



LEGAL DEPARTMENT 2025

THE GENERATIONAL SHIFT IN LEGAL DEPARTMENTS

Working with millennials and avoiding baby boomer brain drain



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INTRODUCTION

Many external factors – from emerging technologies to the use of legal process outsourcing and alternative providers – are transforming the practice of law. Yet some changes have more to do with lawyers themselves; the face of the profession is changing significantly as baby boomers step down and millennials step in.

Thomson Reuters conducted a survey of 153 attorneys working in corporate legal departments to identify how they’re preparing for the generational shift, as baby boomers retire and more millennials join the workforce. This survey report explores how much corporate counsel are concerned about the generational shift as well as the current perceptions of millennials in corporate legal departments.

Opinions and insights regarding this shift hail from the three generations represented in the survey: baby boomers, Generation Xers and millennials. Though survey respondents self-selected which generation they belong to, the generational breakdown usually follows these parameters: baby boomers are born between 1946 and 1964, Gen Xers between the mid-1960s and early 1980s, and millennials between the early 1980s and the 2000s.

Of the respondents, 29 percent identified as baby boomers, 49 percent as Gen Xers and 22 percent as millennials. Respondents’ roles in their legal department broke down as follows: 33 percent as assistant or deputy general counsel, 27 percent as counsel, 22 percent as attorneys, 9 percent as general counsel, 6 percent as legal department operations professionals (LDOs), 1 percent as chief legal officers, and 2 percent as others. Only 1 percent have been in their current role for less than one year; 42 percent for 1 to 2 years, 32 percent for 3 to 5 years, and 25 percent for more than 5 years.

RESPONDENTS’ ROLES AND GENERATIONS

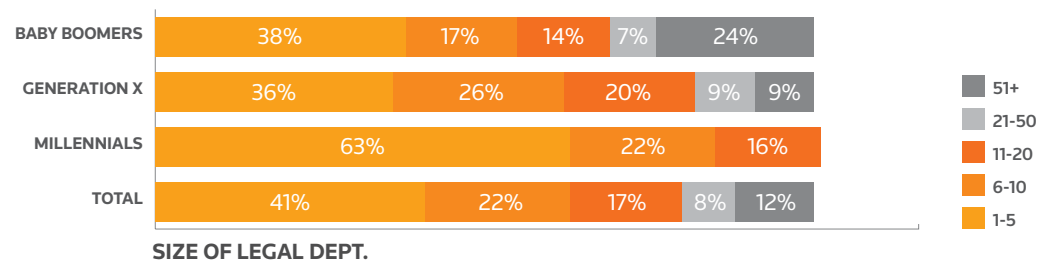
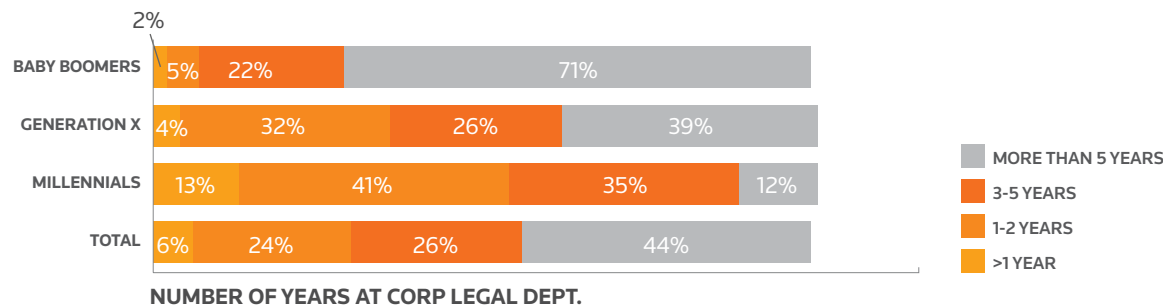
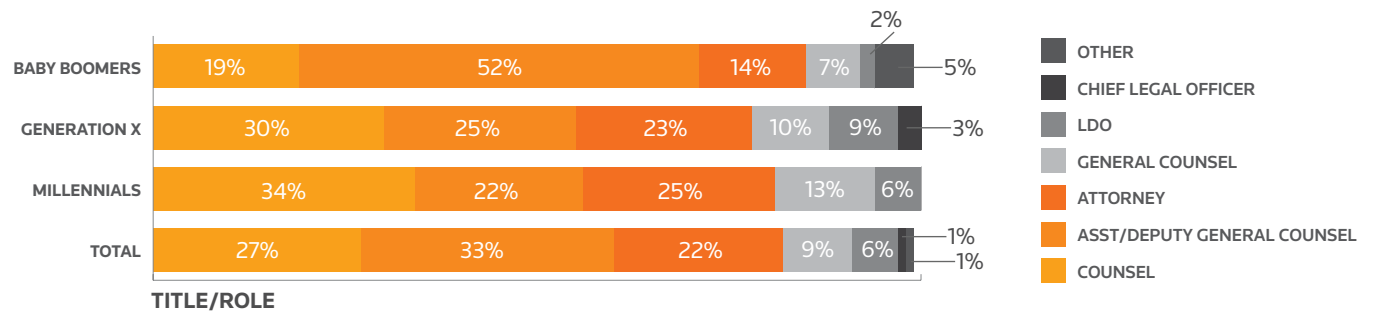


