

ON THE HUNT





**RACE TO HIRE, RETAIN
ASSOCIATES MEANS
ENHANCED SALARIES,
TITLES AND INVESTMENT**

BY TEQUIA BURT



Last year, more than 47 million Americans quit their jobs, according to the U.S. Bureau of Labor Statistics. This unprecedented mass exodus of talent – dubbed The Great Resignation – has upended the labor market and caused shortages across many industries, including the legal business.

In fact, talent staffing and retention is likely to be one of the biggest issues law firms face post-pandemic. The U.S. Bureau of Labor Statistics also reported that from August 2021 to December 2021, more than 700,000 people in the professional and business services category — which includes lawyers and other legal professionals — had quit their jobs each month. But rather than leaving the field entirely, most are looking for jobs in greener pastures.

"The market right now is more competitive than I have ever seen it. Employees, associates, lawyers across the board are demanding more personal satisfaction and more professional development," said Teresa Harmon, managing partner at Sidley Austin's Chicago office.

Harmon is not wrong; hiring across the legal market is growing at levels unseen for a decade, according to Thomson Reuters' "2022 Report on the State of the Legal Market." And not only is hiring drastically up, but it has also been accompanied by huge increases in associate compensation at top law firms across the country.

"Unfortunately, the effects of this hiring surge were also tempered by a dramatic rise in associate turnover, with firms seeing their associate turnover rates increase to record levels. As a result, by year's end, many firms found themselves locked in an expensive war for talent that was complicated by unprecedented problems of retaining the talent already in house," the report stated.

DRAMATIC SALARY INCREASES

The salary war was launched in New York by Milbank LLP, which raised pay for first-year associates to \$215,000 a year. Second, third- and fourth-year associates saw their salaries rise \$10,000, while midlevel and senior associates saw a \$20,000 jump, reaching up to \$385,000.

Another Big Apple law firm, Cravath, bumped that scale up to \$415,000. The trickledown effect across top law firms was swift and it has also reached Chicago.

"A New York firm dramatically increased associate pay scales some months ago.

"THE MARKET RIGHT NOW IS MORE COMPETITIVE THAN I HAVE EVER SEEN IT."

-TERESA HARMON

And slowly, I think other firms caught onto that and matched where that firm was. And we did too. So we are at the top of the pay scale as are most big law firms," said Cardelle Spangler, managing partner at Winston & Strawn's Chicago office.

Earlier this year, the firm announced that it would match Cravath's pay scale for midlevel and senior associates; pay for first-year associates had already been bumped up to \$215,000 annually.

Winston & Strawn is not alone. According to Above the Law's salary tracker, salaries at many of Chicago's top law firms are now matching that pay scale. However, some question whether throwing money at the talent is the right approach.

"Big law firms are acting in a short-sighted way, trying to grab as many people as they can with expanding salaries," said Andrew Goldberg, managing partner at Laner Muchin.

Laner Muchin saw its practice grow during the pandemic as its clients began to depend on them for matters outside of direct labor and employment legal issues.

This meant establishing a commercial litigation division that has led to not only an uptick in hiring, but new opportunities for current associates.



Teresa Harmon
Managing Partner, Sidley Austin



Cardelle Spangler
Managing Partner, Winston & Strawn





Andrew Goldberg
Managing Partner, Lander Muchin

"Our people have all stayed with us, looking very much forward to that new chapter in our firm's existence," Goldberg said. "We give our lawyers a lot of autonomy in terms of what they do and how they do it in managing their own practices."

EMBRACING FLEXIBILITY

The environment that Goldberg describes is one that is increasingly prized by associates. The pandemic compelled most

people to reflect on their lives in new ways, resulting in many people re-examining their personal values, work-life balance and professional commitments. In order to address this, law firms must look beyond salary hikes and also embrace flexibility to attract and retain talent.



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—CARDELLE SPANGLER

According to another Thomson Reuters survey from 2021, "Stellar Performance: Skills and Progression Mid-Year Survey," many lawyers are unhappy with the hours they work and there is a gap between the work they want to be doing and what they are actually doing. Three of 10 attorneys express dissatisfaction with working hours, while just 2% are happy with their current set of responsibilities.

According to the report's findings, many law firms could "make substantial gains" in the areas of hiring and retention "by addressing these inequalities in working hours and better matching their lawyers' non-billable tasks to their lawyers' individual interests."

What this has meant for many top firms is an embrace of remote/hybrid work, which is changing the culture and how attorneys work at some firms.

