

PLAYBOOK

THE IMPORTANCE OF TALENT MANAGEMENT

How Acquisition, Retention and Training
Can Differentiate Your Firm



Imagine spending two years getting an associate at your law firm up-to-speed.

Just as they are becoming full participants in the firm, they burn out from struggling to grasp the complexities of the job and simply find another career route, or worse yet, they are lured away by the competition.

Not all that hard to imagine, is it?

But the cost of going back to the drawing board is high, both for the firm's budget and for tackling the workload.

Talent management is a challenge that impacts firms of all sizes. A lot of time and money can be wasted, so it's imperative that associates get oriented quickly and have the right tools to succeed.

Hiring new attorneys is the most important consideration for a firm," said one firm leader in a recent Thomson Reuters survey. "The hiring of each new attorney is a five-year process, and each mistake — including attorneys who leave for personal reasons unrelated to their ability — has a dramatic impact on the firm."

Getting, training, and retaining top talent significantly distinguishes a law firm from its competitors. By showing the cost and potential fallout of training and losing associates, internally and with clients, this playbook will showcase the critical factors for making your law firm the place to be for associates.

By focusing on acquisition, retention, training, and succession planning, you can differentiate your firm from the competition in the eyes of prospective employees and potential clients.

Market Factors Are Driving the Importance of Managing Talent

The legal services market has been getting more and more competitive in recent years.

According to [Peer Monitor](#) data and the [2019 Report on the State of the Legal Market](#), demand for legal services has been flat for more than seven years. That stagnation has made the talent discussion even more important, because those firms able to get and keep the top talent can expect to overcome a fallow market. But possibly more troubling, profit margins continue to slide. These two factors work in tandem to put immense pressure on law firms to drive efficiencies or risk shrinking profits.

At the same time, client demands are driving write-downs and rate reductions. This confluence of issues means there's less work out there and clients are less willing to pay a premium for legal services. Plus, technology plays the part of disruptor in this discussion. In the legal space, technological advancement is driving rapid change and changing the way legal work gets done. The introduction of a new generation to the workforce and the use of alternative legal service providers (ALSPs) are also changing what clients expect from attorneys and what attorneys anticipate from their firm.



Tech savviness is now a given, and modern legal tools are expected. In order to keep up and take advantage of precious billable hours, it's crucial to increase knowledge, efficiency and accuracy. And with more than 900 legal tech starts-ups worldwide, there's always something new in the market.

These technological advances and the proliferation of legal start-ups have led to work being commoditized and caused corporate law departments to outsource work to ALSPs. This fundamental shift in the way legal work gets done has shone a light on talent management as a competitive differentiator with clients demanding more for less and law departments increasing internal budgets to handle legal matters in-house. According to [Thomson Reuters data](#), 70 percent of firms are losing business to corporate legal departments and 16 percent to ALSPs.

These difficult realities mean attorneys must complete a higher volume of work without losing quality, because increasing headcount will only drive profit if new attorneys can provide immediate value. Yet, the rapid turnover in today's firms highlights a critical flaw the legal market must grapple with moving forward. By ignoring investment in talent retention and development, firms overlook and risk their best employees.

Due to high turnover numbers, the top 400 law firms lose roughly [\\$9.1 billion](#) annually, according to a [report by JD Match and The Right Profile](#), and the average big law firm loses an estimated \$25 million each year. Those are jarring numbers, and they can't be fixed with one simple step. Building a sustainable bench of legal talent means providing access to learning opportunities, cutting-edge technology, and a plan for the future.



How Are Firms Reacting?

So, what are today's firms doing in response to these attrition levels? With associate training such a huge investment, how are firms finding the best talent out there and ensuring every person at the firm is producing their best work at top efficiency?

Well, it hasn't been an easy process.

"Identifying, recruiting and retaining younger attorneys is a major challenge," said a firm leader surveyed for a recent Thomson Reuters survey.

"It's a challenge keeping good associate attorneys and support staff as their skills and experience increase," noted another.

In general, law firms have created better benefits, better pay and lower billable-hour goals. However, turnover still increased by 28 percent from 2016 to 2017 while salaries rose by more than 8 percent, according to the Association of Legal Administrators' 2017 Compensation & Benefits Survey. And according to [a study by Paula Monpoli and Susan McCarty](#), the cost to train new associates is estimated to take between \$200,000 and \$400,000 for each one. That's a huge investment for any mid-sized or small law firm.

Because most partners and practice heads focus their energies on handling the firm's most complex matters, managing day-to-day business, finding new business and retaining current clients, it's no wonder talent retention gets the back burner. Nevertheless, the marketplace marches on for these associates, so the firms losing them are forced to search out new talent and ensure that current staff produces their best work at top efficiency.

So, what kinds of investments could mitigate that risk, get reinvested into the firm or be used to build the bottom line of many firms?

