



Moneyball For Lawyers: Using Data to Improve Hiring Decisions

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Using Data To Improve Hiring Decisions: Introduction

Questions frequently asked:

- What is being measured?
- What does the data show?
- How can the data be used to help the firm?
- What is the impact of an unsuccessful hire?



Data Can be Used To...

- Measure successful and unsuccessful hires
- Identify patterns, problematic locations
- Pinpoint strengths and weaknesses
- Compare against other firms

Management Committee Wants to Know

- ▶ What is the attrition rate over the last 5 years?
- ▶ Where are the best candidates coming from?
- ▶ How do we compare to other firms?



Data Points for Management

- New hires: judicial clerkships, lateral associates
- Prior employer, location & experience
- Years at the firm
- Practice area
- Firm Origin
- Judicial Clerkships
- JD Year
- Gender & ethnicity
- GPA
- Undergraduate schools

Laterals
Undergraduate
Exit
School
Law
Experience
School
Prior
Ethnicity
Judicial
Female
Male
School

School
Experience

Overall Performance: Lateral Hires

We examined the entrance of lateral hires for a top 200 law firm and searched for possible exits.

When referencing the chart, please be aware that the phrase "Exited within" Refers to the number of days at the firm, not the calendar year.

- If you were at the firm 366 days, you would be counted as 1 year +
- If the number of days is less than 365 days (364 or fewer), you are counted as within 1 year.

Overall Performance of Lateral Hires					
	2013	2014	2015	2016	2017
# of Lateral Hires	63	74	88	67	69
# of Lateral Departures	24	26	34	13	1
Exited within 1 year*	8	10	6	3	1
Exited within 2 years*	4	9	17	9	N/A
Exited within 3 years*	5	4	11	1	N/A
Stayed Beyond 3 Years	46	51	54	N/A	N/A

From 2013 to 2017, the firm hired 361 lateral hires. The year 2016 saw a moderate decrease in the number of laterals hired. The peak year for the firm's lateral hiring was 2015, with 86 lateral hires made. An important trend to note is that while 2015 saw a significant increase in lateral hires, it was also the year that saw the most lateral departures as well.

Number of Lateral Hires by Type

- Drill down to further examine the number of lateral hires by type
 - The types reviewed were Partner (including the type Managing Partner), Counsel (Note: Counsel types include Counsel, Special Counsel, Of Counsel, and Senior Counsel), and Associates

*Count from 2013, 2014, 2015 only

Number of Lateral Hires by Type						
Types	# of Laterals	Exited within 1 year	Exited within 2 years	Exited within 3 years	Stayed Beyond 3 years	% of Successful Hires
Partner	66	0	3	4	59	89.4%
Counsel (All Types)	38	1	6	3	28	73.7%
Associate	121	23	21	13	64	52.9%