TABLE OF CONTENTS

Executive Summary3

Assumptions About Millennials in the General Workforce.....4

Millennials in the Workforce: Biggest Challenge for Legal Departments5

Perceptions of Millennial Corporate Counsel.....7

Areas of Focus to Attract and Retain Millennials.....8

Working with Millennials: Additional Considerations.....9

More Similar Than Different: Generations Finding Common Ground 10

Preparing for Generational Change: Succession Planning 12

Conclusion 14

EXECUTIVE SUMMARY

Today's senior legal department leaders are confronted with more workforce obstacles than ever before: managing a multigenerational workforce and handling the influx of millennial corporate counsel alongside the departure of baby boomers. This generational shift involves everything from the perception of millennials (the good: they're tech-savvy, and the bad: they're job hoppers) to how colleagues interact to the need for effectively capturing and sharing baby boomers' institutional knowledge before they leave.



Tapping the potential of millennials is even more crucial as the pace of baby boomers' retirement accelerates. In-house leaders are still grappling with the rise of new technologies and the many changes the practice of law has undergone since the global economic meltdown of 2008. The workforce evolution itself is another issue that legal department leaders must effectively address in order to adapt to the transforming legal landscape.

Yet in-house leaders indicate they may not be prepared for the changes this massive generational shift will bring about. Capturing baby boomers' extensive experience while making the most of millennials' traits and skills is a delicate balance, but the vast majority of legal departments are not striking the right balance, or worse, not even acknowledging the challenges facing them.



ASSUMPTIONS ABOUT MILLENNIALS IN THE GENERAL WORKFORCE

Millennials bring new ideas and expectations to the workplace, as did the generations before them.¹ Yet managers of millennials – like earlier generations – may not be open to accommodating the new generation’s desired way of working.

This tension underlies many of the assumptions and generalizations about millennials as they start their careers. Millennials are often criticized as disloyal and itinerant and for having a sense of entitlement. The phrase “social media addict” is often used to describe millennials’ communications preferences – their emails may include emojis that other generations may find unprofessional – alongside their reputation for oversharing and being too candid. Yet there are many positive aspects to this generation; for instance, millennials are recognized as being incredibly tech-savvy, entrepreneurial, creative and collaborative.

The traits associated with millennials are only beginning to shape the workplace, given how relatively new millennials still are to the workforce. **But by 2025, millennials will compose up to 75 percent of the workforce.**² Simply put, millennials will bring significant change to the workforce. Business leaders are already dealing with a multigenerational workforce, but the real challenge lies in discovering how to best manage, motivate and inspire millennials. The future of the business world depends on it.

