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# **BLOOMBERG LAW REPORTS®**

## **Law Firm Management**

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# IN THIS ISSUE...

## Law Firm Management



### **Business Development**

#### ***Bloomberg Law***

Company Information and Report Writer 1

#### ***Branding***

Branding Your Law Firm: Journey to the Center of Mindshare 2

*Contributed by Tammy Mangan, Sterne, Kessler, Goldstein & Fox, and Steve Goodwin, Brunner*

Taglines Revisited: How They Support Business Development, How They Don't 5

*Contributed by Allan Colman, The Closers Group, LLC*

### **Client Relationships**

Creating a Service-Driven Culture: A Strategy for Consistently Meeting Clients' Needs and Building a Strong, Enduring Firm 6

*Contributed by David T. Brown, Much Shelist*

### **Global Law Firms**

#### ***Authorization to Practice***

India Government Wins Time to Reply to Foreign Law Firm Ban Bid 9

Wall Street Lawyers Take Hong Kong Bar for China Fees 10

#### ***Professional Responsibility***

Managing Conflicts in International Law Firms: Can the Oceans Serve As Ethical Screens? 11

*Contributed by Matthew J. O'Hara, Hinshaw & Culbertson LLP*

### **Information & Technology**

#### ***Electronic Discovery***

No Fear . . . No Way: E-Discovery is a Complex Business - Proceed at Your Own Risk 13

*Contributed by Howard Reissner, Esq., and Zoltan Horvath, Planet Data*

### **Law Firm Operations**

#### ***Business Models***

"We Aren't in Kansas Anymore": Using the Economic Crisis to Rethink the Way Law Firms Operate 16

*Contributed by Patricia K. Gillette, Orrick, Herrington & Sutcliffe LLP*

The New Retro Law Firm: The Midsize Firm 17

*Contributed by David A. Scherl, Morrison Cohen LLP*

### **Recruiting and Professional Development**

#### ***Summer Associates***

Strategic Law Firm Recruiting for Summer 2011 and Beyond 19

*Contributed by Susan G. Manch, Shannon & Manch, LLP*

the year in question a financial success. There is no room for resting on one's laurels!

If compensation is the starting point in attracting the best and brightest attorneys and supporting staff, then culture is the variable that keeps the band together. Although there are never any guarantees in the legal profession that a star lawyer will not pick-up and leave for a competitor (unlike most other industries, law firms are not ethically allowed to have their lawyers enter into non-compete agreements), having a culture where "stars" want to stay should be the ultimate goal of every law firm (and business). Transparency is a tremendous tool to be used towards this end. We employ transparency in every aspect of our partnership. Partners see everything from the firm's daily revenue receipts to a very detailed and comprehensive set of monthly financial reports and analyses. Every partner is openly informed of each partner's compensation; there are simply no secrets. The transparency serves as both a check/balance, and as a motivator. This course of conduct is something that law firm partnerships regularly employed many decades ago, but moved away from as they grew larger and needed more of a corporate structure in order to manage larger numbers of attorneys. We believe that our "retro" shop maintains a wonderful balance in our operation by employing many old style ways of governing (transparency, one partner, one vote, etc.), and marrying them with a flexible merit based compensation system. The end result is an open, trusting environment with a very strong team oriented approach to all matters, and a compensation and recognition system which tends to get the best efforts out of our employees on a consistent basis.

Finally, we have a very strong belief that you must have the most talented professionals, and that to a person, they must be decent human beings. At the end of the day, the most talented attorneys are also the most mobile. They have choices and they more often than not choose to work with colleagues whom they know and can trust. The indirect benefit is that you are able to work in a profitable, well-managed atmosphere with colleagues that you both respect and enjoy. It has proven to be a very successful formula.