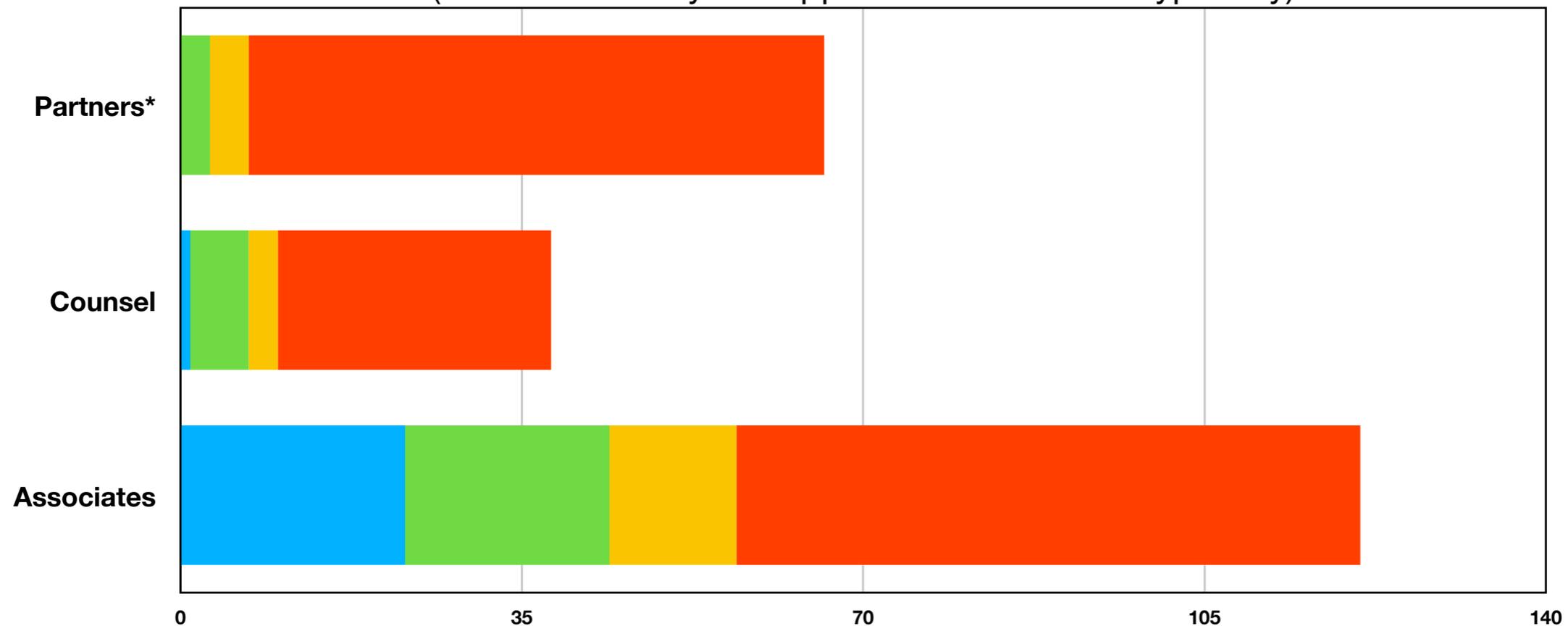
Number of Lateral Hires by Type

Overall, the firm made 225 lateral hires for the years 2013 to 2015. The Partner and Counsel types saw the best ROI, with a success rate of 89.4% and 73.7% respectively.

■ Exited within 1 year ■ Exited within 2 yrs ■ Exited within 3 yrs ■ Stayed Beyond 3

Number of Lateral Hires by Type

(*exited within 4 years applies to the Partners type only)



Questions About "Lost" Attorneys

- Where did they go?
- What practice areas?
- What locations?
- What fees were paid?
- Were they a desperate hire?
 - Strategic hire?
- Integration issues?
- Did they deliver what they promised?
- Wanted attrition or unwanted?



Lateral Hires: Origin Firms & Companies

Part of the data analysis conducted for the firm included the review of origin firms for lateral hires made by the firm.

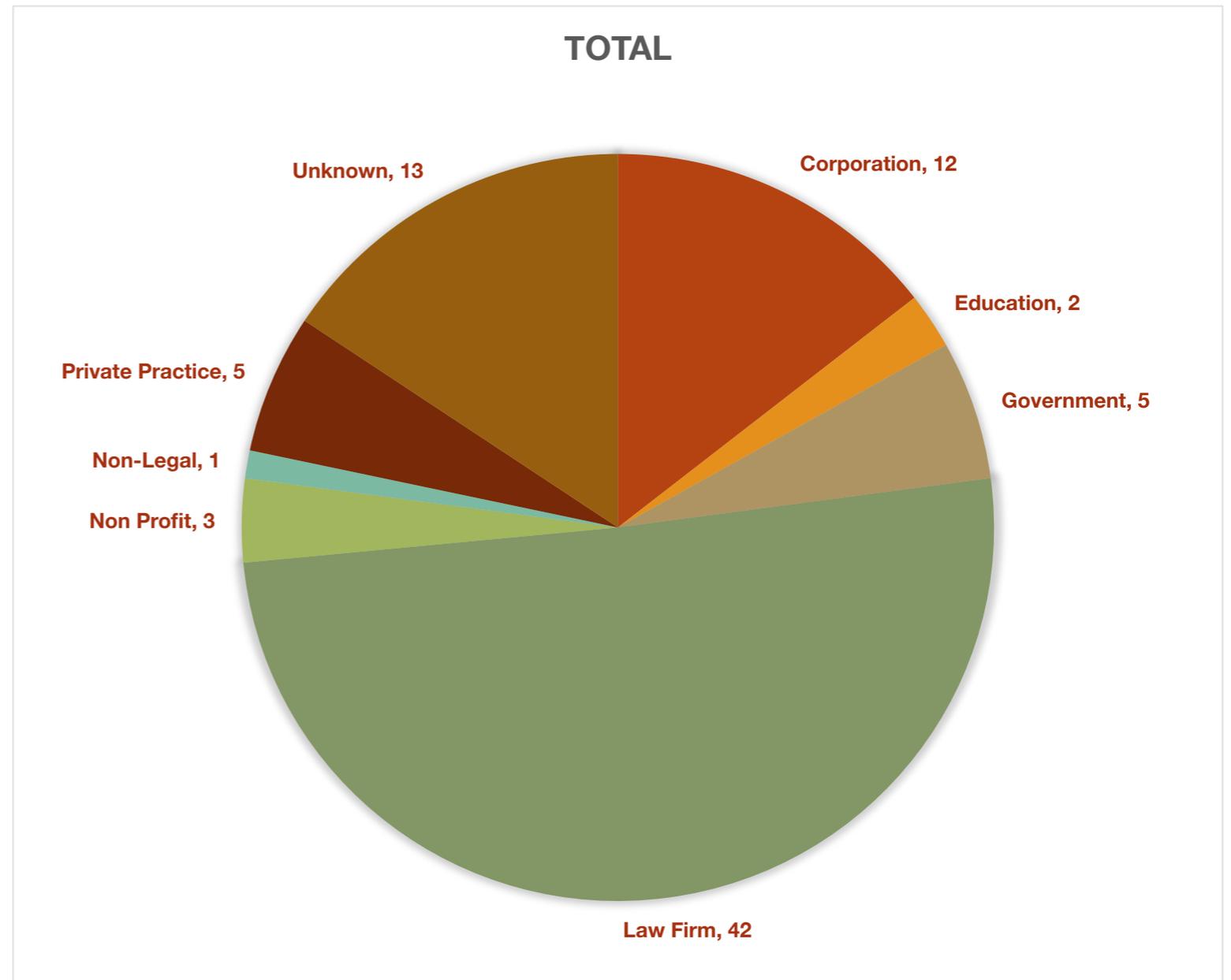
- The firm made 225 lateral hires during the 2013 to 2015 year range
- Of the 225 hires, only 83 exited

