How Law Firms Can Reinvent Talent Acquisition and Retention Strategies

Written by Kate Rattray

The attrition rate at law firms in the US saw a staggering 61% increase in 2021 from its pre-pandemic level, highlighting the deep impact of the Great Resignation on legal. Like employees in other industries, legal professionals are starting to shift their focus to what's more important to them and whether their personal and professional needs are being listened to, understood, and accommodated by their firms.

This is especially crucial now when lawyers have been spending more time in the office than most other professions, almost 53 hours per week on average. "The firm that is going to optimize for the near term, focus on higher billable hour rates and higher billable volume is going to burn out talent. Talent is going to leave and walk out," says Sid Upadhyay, CEO and co-founder of WizeHire, an employment agency specializing in legal recruitment.

"One of the most interesting trends that we've seen in response to the Great Resignation in the legal industry is lawyers starting their own businesses. Often, they're not even starting the firm in their core focus area. It's almost a re-reflection of what they've really wanted to do," he adds.

And no, not even financial incentives are enough to prevent them from quitting, according to a 2022 report, where even a 15% bump in salary and bonus wasn't enough to stop turnover. The need for change is obvious, but how can law firms win employee trust when the latter has more leverage to negotiate an employment based on their terms.

If not financial incentives, then what do legal professionals want?

Ronald J. Coleman, Adjunct Professor of Law at Georgetown Law and Host of the Compliance & Legal Risk podcast, says, "Financial incentives are important but they are not always enough to retain and attract talent." In the past, when an employee wanted to leave the firm, sometimes it was fixable with a financial incentive like a raise or a mid-year bonus. That model has flipped during the pandemic for many reasons including rising burnout rates, motivating employees to lean towards firms that offer an all-rounded development.

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Firms need to understand that the workforce's needs have changed drastically, emphasizing health care, mental wellbeing, physical health, reskilling/upskilling, professional growth, and more. Coleman points out that employees are a key asset of law firms and that firms should focus on their people. "Law is a services industry and having a good set of employees is the backbone of any good firm," he says. Employees who have positive experiences and feel psychologically safe at work are more likely to be engaged, productive, and satisfied within their role.

Rethinking the traditional law firm model

It's also essential for firms to balance empathy-driven efforts with an openness to experiment and innovate. "Right now, it's really attractive for legal professionals to be introduced to a firm with a different flavor on the traditional law firm business model," says Debbie Foster, Law Firm Management Consultant at Affinity Consulting Group.

Historically, law firms operated based on what worked for the firm—how practice groups functioned, how busy the team was, how many billable hours were recorded, how much revenue client engagements generated etc. "Earlier, a lawyer's version of normal was going to the office every day, billing 1800 hours a year—you often felt like you were part of a grind," Foster says.

And this relates to the need to become more savvy with how legaltech tools are used to get work done. As more legal professionals and firms become comfortable using cloud-based solutions, and legal AI, for example, they're realizing that they can spend less hours doing more, without sacrificing productivity and profitability.

According our latest *Legal Trends Report*, AI has reached the level of adoption the cloud took a decade to obtain, with 79% of lawyers now using AI daily—up from just 19% in 2023. This rapid shift underscores the growing demand for legal tech that helps firms do more with less, while supporting better work-life balance for lawyers.

“You don’t have to work 80 hours a week to bill 50 hours. Set a realistic goal for yourself, make a plan for your week, focus on working efficiently and leveraging technology, and that intentional approach will bring you more balance,” Foster notes.

The workforce is demanding (and receiving) higher compensation, but what they also want is flexibility, a sense of value, better operating tools, and an inclusive culture. Traditional law firms must compete against all these elements and function as a business model. This means becoming comfortable with remote work and trusting employees to manage their time. Foster says, “Just because you’re in the office doesn’t mean you’re working. Law firms need to think about what it means to be responsible and self-accountable and separate that from physically being in the office.”

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Understandably, firms will be hesitant to make the change for reasons like the fear of the unknown or reluctance from staff to learn tech-based tools to communicate and collaborate. But they risk losing existing and future talent without taking proactive measures to evolve. “Talent is likely to move to firms that are offering greater flexibility. Those kinds of firms are going to have a competitive advantage over ones that do not,” Coleman says.

