



Combating lawyer turnover rates by creating a successful workplace environment

WHITE PAPER

When it comes to employee retention, for decades law firms have been able to win with a financial incentive strategy that drowned out the cultural and structural issues that come with the pressure of the billable hour.

No more. In the aftermath of a global pandemic that brought cultural unrest, a realignment of personal and professional priorities, and large-scale remote work, newer attorneys are voting for culture in droves. In fact, according to the Thomson Reuters® Institute [2022 Report on the State of the Legal Market](#), “some firms are facing associate turnover that exceeds 25%. Rather than losing one-half of their associates over five years (the largely accepted metric prior to the pandemic), these firms now risk losing 125% of their associates in that same time frame.”

Meanwhile, Baby Boomers are retiring and taking their institutional knowledge with them. Businesses have long been bracing for the wave of Boomer retirements, and the pandemic may have sped up the trend. [Federal Reserve Senior Economist Miguel Faria-e-Castro](#) reports that “there were slightly more than 2.4 million ‘excess’ retirements due to the pandemic as of August 2021.” He went on to say that “a significant number of people who had not planned to retire in 2020 may have retired anyway because of the dangers to their health or due to rising asset values that made retirement feasible.”

The early 2020s serve as a watershed moment in organizational culture and our thinking about how and where we work. The costs of recruiting and retaining employees has risen as workers seek employment that supports their lifestyle and provides a positive work experience. Old methods of on-the-job training and skill building don’t translate neatly to hybrid work environments. A new generation of workers are setting their own terms of employment — and they aren’t afraid to leave if those terms aren’t met.

Keeping law firms fully staffed with engaged, talented individuals will require creating a workplace with supportive leadership and colleagues, a healthy culture, interesting work, opportunities to grow, and flexibility. Firms will also have to continue paying employees what they feel is their worth. This white paper looks at the financial impacts of this new imperative, ways to foster a culture that improves retention, and ways to use your culture to recruit new employees.

The cost of high law firm attrition

The scale of the attrition and recruiting challenge is staggering. Some firms are poised to lose 125% of their associate class over the next five years compared to a pandemic benchmark of 50%. What’s the cost of that attrition? Recruiting costs are one element: in the [2022 State of the Midsize Law Firm Report](#) from Thomson Reuters, law firms below the Am Law 200 but big enough to participate in Peer Monitor reported a nearly 117% increase in recruiting expenses. The costs include more than recruiting, though. According to [The Cost Of Law Firm Associate Turnover](#) from Above The Law, “replacing a junior associate carries significant cost, with a 2017 NALP study putting the cost between \$200,000 and \$500,000 in hard costs and lost productivity.”

And this is not the time for lower productivity: demand for legal services is above pre-pandemic levels, according to the 2022 State of the Legal Market Report. Demand for law firm services was up 4% in 2021 compared to 2020 and up 1% over 2019. Across law firm sizes, Am Law 100, Am Law Second Hundred, and Midsize firms all had over 70% of firms with positive demand growth.

That means there’s more work to go around, and fewer legal professionals staying put to deliver it. The pinch is acute for Midsize law firms, who have found themselves competing in the war for talent with the largest firms. Salary is a critical lever — firms must pay people what they think they’re worth — but it isn’t the only lever.

And when firms get this right — when they build a working environment that employees want to stay in — they see financial gains. [A recent report from the Thomson Reuters Institute](#) looked at the attributes of “Stay” firms — those with lower attrition compared to the attributes of “Go” firms — those with higher attrition. According to the report, “the average Stay firm not only outperformed the average Go firm, it bested the market-average law firm in several key indicators. Stay firms averaged 2.3% demand growth on a compound annual basis from 2019 through 2021. When coupled with Stay firms’ average worked rate growth, this resulted in a market-leading fees worked growth figure of 6.3%, despite the fact that Stay firms were actually noticeably less aggressive in their worked rate growth.”

Key performance measures

2019-2021 Compounded annual growth rate



All timekeepers. Billable time type; non-contingent matters.

The report noted that the firms that kept their employees longer were able to grow lawyer headcount more aggressively without damaging per-lawyer productivity. And corporate general counsel (GCs) interviewed by the Thomson Reuters Institute rated Stay firms more favorably in terms of the service they provided and the strength of their relationships.

Notably, the associates at greatest risk to leave their current roles were members of historically underrepresented communities, such as ethnic and racial minorities and LGBTQ+ attorneys. These are “precisely the type of lawyers who are vital to fulfilling increasingly stringent demands from clients regarding broader diversity among their outside counsel,” noted the Thomson Reuters Institute report.