Origin of Lateral Hires			
Firms/Companies Laterals Were Hired From	Hired #	Exited	% Exited
McKenna Long & Aldridge LLP	24	1	4.17%
Bingham McCutchen LLP	10	3	30.00%
Greenberg Traurig LLP	10	2	20.00%
Kelley Drye & Warren LLP	9	0	0.00%
Dickstein Shapiro LLP	6	3	50.00%
Kirkland & Ellis LLP	6	3	50.00%
Hogan Lovells	6	0	0.00%
Pillsbury Winthrop Shaw Pittman LLP	5	0	0.00%
Loeb & Loeb LLP	4	2	50.00%
Foley & Lardner LLP	4	1	25.00%
Epstein Becker & Green PC	4	0	0.00%
Jones Day	4	0	0.00%
Littler Mendelson PC	3	3	100.00%
Simpson Thacher & Bartlett LLP	3	3	100.00%

The success rate varies by great measure from each 'origin' firm. Lateral hires from McKenna did well with only 4% attrition while lateral hires from firms like Kirkland and Littler resulted in a low or zero success rate.

Lateral Hires: Exit Firms & Companies

- ▶ Time period: 2013-2015
- ▶ Total exits: 83
- ▶ Firm lost the greatest amount of lateral hires to:
 - ▶ Other law firms (42)
 - ▶ Corporations (12)
 - ▶ Unknown (13)



Lateral Hires by Gender

Further hiring patterns/trends were uncovered by segmenting data according to the gender of lateral hires. Gender for the lateral hires was calculated during the **2013 to 2016** range, examining the number of female versus male lateral hires. (NOTE: For this particular instance, 2016 gender data was readily available.)

During this overall period, the firm made 106 female lateral hires and 186 male lateral hires. The trend emerging from this data indicates that the firm made almost 57% more male lateral hires than female lateral hires.

Lateral Hires						
	# of Laterals	Exited within 1 year	Exited within 2 years	Exited within 3 years	Stayed Beyond 3 Years	% Stayed Beyond 3 Years
Female 2013	25	1	4	0	20	80.0%
Male 2013	38	1	4	1	32	84.2%
2014	27	1	8	2	16	59.3%
2014	47	2	4	5	36	76.6%
2015	32	3	4	4	21	65.6%
2015	56	0	8	8	40	71.4%
2016	22	1	2	N/A	N/A	N/A
2016	45	0	6	N/A	N/A	N/A

In 2013 through 2015, the firm hired 84 women and only 67.9% remained at the firm. During the same time period, the firm hired 141 men and 76.6% remained at the firm. A key trend to note is that 8.7% more male lateral hires remained at the firm. The gender gap seems to be smaller when examining the number of exits for the 2013-2015 period, with a total of 27 women exiting, and 33 men exiting.

Why the Gender Disparity?

- What were their class years?
- Why did they leave?
- Did they not receive enough support?



Departure Theories

- Difficult managing partner
- Cost of living too high
- Seeking greater opportunities
- Better pay, more benefits
- Poor integration/lack of support



Lateral Hires by Practice Area

When examining the firm's lateral hires, there were five practice areas that had the highest number of lateral hires. The five practice areas are: Litigation (59), Corporate (53), Intellectual Property (IP) (39), Labor & Employment (37), and Real Estate (18).

