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2012**

## Show Me the Money...Is it Really About the Money? Associate Attrition in the New Normal

Washington, DC  
December 6, 2012



## Agenda

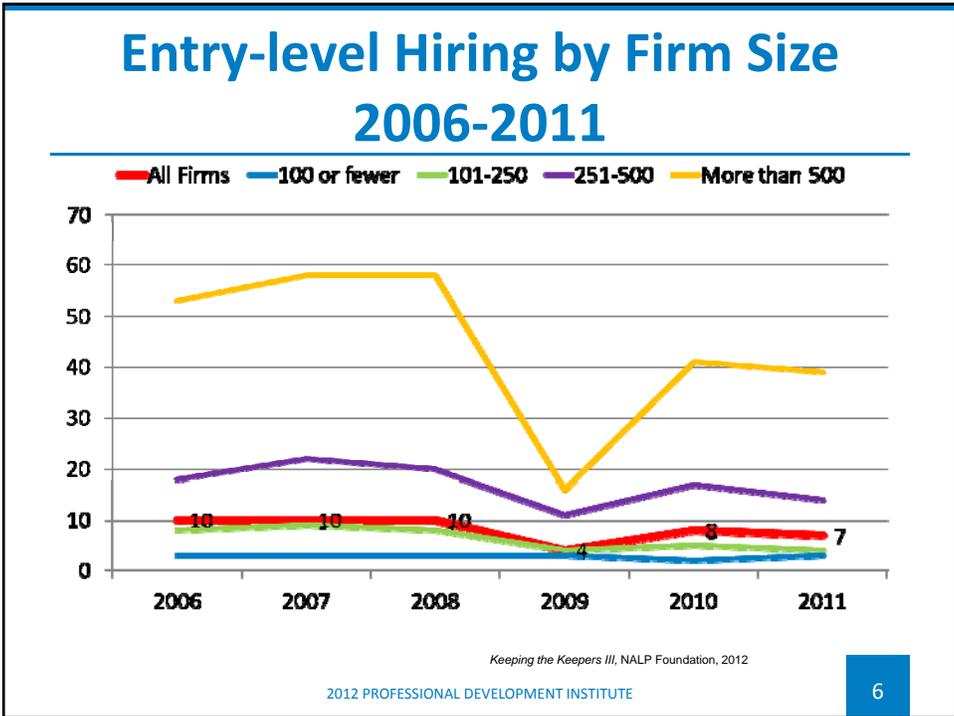
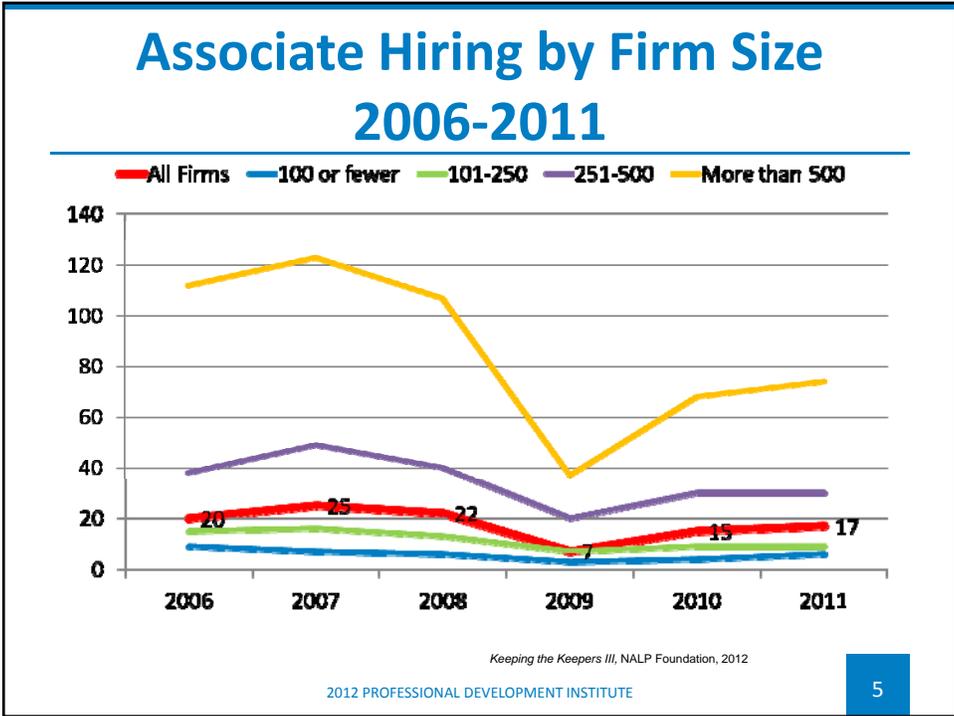
- *Keeping the Keepers III: Hiring and Attrition Data for 2006-2011*
- *Keeping the Keepers III: Looking Forward*
- Recruiting the Keepers
- Professional Development Perspective
- Firm Management Perspective
- Discussion

