

Published in the *NALP Bulletin*, 2000.

## **THE GREAT DEBATE: ENTRY-LEVEL V.S. LATERAL HIRING**

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The question of entry-level vs. lateral hiring is providing for lively (heated?) discussion in hiring team meetings throughout the country. Fast and furious shifts in the hiring marketplace are making it tough to craft a strategic plan. Lateral vs. entry-level hiring, quality vs. quantity, and experience vs. “home grown” values are just some of the critical arguments that surface when firms attempt to make strategic decisions in a tumultuous marketplace. Add in the twin concerns of the salary war and attrition, and making the right choice for your firm becomes truly daunting. There is no one right answer because each firm is unique. The debate held should focus on the good and bad points of each and the implications for your firm.

### **ENTRY-LEVEL HIRING**

The supply of talented entry-level lawyers is tight and the demand is huge. Ten years of dwindling numbers of law school applications have led to shrinking class sizes among the most prestigious law schools, business and science graduate programs are siphoning off some of the most talented undergraduates, and the dot.coms are grabbing students before they even graduate college! Law firms, on the other hand, flush with work and cash are ready to fill their ranks, with the largest firms looking to grow even larger and the smaller firms feeling entrepreneurial and ready to expand.

#### **The good news:**

On the positive side, anecdotal evidence tells us that attorneys hired as summer associates tend to find greater job satisfaction in the firm, show higher levels of camaraderie and collegiality with their peers, and usually feel more intensely loyal to their first employer (as long as they are treated well). Their purely academic credentials are often superior to those of many lateral candidates, and some partners would argue that they are the true *creme de la creme* of law school graduates. Many old line firms have built their partnership ranks solely on the shoulders of their summer associate programs, training the lawyers in their firm’s own unique style and inculcating their own institutional values.

#### **The bad news:**

On the less positive side of this equation, even if you can hire as many as you might want, they are very expensive and becoming even more so. With the largest firms everywhere paying top grads between \$100,000 and \$140,000 to start, exclusive of bonuses, hiring a large crew of untested summers can be a huge economic gamble with little potential for early amortization. In addition, second-year law students often make their employment decisions for the wrong reasons. Swayed by money to defray their debts and the perceived prestige of a particular firm in the eyes of their peers, they may choose an employer wholly unsuited to their personality and career goals. Attrition caused by poor fit can be crippling, with the newest lawyers leaving before they make a dime for the firm, yet having benefitted from hundreds of hours of training.

## **LATERAL HIRING**

The lateral market does not always present an easy solution to staffing problems. Conservative hiring patterns of the early and mid-nineties along with stunningly high rates of mid-level attrition have led to extremely thin ranks of mid-level and senior associates in the lateral market. Consulting firms, financial services institutions, and a wide variety of entrepreneurial business opportunities have drawn experienced junior lawyers away from the traditional law firm pyramid career model. Disenchantment with private practice caused by what they perceive as poor management, training, and uninteresting work for the most junior attorneys has led to the creation of a pool of attorneys for whom any job is fine so long as it is not in a law firm. In addition, it seems there are never enough laterals in hot practice areas. Today, you can get all the general litigators you want, but just try to find a talented corporate associate with deal experience. With firms doing everything possible to keep the most productive associates, the lateral market will never be rife with attorneys from the busiest practice areas.

### **The good news:**

Assuming you can find the kind of laterals you need, the positive side is that they come to you as seasoned players. If you have done a good job of selecting attorneys with solid experience, they enter ready to take on work and immediately make a substantial contribution to the work of your clients. They also know a lot more about themselves as *employees*. They tend to choose employers based on a good personality fit and alignment with their career goals. They will be loyal to firms who meet their expectations and reward their successes. The best laterals are mature enough to integrate quickly into your associate ranks and they often act as a resource about what the competition is doing. By choosing another law firm, most have made the decision that private practice is where they want to be. They often aspire to partnership and have few illusions about what it takes to succeed. Finally, and perhaps best of all, they usually pay for themselves.