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# Recruiting and Professional Development

## Summer Associates

### ***Strategic Law Firm Recruiting for Summer 2011 and Beyond***

*Contributed by Susan G. Manch, Shannon & Manch, LLP*

As law firms suffered during the recent economic downturn, professionals in and outside of the law honed in on the summer associate recruiting model as the root of many large law firms' misfortunes. They noted the impractical nature of the traditional summer associate recruiting process by which firms recruit summer interns seven months in advance whom they expect will start as full-time associates of their firms two years later. In the past, many firms have made summer offers based on one 20-minute on-campus interview and three or four 20-minute interviews in firm offices, often without checking references. This approach has resulted in bloated classes, numerous mismatches, unrealistic expectations, and dissatisfied employers and recruits.

Firms say they want to be more selective and strategic when hiring summer associates in the future. They say they want only the best students and most particularly those willing to work hard. However, there are fewer than 2000 rising 2L students who fall in the top 20% of the top 25 law schools<sup>1</sup> and even in a bad year, large law firms are likely to hire between 6000 and 7000 summer associates. Thus, while many law firms have reduced their intended class size for summer 2011 and may visit fewer schools this fall, there is more they can do to ensure an effective recruiting season.

Forward-looking firms have learned that recruiting must first and foremost be aligned with their business strategy. As many firms were forced to thin their associate (and partner) ranks in 2008 and 2009, firm leaders came upon two truths: 1) hiring that is disconnected from predicted work flow is dangerous to the health of the firm; and 2) hiring primarily for school prestige and grade point average does not always result in a lawyer who can add value to clients' projects. Firms that take these two truths to heart have an opportunity to take a different – and indeed more strategic – approach to recruiting.

## **Aligning Summer Class Size with Staffing Needs**

While it may seem an obvious first step in summer associate hiring to align class size with staffing needs, in too many firms it simply does not happen. Strategic hiring committees and recruiting professionals in firms should be poring over utilization figures for every practice and office of the firm, over the past 3 to 5 years to determine staffing needs through 2012. Firm leaders should loop the hiring committee into discussions of strategic plans for practice growth or demise, new offices, global alliances, outsourcing, downsizing, and other talent-related actions that will have a critical impact on determining the right summer class size. Some givens about summer programs should also be tested in this strategic planning process. In the past, firms sometimes felt beholden to hosting a summer program in every office, but this year presents an opportunity to take a hard look at which offices truly need junior staffing and in what numbers. Firms also felt the need to make offers to students for slots in practices that did not actually need additional associates, simply because that was the practice in which the student had an interest. A more strategic approach would be to describe the practice groups that will be hosting summer associates and allow students to decide whether they have an interest in those groups. Having summer associates in a group that needs no junior associates in the next two years lays the foundation for ill will among those interns.

The offer process at the end of the summer should also be strictly aligned with the firm's long-term strategy. In past years, many firms strived for offer rates in the high 90%'s. While the downturn clearly erased that goal, firm's decision-making processes can be more strategic. Summer programs should be a job tryout. Firms and student have an excellent opportunity to test the match on a number of different levels. Summer programs should be structured to produce work and experiences that will allow for an accurate assessment of an individual's potential to be successful at the firm. Only those summer associates who pass with flying colors should be offered associate positions in the future.

## **Hiring More Than a Pedigree**

Another misstep many firms make in fall recruiting – for both summer associate and associate positions – is to focus intensively on the quality of school and grades presented on the student's resume. This myopic view has caused many a mismatch of firm and associate over the years. While there is no question that acceptance and top performance at a highly selective institution is evidence of intellect, drive, and ambition, there are many other factors that influence the potential success of a candidate. Firms say they know “who” they are

looking for, yet often carry out a recruiting protocol that is not designed to gather information on those key selection criteria. Interviews often go like this:

*“Why did you decide to go to law school?”*

*“I have a real interest in the law and I like working with people.”*

*“Why are you interested in our firm?”*

*“Your firm has a very good name and clearly attracts excellent work.”*

Typical, banal questions elicit typical, banal answers and so the dance continues until the interview is over. Generally neither student nor recruiter has uncovered any information of real import to the decision. Firms say they cannot conduct more substantive interviews for fear of scaring off picky law students. Business school style interviews would be a turnoff, many recruiting professionals say. And yet, those firms that do conduct more substantive and even challenging interviews are viewed positively by precisely the intellectual, driven, and ambitious students the firms so want to hire.