Legal departments are coming to the millennial party late as the typical corporate counsel career path includes law school followed by a law firm role, which means millennials are just now starting to work in-house. Given the smaller number of millennial employees in legal departments, general counsel may have avoided these issues so far, but the change in status quo can’t be ignored any longer. **Legal department leadership must start to prepare now by being aware of millennials’ different work styles and recognizing how their organizations will need to change to accommodate them.**

MILLENNIALS’ TRAITS:

THE GOOD

- 👍 TECH-SAVVY
- 👍 ENTREPRENEURIAL
- 👍 CREATIVE
- 👍 COLLABORATIVE, VALUE DIVERSITY

THE BAD

- 👎 ADDICTED TO SOCIAL MEDIA
- 👎 TOO CANDID
- 👎 SENSE OF ENTITLEMENT
- 👎 DISLOYAL, JOB HUNTERS

¹ Get Ready for Generation Z, Robert Half, July 2015.

² Paul Wannemacher, 5 Ways Millennials Can Avoid Boomer Mistakes, *Forbes*, June 5, 2016.

MILLENNIALS IN THE WORKFORCE: BIGGEST CHALLENGE FOR LEGAL DEPARTMENTS

One perception of millennials is that they are less loyal to employers; if this perception becomes reality, higher turnover rates could be a major problem for legal departments. However, is this trait specific to millennials, or is it because they're young, green and just starting their careers? Many point to the latter, noting that Gen Xers were similarly criticized as disloyal when they initially entered the workforce. It can also be attributed to job switching becoming a broader trend; a recent U.S. Bureau of Labor Statistics study found that even baby boomers changed jobs frequently, but they did most of their job hopping between the ages of 18 to 24.³

Regardless of the reason why, all three generations – baby boomers, Gen Xers and millennials – identified a lack of loyalty, and therefore, higher turnover, as the number-one challenge facing legal departments as millennials join them.

The survey revealed some differences in other generations' perceptions of millennials versus how millennials view themselves. For example, roughly three-quarters (76 percent) of baby boomers and Gen Xers predict that millennials will stay in their current organization for less than 5 years, underscoring the perception that millennials are job hoppers who lack loyalty. Compare their estimate with millennials' responses: only 38 percent said they'll stay at their current organization for less than 5 years, and 47 percent said they plan to stay more than 5 years.

All three generations – baby boomers, GenXers and millennials – identified a lack of loyalty, and therefore, higher turnover, as the number-one challenge facing legal departments as millennials join them.

³ Brian O'Malley, "Millennials and 'Their Destruction of Civilization,'" *Forbes*, April 25, 2016.

PERCEPTION

69%

of boomers predict that millennials will stay in their current organization for less than 5 years

VS

REALITY

38%

of millennials predict that they will stay in their current organization for less than 5 years BUT,

