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10 Approaches to Strategic Recruiting: Bounce Back Stronger and Smarter

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As we contemplate our current economic climate and the resulting challenges, let's reflect back on recent history for a moment. At the peak, law firms grew at a record pace and those responsible for recruiting competed fiercely for what they perceived to be too few quality recruits for their burgeoning needs. Firms wooed recruits with lavish entertainment, record-breaking salaries, signing bonuses and the promise of exciting work. Firms that had only recruited at the top ten law schools finally reached out to many other fine law schools to fill their hiring needs. Almost all firms began supplementing their entry level recruiting with aggressive lateral recruiting. Associates jumped from firm to firm, easily enticed by higher salaries and bonuses.

Then the bubble burst. Many firms engaged in lay-offs of associates and hiring freezes. Others struggled to stay afloat and indeed, many firms dissolved or were acquired by other firms. Recruiting budgets were slashed, on-campus schedules and hiring quotas were substantially reduced. Even partners were forced out or experienced dramatic reductions in their compensation for not meeting minimal profitability targets.

Does this sound familiar? Does this scenario describe the mid to late-1980s or the mid to late-1990s? Those who have been involved in law firm practice or management for twenty or

more years will know that the answer is both. Since 1980, we have seen at least two major boom and bust periods and several similar regional swings in areas once dominated by predominant industries, e.g., energy and oil, banking and others.

Law firms are service entities and therefore mirror trends in society. The demand for legal services and hence, the demand for lawyers, will continue to shift back and forth based on economic, social and political changes. Law firms can take the following steps to be more strategic and effective in their planning, hiring and management processes to help them weather the storm and be in a strong position as the economy rounds the corner.

1. **Maintain a long-term view.**

Remember that all business is cyclical. As you evaluate your hiring needs for the next three years, think beyond the current "crisis" to where the firm wants to be in two or three years. Before slashing recruiting budgets and cutting back on interview schedules, remember that this down cycle will end. Even if you have to be more modest in the number of summer and entry level associates you recruit or the number of campuses you visit, maintain good relationships and visibility with law school placement offices, headhunters and even with law students you interviewed or

hired for a summer but could not hire full-time. These are important relationships that must be nurtured in bad times as well as good. As with marketing, you cannot just contact people only when you need them most. It is a continuous and long-term process.

2. **Focus on firm clients.** Particularly in a recession but even in boom times, clients have become increasingly dissatisfied with the service they receive from their lawyers and law firms. Lawyers are not consistently providing clients with high levels of responsiveness and timeliness. As you evaluate current associates and recruit new associates, make sure your selection and promotion criteria clearly identify and support individuals who will bring valuable service and interpersonal skills to client relationships. Clients will only be willing to pay for associate work if they believe the hours and services billed are efficient, well-delivered and add value to clients' needs.
3. **Provide training all the way through.** We learned through the past two major downturns and through several interim industry or regional declines that lawyers must learn to be flexible and to adapt their skills to current needs. We also know that lawyers must meet new and greater standards and expectations of their firms and their clients. In addition to better client service, business development, time and project management skills, and business acumen, associates and partners must be given the resources and time to retool themselves or to develop a few areas of expertise so that they can shift their practice focus according to market demands.
4. **Hold partners accountable first.** When business goes into a tailspin, the first thing firms do is cut their overhead: frills and extras, other expenses and employees. Before cutting prematurely and perhaps

causing long-term detrimental effects, make sure the firm's management team is demanding everything it should of its partners first. Partners should do all they can to increase revenue and profits to the firm before cutting expenses. Letting associates go and withdrawing offers should only occur after partners have been required to develop and execute personal development plans to bring in new clients, to be more profitable and efficient and to improve their own financial contribution to the firm.

5. **Be market-driven and plan ahead.** Law firms must become and remain nimble so that they are able to move with the natural ebb and flows of the economy. They must talk to and listen to their clients about their companies, industries and developments. Lawyers should stay in constant touch with others they know who regularly monitor business trends, e.g., bankers and financial experts, economists and regulators. Use the Internet to monitor trends, client activities (e.g., visit clients' web sites weekly) and competitor strategies.

