LAW FIRM HIRING: TIME FOR A CHANGE?

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

NO 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.

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LENNY GONZALEZ

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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
twofold 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.