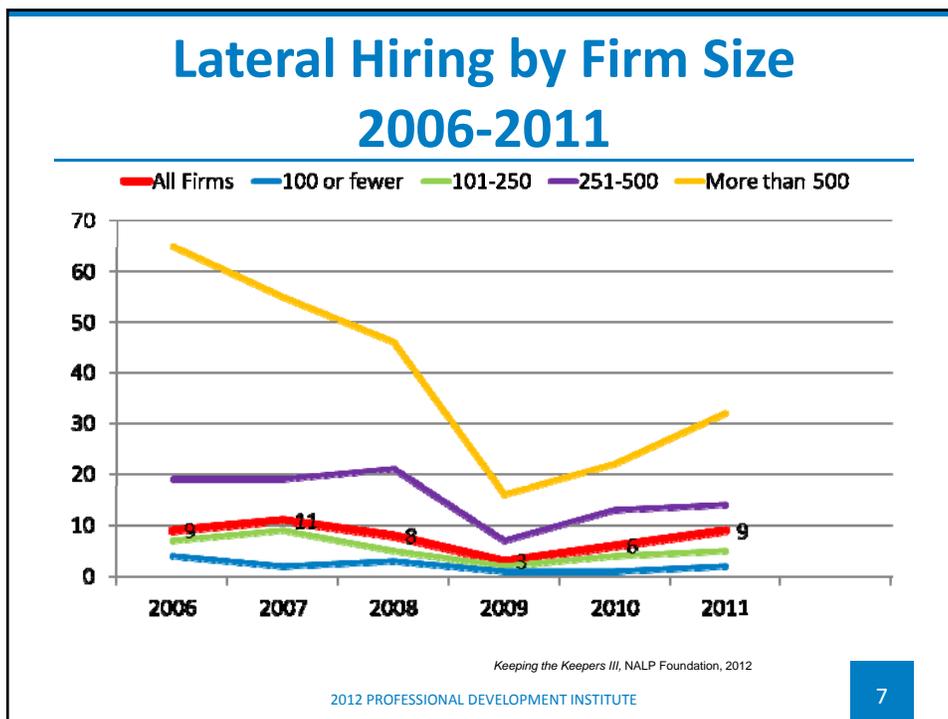
# KEEPING THE KEEPERS III

Hiring and Attrition Data for 2006-2011

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### Associate Departures by Gender and Minority Status 2006-2011\*

- Male Associates – 53%
- Female Associates – 47%
- Non-minorities Associates – 77%
- Minority Associates – 23%

\* Average departure percentage – all associates for all participating firms

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## Top Reason for Departure Entry Level Associates 2006-2011

YEAR	TOP REASON FOR DEPARTURE
2006	Desire for more regular work schedule – 18%
2007	Pursuit of practice interests – 19%
2008	Unmet work quality standards – 17%
2009	Firm downsizing – 32%
2010	Career change to other legal job type – 19%
2011	Unmet work quality standards – 17% Desire for new geographic locale – 17%

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## Top Reason for Departure Lateral Associates 2006-2011

YEAR	TOP REASON FOR DEPARTURE
2006	Unmet work quality standards – 20%
2007	Unmet work quality standards – 18%
2008	Unmet work quality standards – 22%
2009	Firm downsizing – 31%
2010	Unmet work quality standards – 22%
2011	Unmet work quality standards – 21%

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## Departure Destinations

2006-2011

- Law firm associate position – top departure destination for entry-level and lateral associates in all years except for 2009
- “Unknown destination” – top response in 2009 for entry-level and lateral associates
- Corporate in-house counsel – 2<sup>nd</sup> most reported destination

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## Status at Time of Departure Entry-level Associates

YEAR	ASSOCIATE'S DEPARTURE WAS UNWANTED	ASSOCIATE'S DEPARTURE WAS WANTED	ASSOCIATE'S DEPARTURE WAS NEUTRAL
2006	56%	28%	17%
2009	31%	26%	42%
2011	57%	21%	22%

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## Status at Time of Departure Lateral Associates

