

LAW FIRM HIRING: TIME FOR A CHANGE?

By Sharon Driscoll
with reporting by Randee Fenner (BA '75)

N

ONE CAN QUITE PINPOINT WHEN THE BIG U.S. LAW FIRMS and top-tier law schools choreographed the modern-day dance that is now new associate hiring. Scheduled nearly two years before graduation, summer associate interviewing is the opening gambit of what has become intense competition for the best and brightest new legal talent. Over the last 20 years or so, it has become more competitive—with high salaries and wining and dining the new crop of talent by senior associates and partners as part of the package. • Up until this year, it ran pretty much like clockwork. The nation's Am Law 100 firms got first pick of some of the nation's very best law students. And Stanford Law 2Ls could expect to receive several summer associate offers and a permanent position at their summer firm after graduation at a starting salary of \$160,000 plus bonus. • But just when new associate hiring was at an all-time high, with the lead-in summer programs swelling to meet that demand, the economy nose-dived. • The well-orchestrated dance is now cracking under the pressure of a sudden economic downturn, the rite of passage no longer a done deal. And what has become apparent is that this hiring process so steeped in tradition may not have been that effective after all.

The Post-Boom Bust

MUCH HAS BEEN WRITTEN about the effects of the current recession on the legal profession, with reports of attorney redundancies in the thousands last year at law firms nationwide. The ripple effect of this downturn is now being felt in career services departments at law schools across the country. First to go were the less experienced associates whose hours were difficult to bill. Now, summer programs are being slashed and offers to new associates are being deferred for six to 12 months.

Today, there is a logjam, with 2L students bumping up against 3Ls and 3Ls bumping up against deferred new graduates and recently laid-off attorneys hitting the pavement hard—all chasing after the same jobs.

“Second-year students who interviewed for summer positions in 2006, 2007, and even 2008 were part of huge associate classes. The firms were hiring like crazy,” says Susan C. Robinson, Stanford Law School's associate dean for career services. She notes that staff at the Office of Career Services (OCS) has seen an uptick in alumni seeking advice as layoffs continue. Particularly hard hit are those new to the profession. “Those interviewing in fall of 2005 graduated in 2007. They were still green and ripe for layoffs when the economy took a downturn. And the 2006 2Ls who interviewed when no one was predicting this downturn graduated in 2008—right into the perfect storm,” she says.

The stage was set for a nerve-wracking summer associate interview season this year. And while statistics have not yet been tabulated for Stanford Law students, at a time when virtually all 2Ls would have as many as a half dozen summer associate offers—today, there are students still waiting for their first callback. Robinson says that firms seem nervous about hiring in advance of an increase in their business—even after significant staff reductions. She adds that she expects callbacks and offers to continue to trickle in as the economy improves.

“Firm summer programs have been drastically reduced. An example is one big firm that two years ago offered 50 spots for the summer. Last year it cut



SUSAN C. ROBINSON
Associate Dean for Career Services

“JUST IMAGINE, AT THE END OF A TWO- OR THREE-YEAR APPRENTICESHIP PERIOD, YOU MAY WIND UP WITH HAPPY, WELL-TRAINED LAWYERS WHO NOT ONLY STAY AT THEIR FIRMS, BUT IN THE PROFESSION.”

SUSAN C. ROBINSON, ASSOCIATE DEAN FOR CAREER SERVICES

back to about 40. This year it's down to 20. So we have the same number of students chasing after many fewer summer opportunities,” she says.

Robinson predicts that firm recruitment is down for all top-tier law schools by about 15 percent. An October report in *The Harvard Crimson* puts it at 20 percent.

To cope with increased demand, OCS has—despite budget cuts at the law school this year—added staff. OCS advisors are encouraging students to broaden their job search to include more mid-size firms, firms outside the major markets, and other areas of law. And they've pulled together more information about alternative career paths. They also strongly advise every student participating in big firm interviewing to attend a counseling session to not only brush up on interviewing skills but also to consider opportunities outside the usual Am Law 100 route. Counseling is very individualized, allowing staff to work with students to develop strategies specific to their strengths and interests.

“Many of our students have a set idea about their careers, of living and working in New York or San Francisco or Los Angeles at one of the big firms. It can be a challenge to get them to look at alternatives,” says Robinson. But for some, this change may be for the better.

“I've never considered it good that such a large percentage of our students join the lockstep march to a career they are not sure they even want,” says Larry Kramer, Richard E. Lang Professor of Law and Dean. “Some of what's happening now is not bad if it causes a real rethinking of the way students are hired into firms. Not so long ago Stanford Law students went to small, medium, and large firms. They started firms of their own. They tried on different practices before deciding where to put their career energies.” Indeed—

some students are taking this opportunity to re-examine their career tack, and this year OCS estimates that applications for judicial clerkships, public interest fellowships, and government positions are up substantially.

But while OCS is busy with what is essentially damage control of a near crisis situation, it is apparent that much larger issues are at play with today's big firm hiring. And while topics such as new associate job satisfaction and on the job training for lawyers may seem frivolous concerns in the current job market, Robinson believes they go to the root cause of much of the profession's current ills.

The High Price of a High Starting Salary

IN RECENT WEEKS, a growing chorus of voices has been raising ideas on how to fix big firm hiring—ranging from the conservative (move the hiring cycle back to spring of the 2L year) to the radical (mirror the medical school post-graduation lottery system). Robinson points to the high starting salary as the main problem and suggests a possible fix.

“When I was a new associate fifteen years ago I had a reasonable starting salary somewhere around \$65,000, and I did interesting legal work from the get go,” says Robinson. “I worked with partners on real cases and my time was billable. New associate jobs are today very different.”

Robinson describes a “catch-22” situation. As salaries jumped (almost fourfold over the last 20 years), new associates were priced out of what had been a “training” category, with clients unwilling to accept high-priced billable hours for untrained associates. That left new associates unable to cut their teeth on engaging legal work, but firms anxious to claw back some of the high cost of their salaries and training. The result:

New law school graduates now spend most of their day on rote tasks. At the same time, big firms have funded whole departments to handle training. You add to the mix the very high rates of attrition for midlevel associates—who often leave just when a firm can start assigning them to cases and bill their time—and it seems that no one is winning.

Robinson argues that by halving starting salaries to somewhere in the range of \$80,000, the pressure would be off both the firms and the new associates. This leads to the second part of her proposal: a formal apprenticeship period for new associate training, with expectations for work-week hours reduced. She notes that new associates are burned out by the number of hours they are expected to clock and the tedium of the tasks they do.

“I think clients would be willing to have new associates train on their cases, just not at today's billable rates,” says Robinson. “Salaries can increase after a year or two of training.”

So, pay associates less and negotiate a training period in which their time is billable to clients at a reduced rate. Assign young lawyers to train on cases with more senior attorneys. Reduce the number of required hours to avoid associate burnout, and formalize the training period so that it is recognized as such. While it may sound sensible, Robinson acknowledges that the same competitive herd mentality that resulted in today's high starting salary will probably make it difficult to lower it now. At the same time, she believes it is vital that leaders in the legal profession take this opportunity to hash out these issues.

“Just imagine, at the end of a two- or three-year apprenticeship period, you may wind up with happy, well-trained lawyers who not only stay at their firms, but in the profession,” says Robinson. ■