### **The bad news:**

On the down side, there may be a reason they are looking for jobs. Of course you hope you attract the ones who may be following a spouse geographically, who are moving back home, or whose practices have grown beyond the capabilities of their current employers, but they are probably the exceptions. Poor performance, inability to rise to the next level of work, attitude issues, and interpersonal conflicts with senior attorneys often drive a lawyer's decision to look for another job. You may need to be particularly wary if the lawyer applying to your firm comes from another almost identical firm. Even the best laterals sometimes come with "baggage" from a terrible law firm experience. Cynical and untrusting, yet feeling entitled to the perks and prestige of an experienced associate, laterals who believe themselves wronged by the law firm environment can infect your whole associate community. Bringing in large numbers of laterals will inevitably change the innate culture of your firm. They bring to your firm the cultures of all of their previous employers--good or bad.

## **PREDICTING THE FUTURE**

If only we could, but a few things appear to be fairly certain to occur over the next few years. Mid-size and larger firms who find it too great a stretch to meet the current giddy salary heights will have to focus on lateral hiring. Unable or unwilling to compete in the on-campus frenzy, they will fill their ranks with associates who have a few years' experience to their credit. They will hope that these seasoned

attorneys will ignore salary differentials in favor of quality work and opportunities for advancement.

Larger firms will continue to compete for the top 2L's, but will still require high levels of lateral hiring to fill in the upper ranks. It does not appear that the current outflow of associates will be stanchd any time soon, so demand in busy practices will remain high. More firms will begin to hire contract or staff attorneys to fill in gaps and to do (at cheaper billing rates) the routine work hated by most junior associates. New attention will be paid to first-year students and firms will be clamoring to create new internship and clerk programs for students. Law schools outside the top twenty will benefit from increased attention as the firms find themselves looking further afield for good candidates.

Both lateral and entry-level hiring can be good for your firm **if** done in alignment with the firm's strategic direction. Spending the time necessary to do the following are the core actions that will predict success for a firm's hiring activities:

- ?? Determining a profile for success for your firm and/or for specific practices;
- ?? identifying appropriate selection criteria that reflect those predictors and applying them throughout the hiring process; and
- ?? preparing your hiring team to conduct meaningful interviews and make well-founded decisions

Firms need to study their own hiring experiences to examine the results of the past and determine creative strategies to meet the practical realities of the future. Consider the economics, consider the market, consider the cultural ramifications, and consider your firm's needs.

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[SIDEBAR FOR LAW SCHOOL CAREER ADVISORS]

### **IMPLICATIONS FOR LEGAL CAREER ADVISORS**

The dilemma of firms having to make decisions entry-level vs. lateral hiring creates parallel challenges for the law school career professionals advising students and alumni. As hiring strategies shift, so do the needs of the students and alumni participating in the recruitment process. The following represent a snapshot of the view ahead for student counselors:

- ?? First year students will need more information and guidance than ever due as they are besieged by earlier and more active pursuit by employers
- ?? All students will continue to need early and practical information related to debt management

- and financial planning so that they do not find their career choices limited by money alone
- ?? Alumni will want more access to job listings and career counseling via Internet and e-mail
  - ?? Career services professionals may be able to take advantage of this high demand cycle for both students and alumni by brainstorming creative ways for employers to become involved on campus-- going beyond cocktail receptions and encouraging them to become real resources for the entire student body
  - ?? The trend for alumni to return for advice in their lateral searches will doubtless continue and probably increase, creating opportunities for schools to develop relationships with employers who do not have summer programs, but who wish to be more integrally involved on campus
  - ?? Students will need more assistance than ever in determining their career goals as they are presented with diverse opportunities in both legal and nonlegal professions, at all stages in their careers
  - ?? This coming fall, the critical challenges will be to help students see beyond the dollar signs and to help alumni focus on finding employment that best utilizes their personal strengths and that brings them closer to meeting personal goals.