

Finding the Unicorn Lateral Searches for Members of the "Lost Generation"

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Why Are You Here Today?

- Not seeing resumes?
- Open searches not being filled?
- Partners looking to you for answers?
- Losing the associates you do have?
- What needs to change?

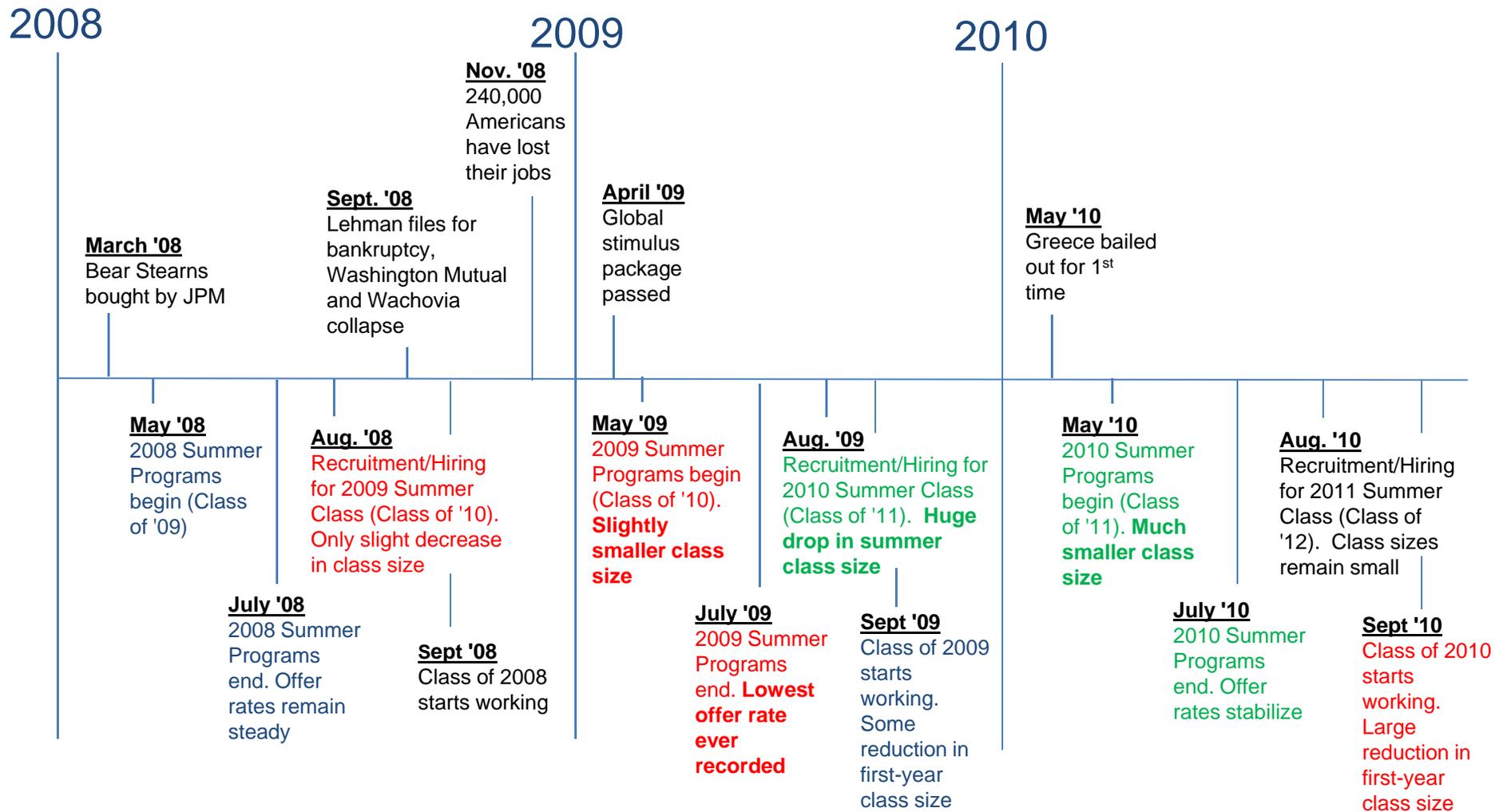
Goals of This Session

- Provide conclusive statistics and visuals to explain the deficit of experienced mid-levels
- Discuss importance of sourcing and messaging in a competitive market
- Refine best practices for recruiting and retaining the Unicorn

How Did We Get Here?

