



WHAT MAKES A LAW FIRM A GOOD PLACE TO WORK?

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Whether a law firm is highly respected and highly sought after for legal work may or may not have anything to do with whether people want to work there. The most objective measures of employee satisfaction or dissatisfaction are employee retention and turnover. Turnover is costly. In fact, experts estimate that the actual cost of turnover is equal to between 100–150% of an individual's annual salary. Retention, on the other hand, has the ability to reduce costs and increase productivity; leading to greater profitability. Teamwork and cooperation also improve with employee satisfaction. Accordingly, being a good place to work will ultimately have much to do with a firm's success.

When one uses an adjective such as “good”, it becomes quickly apparent that we are dealing with a subjective determination. What is good for one individual may not be good for another. There is no objective standard to define what is good. As my grandmother used to say, “There's a lid for every pot.” Meaning that no matter what the environment—the firm culture—there will be people who thrive in it, and people who don't. The trick is not only to create a culture which will support the type of work and clientele the firm wants, but which also has the ability to attract and retain the type and quantity of people the firm wants; who will derive the most satisfaction from the firm's unique environment. This is certainly much harder than it sounds.

To the outsider, a law firm is a law firm. But to anyone who has worked for more than one firm, in any capacity, it is readily apparent that each firm has a unique culture. Some broad generalizations can be made about the type of culture that will best serve to attract and retain certain individuals. (There are literally hundreds of articles already written on this topic.) The cultural needs of one generation—Baby Boomers—will be very different from those of other generations—Generation X or Generation Y. As an example, Generation Xers value flexibility in the work environment, expect significant recognition and rewards, but are willing to take significantly reduced compensation in return for a more balanced lifestyle. Accordingly, a firm which offers flextime, telecommuting, generous vacation time, extended maternity leave, paternity leave, and early exposure to clients will find themselves a “good place to work” for Generation Xers. For Generation Yers, a greater emphasis on teamwork, personal interaction, mentoring, autonomy, lifestyle balance, and assistance with student loans will make a firm more attractive. Cultural factors which can greatly influence the perception of the firm as a good place to work, or not, include:

- Competitive, but not excessive, compensation, with rewards for extraordinary performance by superstars
- Training, mentoring, and role models in the “professional” skills of client work and matter management, as well as the “business” skills of marketing, leadership, and business management
- Creative benefits beyond the usual medical and disability insurance, such as cafeteria plans, EAPs, flex time, telecommuting, emergency back-up childcare, and sabbaticals
- Clear communications about the firm, the firm’s expectations of the employee, and candid feedback as to how the employee is performing relative to the expectations
- Direct client interaction and challenging work assignments
- Opportunity and encouragement to participate in management and decision-making at the firm

Typically law firms fall somewhere in between two ends of a continuum. On the one end is the purely profit-driven culture. This firm operates in business mode. It values those things which are directly tied to profits, such as billable hours, rainmaking, and premium billing. Those with significant books of business are the power brokers and change agents at the firm. Associates are viewed as profit centers, and are added or terminated based on the volume of client work at any given time. The environment tends to be “sink or swim” for attorneys.

On the other end of the continuum is the firm which is purely service-driven. This firm operates in the professional mode. Value is placed on the perceived value of hours worked from a client perspective, the quality of the product produced, client service, and client satisfaction. Associates are valued as future partners and a good deal of energy and investment is spent developing skills of those attorneys, with a confidence that the investment will ultimately be rewarded for the firm by production of superior work product. These firms develop strong mentoring relationships, and seek candidates who present excellent academic credentials and individual qualities. Firm administration is an important part of firm citizenship. Maintaining client relationships is as important as originating them. And partners at these firms are evaluated and compensated based not just on fee generation and rainmaking, but also on their leadership and management, mentoring, and bar association activities.

Most firms fall somewhere in between the two extremes on the continuum. What creates the firm culture initially is the belief system of the firm’s founders. The firm’s founders normally share a vision of the type of firm they wish to create and work in. They usually share common values. The “right” culture creates an atmosphere they find most rewarding.



Sometimes firms are formed without a clear vision, or with a differing vision among the principals. This can—and often does—lead to internal strife at the firm. Subcultures develop which clash with other cultures within the firm, or with the firm itself. Eventually this leads to individuals, or even whole departments, leaving for another firm, or establishing their own firm, with values more in synch with their own.

Typically, firms which suffer an internal clash of cultures and lack of common vision exhibit symptoms such as

- poor internal communications
- inability to reach consensus on change
- lack of support for and/or confidence in firm leaders
- lack of accountability
- power struggles
- defections
- increased turnover
- decreased profitability

Firm culture is not stagnant. It has a tendency to change over time. New generational leaders in a firm can cause a shift in the value system and culture. For example, the number of women attorneys joining firms has already had a significant impact on the acceptance of alternate work arrangements, and a lessening of the “up or out” expectations. New categories of non-equity partnerships have emerged strongly in the past decade not so much as an interim purgatory, but as a legitimate alternative career path for those whose career interests are less traditional.

