



Monday, October 10, 2011

Work-life guru addresses talent restructuring

Recession has changed how legal industry trains and manages lawyers

By Meredith Hobbs, Staff Reporter

The recession has pressured law firms, in-house legal departments and law schools alike to provide competent legal services at a lower cost, while also promoting work-life balance.

"Now, you've got to be an attorney and a businessperson" to survive in today's competitive legal market, said Deborah Epstein Henry, the keynote speaker for a panel convened by Kilpatrick Townsend & Stockton's Atlanta Women's Initiative to discuss how the legal industry is responding to these pressures.

Kilpatrick invited Henry to speak as part of an 11-city tour of major U.S. legal markets to promote her new book, "Law and Reorder: Legal Industry Solutions for Restructure, Retention, Promotion and Work/Life Balance."

The other panelists were Kristine Wellman, general counsel of online bank ING Direct; Robert Shapiro, the interim dean of Emory University Law School; and Kilpatrick's co-managing partner, Diane L. Prucino.

All reported feeling pressure to become more business-oriented. In-house lawyers are having their budgets scrutinized by corporate management, GCs want firms to price legal services accurately from the outset of an engagement, and law schools must teach students some of the practical skills they used to develop on the job.

Clients have been driving the changes that have transformed the legal industry since Lehman Brothers imploded three years ago, said Henry, who has developed a national consulting practice advising firms and in-house legal departments on staffing and talent retention after practicing law at Schnader Harrison Segal & Lewis in Philadelphia.

"We are forcing the law firms to budget and they hate it," said Wellman, who heads both the legal and compliance departments for ING Direct,

Wellman added that she has set microbudgets for her 20-person staff, which has eight lawyers, including herself, because people who sign off on legal services "are not necessarily bottom-line conscious."

As a result, she said, her department ended the last fiscal year under budget, even though the budget was lower than the prior year.

Prucino outlined some ways that Kilpatrick has responded to client demand for predictable and cost-effective pricing. Alternative staffing has been a big one, she said.

Large firms such as Kilpatrick are increasingly using what Henry called "a striated talent pool"—staff attorneys, contract attorneys and other lawyers outside the traditional associate-partner track—to staff matters more cost-effectively.

"It's still a work in progress, but we understand that the law firm of the future will not have just partners and associates," said Prucino.

In another big change, Kilpatrick has stopped basing associates bonuses on exceeding billable hours requirements. The firm's 2010 bonuses were merit-based, said Prucino, taking into account community involvement, pro bono work and skills achieved.

Prucino said the firm decided to switch to merit bonuses "after the sixth or seventh GC asked us if we had a billable hours bonus" and made it clear they didn't like firms to reward lawyers for billing more hours.

To improve its pricing of matters, Kilpatrick has hired a non-lawyer MBA for each of its three departments: litigation, intellectual property and corporate/finance/real estate.

"They are helping us figure out how much stuff costs so neither we nor the client will be surprised," said Prucino. For example, she said, the MBAs help with alternative fee proposals.

And Prucino said Kilpatrick is taking seriously clients' oft-voiced complaint that outside counsel need to know their business. Recently, a team of Kilpatrick lawyers spent four hours meeting with a client's 10-lawyer legal department, learning the business responsibilities of each.

The meeting took up a lot of lawyer time, Prucino pointed out, but all involved thought it was worth doing because a "partnership was forged" much earlier in the engagement.

Emory Law School's interim dean, Shapiro, said law schools are feeling the heat as well, since the number of big firm jobs for new graduates has dropped markedly.

For students to get good jobs, Shapiro said, it used to be enough for Emory to recruit good students and provide a good legal education. "That all changed two years ago," he said.

Now, he said, Emory tells students to start thinking about employment when they begin law school.

The career services department is helping students develop individual job-search plans because facilitating on-campus interviews with firms is no longer enough to secure them jobs.

"I feel like I'm in the marketing business," he said ruefully.

Emory is also adding practical training, including how to network at cocktail parties, to help its law students compete for jobs.

The expense of training new lawyers has become a major issue in the legal industry. "It's a huge problem," said Henry. "Clients don't want to pay for lawyer training and firms don't want to absorb the cost. They want the law schools to do it. No one wants to pick up the ball."

Henry said some companies, such as HP and Pfizer, have partnered with their outside firms to train young lawyers.

She suggested revamping law school curriculums so that students pay for only two years of legal studies and use the third year for more practical training. So far, this idea hasn't gained traction at law schools.

Henry brought up the fallout on junior lawyers—the training expense and firms pushing work down to less expensive timekeepers—and said she has seen it in every city she's visited, whether New York, Washington, Los Angeles or Atlanta.

"I do worry about the junior lawyers," said Wellman. They are stretched thin, she noted, since big firms are hiring fewer of them, and there is a risk that their work life "becomes a constant state of emergency," and they burn out. She suggested that firms designate an associate advocate to assess their workloads and protect their time.

"The more we can move work-life balance away from being a money issue, the better for everyone," said Henry. "We all want to live a more integrated life."