- Financial crisis timeline
- Attorney hiring fallout
 - Skeleton summer classes
 - Minimized first-year classes
 - Layoffs
- Additional contributing factors
- Resulting lateral needs

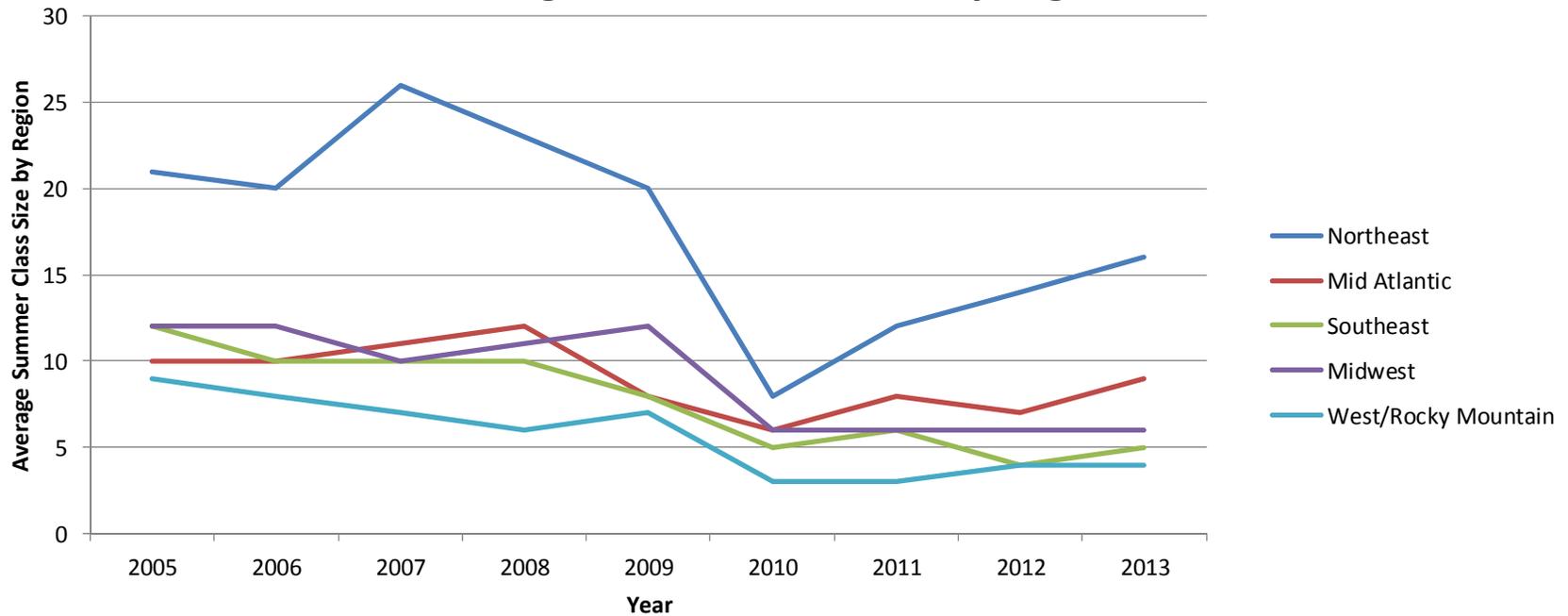
Financial Crisis Timeline



Skeleton Summer Classes

Summer Class Size by Region

Average Summer Class Size by Region