YEAR	ASSOCIATE'S DEPARTURE WAS UNWANTED	ASSOCIATE'S DEPARTURE WAS WANTED	ASSOCIATE'S DEPARTURE WAS NEUTRAL
2006	45%	25%	30%
2009	25%	26%	49%
2011	57%	21%	22%

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## Non-Partner Hiring During the Past 24 Months

### Changes (if any) in Non-partner Hiring – Past 24 Months

	Law Firm Size				
	All Firms	100 and fewer	101-250	251-500	More than 500
<b>Part-time/Flexible lawyers</b>					
Increase	19%	25%	19%	27%	6%
Decrease	10%	6%	7%	13%	13%
No Change	72%	69%	74%	60%	81%
<b>Contract/Temporary lawyers</b>					
Increase	37%	33%	26%	33%	59%
Decrease	5%	13%	0%	7%	6%
No Change	58%	53%	74%	60%	35%
<b>Alternative career path/Non-partner track lawyers</b>					
Increase	41%	27%	44%	47%	41%
Decrease	3%	7%	0%	0%	6%
No Change	57%	67%	56%	53%	53%

## Non-Partner Hiring During the Past 24 Months

### Changes (if any) in Non-partner Hiring – Past 24 Months

	All Firms	Law Firm Size			
		100 and fewer	101-250	251-500	More than 500
<b>Non-partner recruiting budget</b>					
Increase	23%	13%	19%	20%	41%
Decrease	15%	13%	7%	13%	29%
No Change	62%	73%	74%	67%	29%
<b>Administrative staff dedicated to non-partner recruiting</b>					
Increase	12%	7%	4%	20%	24%
Decrease	12%	7%	7%	7%	29%
No Change	76%	87%	89%	73%	47%

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## *KEEPING THE KEEPERS III*

Looking Forward

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## Associate Hiring During the Next 24 Months

### Changes (if any) in Associate Hiring – Next 24 Months

	Law Firm Size				
	All Firms	100 and fewer	101-250	251-500	More than 500
<b>Entry-Level hiring</b>					
Increase	20%	25%	7%	40%	18%
Decrease	13%	6%	15%	20%	12%
No Change	57%	56%	70%	40%	53%
Unsure	9%	13%	7%	0%	18%
<b>Lateral hiring</b>					
Increase	56%	56%	59%	60%	47%
Decrease	3%	0%	4%	0%	6%
No Change	31%	25%	30%	40%	29%
Unsure	11%	19%	7%	0%	18%

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## Top Five Practice Areas Next 24 Months

1. Intellectual Property/Patents 56%
2. Litigation 48%
3. Corporate/Business 37%
4. Health Law 24%  
Tax Law
5. Banking/Finance 22%  
Labor & Employment  
Securities

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# RECRUITING KEEPERS

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## Source of Hiring

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- Entry Level
  - OCI
  - Write-in
  - 3Ls
  - Judicial clerkships

## Source of Hiring

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- Laterals
  - Search firm
  - Attorney referral
  - Client referral
  - Write-in

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## Understanding the Departure

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- Reason for Leaving
- Firm Satisfaction
- Professional Development
- Firm Culture and Expectations

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# Statistics

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- Quarterly and Annual Basis
- Location
- Practice Group
- Level
- Technical Background

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# Statistics

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- Source of Hire
- Tenure
- Diversity Status
- Desired versus Unwanted

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## What do I do with all of this information?

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- Note Trends
- Share your Findings
- Know what the market is doing
- Seek partner involvement in creating solutions
  - Recruiting
  - Integration
  - Workload
- Look at what IS working

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## Market Effectively

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- Message is clear/consistent
  - Interviewers
  - Talk to student organizations
  - Partner with search firms
  - Collateral materials
  - Effective use of technology

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## Post-recession Attrition

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- Losing Your Keepers
- Renewed Interest in Attrition
- “Who” versus “How Many”
- Mid-level versus Entry Level Challenge
- Off-track Positions

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## *THE PROFESSIONAL DEVELOPMENT PERSPECTIVE*

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## DEFINE “KEEPERS”

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- Future partners?
- If not future partners, then who?
- For how long?

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## IDENTIFY KEEPERS

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- What metrics - evaluations, hours, business development?
- Eye test?

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## COMMUNICATE WITH KEEPERS

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Most important question to ask -

- Do The Keepers Want To Be Kept?