Leveraging associates and getting them up-to-speed and profitability quickly is essential. Yes, it's a challenge, but you can ensure you are maximizing your talent investment by building expertise in the next generation, providing a positive work/life balance and creating a defined succession plan.

"Identifying, recruiting and retaining younger attorneys is a major challenge."

Leverage the Right Tools

The first thing you can do to manage talent is to find and leverage the right tools. Don't leave associates adrift in the sea of endless research looking for answers or a starting point and rarely adding value. By investing in effective legal solutions, you can expand the firm's bench to provide immediate value to clients and help associates feel like they're [practicing with expert guidance](#). Securing the tools they need makes a great first step for any firm looking to establish themselves as a go-to place for talented associates.

Because clients aren't willing to pay for training and want their money going directly toward solving problems, access to gold-standard documents, expertly written by a team of lawyer-editors with experience, can dramatically reduce new associates' learning curve. By getting them up-to-speed quickly on new areas of the law, trial strategy, court procedure and even business development, you free partners and other firm leaders to focus on higher-yielding strategic initiatives like business development and better client service.



At the same time, everyone wants to feel like they're making a difference and that they're needed. The right tools, such as how-to guides and contract templates, can help associates make an immediate contribution and feel like an integral part of the firm right away. This can lead to increased commitment and loyalty to the firm.



By making technological investments to increase productivity and efficiency, you are mitigating burnout, with both associates and those in leadership positions.

Investing in legal solutions, business development and succession-planning strategies fast-tracks new associates to more senior roles and matters.

Balance the Scales

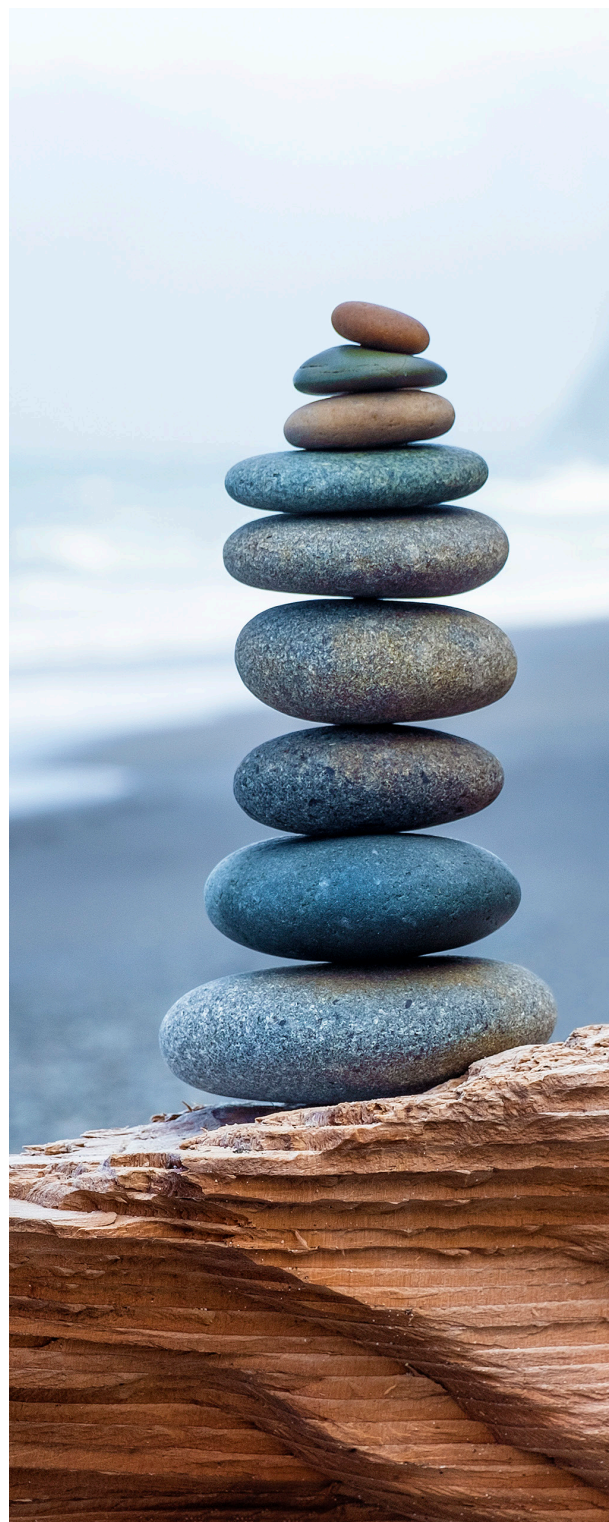
The legal landscape has shifted toward a more holistic view of an employee. No longer are attorneys resigned to the status quo of burning the candle at both ends. While plenty of legal matters still require urgency and commitment, for today's workers, priorities have changed. New talent is looking for you to support work/life balance.

Qualities of flexibility, accountability and autonomy are crucial personally — and professionally — for perhaps the most talked-about generation of all time: millennials.