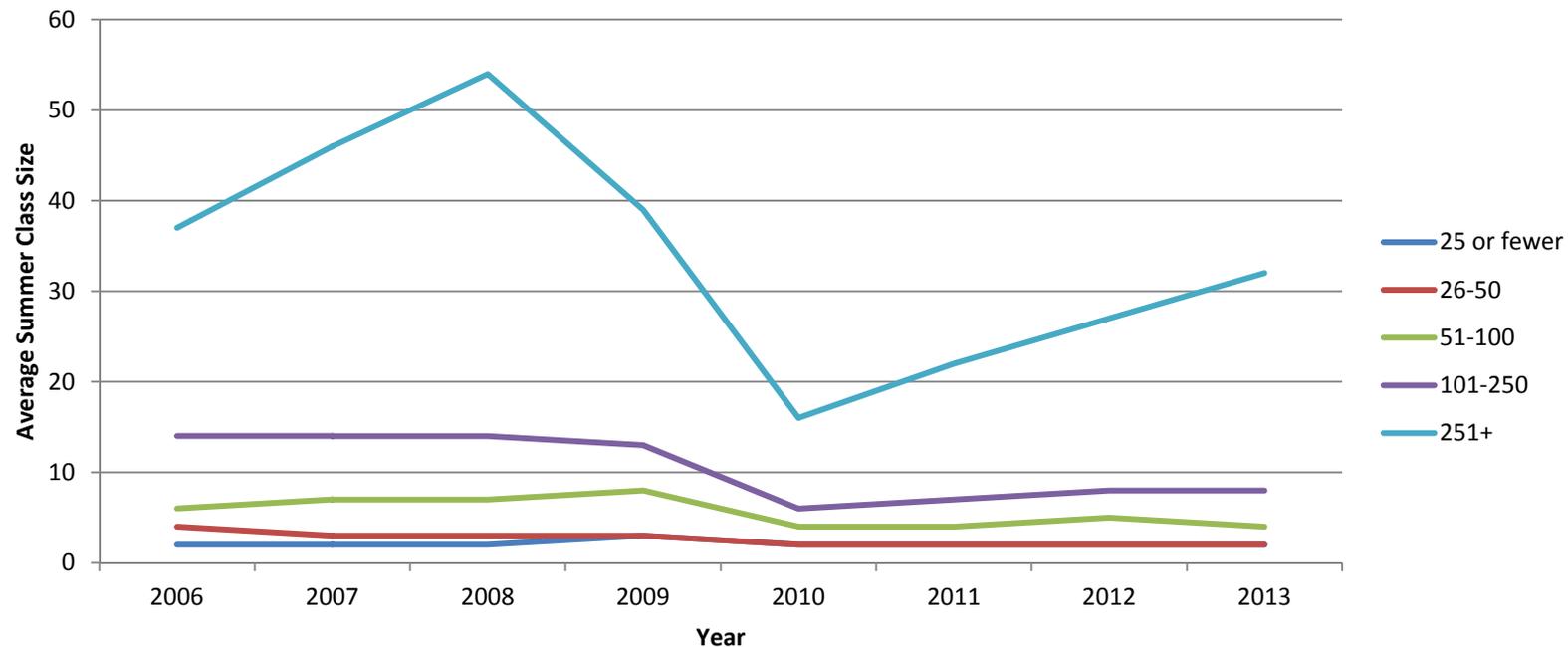


Average Summer Class Size by Region									
Summer of:	2005	2006	2007	2008	2009	2010	2011	2012	2013
Northeast	21	20	26	23	20	8	12	14	16
Mid Atlantic	10	10	11	12	8	6	8	7	9
Southeast	12	10	10	10	8	5	6	4	5
Midwest	12	12	10	11	12	6	6	6	6
West/Rocky Mountain	9	8	7	6	7	3	3	4	4