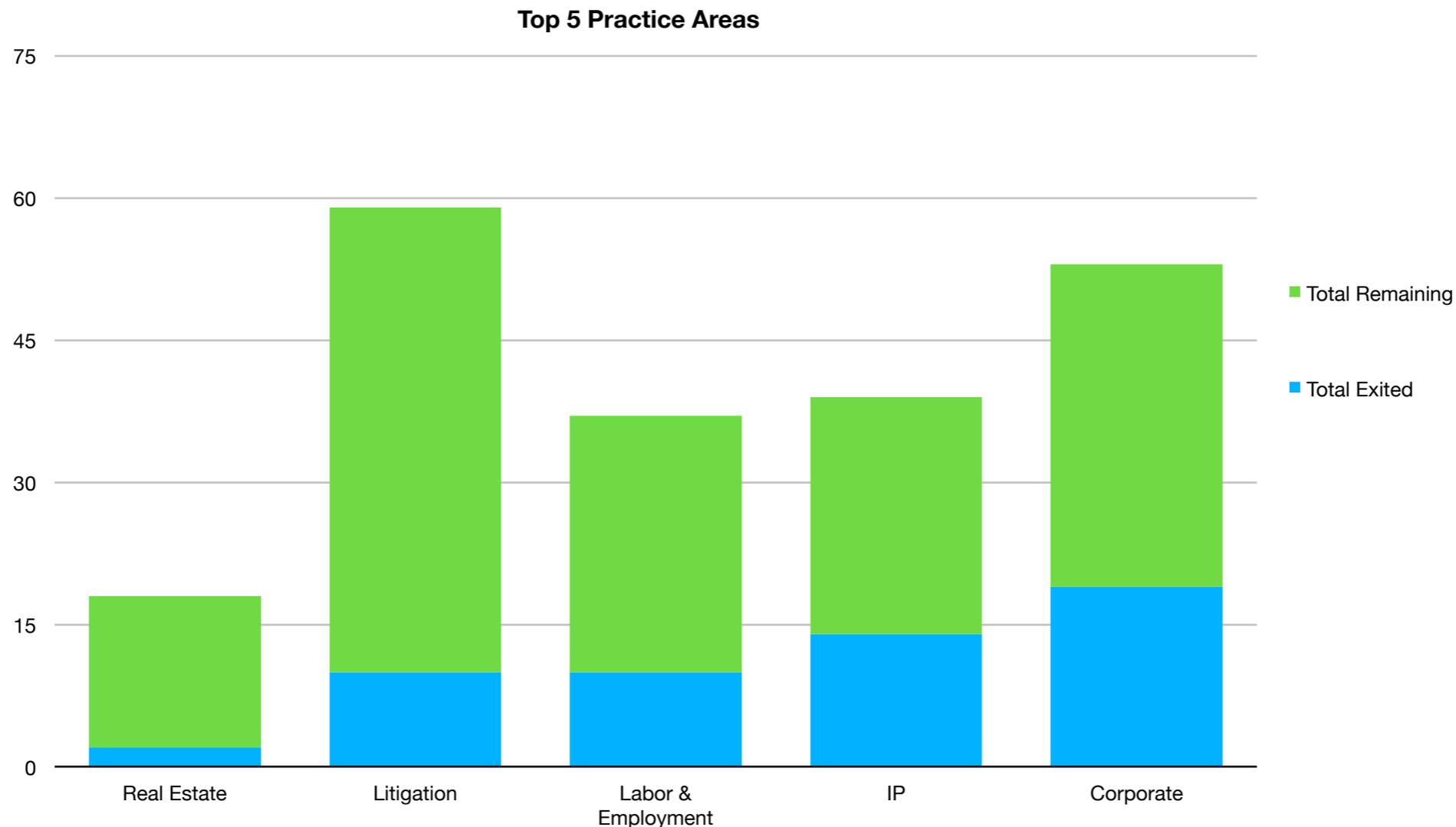
Laterals by Practice Area						
Practice Area	# of Laterals	Exited within 1 year	Exited within 2 years	Exited within 3 years	Stayed Beyond 3 Years	% Stayed Beyond 3 Years
CORPORATE	53	4	10	5	34	64.2%
INTELLECTUAL PROPERTY	39	2	7	5	25	64.1%
LABOR & EMPLOYMENT	37	1	6	3	27	73.0%
LITIGATION	59	1	5	4	49	83.1%
HEALTHCARE	2	0	0	1	1	50.0%
REAL ESTATE	18	0	1	1	16	88.9%
BANKRUPTCY	5	0	2	0	3	60.0%
TAX	5	0	0	0	5	100.0%
ENERGY	3	0	0	1	2	66.7%
BANKING	1	0	0	0	1	100.0%
ENVIRONMENT	1	0	0	0	1	100.0%
TRUST & ESTATES	1	0	0	1	0	0.0%
ERISA-C & B	1	0	0	0	1	100.0%



Lateral Hires by Practice Area

The five practices with the highest number of lateral hires also exhibited strong retention rates. The retention rate range for all five practices was 64% to 88%.

Overall data indicates that of the top five practice areas, Litigation had the greatest number of lateral hires that remained beyond three years of their hire date. Of those five practice areas, Litigation (49 remained, 10 exited) and Real Estate (16 remained, 2 exited) had the best remaining to exited ratios. Of all practice areas, Trust & Estates had the weakest retention rate with 0% of lateral hires remaining at the firm.