Sometimes a cultural change is made purposely based on marketing strategy. For example, a firm which seeks to establish itself as cutting edge may focus on and reward innovation in terms of use of technology, creation of new “products” for client markets, or establishment of new practice groups to provide a strategic marketing advantage.

Many times clients can affect the culture of the firm, based on their own cultures and expectations. One has only to look at the atmosphere in a firm which represents large institutions, such as an insurance defense firm or banking firm, as compared to a litigation boutique. Or an intellectual property firm concentrating on domestic manufacturers or bio-med companies, compared to one which services Asian technology clientele almost exclusively.

The question is, what significance does all this have for firm management, or for those seeking employment at a firm? Simply put, a firm must know itself first and foremost. It must know its culture, and what it values. And it must then seek to attract



people to the firm who are a good match in terms of their own value systems. Doing so will create the best work environment, and enhance the bottom line. It's just that simple.

Or is it? If the firm's culture is such that the pool of candidates who will be attracted to it is sharply limited, perhaps due to competitive firms in the area with differing cultures, the firm may have to make cultural changes in order to attract and retain the type of candidates it seeks. In fact, firms need to continually monitor the pulse of the available pool of applicants in order to attempt to understand their values and priorities, and when necessary adapt the firm culture accordingly. But keep in mind that it isn't enough to "talk the talk", the firm must also "walk the walk" to hold onto those candidates.

According to the most recent associate attrition study performed by the NALP Foundation, cumulative attrition rates for entry-level associates is 8.4% within 16 months of employment. The cumulative attrition rate for lateral associates reveals that about one in five laterals (18.9%) had departed their law firm employers at or near the end of their second year of employment. Minority male laterals departed at an astounding rate of 23.5% during the same term. The annual attrition rate of entry-level associates was 13.8%, with minority men departing at the rate of 17.5%. The annual attrition rate for lateral associates was 19.3%, with minority women departing at the alarming rate of 24.9%.

A few things are evident from these numbers. On their face, these numbers indicate that an insufficient amount of time is being spent evaluating firm culture and its impact on hiring decisions. From an internal perspective it means that the firm either does not sufficiently know itself, or may not be portraying itself consistently and honestly to candidates. From an external perspective it means that the firm has not taken sufficient time or used sufficient expertise to uncover what the potential candidate's cultural values are, in order to ensure a good fit. For firms which fare worse than the benchmarks in this survey, there is a lot of room for improvement in the hiring process. For firms which fare better than the benchmarks, there is an opportunity to further analyze the cultural environment at the firm in order to identify areas for fine tuning which can widen the recruiting advantage over the competition for scarce—and growing scarcer—employee resources.

Part of the problem is that a potential employee—not limited just to attorneys—particularly an entry-level associate, may not be sufficiently sophisticated or experienced enough to understand their own cultural preferences, let alone ask insightful questions regarding the firm's culture. It is therefore incumbent on the firm to carefully examine this area with the applicant. Often firm interviewers are so intent on impressing and wooing talent that they may give away the answers before asking the questions. And in addition, particularly crafty applicants will ask key questions in the initial stages of the interview process to enable them to craft their answers in the most appealing manner to the interviewer. The object for the applicant, after all, is to get the offer. Often little thought is placed during this process to making a good "fit". And the process is carried out in such a way as to make the firm believe that the candidate shares cultural values, when in fact this is often not the case.



So initially the firm must concentrate on understanding certain aspects of the candidate's values, in addition to academic and professional credentials. And it must turn around questions asked during this phase to assure that input is purely that of the candidate, and not a reflection of what the candidate feels the firm wants to hear. What you want to know of the candidate is

- what are the candidate's goals with respect to compensation, type and variety of work, case responsibility, and workload
- will those goals fit within the framework offered by the firm
- what are the candidate's values with respect to non-legal activities, client service and relationship management, family and work balance, recreational activities, pro bono and so forth
- will those values fit within the framework offered by the firm
- how does the candidate expect to develop practice skills at the firm
- what role does the candidate wish to take downstream in firm management, ownership, and rainmaking

Those aspects of the firm which most typically define its culture should be presented to the candidate. What a candidate should know is

- the firm's current and future goals and plans
- the firm's philosophy of management
- who are the firm's leaders and what is their style
- what opportunities will the firm provide for face-to-face interaction, mentoring, communications
- how and why the firm does the work it does
- how the firm recognizes achievement
- how does the firm view itself, e.g. what is the firm vision and brand
- what it takes to be successful at the firm
- what criteria the firm uses to determine who becomes a partner

In sum, what makes a law firm a good place to work is to understand—and in some instances create—the law firm's culture in order to provide an environment that results in employees feeling better about themselves when they are in it, then when they are not, so that they will love their work, and choose to stay. There is no "right" culture, although in some cases competition from other firms in your area may influence some aspects of your culture out of necessity. There is, instead, an effective selection process which carefully



explores the values, work style and priorities of applicants, and carefully matches them to the firm. By ensuring that applicants are a good match to the firm's culture, the reputation of the firm as "a good place to work" will be enhanced, as will the bottom line of the firm.

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