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Law firms competing for talent in 2022

Will lawyers stay or will they go?

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Law firms competing for talent in 2022: Will lawyers stay or will they go?

The competition for talent among law firms in 2021 and 2022 has become fierce. For most law firm leaders, it likely feels as though every time they turn around, there's a new salary scale with which to compete or another wrinkle in return-to-office planning. Associate attrition, implementation of hybrid working systems, increasing competition, attorney burnout, a renewed emphasis on work-life balance — these are just a few of the myriad talent-related challenges law firm leaders are continuing to confront in today's legal ecosystem.

Firms now risk potentially losing 125% of their associates in just 5 years.

The Thomson Reuters Institute's *2022 Report on the State of the Legal Market* noted that some firms are facing associate turnover that exceeds 25%. Rather than losing one-half of their associates over five years (the largely accepted metric prior to the pandemic), these firms now risk losing 125% of their associates in that same time frame.

Further, competition for lateral attorney hires has been stiff and the costs of recruiting and replacing attorneys continue to rise. At the same time, associates, even those freshly admitted to the bar, have seen the benefits of this increasing demand for talent in the form of rising salaries. Through the end of 2021, Am Law 100 firms saw their average associate compensation increase by 12.1%[1] compared to just one year earlier. Even Midsize law firms[2] saw their associate compensation rise by 7.1% in 2021.

Nearly every law firm has felt the increasing pinch of talent demands in some way. Yet some have fended off this talent siege more adroitly than others. But why? Why have some firms managed to hold lawyer attrition in check better than others? The analysis contained in this report, dubbed "Should I stay or should I go?", relies on a compendium of proprietary research conducted by the Thomson Reuters Institute to identify the attributes of law firms where attorneys are more likely to stay (*Stay* firms), compared to those that have experienced higher levels of attrition (*Go* firms).

1 Figure based on a rolling 12-month average through December 2021.
2 For purposes of this report, a Midsize law firm is considered any law firm tracked by Thomson Reuters Financial Insights that is not included in the Am Law 200 rankings.

Most of the key findings in this report fall into one of four main areas: Turnover, