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Law Firms Are Embracing Change to Satisfy Associates

Firms are pulling out all the stops as we head into 2019, but associate retention remains an issue.

By Meghan Tribe

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The last few years have been tumultuous for the relationship between law firms and their associates.

Marcie Borgal Shunk, president and founder of the Tilt Institute, compares it to the stages of grief.

First, firms went through denial, driven by the sense that they could make everyone fit into their mold without changing a thing, Shunk says. Then came frustration and anger over the fact that millennials weren't so eagerly complying. Firms couldn't figure out why. Next, firms moved into a bargaining phase with their associates.

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“They started saying, ‘OK, well, what if we give you something and you still give us something?’” she notes. Unfortunately, that didn’t go as planned. Firms were offering something like one work-from-home day a month but still expecting 2,000 billable hours a year.

But firms are finally moving toward reluctant acceptance, Borgal Shunk says. At long last, they’re actually making concessions.

“[Firms are] acknowledging that some of these changes are here to stay and that they may need to do things differently on a more widespread and permanent basis,” she says.

Although it’s not yet pervasive across the industry, Borgal Shunk sees law firms changing in a way that she expects to see more of in the coming year. When they hire, they’re now looking for different skill sets and qualifications, the sort that will prepare associates for the future of law.

O’Melveny & Myers, for example, has turned to psychometric tests to hire its newest crop of talent. Firms have also made extensive investments in workplace flexibility programs and expanded parental leave policies to address work-life balance concerns.

And, in 2018, several of the top Am Law firms also gave associates a sizable pay increase, raising first-year salaries to \$190,000, with senior talent making \$340,000. Factor in mid-year and end-of-year bonuses and top-earning associates now make more than partners at a dozen Am Law 200 firms.

But for all of these positive steps, firms are still staring down the issue of attrition.

“Associate retention continues to be a problem,” Joan Newman, a consultant at Altman Weil, says.

As the path to partnership becomes more and more difficult for associates at larger law firms, they are weighing their options.

“I’ve seen a lot of associates who want to go in-house for lots of reasons,” Newman says, in addition to those making the jump to other firms. “Maybe their upward mobility isn’t what they thought it would be.”

But there’s also a generational difference.

“Historically, you took a job and you stayed in that job forever,” Borgal Shunk says. “It’s just a different mindset from what most people have today.”

Rather than fighting against this trend, law firms are starting to embrace it.

“You start to see more career development, more engagement, mentoring, and more acknowledgment that this associate may not stay with the firm and become a partner, but we’re going to help support them regardless of what they choose to do,” Borgal Shunk says.

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Law firms have started investing more and more in new training programs, such as Debevoise & Plimpton's recently announced informal feedback scheme. They've also started building up alumni programs and networking activities to help associates transition to positions outside the firm, with the hope of maintaining those relationships.

"They're acknowledging the changes in the industry and, in essence, bringing in talent in a way that's going to help prepare them for that eventual future," Borgal Shunk says.