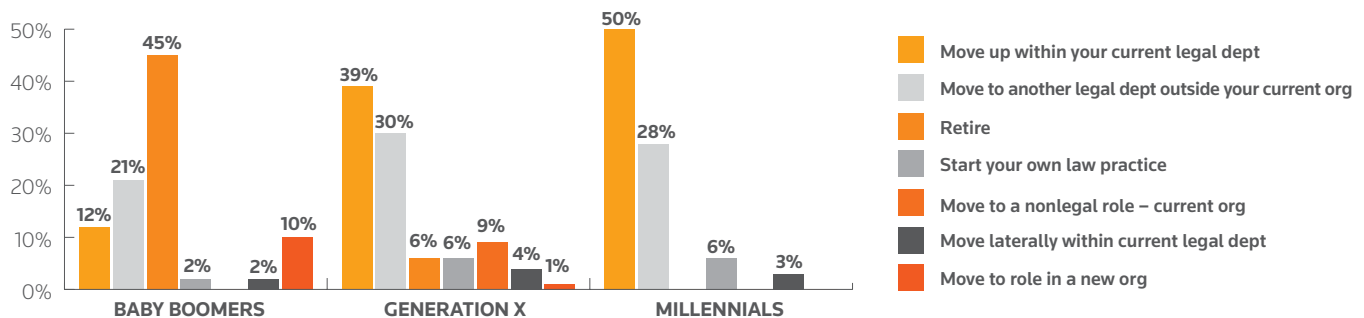
47%

said they plan to stay more than 5 years

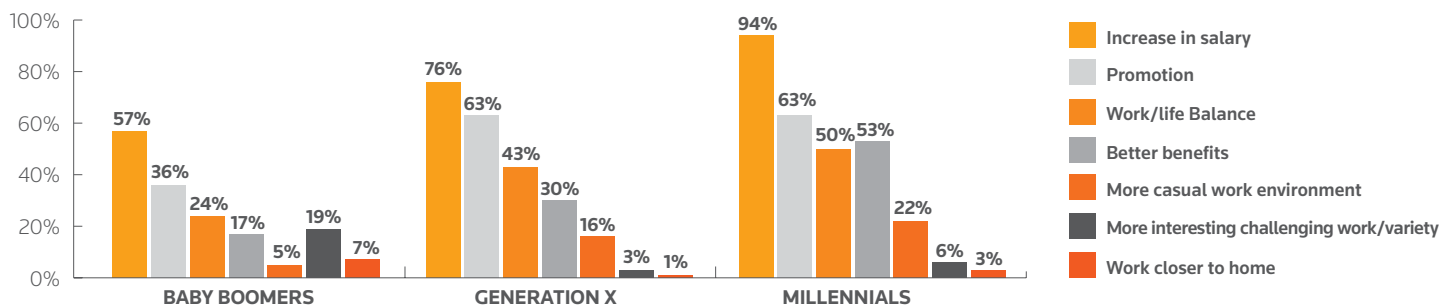
In terms of their current positions, more millennials (78 percent) plan to stay for less than 5 years, compared to 49 percent of baby boomers and 68 percent of Gen Xers. Of course, the reasons people change roles, or organizations, vary widely. For example, half of millennials in the survey anticipate their next career change will be to move up within their current legal department, while almost half of baby boomers anticipate their next career move will be to retire.

Across the generations, the main reasons for changing jobs – or moving to new organizations – came down to four factors: salary increases, promotions, work/life balance and better benefits. For millennials, salary is key; almost all millennials (94 percent) identified an increase in salary as the main reason for changing jobs or organizations.

WHAT DO YOU PLAN TO DO NEXT?



WHY WOULD YOU CHANGE YOUR JOB/POSITION?



PERCEPTIONS OF MILLENNIAL CORPORATE COUNSEL

As more millennials join legal departments, their preferred way of working will disrupt the status quo. Managing and working with millennials requires senior legal department leaders to understand the perceptions of corporate counsel millennials – and how to make the most of millennials' skills.

CORPORATE COUNSEL'S TOP PERCEPTIONS OF MILLENNIAL ATTORNEYS ARE THAT THEY:

- Bring technology advancements into the legal department faster than other generations (74 percent)
- Want to be involved in decision-making processes of the legal department (70 percent)
- Anticipate being promoted quickly within the legal department (63 percent)
- Value work/life balance more than other generations (63 percent)
- Prefer to work for organizations that align with their values and morals (59 percent)

With these perceptions of millennials in mind, certain areas stand out where senior legal department leaders can focus in order to attract and retain millennials: technology, decision making, and mentoring and work/life balance.



Millennials have grown up with economic instability and continual change; their growing numbers in the legal department – and their comfort with change and innovation – may be precisely what corporate counsel need to force change on a profession that's been extremely reluctant to do so.

AREAS OF FOCUS TO ATTRACT AND RETAIN MILLENNIALS



TECHNOLOGY

Millennials' comfort with technology reflects how they have grown up. They are the first genuinely digital and global generation; millennials have never known a world without the Internet.⁴ Legal department leaders should take advantage of millennials' tech-savviness as emerging technologies continue to change the practice of law. For example, millennials' technological expertise can be invaluable to legal departments that are implementing workflow software to automate manual processes, or those that are becoming more metrics-driven by using data and analytics mined from software solutions to operate more efficiently. Millennials' comfort with technology also may make them more open to changes like the use of artificial intelligence in the practice of law.

DECISION MAKING

Likewise, in-house teams can benefit from millennials' desire to be more involved in the decision-making processes of legal departments. Bruce Tulgan, founder of RainmakerThinking, explains what millennials bring to the table: "They're great at looking for ways to change, improve and improvise, which does lead to innovation. Also, the diversity of this generation, and their mindset about diversity, will be a huge driver of their innovation."⁵ While this may go against baby boomers' inclination that less-experienced employees should "pay their dues" to earn a place at the table, millennials most likely view it more as an opportunity to personally make a difference at their work, as well as to be open and available for coaching and mentorship.