To hire strategically, a firm must know its success factors – those characteristics exhibited more often and to a greater degree among high performers than among average performers. Investing time in uncovering success factors can yield a high return during recruiting season. To accomplish this task, the firm should study the firm's highest performers – quality of work, scope and mix of skill sets, productivity – and uncover both obvious and hidden commonalities. This can be done by interviewing high performers, studying patterns that emerge in the population such as law school attended and academic credentials, prior work experience, choice of practice, early assignments, and so forth. The assessment can be conducted internally, but perhaps more objectively by an outside consultant. In this assessment, the firm may find that all of a firm's most successful lawyers have Ivy League credentials and share the same background, but there are likely other traits shared as well. If there is more diversity of academic preparation, identification of these traits can illuminate what drives success beyond pedigree at the firm.

Once the success factors are clear, the firm's recruiting strategy should be designed around them. Marketing materials and messages should be targeted to individuals who share these characteristics. For example, if one of the success factors is practical problem-solving, the recruiting web page should highlight the challenges inherent in the firm's work, complexity of the problems it encounters, and the value placed on practical solutions for clients. Law schools

should be chosen based on the type of student they attract and practitioner they graduate. You may find patterns emerge in which schools are the most likely to have students who share your success factors.

Interviews should be designed to elicit information on the extent to which a student has the potential to exhibit the success factors. For example, if one of your success factors was entrepreneurship – in comparison to the typical scenario presented above – imagine how much both interviewer and student might learn from an exchange that begins this way:

*Interviewer: "Give me an example of what you think it would take for a law firm partner to be indispensable to a client."*

*Student A: "I think he or she would need to be perceived by the client to be the very best lawyer."*

*Student B: "I would think he or she would need to win or achieve the client's goals, build a strong personal relationship, and provide good value over time."*

Students often lack significant work experience that would allow for a direct exchange on the topic of entrepreneurial skill, but questions designed to assess a candidate's understanding of the lawyer-client relationship can shed light on whether the student has an entrepreneurial mindset. Student A's answer is fine, but student B's answer suggests a more practical understanding of the array of influences that have impact on client relations. It is with these types of questions that firms can go beyond grades and school prestige to learn how a candidate compares with those who have found success in your firm in the past.

### **Questions to Determine Work Ethic**

Many partners complain that students are not forthcoming about their true desire to work hard in a very demanding environment. Thoughtful questions can probe this motivation successfully, however. Ask yourself if the following questions might get behind the façade just a bit:

*Tell me about some of the challenges you faced as you adapted to law school and this new environment.*

*What are your strategies for juggling school, work, and outside activities?*

*Describe the environment in which you get the most work done and can be the most productive.*

*If you hadn't gone to law school, what career path do you think you might have followed?*

*How would your professors describe you?*

*Give me an idea of your vision of what an associate's daily life is like in our firm.*

### **Sharing Results of Interviews With Others in the Firm**

It is important for interviewers to develop and ask meaningful questions, but it is also important for them to effectively communicate their impressions of candidates to others involved in the hiring process. In larger firms, interviewers may be required to fill out an evaluation form, and this form may be the only means for sharing what they learned in the interview process. Thus, the evaluation form should ask for specific information related to each of the success factors. Recruiters should be trained on effective approaches to drafting substantive comments on skills, traits, and experiences likely to lead to success at the firm.

This fall, firms have an opportunity to take a more strategic and effective approach to recruiting a summer class. Aligning recruiting strategy with the firm's business strategy is the foundation for a successful season likely to yield the highest possible return on investment. Using the characteristics that predict success in your firm as the framework for firm recruiting will allow you to build bench strength that can drive results in the future.

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<sup>1</sup> Based on numbers reported in US News & World Report 2010 Top Law School ratings and the National Association for Law Placement Directory of Law Schools, 2010.



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