Skeleton Summer Classes

Summer Class Size by Office Size

Average Summer Class Size by Number of Attorneys in Office

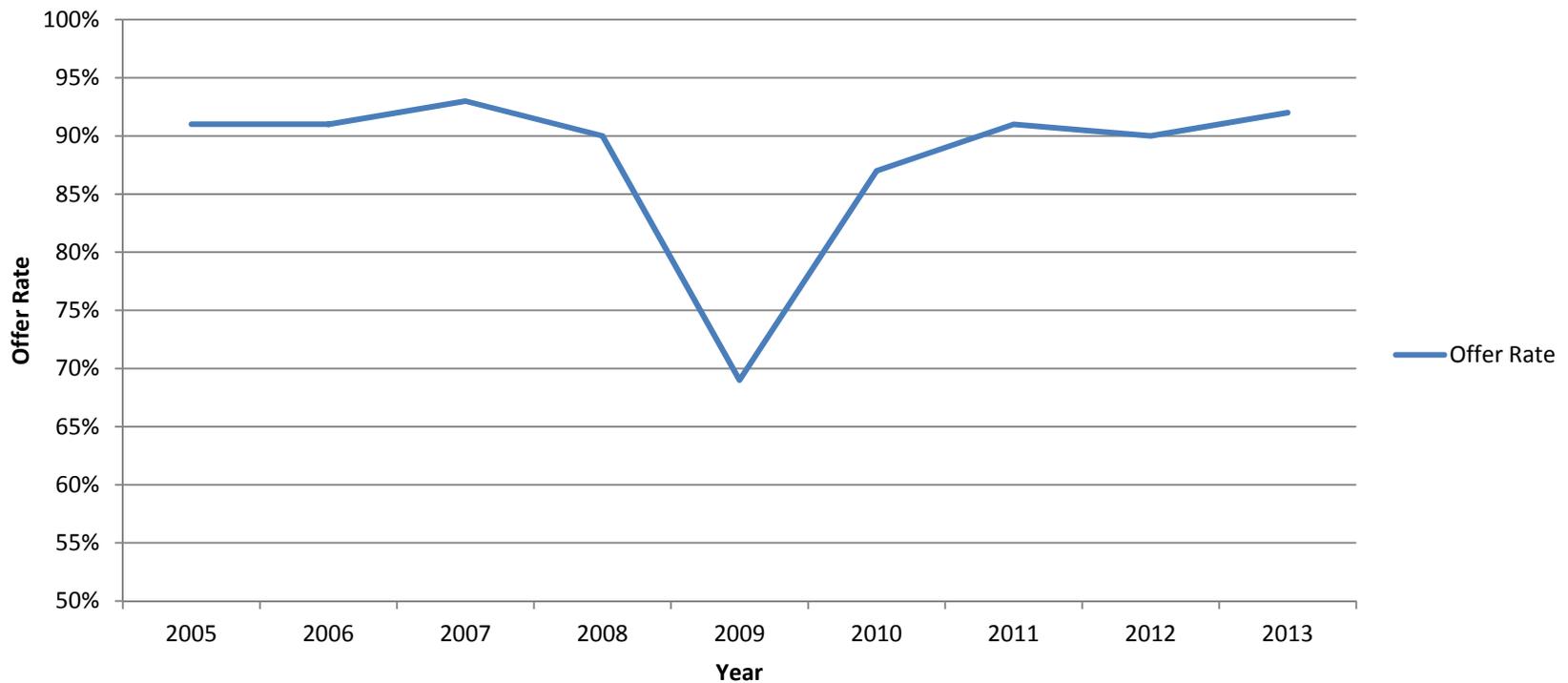


Average Summer Class Size by Number of Attorneys in Office								
Summer of:	2006	2007	2008	2009	2010	2011	2012	2013
25 or fewer	2	2	2	3	2	2	2	2
26-50	4	3	3	3	2	2	2	2
51-100	6	7	7	8	4	4	5	4
101-250	14	14	14	13	6	7	8	8
251+	37	46	54	39	16	22	27	32