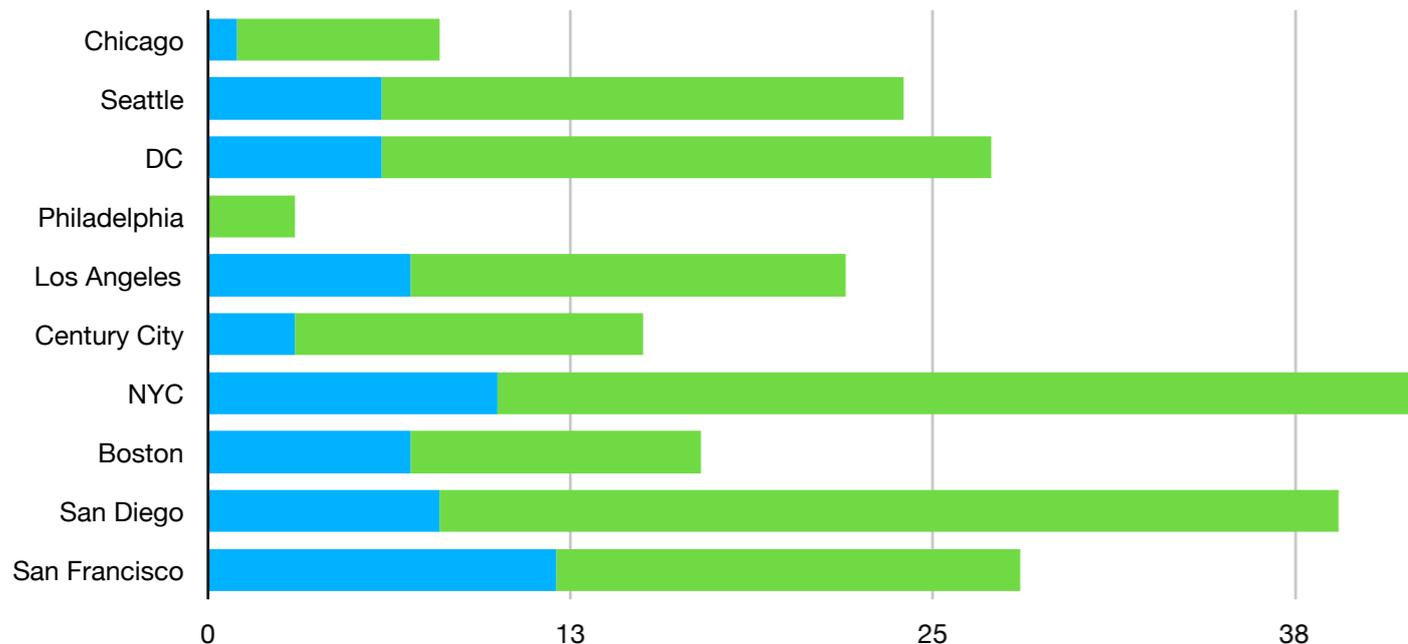
Location Performance of Laterals

Analysis of the data showed that the firm's lateral hires were made in 10 different office locations. Out of all 10 locations, the lateral hire retention rate was highest in the Philadelphia (100%), Chicago (87.5%), Century City (80%), and Denver (79.5%) offices.

Note: the percentage of exits versus remaining hires for the Boston and San Francisco offices are of concern. Though the ratios for lateral hires are still above half, the number of lateral hires that exited within three years of their hire date is quite high.

Exits within 3 Years		Locations	Stayed Beyond 3 Years	
0	0%	Philadelphia	3	100%
1	12.5%	Chicago	7	87.5%
3	20%	Century City	12	80%
8	20.5%	Denver	31	79.5%
6	22%	D.C.	21	77.8%
10	23.8%	NYC	32	76.2%
6	25%	Seattle	18	75%
7	31.8%	Los Angeles	15	68.2%
7	41.2%	Boston	10	58.8%
12	42.9%	San Francisco, NCAL	16	57.1%

Location Performance of Laterals



■ Exited within 3 years
 ■ Stayed Beyond 3 years

Location Questions

- Is the office still viable
- Did a team leave?
- Who heads the office?
- Are other firms leaving that location?



Overall Performance of New Hires

From 2013 to 2017, the firm made 172 new hires. Both 2013 and 2014 had the greatest number of new hires, 43 and 45 respectively. In 2015, the firm saw a dramatic dip in new hires, down by almost half of the amount recruited in the previous two years. The number of new hires jumped back up again in 2016 (37), hovering just south of the 2013 high (43).

Overall, the firm experienced the most growth in new hires in 2013 and 2014. While those years resulted in the greatest amount of new hiring growth, those were also the years with the highest percentage of new hire exits from the firm, 34.9% and 46.7% respectively. In 2015, while the firm made half the amount of new hires than the previous two years, they also had a fraction of their new hires exit in that year (29.2%). The trend emerging here is that 2015 was the peak hiring year for the firm, as hiring was modest, but the exit rate was extremely low.

New Hires	2013	2014	2015	2016	2017
# of Hires	43	45	24	37	23
Exited within 1 year*	5	2	0	2	
Exited within 2 years*	5	10	2		
Exited within 3 years*	5	9	5		
Stayed Beyond 3 Years**	28	24	17		

During the 2013-2015 hiring period, the firm hired 112 new hires, and had 43 new hires exit. Looking at the overall count, the firm only experienced a 38.39% exit rate of new hires.

Where New Hires Came From

Schools New Hires Were Recruited From * 2014-2017 New Hires					
Schools	# of Hires	Exited	% Exited	Remaining	% Remaining
UCLA	13	5	38%	8	62%
USC	13	5	38%	8	62%
HARVARD	8	4	50%	4	50%
BERKELEY	7	2	29%	5	71%
HASTINGS	6	2	33%	4	67%
SAN DIEGO	5	1	20%	4	80%
GWU	5	2	40%	3	60%
UC IRVINE	4	3	75%	1	25%
STANFORD	4	4	100%	0	0%
UC DAVIS	3	1	33%	2	67%
COLUMBIA	3	2	67%	1	33%
SANTA CLARA	3	2	67%	1	33%
FORDHAM	3	3	100%	0	0%
GEORGETOWN	3	3	100%	0	0%
SOUTHWESTERN	2	0	0%	2	100%
VIRGINIA	2	0	0%	2	100%
BROOKLYN	2	1	50%	1	50%
LOYOLA - LOS ANGELES	2	1	50%	1	50%
SAN FRANCISCO	2	1	50%	1	50%
WASHINGTON U.	2	1	50%	1	50%
NORTHWESTERN	2	2	100%	0	0%
NYU	2	2	100%	0	0%
AMERICAN	1	0	0%	1	100%
BRIGHAM YOUNG	1	0	0%	1	100%
CATHOLIC	1	0	0%	1	100%