According to a survey conducted by Cushman & Wakefield's global business consulting group, it's estimated that more than 50 percent of practicing U.S. attorneys will be comprised of millennials by 2025. But the numbers are already high enough to make changes to the market.

In 2017, more than one-third of the American workforce was made up of millennials, surpassing both Generation Xers and baby boomers by a wide margin, and according to the Thomson Reuters Legal Department 2025 Series, 50 percent of millennial attorneys say they would change jobs if it meant more balance between their personal and professional lives.

So, what are additional reasons for young attorney departures? Taxing demands on their work and a toxic culture.



Wise law firms will modify business strategies to find new ways to provide the best talent with a new way to work.

According to the Thomson Reuters Legal Executive Institute's 2019 State of U.S. Small Law Firms Report, 80 percent of firms agree that work/life balance is an important measure of success, yet a remarkable 66 percent said their efforts in this area remained the same or got somewhat worse within the last 12 months.

Millennials consider it most valuable to experience a healthy relationship between home and work, with 58 percent of attorneys stating that recognizing work/life balance is the biggest difference among lawyers of different generations. One attorney respondent from the 2019 State of U.S. Small Law Firms Report noted that "integration of young attorneys with older attorneys" was a major challenge.

However, it's a challenge worth solving, because your bottom line will thank you for investment in the work/life balance of your employees.

According to The Corporate Executive Board, which represents 80 percent of Fortune 500 companies, employees who feel they have good work/life balance will work 21 percent harder than the average employee. Trusted and empowered employees are more motivated and loyal. According to employee engagement platform TINYPulse, employees experiencing a good work/life balance are 10 percent more likely to stay at the company than those without.

If you want to get the best talent and keep your top employees, flexible options like working remotely, four-day workweeks and collaboration opportunities help improve office morale and increase productivity. With more-invested employees, you can expect greater focus on the work and create a firm where attorneys feel valued.



Envision the Future

Another critical step to helping your employees feel valued and keeping your best talent is to provide mentorship and opportunities for growth.

Associates want to know where they stand and where they're going. By creating a defined vision for the future, including succession planning, you help ensure the firm remains competitive and profitable into the next decades.

With an expected wave of baby-boomer retirements and an influx of more millennials into the legal workforce, succession planning should be front-and-center. These conversations can be difficult at times, but being proactive will lead to a better and more dynamic legal department.

A proper succession plan should hit on three elements:

- 01 Evaluation of staffing and practice area needs**
- 02 Development of talent**
- 03 Follow-through**

The first step is to evaluate your firm and what's required to maintain the viability of talent currently in place. Take an honest look at the short- and long-term needs of the firm as a whole and of specific departments or practice areas. Then, start thinking about what's needed to mitigate risk or plan for new legal issues in the future. From there, you should evaluate potential turnover, whether driven by retirements, poaching or other causes. Make sure to acknowledge your most highly valued employees and identify the firm's policies or work structures that could undermine their stability. Do they have opportunities for growth? Are their skills in demand? Does a competitor have a gap in a practice area where this talented employee has a gift? At the same time, note those employees who may need greater tutelage or should be phased out because they're dissatisfied or bring less value.

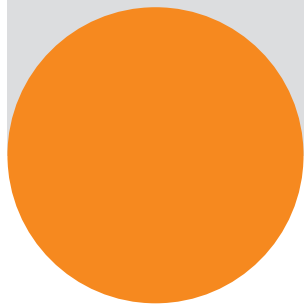


Basically, define a process that helps firm leadership know which employees are at risk of leaving and which ones are worth working to keep.

Once you've determined prized talent, take the time to develop them. It may be worth establishing a talent/skills chart for each attorney, so you can identify any gaps in firm expertise. From there, you can create a development plan for each attorney or a process for finding that talent outside of the firm. But don't stop at creating the charts: Make sure you perform periodic formal evaluations of each attorney, so everyone knows how the process is working and where improvements are needed. This will only aid in attracting and retaining young attorneys, who can then more clearly envision the future and where they need to go in their professional development.

Finally, put your succession plan into action. Identify which roles will require transitioning to new attorneys, which attorneys are potential successors for the roles, and define a policy on mandatory retirement. From there, you can formalize knowledge transfer and invest in tools that improve legal know-how, so younger attorneys can contribute to the firm faster.

Getting proactive about the future of the firm demonstrates your commitment to innovation and the growth of the firm by differentiating to compete, meeting client demands and investing in top talent to get you there. The leadership it takes to develop and stand by your plan will show the best talent you are serious about their development and the long-term viability of your law firm.



Conclusion

With the right tools, you can overcome the talent gap and position your firm for a successful future.

The numbers are striking. Attrition and technological saturation are already impacting the legal industry, so standing still is no longer an option. By investing in the best legal tools, you can make your firm the go-to spot for top legal talent and create stability for your business. With the right tools, a healthy work environment and a plan for the future, you can overcome the talent gap and set up your firm for success.

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