Skeleton Summer Classes

Summer Offer Rates

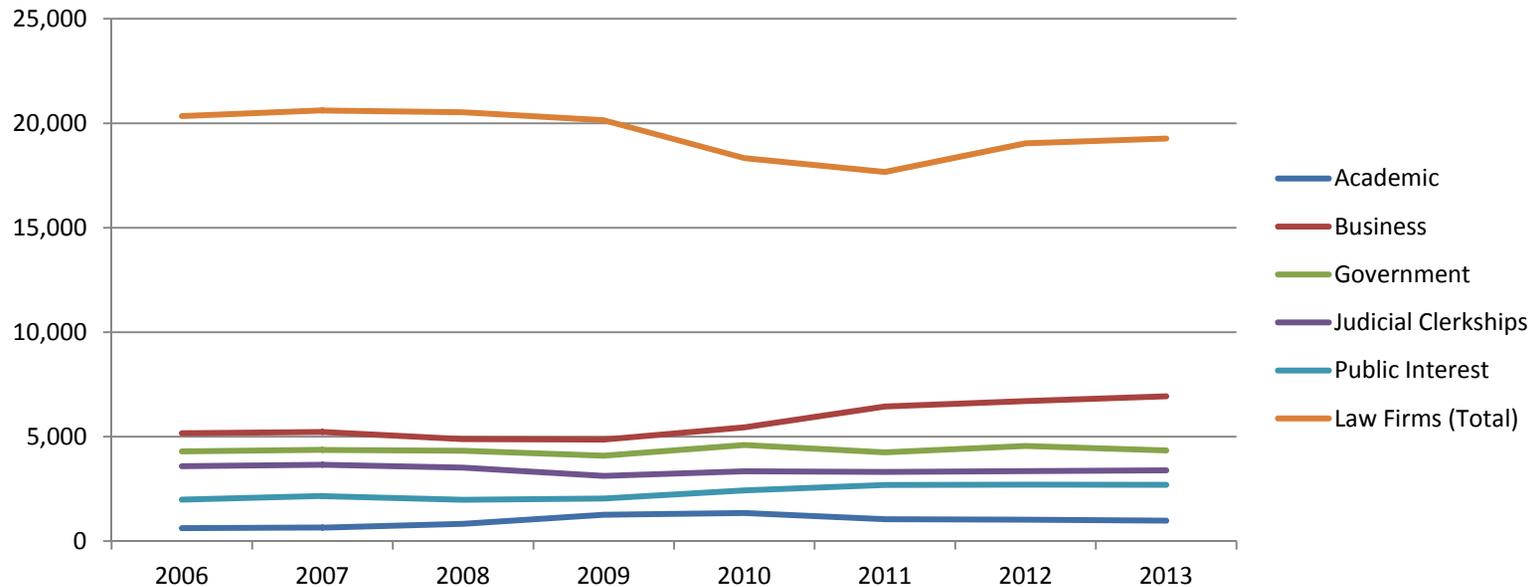
Summer Class Offer Rates



Summer Class Offer Rates									
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Offer Rate	91%	91%	93%	90%	69%	87%	91%	90%	92%

Minimized First-Year Classes Entry-Level Jobs by Sector

Number of Jobs by Sector

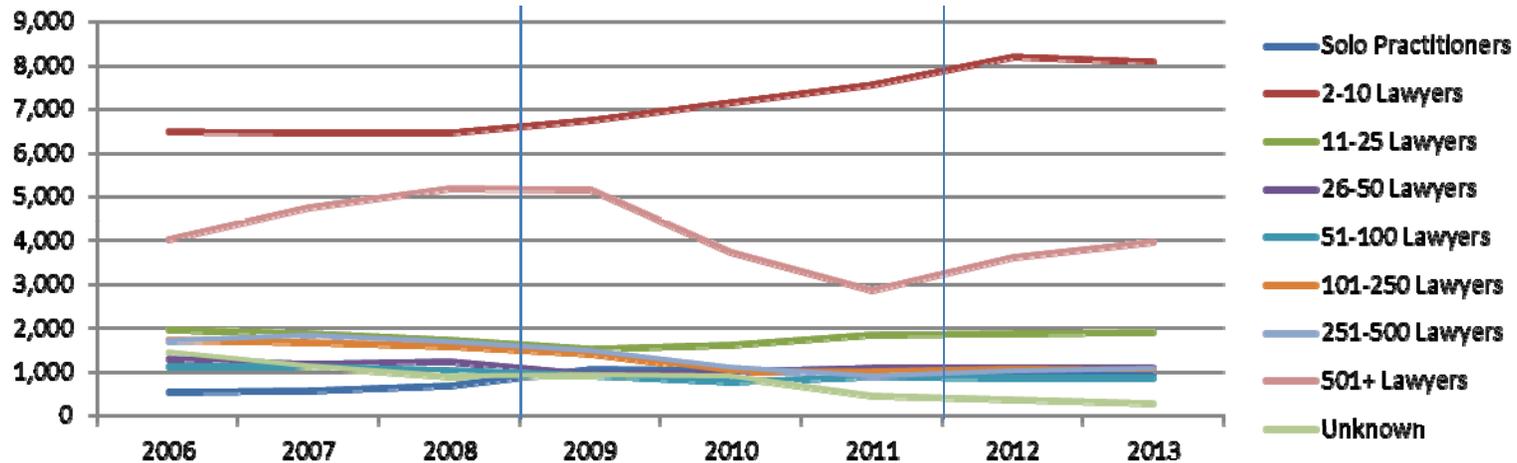


Overview of Entry-Level Legal Employment by Sector 2006-2013								
Sector	Total # of Jobs Reported by Class							
	2006	2007	2008	2009	2010	2011	2012	2013
Academic	624	651	831	1,262	1,351	1,052	1,026	986
Business	5,160	5,223	4,887	4,861	5,446	6,442	6,701	6,935
Government	4,290	4,366	4,329	4,092	4,601	4,255	4,556	4,341
Judicial Clerkships	3,587	3,656	3,517	3,125	3,346	3,315	3,355	3,393
Public Interest	1,982	2,159	1,982	2,043	2,428	2,687	2,705	2,698
Law Firms (Total)	20,340	20,611	20,525	20,145	18,329	17,666	19,042	19,272

