



BY HEATHER SUTTIE

# Less than Attractive

The upshot of a hollowing out of people and profits in legal services



**A HOLLOWING OUT** of talent is creating a quiet crisis in the legal market. Altering attitudes and stalling career paths of early and mid-career lawyers are causing a shift that's affecting how traditional law firms operate and market themselves.

Much has been said about the too-many-lawyers "talent jam." Essentially, this is happening due to the increasing number of students entering law school who are then unable to find articling positions at law firms, along with associates being restricted from entry to partnership because senior lawyers are either reluctant or reticent to retire.

Increasingly, however, associates are steering clear of partnerships at traditional law firms. And that's causing an even bigger problem and raising a bigger question — how is the legal industry, profession and culture going to have to change if firms don't want to lose out on talent along with the clients for whom they work?

## ECONOMICS AND EROSION

There are a couple of key factors at play: economics and erosion. In December 2015, Citi Private Bank reported that US law firms experienced a half-per-cent productivity decline because lawyers have less to do. The bank predicted little change for 2016. While there is no Canadian data, there are observations from senior partners in national Canadian firms who say they will have practised 40 years by the time they retire, but because the legal market is

shrinking, there won't be 40 years of traditional legal work left for others.

Market erosion with clients remaining seated on their wallets or spending judiciously on outside firms is another piece of the puzzle. And there are more competitors for the legal spend, including bulked up in-house teams and legal and non-legal service providers capable of reducing costs while improving efficiency with transparency that helps build client confidence and trust.

Over the past six months, there have been more lawyers than ever speaking to me about their distrust, disinterest and general lack of engagement with their firms. Discontent covers a range of talent, such as juniors in a global firm who are not interested in becoming partners, won't welcome an approach, and would turn down an offer if one were presented. Other examples include senior associates at brand-name firms starting solo practices in order to have better control over their lives and a say in the work they do, and partners seeking business-development coaching because they either need to bulk up their billables or are considering jumping ship.

While changing career paths isn't new, there are now more options and markets for lawyers and lawyering. Some of the most successful non-traditional firms and service providers have been started by people who are now in their 30s and 40s, and were associates — some on the cusp of partnership — but took a different tack.

One was Peter Carayiannis, who spent seven years with the former Gowling Lafleur Henderson LLP (now Gowling WLG) and another 10 years as an embedded corporate counsel working alongside a number of clients before founding Conduit Law Professional Corp. in 2012. With a future-is-forward perspective, he says, "The challenge and opportunity for law firm leader-

ship is to create agile organizations that can be responsive to clients."

## SOFT SKILLS AND HARD NUMBERS

Culture and communications are critical factors in keeping clients and talent happy. Law firms are not usually good at nurturing either and need to get good fast. A positive culture is everything, since people are apt to remain in an environment where they're valued, respected and invited to contribute. A toxic culture gets what it deserves. Constant communication keeps a positive culture alive. Conveyed as client stories and feedback, wins, losses, internal and legal industry news, communication helps inform people and form opinions.

Understanding that traditional law firm growth is likely to be slow from now on means it must be talked about in terms other than head count. Only law firms measure growth in part by the number of lawyers on their rosters. The rest of the business world measures growth by money, so firms that want to be around in the future and attractive to talent must be able to talk about financials. As Carayiannis observes, "The lawyers and law firm leadership teams that are up to the challenge, the teams that can seize these opportunities, those who can reinvent their organizations, will be the next generation of leaders."

The days are gone for the take-it-or-leave-it attitude that, while you may have family, friends and interests outside of work, the firm comes first. As the legal industry becomes more businesslike, leaders at successful law firms must be dedicated, professionally trained management personnel who understand that "P" stands for both people and profit. 📌

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