MENTORING AND WORK RELATIONSHIPS

Mentors, as well as work/life balance, are strongly valued by millennials. The importance they ascribe to both mentorship and work/life balance reflects the emphasis millennials place on relationships. Some see millennials' preference for texts and emails over face-to-face communication as a lack of interest in personal relationships, but it's quite the opposite. Millennials thrive on connectedness, whether it's with their colleagues, friends or family. At work, they want to interact with peers and mentors; they appreciate formal coaching opportunities as well as colleagues' input on day-to-day work processes. Growing up with technology means millennials are accustomed to having information at their fingertips, but – especially early in their careers – they need guidance on what to do with it all.

⁴Get Ready for Generation Z, Robert Half, July 2015.

⁵Id.

WORKING WITH MILLENNIALS: ADDITIONAL CONSIDERATIONS

In addition to making the most of the perceptions of millennials, corporate counsel should consider how managing millennials in the workplace is different than managing other generations. For example, in-house leaders must prepare to oversee junior lawyers who will not accept doing things a certain way simply because that's what has been done before, whether it's the billable hour or using a more formal tone in communications. The focus on precedent is central to the practice of law, and it may be part of the reason lawyers are so resistant to change, but millennials don't necessarily see it that way. They've grown up with economic instability and continual change; their growing numbers in the legal department – and their comfort with change and innovation – may be precisely what corporate counsel need to force change on a profession that's been extremely reluctant to do so.

Whether the perception regarding millennials' longevity in positions holds true, legal departments are advised to prepare for the possibility of a generation of corporate counsel continually leaving for new companies. A recent Gallup study found that a staggering 93 percent of millennials reported leaving their employer the last time they changed roles.⁶ Understanding the reasons driving millennials' job switching will help legal departments better strategize to retain them.

For instance, while job movement may be attributed simply to younger workers of all generations switching jobs more frequently, rather than a discrete trait of millennials, it may also come from millennials' desire to really make a greater impact on their workplace. To make the most of millennials' time in their roles, in-house leaders must be aware that their perceived lack of loyalty is not necessarily because millennials are restless. As long as millennials believe that they're making a difference at work, they may remain content in their current position; when they feel either that they've done all they can, or they're encountering too many obstacles to making their mark, they'll explore other positions.

WORKING WITH MILLENNIALS: WHAT TO DO RIGHT NOW



Involve millennials by providing leadership opportunities on appropriate technology projects



Include millennials in the decision-making processes and encourage diverse viewpoints



Assign millennial employees a mentor



Allow for even more flexible work environments and promote work/life balance

⁶Brandon Rigoni and Amy Adkins, "Millennial Job-Hoppers: What They Seek," *Business Journal*, May 19, 2016.