Of the new hires that exited the firm, 69.6% stayed within the legal industry by exiting to another firm. Of the exits, 30.4% exited to a company outside the legal industry, ranging from jobs in academia, entertainment, tech, and government. A significant amount, 10.7%, of new hires exited to roles in or involving the entertainment industry. Roles in government and tech were also quite popular among new hires that exited (with each new industry pulling in 5.4% of the firm's new hires). A small percentage exited to the world of academia (3.6%).

New Hires vs Lateral Hires

Schools New Hires Were Recruited From					
Schools	# of Hires	Exited	% Exited	Remaining	% Remaining
UCLA	13	5	38%	8	62%
USC	13	5	38%	8	62%
HARVARD	8	4	50%	4	50%
BERKELEY	7	2	29%	5	71%
HASTINGS	6	2	33%	4	67%
SAN DIEGO	5	1	20%	4	80%
GWU	5	2	40%	3	60%
UC IRVINE	4	3	75%	1	25%
STANFORD	4	4	100%	0	0%
UC DAVIS	3	1	33%	2	67%
COLUMBIA	3	2	67%	1	33%
SANTA CLARA	3	2	67%	1	33%
FORDHAM	3	3	100%	0	0%
GEORGETOWN	3	3	100%	0	0%
SOUTHWESTERN	2	0	0%	2	100%
VIRGINIA	2	0	0%	2	100%
BROOKLYN	2	1	50%	1	50%
LOYOLA - LOS ANGELES	2	1	50%	1	50%
SAN FRANCISCO	2	1	50%	1	50%
WASHINGTON U.	2	1	50%	1	50%
NORTHWESTERN	2	2	100%	0	0%
NYU	2	2	100%	0	0%
AMERICAN	1	0	0%	1	100%
BRIGHAM YOUNG	1	0	0%	1	100%
CATHOLIC	1	0	0%	1	100%
DUKE	1	0	0%	1	100%

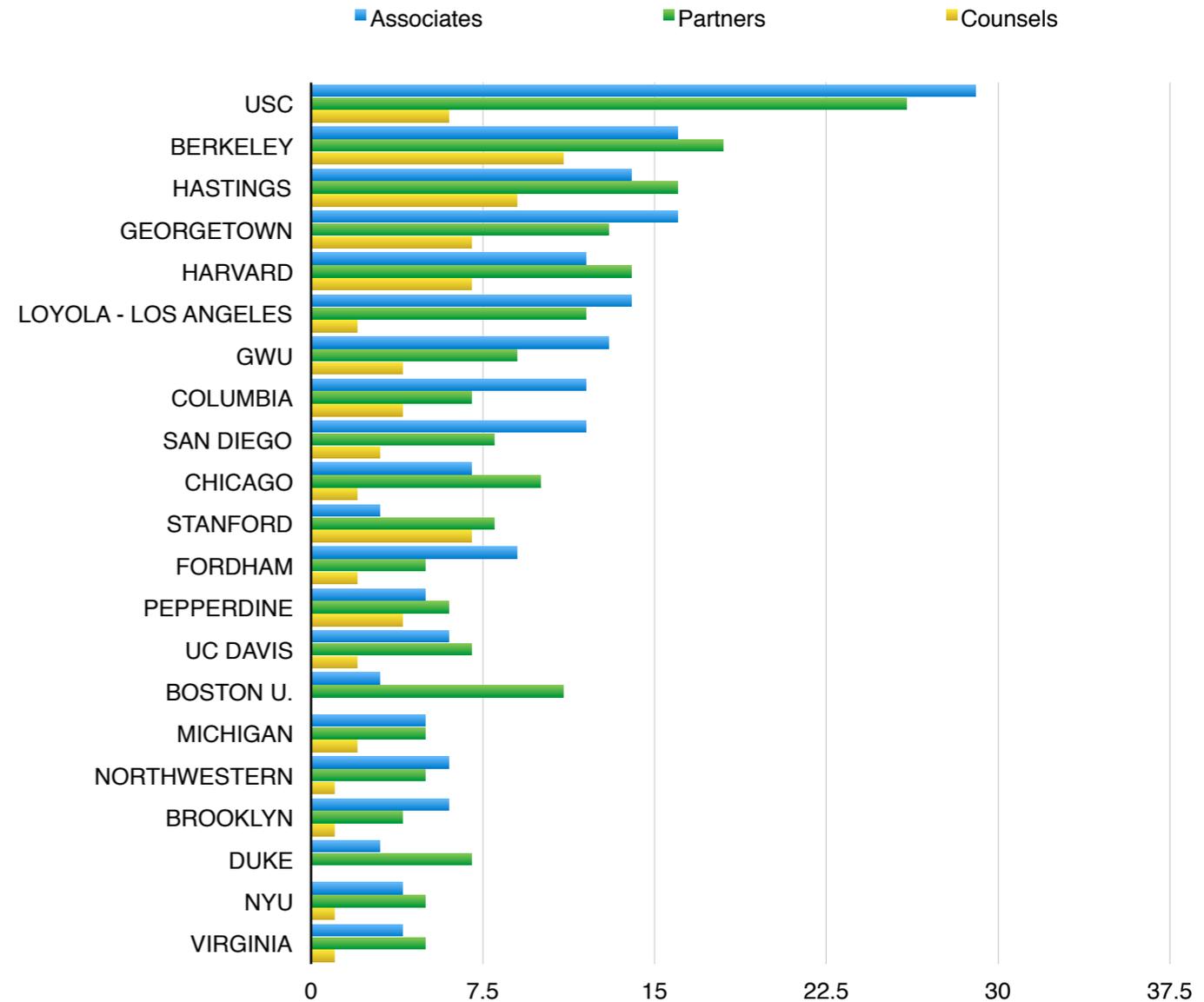
Law Schools Attended by Lateral Hires			
Schools	# of Laterals	Exited	% Exited
BERKELEY	12	3	25.00%
GEORGETOWN	11	3	27.3%
LOYOLA - LOS ANGELES	10	4	40%
UCLA	10	2	20%
HARVARD	9	3	33.33%
GWU	9	2	22.22%
SANTA CLARA	8	4	50%
NYU	7	4	57.1%
SAN DIEGO	7	1	14.3%
USC	6	2	33.3%
COLUMBIA	6	1	16.67%
CHICAGO	5	4	80.00%
NORTHWESTERN	5	3	60%
BROOKLYN	5	2	40.00%
AMERICAN	5	0	0.00%
PEPPERDINE	5	0	0.00%
ST. JOHNS	5	0	0%
MICHIGAN	4	3	75%
SAN FRANCISCO	4	3	75%
DUKE	4	2	50.00%
HASTINGS	4	2	50.00%
NEW YORK LAW	4	2	50%
FORDHAM	4	1	25.00%
PENN	3	3	100%
CORNELL	3	2	66.7%
NEW HAMPSHIRE	3	2	66.7%

