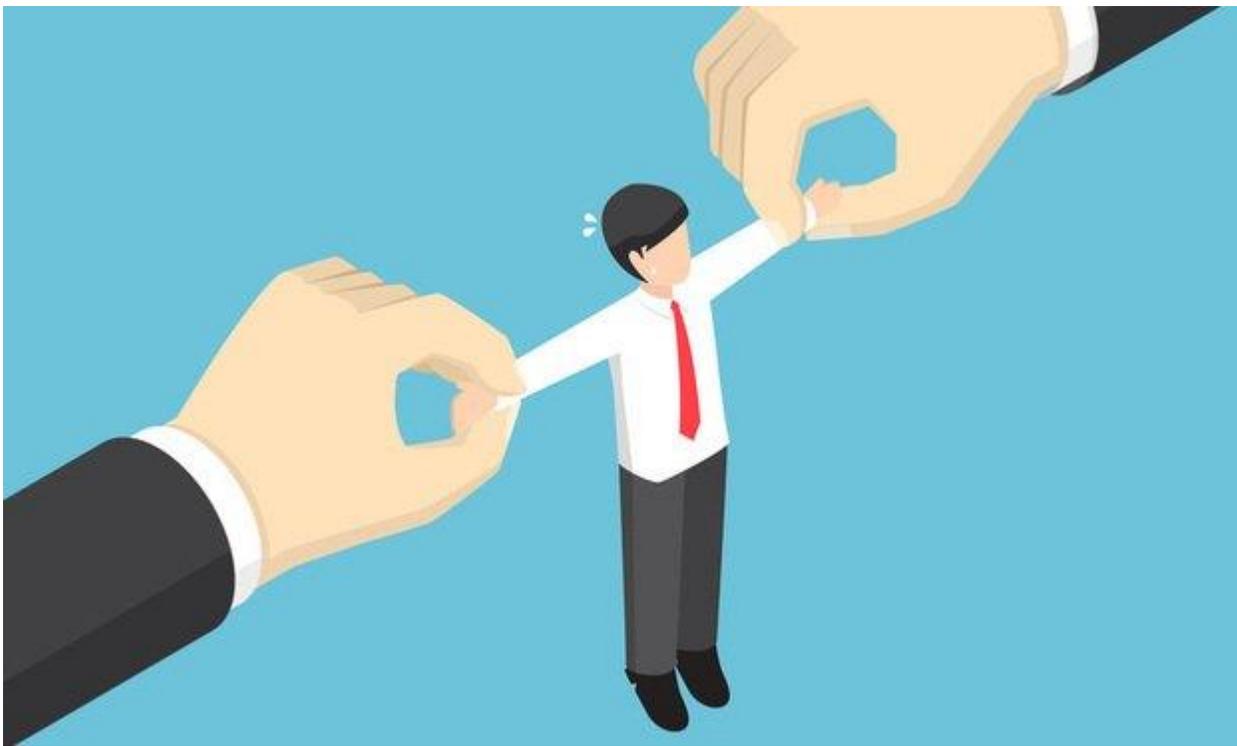


The Legal Talent Market Faces Tectonic Jolts

As competition grows, law firms are facing more pressure than ever in the talent wars.

By **Carolyn Casey** | April 19, 2019 at 01:17 PM



New market entrants, thriving lateral and in-house mobility, and legal services segmentation are changing legal talent market dynamics. Burgeoning Big Four legal units and large alternative legal service providers are siphoning talent from law firms. Career options are snowballing for new and seasoned lawyers. As these trends play out, tectonic change is coming to the legal talent market.

Jamy Sullivan, executive director of Robert Half Legal Services, observes that new entrants and a short supply of high-skill lawyers (those from Tier 1 law schools and those with a book of

business) are making for a very competitive market. Sullivan sees this trend intensifying over the next five years.

Big Law's Sway

Make no mistake, a Big Law career still beckons many ambitious lawyers. Despite long hours and years in a pressure cooker, high-end work, precedent-setting opportunities and lucrative partner profits tantalize lawyers. "For associates interested in 'bet-the-ranch' matters, Big Law opportunities are hard to match," Ralph Baxter, the former Orrick, Herrington & Sutcliffe chairman and CEO and board member of Intapp, said.

Yet in this market, Big Law leaders worry about talent walking out the door. Most understand toeing the compensation line isn't enough anymore. Firms now greet hires with customized onboarding and career plans. Associates expect details on mentoring, business development training, informal networking opportunities, and things like caregiver leave.