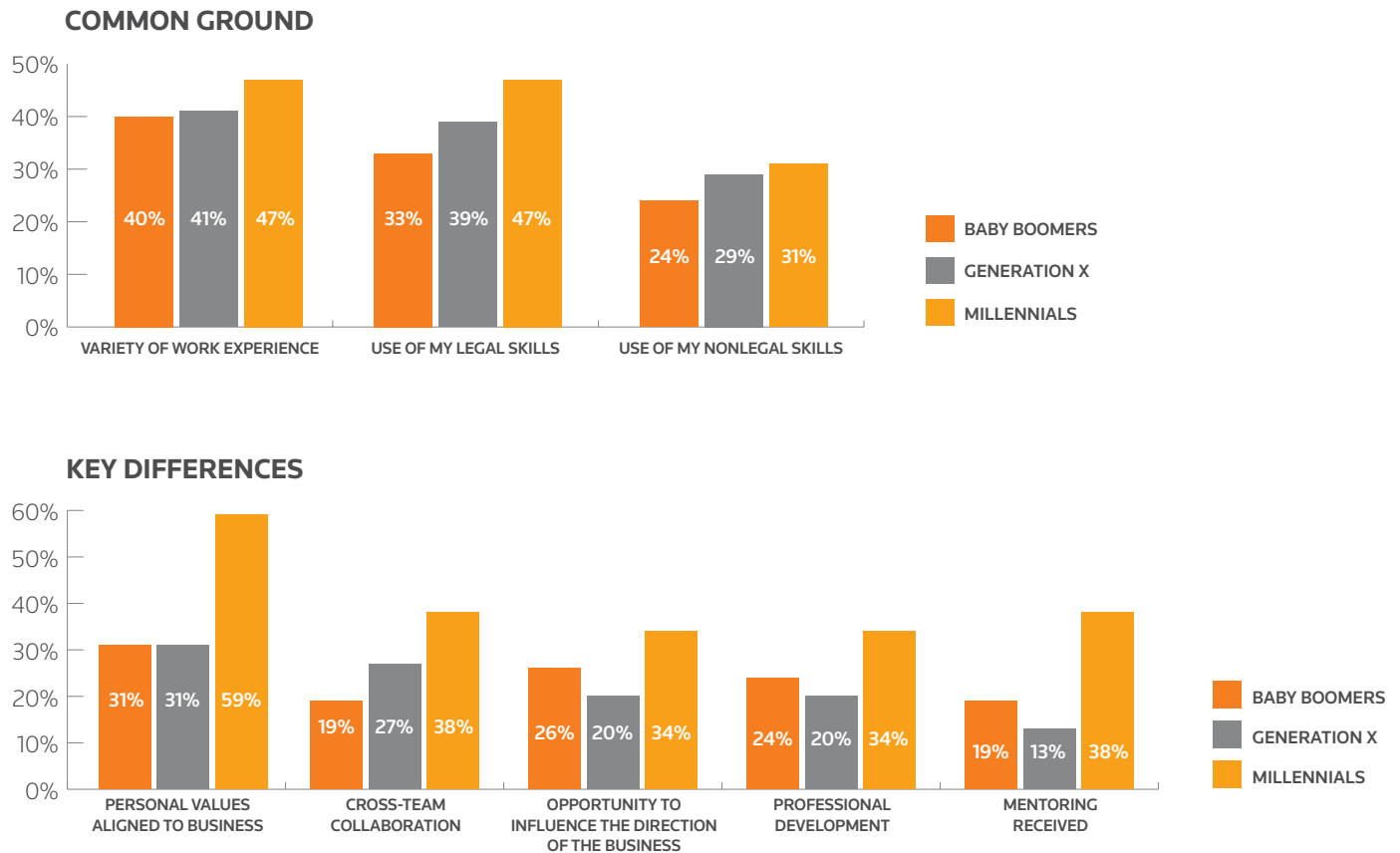
MORE SIMILAR THAN DIFFERENT: GENERATIONS FINDING COMMON GROUND

Baby boomer and Gen Xer corporate counsel may be surprised by how much they have in common with millennial lawyers. Most millennial corporate counsel have followed the same well-trodden path – from law school to law firm to in-house – as earlier generations. These lawyers share a universal experience of the same legal education and self-selecting to become in-house counsel.

According to the survey, all three generations – millennials, Gen Xers and baby boomers – even shared the same primary reason for choosing to work in a corporate legal department: it provides good work/life balance. They also found common ground in terms of what they're happy with in their respective corporate legal departments: overall, roughly three-quarters are satisfied with the variety of their work experiences, the use of their legal skills, and how their personal values align to the business of their legal department work.

Millennials are more satisfied than the other generations with how their personal values align to the business, cross-team collaboration, the opportunity to influence the direction of the business, professional development, and mentoring received in their legal department work. Again, these reflect the value millennials place on relationships and their desire to make an impact at work. However, generational differences and gaps exist. For example, baby boomers and Gen Xers ranked "the ability to be closely aligned with the business" as more important than millennials.

WHAT ARE YOU MOST SATISFIED WITH AT YOUR CURRENT POSITION?

