools become associates at large law firms. For many, it is their first full-time job.

Large firms hire the vast majority of their associates from their summer class of second-year law students. And in the strict timetable of large-firm interviewing and hiring, many law students interview with and accept permanent offers based on virtually no legal experience, with little knowledge of what work in various practice areas requires and without having investigated their employment options.

2. Matches between large firms and incoming associates are made on very little information. Similarly, large firms hire these law students with very little information on which to anticipate their performance on the job, extending offers in the fall of a student's third year of school, based primarily on interaction with the candidate as a summer associate. With summer programs often focused more on lunch and happy-hour conversations than on work, evaluating summer associates' time there gives law firms little basis to project their future performance.

Nonetheless, most summer associates at large firms receive permanent offers. As a consultant to many large firms explains, those that do not extend permanent offers to all of their summer class risk triggering a recruiting backlash the following year as well as signaling a decline in business. Calculating that it is more important to preserve their recruiting pipeline, these firms extend offers as a default position to new attorneys whose summer performance was borderline or even below par.

Required to accept or decline by Nov. 1, most third-year law students, in turn, accept their offers as a default position. Students who are uncertain quickly discover that the large-firm market is drastically smaller in their third years and that other employers will not even post openings until the spring. The thought of turning down a large firm's offer can, as one student put it, "feel like jumping off a cliff," even for those who do not face the looming reality of paying off enormous loans.

3. Firms often hire attorneys into a specific practice area, and changing practice areas proves increasingly difficult the more experience an attorney has. Decisions made straight out of law school can dictate an attorney's career for years to come. While a few large firms allow new associates to rotate among their practice areas before assigning them, the majority of firms make offers to incoming associates in a certain practice area where they need coverage at that time.

Having invested resources in getting an associate up to speed in one area of the law, it is not cost-effective for a firm to allow that individual to change practice areas. A large firm may allow an associate to switch but only when the needs of the desired department have grown so that there is a hole to be filled. Even if there is a need, however, Dan Binstock, managing director with BCG Attorney Search in Washington, D.C., notes that associates who switch practice areas within a large firm can find themselves caught up in political and turf wars between different partners.

Some associates then decide to try their luck on the lateral market. The range of opportunities available to them, however, depends heavily on timing. Attorneys who have been out of school for more than a few years can face difficulties convincing a prospective employer to let them "start over" in an area where they have no expertise. As Goldstein notes, firms have little reason to hire such associates, who will need nearly as much training as first-years right out of school or second-years coming off clerkships.

In those rare cases where firms are willing to bring on an associate transitioning into a new practice area, the candidate is typically asked to "take a haircut," coming in at a more junior level with a substantially lower salary. It is not uncommon for attorneys -- particularly, those who make a move on the premise that a change of firm and personalities will improve their work life -- to leave their second firm a few years later, further adding to attrition numbers.

4. Large firms select associates largely on law school grades. Success in law school depends very little on interacting with others, and business development skills are, typically, unmentioned there. Though critical to success in large firms, such skills often remain undeveloped among associates. Junior attorneys are rarely invited to attend "beauty contests" where firms pitch their services to clients, so they have little opportunity to see how it is done. Perhaps not surprisingly, a primary reason cited for talented lawyers not making partner at large firms is their lack of rainmaking.

At large firms, investing time and resources to train associates in business development carries a potential conflict of interest. It creates a risk for seasoned attorneys that an associate will develop clients independently, therefore becoming less available to bill time to service the more senior attorney's clients and less dependent upon the firm. Further, training junior colleagues to generate business raises the very real possibility that they will use the skills they learn to leave the firm and even take existing clients with them.

5. The skills needed to become a successful lawyer are very different from those required to successfully manage employees. Attorneys who advance through the ranks of a large firm must supervise a number of employees in order to get their work done, though typically receive no training on how to do so. This absence of management expertise is apparent to associates in a number of ways. Many report receiving little to no feedback on their projects and long-delayed annual reviews that communicate very little of substance. Junior associates often bristle at their lack of ownership of their work, being told they are not competent to make certain decisions "at your pay grade" or, conversely, that doing work that bores them is "why we pay you the big bucks."