Pressure is building for Big Law to seriously address diversity—young lawyers (and clients) want to see people who look like them in the partner ranks.

Big Law salaries are high. Candidates vet bonuses with a fine-tooth comb today. Sullivan sees competitive firms instigating spot bonuses for bringing in new clients, logging outstanding billable hours, or finding a new approach to reduce costs.

The catch is many new lawyers don't envision Big Law as a permanent home. The three-year plan is popular: stay three years to pay off school debt and get trained, then move on. As one Am Law 50 firm partner put it, "Firms are becoming a stepping stone to the life some lawyers want." Clients poach talent all the time, he added. Although this typically cements a closer relationship, it's hard for firms to replace trained, groomed lawyers.

Earlier to In-House

Law departments are taking lawyers right from law schools these days and training them. Budget-driven decisions to keep more work in-house continue to spawn jobs. Thirty-one percent of chief legal officers will hire more lawyers in 2019.

Better work-life balance is attractive. Attorneys don't miss the rainmaking pressure or billable-hour requirements, either. Stock benefits and a less hectic pace offset non-law firm salaries. Business unit collaboration in digital enterprises hones lawyers' skills and relationships that can lead to GM, C-suite and other business-oriented opportunities.

Lawyers interested in technology and legal innovation chase positions at leading law departments. Value, design thinking and technology rule the practice of law in these labs for the present and future of law.

Cisco's executive vice president and chief legal officer, Mark Chandler, leads a multi-disciplinary team with 250 attorneys and 200 more professionals including legal operations, technologists and data scientists. Together, they figure out better ways to do legal work. His department (and his law firms) focus on business outputs. "Once you start measuring legal value based on outputs, the driver automatically becomes finding the most efficient way to do the legal inputs to get the business value on the other end," Chandler said. "I find the right person for a task, and it's not always a lawyer."

Big Four Opportunities Swell

Finding ways to adhere to legal services' U.S. regulatory and bar stipulations, the Big Four are muscling into legal, even opening law firms. All four have secured ABS licenses to practice law in the U.K. KPMG recently took 130 lawyers from a large French law firm.

The Big Four's integrated business solutions for tax, finance, consulting, strategy, technology and project management services are taking hold. Acquisition sprees to strengthen regulatory

and legal managed services offerings, along with legal tech alliances, tell the story. Guess what? All these strategies require business-minded lawyers.

An Am Law 50 M&A partner said, “We’ve lost tax and contract review deal work to the accountants.”

Immigration is sprouting Big Four success too. “They’ve invested in APIs to efficiently get data from our human resource systems. And their people are better at talking with employees about sensitive immigration concerns,” according to a Fortune 100 technology chief legal officer.

With PwC lawyer ranks swelling to 3,600 lawyers, there’s little doubt of the talent disruption. PwC has more lawyers than every law firm on the planet, except Baker McKenzie, DLA Piper and Norton Rose Fulbright). Can you say career greenfield away from traditional law firm life?

New Kids on the Block

Just what are alternative legal service providers and law companies? Citibank categorizes ALSPs as: accounting and audit firms; captive legal process outsourcers/law firm affiliates; independent LPOs, ediscovery and document review service providers; managed legal services; and contract lawyers, in-sourcing, and staffing services.

The Global 1000 now hire law companies for sophisticated strategic, operational and technology consulting. Top ALSPs develop AI legal technology. Law firms partner with alt-legal to offer full services at lower costs. Insourced ALSP staff run entire in-house functions like contract lifecycle management or e-discovery. ALSPs are also moving up-market with legal research, compliance and due diligence services.

Whatever you call them, they are growing like crazy and disrupting the legal talent market. Citibank reports about \$10.7 billion in ALSP 2018 revenue, with an annual compounded growth rate of 24 percent for non-law firm ALSPs. Those are big numbers, trumpeting lawyer career options.

Liam Brown, executive chairman and founder of Elevate, a law company, notices more lawyers wanting a multi-disciplinary career, and “they don’t see that happening at law firms where they have to specialize.” The law company business focus and non-hierarchical environment are a big draw for millennials and Generation Z lawyers. At Elevate, lawyers solve business problems as part of a team assembled with the right mix of professionals. “Lawyers can become this fuller, rounder professional—as comfortable in the board room as a courtroom,” Brown said.

Carolyn Casey is a former *Big Law* associate who writes about innovation and change in the legal market.

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