When trends indicate the market is likely to shift, be prepared. Don't be taken by surprise and wait until a practice area is in decline. Forecast well in advance what new services clients and prospects will need. Track new legislation and regulation before it becomes new law. Be proactive and gain a competitive edge by identifying new service niches and "products" and devise hiring, training and marketing strategies to pursue business in these areas before every other firm does.

6. **Stay flexible and diversify.** While law firms should identify and capitalize on hot new practice areas in high demand, they should take care not to hire or train associates and partners for such discreet areas of practice that when those practices

go into decline, those individuals cannot retool or shift their skills. Firms should also not become overly complacent or comfortable with their reliance on “hot areas” or on just a few key clients. Firms that have suffered most in the recent downturn and the previous downturn were those that focused their hiring, marketing and compensation rewards on corporate lawyers involved in mergers and acquisitions, IPOs, other high level corporate finance areas and emerging technologies or who focused on clients in burgeoning sectors. While firms should position themselves to take advantage of market opportunities, they should recognize that even the seemingly most bullet-proof businesses will still be vulnerable to downward trends. Firms should be careful to maintain and build counter-cyclical practice niches and diversify their client bases to complement areas in high demand and to train attorneys to be flexible enough to shift gears.

7. **Be strategic in whom you hire.** If firms are appropriately tracking trends and opportunities in the marketplace, strategically growing service areas that respond to those needs, and carefully maintaining counter cyclical practices, they should be able to carefully identify and articulate those skills and experience levels that they will need to hire or develop. Different types of clients and service areas require different personalities and technical skills. All too often, firms hire what they perceive to be “the best and brightest” without regard to other critical factors, e.g., prior work experience, reasoning skills, business experience, and management, marketing and interpersonal skills. Whether we are in a healthy business climate or a downturn, firms increasingly need to hire lawyers who can provide more than technical skills to clients. Firms must identify those skills most needed and appreciated by their clients and traits that

mirror those possessed by their most successful partners.

8. **Don’t bulk up – stay lean.** Other than actually laying off associates, there is little worse than employing too many very bright, capable professionals who have too little to do. They will be bored and will feel the pressure to fill billable hour quotas. If the work is not there, they may pad hours to meet quotas. They will be fearful of being let go and frustrated by their powerlessness to effect any change (few associates in large firms are yet in a position to originate meaningful new business for their firms). This all leads to very poor morale, as in a down economy, many associates will not have options to go elsewhere and will feel compelled to stay. It is better to ask a little more of (and reward accordingly) your existing associates when things are busy than to staff up during peak times only to be overstaffed when the economy shifts.
9. **Be honest and helpful.** If you are in the very unfortunate position of having to withdraw offers or let associates go, don’t tell them it is because they are not performing up to standard (unless it is true and documented) or because you have changed your recruiting strategy. Tell them the economy has had an impact on the firm and that while the firm is still vibrant and healthy, it cannot currently accommodate as many associates as accepted offers or who are currently employed at their level, with their expertise, etc. If possible, provide them a contract lawyer option or help them find a position with another firm or a client.
10. **Don’t despair but do learn from your mistakes.** Take this opportunity to analyze what your firm has done well or not so well over the past five years. How well did it anticipate this recent downturn? How accurately did it project its hiring needs in terms both of quantity and types of skill and experience? How well has the firm

analyzed and articulated its own success factors: those qualities it most values in associates because they are the qualities most valuable to clients? How well has the firm retained its star associates, even through dips of lower productivity? How well does the recruiting strategy align with the firm's strategic goals? How well do the firm's strategic goals align with client and marketplace realities?

No law firm will institute flawless planning and recruitment processes. Even those that institute improved approaches and infrastructures will be subjected to economic uncertainties and factors beyond their control. Being more strategic, proactive and disciplined, however, will help firms bullet-proof themselves from the most negative consequences of inevitable ebbs and flow of business cycles.

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