Further, while large firms rely on high salaries to keep their associates, they compensate all of them in a certain class year the same amount in lockstep rather than rewarding individual performance. Other than the distant possibility of becoming a partner, at most large firms the primary reward for doing high-quality work is simply additional work assignments. Some firms have begun to tie the amount of associate bonuses to the number of hours billed as a proxy for performance, in effect penalizing anyone who is particularly efficient in doing more work in less time.

6. The lack of work-life balance in large firms drives younger associates elsewhere. Though held out as the ultimate reward, many hiring partners and legal recruiters report that fewer junior associates are interested in making partner at a large firm. Young associates see junior partners rewarded by increased business development responsibilities on top of their workload for existing clients and are keenly aware that even senior partners work extremely long hours. Many conclude, as one junior associate explained, "It's more important to me to have a life than a career."

Here, too, the lack of work experience of incoming associates exerts an influence on their perspective. For those who have never worked other places, it is easy to believe the grass is always greener. Only after leaving a large firm do many attorneys understand that while the workload there requires an often grueling schedule, a number of work environments require longer hours than one would like but with substantially lower salaries and far less support than law firms provide.

STEPS FIRMS CAN TAKE

Large firms have an interest in anticipating attrition and preparing for its impact.

The forces driving attrition have developed over several decades and will not be resolved quickly. In the meantime, a few steps one might begin with to lessen the toll attrition takes on the legal profession follow.

1. Broaden efforts beyond those regarded as "keepers." Over the last few years, law firms have implemented programs developed to help "keep the keepers," including mentoring, hiring in-house professional development directors, providing additional training on content issues that also satisfy CLE requirements, creating bonuses for top billers and offering paid sabbaticals.

2. Recognize the value of the firm's alumni network. A growing number of firms have come to appreciate their long-term interest in maximizing the potential of departing associates as future clients. Just because a job at a large firm proved not to be a good fit does not mean the attorney will not be incredibly successful elsewhere. Maintaining good relations with alumni can include hosting "departure parties" and alumni cocktail events, paying for outplacement services for those who do not have a future at the firm and providing a professional career consultant for every attorney.

3. Make it possible for attorneys to negotiate different roles within the firm. Some large firms have created opportunities for attorneys whose skills they value to remain at the firm in a different capacity, including: a nonequity partnership status to retain experienced attorneys who can handle work independently, supervise junior associates and generate billable hours for the firm but are not expected to bring in new business; director of recruiting; director of professional development; director of marketing; and director of pro bono work.

4. Provide training on business development. Binstock notes that he routinely speaks with mid- to senior-level associates who are content at their current firms but are still interested in considering moving to another firm that will provide a better platform for long-term client development: "These business-focused associates realize that a book of business often reigns supreme, and their primary loyalty seems to be to their own career, not a particular employer."

A few of the more forward-looking firms are providing business development training to all of their associates as a way of preparing the keepers for partnership and encouraging all associates to practice fundamentals like client service, relationship-building and networking.

5. Improve management skills. In the end, many associates leave large firms for the same reasons any other ambitious professional leaves a job. They feel that their contributions are unrecognized, their performance is not rewarded, policies seem illogical and it takes too long to advance to a position with decision-making authority.

Firms could provide management training to partners and senior associates to help them be more effective in supervising junior attorneys -- both for the sake of decreasing attrition and improving service to the firm's clients.

Recent attention has focused on attrition rates in large firms among minorities and women, as well as the tension created by incoming "Generation Y" associates who consider changing jobs to be the norm. While addressing these challenges is critical to the growth of the profession, the issues involved in large-firm attrition are, in fact, much broader. The willingness of associates who are doing well at a firm to leave is clearly not in a firm's interest, but higher stakes are at risk when firms focus exclusively on the "keepers." Well-placed alumni who think highly of their former firm can help with recruiting and name recognition as well as provide a potential client base and opportunities for business referrals, but the reverse is also true. A firm's alumni will always reflect upon its reputation -- for better or worse.

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