Minimized First-Year Classes

Entry-Level Jobs by Firm Size

Number of Jobs by Law Firm Size



Overview of Entry-Level Legal Employment by Sector 2006-2013								
	Total # of Jobs Reported by Class							
	2006	2007	2008	2009	2010	2011	2012	2013
Solo Practitioners	552	576	685	1,058	1,039	1,059	964	933
2-10 Lawyers	6,481	6,461	6,479	6,749	7,160	7,570	8,193	8,087
11-25 Lawyers	1,969	1,875	1,730	1,526	1,632	1,847	1,888	1,921
26-50 Lawyers	1,303	1,185	1,236	946	971	1,085	1,086	1,083
51-100 Lawyers	1,118	1,133	1,026	912	766	888	861	868
101-250 Lawyers	1,724	1,688	1,579	1,402	1,018	1,010	1,054	1,043
251-500 Lawyers	1,713	1,815	1,691	1,468	1,101	891	1,001	1,067
501+ Lawyers	4,027	4,745	5,193	5,156	3,750	2,856	3,636	3,980
Unknown	1,453	1,133	906	928	892	460	359	290

"Desired Associate Departures"

- Estimated 9,500 lawyer layoffs in 2009 and 2010 – *The Economist (2011)*
- NALP Foundation's Keeping the Keepers III:
 - The percentage of "desired associate departures" rose from 19% in 2007, to 26% in 2008 and peaked at 42% in 2009

Total Losses

- First year associate positions decreased by 8,737
- Estimated 9,500 layoffs at top 250 firms in 2009-10
- Total loss of 18,237 attorneys during this timeframe (likely higher with additional layoffs)

$$\begin{array}{r} 8,737 \\ + 9,500 \\ \hline 18,237 \end{array}$$

Today's Additional Challenges

- In-house market expansion
- Uptick in corporate activity
- Decreased law school enrollment
- Generational expectations

Resulting Lateral Needs

Open Lateral Searches for Classes of 2009-12 (New York)*

<u>Practice Area</u>	<u>Number of Open Searches</u>
Corporate/M&A	46
Corporate/Finance	49
Corporate/Securities	31
Corporate/Real Estate	51

*Numbers from Leopard Solutions as of January 2015.

How to Address the Need for Talent

- HIRE THE UNICORN
- RETAIN YOUR UNICORN

Hiring the Unicorn

- Thinking like a lateral
- Partnering with your partners to build and sell their message
- Implementing best practices
- Effectively utilizing recruiters/other sources
- Managing partner expectations

What are Laterals Looking For?

- Advancement opportunities
- Seeking a different culture/fit
- Prestige – the “upgrade”
- Relocation
- Practice group shift – or access to different platform (i.e. international work)
- More stability
- Compensation
- Training – overall investment in associates
- Mentoring

Partnering With Your Partners

- What do lateral candidates need to know about a position in order to pique their interest?
 - Substance of work
 - Client Base
 - Partner personalities
 - Hours
 - Advancement prospects
 - Exit opportunities
 - Group message/brand

Effectively Using Recruiters

- Provide access to partners
- Arm your recruiters with your message
- Prioritize feedback and momentum

Alternatives to Recruiters

- Associate referrals
- Law school CSOs
- Contract attorneys

Lateral Recruitment Best Practices

- Craft the group's message
- Reinforce consistent messaging
- Create the best internal recruiting team
- Critically evaluate candidates
- Sell from the first meeting
- Continue to recruit post-offer

Managing Partner Expectations

- Consider candidates' potential and parameter flexibility
 - Make grades a factor, not the factor
 - Focus on actual experience
 - Understand impact of deferrals
 - Don't discount mid-market firms or other markets
 - Require a deal sheet
 - Suggest class year flexibility
- Set realistic time frame

Retaining Your Unicorns

- Consider generational attributes
- Make adjustments
 - Associate morale recognition
 - Communication/transparency/feedback
 - Open forums for discussion
 - Associate Investment
- Conduct productive exit interviews
- Address the reasons for associate attrition

Questions/Discussion



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