- Other options
  - Partnership at other firms
  - In-house positions
  - Non-legal jobs
  - Clerkships
- More communication/feedback with keepers than others
- Counterintuitive to what we normally do

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## PD FOR THE KEEPERS

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- Compensation
- Assignments
- Great supervisor
- Mentoring
- Positive working environment

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## PD FOR THE KEEPERS

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### Training Opportunities

- Business and Economics of the Firm
- Marketing and Business Development
- Leadership and Management
- Communication Skills

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## FINAL THOUGHTS

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- Understand the culture and strategic direction of the firm and how hiring and retention fit into that – THINK BIG
- Where do your areas of responsibility add value with respect to keeping keepers
- Don't make it only about statistics!
- Make yourself an integral part of the solution

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# ***FIRM MANAGEMENT PERSPECTIVE***

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## **Firm Management's View**

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- Attrition: Necessary Evil or Avoid at All Costs?
- Profitability Analysis
- Client Considerations
- Importance of PD and Associate Management

## Best Practices

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- **Careful Due Diligence for Entry-level and Laterals**  
Communication regarding practice groups, kinds of work, responsibilities, -- and for laterals, promotion expectations
- **Competency Framework**  
Associates crave a road map, the firm needs the structure
- **Senior Associate Meetings**  
Practice group leaders  
Evaluations

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## Strategic Thinking

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- **Departing Associates are Potential Clients, Referral Sources, and Members of the Legal Community**
- **What PD Professionals Can Do:**  
Don't underestimate your value  
Bring industry information and data to firm management  
Take your accomplishments to the next level
  - Partners
  - Alternative Track Attorneys

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# DISCUSSION

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## Show Me the Money...Is it Really About the Money? Associate Attrition in the New Normal

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**Show Me the Money...Is it Really  
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in the New Normal**

**NALP**  
THE ASSOCIATION  
FOR LEGAL CAREER  
PROFESSIONALS

**ALICLE**  
THE AMERICAN LAW INSTITUTE  
Commitment to Legal Education

**PDC**  
Professional Development Consortium

## What Does Associate Attrition Mean to You?

*“When I am faced with associate attrition, I always think: (1) we've failed at holding onto an important asset, one in which we have invested a significant amount of time and effort to locate, recruit and introduce to our client relationships; and (2) we've got to start again at square one to replace that lost asset!”*

**-Managing Partner,  
AmLaw 100 Firm**

## What Does Associate Attrition Mean to You?

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*“Losing an associate means I have lost a part of what helps me succeed and what I rely on to keep clients happy. It means I have to face the question of when I will be able to find new associate resources and the uncertainty of how reliable those resources will be.”*

**-Partner, AmLaw 100 Firm**

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## What Does Associate Attrition Mean to You?

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*“In today’s law firm, partners are stretched further than ever across numerous clients and issues. But, when an associate intimately knows your business and its related legal issues, that associate becomes the go-to person for day-to-day legal issues. It’s important for law firms to empower associates to take on that role but also to make sure they stay with the firm. Nothing is more frustrating as a general counsel than having to start working with a new associate that doesn’t have the same knowledge of your business.”*

**-General Counsel  
Fortune 1000 Company**

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## What Does Associate Attrition Mean to You?

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*“Associate attrition is normal. Each year, no matter if the economy is good or bad, we have both voluntary and involuntary departures. It is part of the law firm “circle of life”. We would, of course, love to keep all of our “superstar” associates, but that is not realistic. Furthermore, there has been a shift in the number of associates who actually want to become partner which also has an impact on associate attrition.”*

**-Director of Attorney Recruitment  
AmLaw 100 Firm**

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## What Does Associate Attrition Mean to You?

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*“I think associate attrition can say a lot about a firm. Obviously, the firm will not be a perfect fit for every associate who joins and, therefore, some rate of attrition should be expected – a cost of doing business. But maintaining a low rate of attrition, I think, is a good indicator that, by and large, the firm remains moored to its pillars.”*

**-Mid-level Associate  
AmLaw 100 Firm**

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## What Does Associate Attrition Mean to You?

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*“Associate attrition” means impacting our diversity base and losing the quality investment that I have made in teaching and mentoring promising young lawyers.”*

**-Partner and Chair of Diversity Initiative  
AmLaw 50 Firm**

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## What Does Associate Attrition Mean to You?

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*“It means that law firms still have not really learned that the hidden costs associated with employee turnover are far higher than what it would generally cost to provide a generous, flexible, supportive work environment. The latter is the kind of work environment that would keep an employee loyal to the firm.”*

**-Assistant Dean of Career Services  
Canadian Law School**

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## What Does Associate Attrition Mean to You?