So, firms that incur high attrition rates see financial consequences. And the firms winning in the retention race are also winning in the financial game.

What do these winning, “Stay” firms have in common? It isn’t the highest salaries. According to the report, firms with the highest stay rate have a better work environment. “In general, when asked their favorite aspect of their current firm, standout lawyers at Stay firms were more likely to cite factors such as the people with whom they worked, the collegial nature of relationships within the firm, the supportive nature of the firm, and the quality of work they were offered,” according to the report. Further, “standout lawyers at Stay firms were also more likely to strongly recommend their firm to a friend as a good place to work; and they were more likely to self-identify as either an innovator or an early adopter of technology.”

The firms that employees want to stay at pay people what they feel they’re worth, but they don’t have to overpay. Instead, they provide a positive working environment, flexibility, a sense that it’s okay to show up as yourself, and work that is both meaningful and challenging. The next section looks at ways firms can strengthen these aspects of their working environment.

Establishing a productive and supportive work environment in a hybrid world

Much of the conversation around the working environment in 2022 has focused on return-to-office policies. According to a [Reuters® report](#) on a survey from real estate brokerage firm Savills, law firms have taken a nuanced approach. The survey found that at the top 100 U.S. firms, 61.9% of partners are expected to be in the office three to four days per week. Another 4.8% are expected to be in one to two days per week, and 33.3% can work in the office as often as they want.

Regardless of the exact policy, most law firms are offering more flexibility than they were before the pandemic. Multi-location firms still must use technology to foster collaboration and collegiality. They did it before the pandemic, and they can probably do it better now. Firms and their clients may have different practices around remote work. And certainly, new law school grads will come into a firm knowing that they were able to be successful students in school — and will be looking for the same level of trust as an employee. All of which means that hybrid working is here to stay in some way, shape, or form for all but a very few legal practitioners.

So how do you establish a productive and supportive hybrid work environment? One that provides flexibility, positive working relationships, and opportunities to grow by doing meaningful work? Here are some considerations:



Shift leadership mindset about remote work

The huge shift to remote work coincided with significant productivity increases at law firms. “There’s often a discrepancy between what managers want and what team members want,” workplace consultant Claire Sookman told the [Society for Human Resource Professionals \(SHRM\)](#). “Some managers still feel like they can’t trust people they can’t see, even though they logically know they are working,” she added.

This lack of trust could come from a desire to return to the way things were before the pandemic, or a disconnect for leaders when they think about how they learned and did their best work and the way their teams are working now.

Individual leaders’ skepticism of employees’ work ethic and productivity can translate to a challenging work environment. Some hybrid teams report what amounts to “proximity bias,” the tendency of managers to evaluate people based on how often they see them rather than based on their actual work. SHRM provided three examples of proximity bias:

- Evaluating the work of onsite employees more highly than remote employees regardless of objective performance metrics.
- Offering the most interesting projects, assignments, or development opportunities to onsite employees.
- Excluding remote employees from important meetings or not encouraging them to speak up on calls.

Lawyers fear the effect proximity bias can have on their career, and they’re likely to choose work environments where they feel valued for their productivity and contributions rather than their physical proximity. Some leaders will have to let go of their biases for in-person work in order to create a trusting and supportive atmosphere.

Consider these strategies for helping leaders feel confident that clients are in good hands when a legal professional is working remotely:

Determine productivity measures up front. Matthew Driggs and Amber Southern of The Advocates law firm, writing for the [American Bar Association](#), said that “clear expectations and accountability processes based on quantifiable metrics establish a healthy system for both” in person and remote workers. They encourage creating clear role descriptions that “lay out the critical responsibilities and standards that must be met for an employee to be successful, regardless of whether they are in the office or not.” In other words, be clear about what good looks like, and then measure people against that. Then, keep those metrics in mind when you’re evaluating an employee’s performance or assigning work.

Make it clear that leaders must adapt to remote work. If biases against remote work persist, bring leaders back to the agreed upon accountability metrics and ask for evidence of a problem with a specific individual contributor. If those indicators exist, address the specific issue. If the bias is unsubstantiated, invite that leader to let go of some control by reviewing positive indicators. Note that women and people of color often point to remote work as having improved their comfort level in traditionally white, male professions. If leaders can get comfortable with remote work, they have a better chance of retaining and advancing historically underrepresented groups of people.