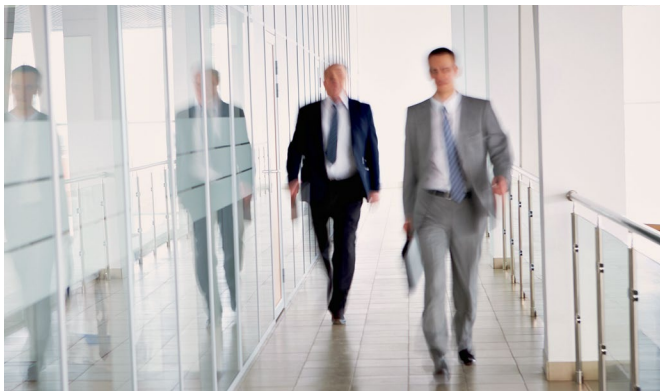


Also, millennials as well as Gen Xers ranked opportunities for advancement and leadership roles as more important than baby boomers did. This may be explained by the more experienced corporate counsel having already achieved leadership roles, whereas the less-experienced attorneys are still working to climb the career ladder.

This, again, underscores how some of the characteristics attributed to millennials may be applicable to any generation as it enters the workforce. Millennials' interest in opportunities for advancement as well as their lack of loyalty toward employers are qualities shared by many less-experienced workers in any given generation. Yet these traits, combined with millennials' technology expertise, entrepreneurial skills and mindset about diversity, are about to upend how legal departments operate.

PREPARING FOR GENERATIONAL CHANGE: SUCCESSION PLANNING

A major concern is *how* legal departments indicate they're getting ready for these changes. The most alarming survey finding is legal departments' lack of preparation for this generational shift; overwhelmingly, corporate counsel reported they're not doing anything to prepare. Even though 25 percent are "very confident" in their department's preparedness for the generational shift, and 59 percent indicate they're moderately comfortable with their department's approach, their confidence belies their departments' lack of action in this area.



Most problematic is that only 26 percent of corporate legal departments have a succession plan in place. Another issue is that the vast majority of corporate legal departments do not have a formal mentoring program; a mere 6 percent reported having such a program in place.

While some legal departments indicate they're upgrading technology to prepare for changes, this will not be enough to offset the lack of succession planning and mentorship models. Baby boomers will be taking a wealth of institutional knowledge with them. Identifying which key roles will need to be filled in their absence, and mentoring individuals to prepare them to step in is crucial – and it takes time. Legal departments can't afford to wait.

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Perhaps baby boomers are reluctant to develop and implement succession plans out of a fear of making themselves obsolete. Or it may simply be that succession planning takes a backseat to legal departments' strategic priorities and evolving business needs. Whatever the reason, the solution is the same: in-house leaders must make succession planning a strategic objective in order to avoid a brain drain as baby boomers move on and take their experience, expertise and business relationships with them.

The good news is that millennials are eager for mentoring and coaching opportunities for two reasons. First, it's important for them to feel like they're leaving their mark on a company; second, they are a generation that thrives on developing relationships. Succession planning and mentorship programs would aid in both of these millennial priorities, as well as address what should be a key concern of in-house leaders: retaining millennials.

The threat of baby boomers taking their institutional knowledge with them, without passing along their expertise and insight to less-experienced millennial corporate counsel, is a real one. In-house leaders must effectively address this challenge while simultaneously finding the best ways to inspire, motivate and retain millennials.

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CONCLUSION

Legal department leaders are already contending with the ongoing changes in the practice of law and an influx of new technologies, and the workforce evolution is compounding these issues. To successfully adapt to all of these changes, in-house leaders must start by acknowledging that millennial corporate counsel will disrupt legal departments and begin preparing now.

This will require department leaders to examine how the traits of millennial corporate counsel – from tech-savviness to job hopping – will shape legal departments, and to use millennials' priorities to the department's advantage. Whether it's providing millennial corporate counsel with leadership opportunities on technology projects or assigning millennial employees a baby boomer mentor, department leaders must begin tapping the potential of millennials while preserving baby boomers' institutional knowledge before they retire.

The future of legal departments depends on in-house leaders successfully capturing and sharing baby boomers' experience, while making the most of millennials' potential and, in turn, developing strategies to retain them.

LEGAL DEPARTMENT 2025

The forces shaping the legal department of the future are ones that corporate counsel have never had to face before. The pure magnitude of the changes can and will catch many legal departments off guard, costing them money, personnel, and credibility within their businesses.

The Legal Department 2025 series will address the major changes within the legal department's people, processes, and technology in the coming decade that must be proactively considered and planned for.

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