All Attorneys at the Firm by Law School

Current Law School Picture At Firm

School	City	Associate	Partner	Counsel	Total
UCLA	Total	35	26	10	71
USC	Total	29	26	6	61
BERKELEY	Total	16	18	11	45
HASTINGS	Total	14	16	9	39
GEORGETOWN	Total	16	13	7	36
HARVARD	Total	12	14	7	33
LOYOLA - LOS ANGELES	Total	14	12	2	28
GWU	Total	13	9	4	26
COLUMBIA	Total	12	7	4	23
SAN DIEGO	Total	12	8	3	23
CHICAGO	Total	7	10	2	19
STANFORD	Total	3	8	7	18
FORDHAM	Total	9	5	2	16
PEPPERDINE	Total	5	6	4	15
UC DAVIS	Total	6	7	2	15
BOSTON U.	Total	3	11	0	14
MICHIGAN	Total	5	5	2	12
NORTHWESTERN	Total	6	5	1	12
BROOKLYN	Total	6	4	1	11
DUKE	Total	3	7	0	10
NYU	Total	4	5	1	10
VIRGINIA	Total	4	5	1	10
AMERICAN	Total	6	2	1	9
SAN FRANCISCO	Total	3	3	3	9
SANTA CLARA	Total	3	5	0	8
SOUTHWESTERN	Total	6	1	1	8
EMORY	Total	4	2	1	7
NOTRE DAME	Total	5	1	1	7
VANDERBILT	Total	2	4	1	7
CARDOZO	Total	6	0	0	6
YALE	Total	2	2	2	6
CAL WESTERN	Total	3	1	1	5

Does this map match who we recruit from?



New Hires by Gender

During this overall period, the firm made 75 new female hires and 74 new male hires. During this period, the trend for the firm seemed to be to make equal amounts of new hires from both genders.

	NEW Hires BY GENDER	Exited within 1 year	Exited within 2 years	Exited within 3 years	Stayed Beyond 3 Years	% Stayed Beyond 3 Years
Female 2013	24	2	3	3	16	66.7%
Male 2013	19	3	2	2	12	63.2%
2014	19	1	5	6	7	36.8%
2014	26	1	5	3	17	65.4%
2015	14	0	2	2	10	71.4%
2015	10	0	0	3	7	70.0%
2016	18	1	N/A	N/A	N/A	N/A
2016	19	1	N/A	N/A	N/A	N/A
2017	13	N/A	N/A	N/A	N/A	N/A
2017	10	N/A	N/A	N/A	N/A	N/A

Overall, the firm hired slightly more women over men (57:52), but more men (65.5%) remained over women (57.9%).

The firm experienced a greater number of women (42.1%) than men (34.5%) exiting the firm during the 2013-2015 period.

Management Wants To Know...

- Which retention rate is best?
 - Lateral hire
 - New hire
- Which holds more weight?
- Should we eliminate summer associate program?
- How do other firms do it?