What’s attractive to the legal workforce right now?

In the same vein, Coleman proposes helping employees see the value of their individual contributions to the joint effort of representing clients. “Legal professionals are often willing to work long hours if they feel like they are part of the process as opposed to a cog in the wheel,” he notes.

Law firms are notorious for glorifying long hours. In many cases, it results from reliance on outdated, cumbersome processes like retyping data, and finding information on paper stored inside files and cabinets, all leading to stress and burnout. It’s possibly why many legal professionals are starting their own firms, like Upadhyay mentioned, carving individualized flexibility models while delivering quality and value to clients.

"It's important that law firms put individuals in a position that aligns with *their* purpose, value system and gives *them* something to be excited about," he mentions. When 76% of lawyers feel like they are overworked, there's little reason to stick with a firm, especially for a young generation of lawyers. What makes them stick at a firm are factors like great experience, collaboration, immediate contribution, mentorship and a belief in doing well.

Consistent long hours without a solid plan to promote employee work-life balance can lead to low engagement, cynicism toward the organization, and reduced productivity. Eventually, this impacts the quality of work and client experience at the firm.

Is lack of technology in law firms risky?

A solid plan for change for any industry is incomplete without incorporating technology in a remote-preferred workplace. Outdated technology or no technology is unproductive for employees and clients, and hurts profitability at your firm.

In one survey, 66% of lawyers mentioned feeling too much pressure to complete tasks on time, and 33% admitted to skipping proofreading documents when creating or reviewing legal documents. "Reviewing thousands of documents for something relatively simple, like an individual person's name, is likely less exciting for lawyers and potentially inefficient for clients. There may be times when lawyers need to put eyes on thousands of documents, but if technology could cut the thousands down to fifty, that could help both lawyers and clients," says Coleman. "Similarly, tools that can ethically automate routine legal tasks may also positively impact attorney quality of life and help control the client bill," he adds.

The good news is that most firms are realizing that and moving fast to keep pace with the growing tech changes. For example, one firm reduced 75% of time spent on drafting legal documents with document automation and cloud-based fillable court forms and reported improved efficiency and morale. "When you're using the right tool for the right task, it can absolutely make you more efficient and help you deliver better services to your client. It's a win-win across the board," Foster says.

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However, she warns that firms that shy away from making the change risk losing talent because another firm will offer them whatever their firm is missing—good culture, purpose, efficient tools, remote work flexibility, etc. Upadhyay agrees, "Candidates are finding firms where they can thrive in a remote setting. Organizations that don't take this moment in time to reflect on their work style may be setting their organization up for challenges and a lack of success, especially with new hires."

Tips and advice to get your firm started

As economies try to find their balance in an evolving landscape, law firms will be under significant pressure to think and act in ways much different than before. Talent will play a critical role in helping them find their balance. Those that are quick to adapt will own a culture where employees want to remain a part of the growth and thrive rather than escape for greener pastures. Here are some tips from Coleman, Foster, and Upadhyay that will help you navigate through your talent retention and attraction strategy:

- **Some degree of in-person interaction is meaningful:** Create in-person opportunities for mentorship and training of young lawyers and create platforms for them to connect and ask questions from mentors and firm leaders.
- **Transparency and authenticity are attractive:** Be more explicit about your firm's flexibility options, salary, benefits, etc., and set a straightforward tone right from the start. Research suggests that candidates opt out of hiring processes when they experience less transparency.
- **Create a remote-friendly onboarding plan:** Make sure your onboarding plan provides key resources and assets that remote employees will need to succeed. Collect feedback on the process and make changes as you go. You can also review what others in the industry are doing to onboard talent virtually.
- **Implement technology that your team will use:** Bring your staff into the research and evaluation process before introducing tech solutions. Understand their pain points, ease of software use, and implementation, to maximize acceptance.
- **Don't join a firm solely based on money:** Or who you perceive to be more prestigious. Pick a role that you find interesting, where you can get the best training, and a team that makes communication and collaboration easier.
- **Offer flexibility:** Define your stand on remote flexibility and promote it. The majority of employees want to work at firms showing signs of modernization and have processes to accommodate remote staff and clients.

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