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*“As young associates progress in their careers, interests and priorities may change, families may grow and with that so do obligations, and so associates often choose environments that they believe are more supportive, understanding, or just generally more conducive to those burgeoning interests and obligations. I think associate attrition also occurs in patterns that follow partner attrition. As practice groups merge or depart, associates often follow suit either out of loyalty or necessity. Finally, associate attrition often occurs under circumstances in which an associate believes that advancing his or her career requires a move to a new setting that offers new areas of growth and new challenges.”*

**-Junior Associate  
AmLaw 100 Firm**

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## What Does Associate Attrition Mean to You?

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*“Associate attrition means we failed. Firms’ focused hiring efforts of late mean we no longer have armies of associates to ease the pain of attrition – we hire the next generation of leaders and superstars and treat them as such. Attrition means we weren’t able to help people see and achieve their dreams here.”*

**-Hiring Partner  
AmLaw 50 Firm**

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## What Does Associate Attrition Mean to You?

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*"Associate attrition represents an unfortunate loss of talent which firms experience year after year without fully understanding all of its implications and with amazing indifference."*

**-General Counsel  
Fortune 50 Company**

## What Does Associate Attrition Mean to You?

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*"Attrition means so much more than just retaining your top performers and ensuring your firm or organization gets to profit from (and ideally, maximize) their investment in their star attorneys. It is about retaining your best and brightest and ensuring that while doing so, they strategically advance and develop into skilled attorneys with well rounded business and interpersonal skills as well as a genuine sense of personal and professional success and happiness."*

**-Director of Professional Development  
AmLaw 200 Firm**

## What Does Associate Attrition Mean to You?

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*"Associate attrition, particularly with respect to members of the millennial generation, is now the expectation. This is a generation that is in need of instant gratification and constant affirmation and mentoring. Unfortunately, the reality of life as an associate at a large law firm involves long hours of (often tedious and mind numbing) work, and gratification is anything but instant. Mentoring necessarily takes a back seat to the work at hand. The talent is clearly there -- but the drive, ambition and willingness to pay one's dues is severely lacking and the "new normal" of attrition is the natural consequence."*

**-Partner and Former Hiring Partner  
AmLaw 200 Firm**

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## What Does Associate Attrition Mean to You?

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*"Associate attrition is expected these days. Sometimes the loss is desired, and sometimes it is unwanted. Associate attrition is costly to firms and is disruptive to clients, but I think few associates join firms these days with the intent to stay long-term. Firms should offer more options than just making partner to make big firm life more appealing."*

**-Director of Recruiting  
AmLaw 100 Firm**

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## What Does Associate Attrition Mean to You?

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*“We are hurt when [our outside counsel] loses critical talent in the fifth year on a number of levels, relationship not being the least of them, and so we want to help you retain that person. We want to help them succeed and stay to be partners.”*

**-General Counsel  
Fortune 500 Company**

## What Does Associate Attrition Mean to You?

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*“To me, associate attrition equates to associates leaving a law firm (and primarily, the law firm where they started their career) before becoming partner. Since I think the number of associates who are outright fired is low, it seems this usually involves an associate voluntarily (though sometimes with a push) leaving one law firm for another (or for an in-house job or a non-legal job) in hopes that the grass will be greener.”*

**-Mid-level Associate  
AmLaw 200 Firm**

## What Does Associate Attrition Mean to You?

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*“Associate attrition is a necessary component to a long term strategy of identifying, promoting and providing the best opportunities to the most promising associates.”*

**-Partner and Practice Group Leader  
AmLaw 100 Firm**

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## What Does Associate Attrition Mean to You?

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*“I think one of the challenges [facing law firms is] how to eliminate the attrition rates because..., from a client perspective, frequently as someone just begins to get the understanding of the business or you have people who are at a mid-level point, they move on and someone else is rotated through. [Clients] don't mind paying once to get somebody educated, but I don't think they like the idea of paying continuously to educate people or to help them find out about their business...”*

**-Former President  
Association of Corporate Counsel**

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## What Does Associate Attrition Mean to You?

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*“Associate attrition is one of those bittersweet things. On the one hand, it is always sad to see a colleague leave the firm, whether they take an in-house position, a government position, or leave for another firm. It is not hard to see the downside for the firm when associates leave, both in terms of lost investments and potential negative effects on client relationships. On the other hand, associate attrition often means fewer competitors for partnership. When an associate leaves, the associates who stay tend to feel even more committed to the firm and to achieving their partnership goal.”*

**-Senior Associate  
AmLaw 100 Firm**