

LATERAL HIRING IN THE "NEW NORMAL"

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AGENDA

- Discuss and understand the various alternatives being proposed to recruiting agencies.
- Review concepts such as creative/flexible billing, reduced fees for different types of attorneys that are being proposed to these agencies.
- Analyze the pros and cons of such models and its long term reputational impact.
- Explore alternative staffing models such as staff/project/contract attorneys, hourly attorneys and others.
- Review the market as it is treading today so you can report back to your employers.

WHAT IS DRIVING THE CHANGE?

- Demand for legal services is down
- Billing rates are being heavily discounted and negotiated
- Firms are trying to cut expenses, manage headcount
- Increase productivity/utilization of attorneys

PLACEMENT FEE

- Standard placement fee (e.g., 25% of the annual base salary)
- Incentive placement fee (e.g., 30-40% for specific searches)
- Most firms are still paying the standard placement fee

ALTERNATIVE FEE ARRANGEMENTS

- Reduced Placement Fee
- Flat Placement Fee
- Direct Hiring (i.e., not using a search firm)
- Fee Agreement Revisions
- Alternative Staffing Models (i.e., not hiring associates)

REDUCED PLACEMENT FEE

- Placement fee below the standard percentage - e.g., 20%
- Pros:
- Cons:

FLAT PLACEMENT FEE

- Placement fee equal to a flat amount irrespective of class year - e.g., \$15,000
- Pros:
- Cons:

DIRECT HIRING

- During the recession, many firms tried to hire attorneys directly without using a search firm
- Alternative methods used include firm website, internal attorney referrals, and law school postings
- Pros:
- Cons:

FEE AGREEMENT REVISIONS

- Instead of revising the placement fee amount, revise other fee agreement provisions
 - Longer guarantee period
 - Longer non-solicit period
- Pros:
- Cons:

ALTERNATIVE STAFFING MODELS

- Instead of hiring permanent associates, many firms increased their hiring of staff/contract attorneys
- No industry standard in alternative staffing definitions
- Career choice
 - Staff Attorneys
 - Contract Attorneys
 - Temporary Attorneys
 - Hourly Attorneys
 - Other terms used: Project Attorneys, Associate Attorneys, Discovery Attorneys,

CHALLENGES

- Does this work at your firm culturally?
- Do they get professional development opportunities?
- Do they work with clients or are they in the background?

RECRUITING

- Referrals (internal and external)
- Job Postings
- Firm website
- Law School
- Local Bar associations
- Agencies

OTHER METHODS

- Outsourcing of document review overseas - "offshore"
- Firms are now working with contract attorneys who are based in India and China
- Number 1 factor - costs are less expensive
- Must have quality control over work
- Risk Management issues

MARKET TRENDS

- Staffing Model changes are here to stay
- Clients are negotiating their own deals with staffing agencies
- Some firms still take a wait and see approach

IMPLEMENTATION STRATEGIES

- Establish strong relationships with reputable staffing agencies that specialize in contract/temp attorneys
- Develop a clear process/structure for on boarding these attorneys
- Make sure you talk to your associates so they are aware of the new models, avoid morale issues early
- Speak with Career Services at local law schools about students looking for off track positions

QUESTIONS?