Train managers and leaders to connect intentionally with attorneys. A flexibility benefit will do your firm no good if employees are too afraid to give up visibility and time with leaders. At the same time, many law firm leaders feel unequipped to successfully navigate the dynamics of a hybrid environment. Help them let go of old patterns and approaches by giving them new ones to adopt instead. Give them tools and frameworks for one-on-one and team meetings that build awareness of the great work the team is doing, uncover barriers, and create connections for people to learn from each other.

Technology to support a hybrid-first mindset

Back in the old days — say 2019 — people working from home or located in non-headquarters offices would call in to big group meetings, disembodied heads on a speakerphone, unable to hear the chatter in the room and often forgotten during Q&As. The headquarters office was the center of the universe, and anyone not in the room may have felt that they couldn’t contribute as richly. (Maybe this contributed to leaders’ biases against remote work.)

This way of working doesn’t work anymore. Meeting organizers must think about the circumstances of all participants and ensure everyone can be seen and heard. Meeting organizers need to hold themselves accountable to create an effective meeting environment regardless of participants’ location. Then, they need the tools to do that. A meeting platform like Microsoft® Teams works great when everyone is at an individual workstation. Do you have the A/V hardware to extend that experience to a conference room?

It’s also helpful to recognize that hybrid work shifts the times when people work. Some may choose to put in a few hours very early in the morning, tend to family, and then be back at it until dinnertime. Others may prefer to start later and work into the night. Time zones also create asynchronous working schedules.

That shift means teams are trying to get work done together when they have fewer overlapping working hours. Creating an expectation that this is the way business gets done is part of the solution. The other part is making sure that teams have access to tools and systems that enable [collaboration and project management](#).

On-the-job training in a hybrid environment

A very real concern about remote work is the way it changes new attorneys' access to training and mentorship. In response to that concern, professional development teams have made significant shifts in how they deliver formal training programs. They've more widely adopted blended learning and flipped classroom models that allow for more effective self-study paired with high-value live (video or in-person) discussions and workshops.

Still, most learning happens outside of formal settings. Newer attorneys learn a lot in the commentary they get from partners on their work product, by listening to two partners discuss a matter, or in the debrief after a client call. Replicating this when attorneys aren't in the same room together is challenging. Here are some suggestions for bridging the gap.

Encourage people not to over rely on email and text for communication. Have associates ask partners for review calls to get context on the redlines in an early draft. Encourage partners to reach out to associates to debrief on client calls — conversations they may have had on the fly but that now require some coordination. It may be uncomfortable to create some scenarios that used to occur organically, but it will pay off in a better learning experience for newer attorneys, deeper relationships across the firm, and better work product for clients. It will also help partners be more intentional about connecting with attorneys in other offices.

Use in-person time for high-collaboration work. Many firms have partners in the office on set days and [encourage associates to work in person](#) on those days. When people can be together like this, there are increased opportunities for learning and one-on-one time that can't be easily replicated online. This might require people to rethink what it means to be in the office, saving team meetings and one-on-ones for in-office days and focusing on deep work on work-from-home days.

Use know-how tools to simplify learning new concepts. Many partners prefer to use their coaching time helping associates understand the nuances of a matter or a legal issue. But before they can give their hard-won insight, they must explain the concepts or history. Know-how tools like [Practical Law](#) provide proven explanations and processes for countless litigation and transaction matter types. Associates can read practice notes and checklists that give them a foundational knowledge of an issue and a process to follow for thorough, complete work. They can then reserve their time with partners for nuances of a specific matter or client issue. Partners will appreciate being able to focus on delivering their specific wisdom, and associates will appreciate being able to absorb information in a way that works with their learning style.

Project assignments that align to meaningful work and development

Discovery review is the ultimate example of new attorney scut work. The kind that leaves people second guessing the life choices that put them in a particular role and daydreaming about a different future. The kind of drudgery that gets them looking for a job with more meaningful work.

In fact, [attorneys who are likely to leave their current firm](#) noted intangibles like the quality of work they were offered, flexible working practices, and independence as most important to them. Here are some ways to look at creating opportunities for meaningful work:

Practice areas: Some practice areas lend themselves more easily toward making a difference in the world. Public advocacy and plaintiff work often have an aura of advancing the public good. But this doesn't mean that attorneys in more corporate practices can't find meaning in their work. Attorneys in any practice area can see the jobs their work helps companies create, or the value that comes from a properly structured deal. And every new case comes with the opportunity for attorneys to specialize in new areas, strengthen their brand, or build skills they can use for other causes. When attorneys know their "Why," they have a better chance of finding value in their work.

Pro bono opportunities: Pro bono cases and board service are a natural way for attorneys to use their legal skills to help underserved communities. Firms might partner with a local non-profit or take on individual cases where a person or organization wouldn't normally have the financial resources to hire you.