"What has been difficult about the pandemic is that if you were to ask most why they chose a particular firm, somewhere in there might be a legal specialty that firm might have had. But the overarching reason is usually the people, the culture, how you feel when you're in the office and the support that you receive. And so, losing that togetherness

made it feel like you were losing your culture a little bit," said Winston & Strawn's Spangler, who relayed that most associates come into the office a few days a week.

However, she added: "It's going to be a hard ask for people to come in five days a week, which was the expectation pre-pandemic. There will be an element of flexibility going forward no matter what, just because, certainly as a nation and maybe even as a world, we're just in a different place than we were pre-pandemic."

As a result, Winston & Strawn continues to try and establish that culture in new ways to make sure that associates are fully supported, connected, and have access to professional and personal development programs, Spangler said.

Other firms, such as Sidley Austin, which also raised salaries to be in line with the current market, are also boosting learning and development programs. "We continue to devote significant resources to a broad range of really important programs that surround our lawyers and enable them to succeed in their practice and in their personal lives," Harmon said.

Harmon said listening to the firm's associates, as well as their clients

has led to a plan to build associate leadership. Sidley Austin has created new titles for associates to recognize their increasing levels of responsibility: Four-year associates are eligible to become managing associates, and when they reach year seven, they're eligible to become senior managing associates. In addition to professional career coaching, Sidley Austin is also sending associates to a weeklong executive education program at top business schools such as Northwestern's Kellogg School and the Columbia Business School.

"Our clients want their lawyers to really be evolving and expanding into comprehensive business advisors," Harmon said. "We're seeing a greater need for business and boardroom literacy, which are competitive advantages for all of our lawyers."

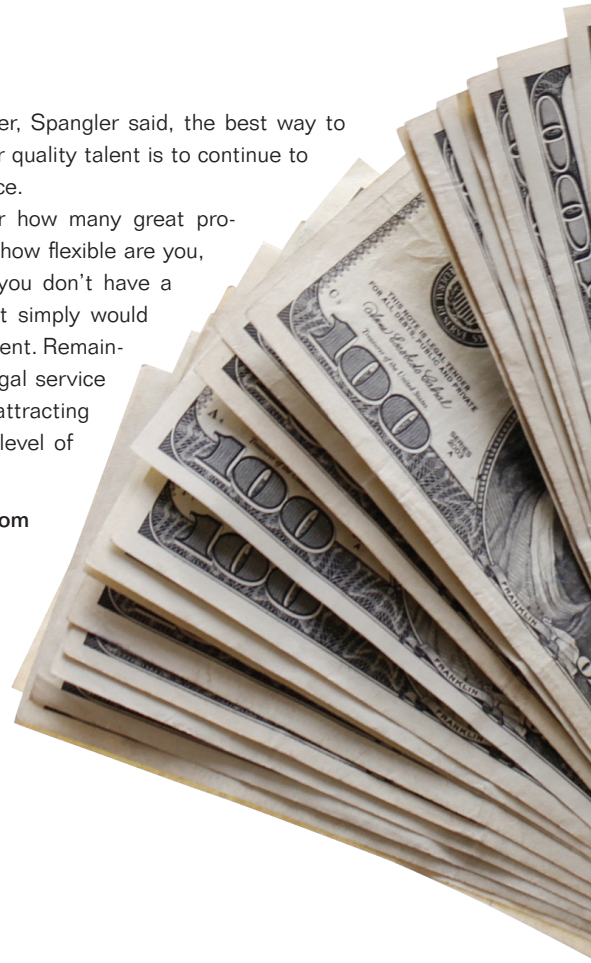
Sidley and other firms like Winston are also leaning into wellness programs. Workplace wellness is becoming a priority for most businesses, including law firms. COVID-19 and burnout went hand and hand for a lot of employees across the country and in response businesses increased spending on wellness programs, with the total budget for these programs reaching an average of \$6 million in 2021, up from the average budget of \$4.9 million reported in 2020, according to the Society for Human Resource management.

"We've always had some element of wellness programs, but it really became a focus during the pandemic – people were alone and confined to small spaces for an extended period and this had a real effect on our associates. These programs are helping us deal with not only the isolation aspect of the pandemic, but also the difficulty in coming back together, which can be like two sides of the same coin," Spangler said.

Ultimately, however, Spangler said, the best way to attract and keep your quality talent is to continue to deliver legal excellence.

"It doesn't matter how many great programs you have and how flexible are you, it doesn't matter if you don't have a stellar reputation – it simply would not attract the top talent. Remaining a cutting-edge legal service provider is critical to attracting and maintaining the level of talent that we have."

tequiaburt@gmail.com



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