NALP Survey, Focus Groups Give Insight Into Associate Retention

By Sally J. Schmidt

HISTORICALLY, law firms have lavished substantial amounts of lawyer time and firm money on the recruiting of new associates. Summer programs consisting of training, social events and shadowing of partners; elaborate web sites and recruiting brochures; and trips to top law schools are just some of the methods firms undertake to attract the best and the brightest to join them. But on the issue of associate retention — keeping those talented professionals that have been recruited — surprisingly, firms tend to expend much less effort. Such thinking is in error, as associate retention has real financial ramifications for the firm.

First, it has a bottom-line impact; most experts estimate a law firm starts to break even on the cost of associates around their third year of practice. Losing an associate after the first year means all recruiting costs are lost, which for large firms in large metropolitan areas can be as high as $60,000 per associate hired (*excluding* first-year salary, bonus, etc).

Associate turnover can also affect client relationships. Clients notice the lack of continuity of young lawyers assigned to their matters, and can complain about the frequent changes, as well as about serving as a training ground for new lawyers.

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obviously do more for morale than tough cost cutting. To ensure strong revenue and profitability, however, you need strong leadership and management. Management must have the authority to make changes and improve the firm by making difficult decisions. Whether your firm is burdened by unproductive partners, a bad compensation system, wasteful spending, high turnover, outdated technology or poor individual practice management, it will require some dramatic changes to get back on track. Without making some tough decisions, morale will actually deteriorate and strategic management and business development efforts will yield only marginal results.

Once you have addressed your internal issues forthrightly, start looking outside the firm. Invest in training that will enhance client service and relationships, conduct research that is aimed directly at increasing revenue from existing clients and develop and follow through on efforts to differentiate your practice, increase referrals and attract new clients. In other words, focus on those things that produce and ensure revenue and profitability.

• **If your leaders are not thinking "outside the box," find new leaders.** It might be a good idea to distribute these ideas to those charged with managing your firm. Ask them to come up with two or three specific, innovative action items to improve the firm's performance by responding to these recommendations. Present management's ideas to the whole firm — all of the firm, not just the partners (use a facilitator, if it would be helpful, to conduct an "all-firm" meeting). If your managers can pull this off, then they are truly leaders. Individually, leaders are the change agents who can make your firm a leader, rather than a follower. That is the kind of leader you want. ■