New Hires by Practice Area

There were three practices that had the highest retention rates: IP (87.5%), Litigation (80.6%), and Real Estate (66.7%). (Note: Tax had a 100% retention rate, but only had one new hire.)

Overall data indicates that of the top five practice areas, IP had the greatest number of new hires that remained beyond three years of their hire date. Of those five practice areas, Litigation (25 remained, 6 exited) and IP (14 remained, 2 exited) had the best Remaining to Exited ratios. Out of all practice areas, Bankruptcy had the weakest retention rate with only 23.1% of new hires remaining at the firm.

Practice Area	# of Hires	Exited within 1 year	Exited within 2 years	Exited within 3 years	Stayed Beyond 3 Years	% Stayed Beyond 3 Years
Litigation	31	0	2	4	25	80.6%
Corporate	27	3	4	7	13	48.1%
Labor & Employment	18	1	4	4	9	50.0%
Intellectual Property	16	0	2	0	14	87.5%
Bankruptcy	13	3	5	2	3	23.1%
Real Estate	6	0	0	2	4	66.7%
Tax	1	0	0	0	1	100.0%

Measuring to Find Answers

GROWTH DECLINE REPORT

By Firm (Date Range) - 01/01/2013 to 12/31/2017

Firm	Start	End	Diff (-)	Diff (+)	Diff (%)	Comments	Open Locs	Closed Locs	N/L	New	Lat	Merger
Total	1149	1372	858	1006			0	2	855	515	498	0
FIRM 1	<u>539</u>	<u>747</u>	<u>374</u>	<u>536</u>	39%	Closed Locs: Santa Barbara NEW Count: 176 NEW* Count: 4 LAT Count: 361 Retired Count: 2 N/L Count: 372	0	1	<u>372</u>	<u>176</u>	<u>361</u>	<u>0</u>
FIRM 2	<u>610</u>	<u>625</u>	<u>484</u>	<u>470</u>	2%	Closed Locs: Jakarta NEW Count: 339 NEW* Count: 7 LAT Count: 137 Retired Count: 1 N/L Count: 483	0	1	<u>483</u>	<u>339</u>	<u>137</u>	<u>0</u>
Total	1149	1372	858	1006			0	2	855	515	498	0

With this sort intelligence, firms can see competitive data to compare and contrast their hiring decisions. Additional steps can be taken by management to further review their hiring practices and make changes where necessary.

Firm 1 is up 39% in headcount over the selected time period. Firm 2 has hired more new attorneys compared to Firm 1.

Which practice is best?

New Hire Comparison Between Competing Firms

Compare your firm's hiring success with your competition.

Firm 1

New Hires	2013	2014	2015	2016	2017
# of Hires	43	45	24	37	23
Exited within 1 year*	5	2	0	2	
Exited within 2 years*	5	10	2		
Exited within 3 years*	5	9	5		
Stayed Beyond 3 Years**	28	24	17		

Firm 2

New Hires	2013	2014	2015	2016	2017
# of Hires	69	74	58	51	87
Exited within 1 year	7	8	4	6	4
Exited Within 2 Years	9	14	12	4	N/A
Exited within 3 Years	10	13	5	N/A	N/A
Stayed Beyond 3 Years	43	39	37	N/A	N/A

Lateral Hiring Comparison Between Competing Firms

Firm 1

Overall Performance of Lateral Hires					
	2013	2014	2015	2016	2017
# of Lateral Hires	63	74	88	67	69
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Exited within 1 year*	8	10	6	3	1
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Exited within 3 years*	5	4	11	1	N/A
Stayed Beyond 3 Years	46	51	54	N/A	N/A

Firm 2

Overall Performance of Lateral Hires					
	2013	2014	2015	2016	2017
# of lateral Hires	15	23	36	38	24
# of Lateral Exits	6	6	8	10	2
Exited Within 1 Year	1	1	1	4	2
Exited Within 2 Years	2	2	7	6	N/A
Exited within 3 Years	2	1	0	N/A	N/A
Stayed Beyond 3 years	10	19	28	N/A	N/A

Lateral Hiring Comparison by Type

Firm 1

*Data on Lateral Hires for years 2013-2015

Number of Lateral Hires by Type						
Types	# of Laterals	Exited within 1 year	Exited within 2 years	Exited within 3 years	Stayed Beyond 3 years	% of Successful Hires
Partner	66	0	3	4	59	89.4%
Counsel (All Types)	38	1	6	3	28	73.7%
Associate	121	23	21	13	64	52.9%

Firm 2

Number of Lateral Hires by Type						
Types	# of Laterals	Exited within 1 year	Exited within 2 years	Exited within 3 years	Stayed Beyond 3 years	% of Successful Hires
Partner	31	2	0	0	29	93.5%
Counsel (All Types)	31	3	3	0	25	80.6%
Associate	75	4	14	3	53	70.6%

The Importance of Measuring

- “What gets measured, gets managed.” Peter Drucker
- Measure hiring successes and opportunities
- Improve hiring costs
- Control costs
 - Cost of bad hire is very high



★ ★ ★ 2018 ★ ★ ★
ANNUAL EDUCATION
CONFERENCE

Making a
SPLASH

#NALPANNUAL

Thank You



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