Thoughtful assignments: Any practice area has the potential to be meaningful to the right attorney. They all have the potential to offer drudge work too. Be thoughtful about making assignments. Watch out for proximity bias — don't just give the juicy matters to the people you see every day. Pair attorneys in different offices to work on assignments together or create mentoring relationships. The move to more hybrid work environments is a great opportunity to reset old habits around choosing matter teams. See if you can give more people opportunities to stretch and grow.

The need for more meaningful work isn't limited to new attorneys. Legal professionals at all levels express a desire to spend more time on work that matters to them. According to the [Stellar Performance Report](#) from the Thomson Reuters Institute, just 2% of lawyers surveyed are completely happy with their set of non-billable responsibilities. "Lawyers want fewer non-billable responsibilities overall, a reduction from an average of 10.4 to 8.5 separate responsibilities (although with considerable variance)," the report advised. "Accordingly, few non-billable areas suffer from excess popularity, although involvement in strategic activity and (related to this) firm alliances are notable exceptions. In these areas, firms may seek to create more opportunities for lawyers across the firm to contribute at appropriate levels or within more narrowly defined parameters. Also, firms should widely share top-level developments as well as invite queries and feedback as ways of encouraging involvement."

Shifting mindsets about remote work, getting the right technology in place to support hybrid teams, modernizing your approach to on-the-job training, and disrupting traditions around work assignments are all strategies to create a positive work environment. They aren't necessarily programs, but behavioral shifts that employees should feel on a day-to-day basis.

These kinds of shifts take a behavior change from some partners, so remember why you're pushing for it. The firms that get culture and work assignments right — the "Stay" firms in the recent Thomson Reuters report — saw half the associate turnover of their "Go" counterparts. They saw steady and improving growth in their overall attorney headcount. And they had a decided advantage in demand growth that led to more stable and sustainable overall financial results throughout 2021. Conversely, the Go firms have struggled to return to even pre-pandemic headcount numbers.

Using your firm's working environment to stand out in recruiting

While attrition is a key issue facing law firms, so too is recruiting new employees. As they work to retain the talented attorneys they already have, they are also looking to build a talent pipeline.

Recent months have shown that employees are willing to leave workplaces based on rigid return-to-office policies. A [study conducted by LiveCareer](#) found that of employees today:

- 81% enjoy working remotely
- 65% believe remote work is a positive change in terms of work-life balance
- 60% state that working from home has made them more productive

If you have a hybrid work environment, tout that in your hiring process. If not, be prepared to address it.

Decisions about where and how to work go beyond compensation and work location, though. Creating a working environment that meets the priorities of stand-out attorneys will help you in hiring and retention.

Generational trends are also important to consider. A [report from Major, Lindsey & Africa](#) found that mentorship, training, billable hours requirements, and diversity sit alongside compensation and bonus in the top factors a Gen Z law school grad considers when weighing job offers. "Work-life balance in a career is key for Gen Z, with 66% calling it "very important" and 0% saying it is 'unimportant,'" the report notes. "At the other end of the scale, 30% rank a casual dress code as unimportant."

Being able to demonstrate that your firm offers flexibility, effective training, and a positive, inclusive environment can go a long way toward helping younger professionals start their career in a fast-paced, hybrid work environment.

Be sure to help your summer associates see how the firm will help them do their best work. One thing that hasn't changed over the decades is that new associates want to impress their clients and partners, and they want to advance. Help them see how they'll be able to do that in a supportive environment that still allows them to live a full life.

Ideally, you won't have to talk about this too much in the hiring process — summer associates will be able to feel it in their daily work experience. Prospective laterals will hear about it when they network within the firm. Your current employees will feel it too — and they'll recommend your firm as a great workplace. When you start to see that behavior, you'll know you're making progress.

Conclusion

Cultural and traditional assumptions about how we work are being upended worldwide, in every field. So, too, are legal professionals shifting their priorities between work and life. Fewer people are willing to put their careers so far ahead of their personal lives, or toil in work they find unappealing. And while in the past higher compensation was enough to make up for intense working conditions and unsatisfying work, fewer people are willing to pay those dues.

For law firms to stay competitive — and fully staffed — they need to look at their employee value propositions and make sure they are giving their employees a reason to stay for the long haul. Adequate compensation is important, but they also need an environment where they can thrive, [legal tools](#) that allow efficient and confident work, the flexibility to live their lives while delivering great work, and a [sense of fulfillment in the work they're delivering](#).

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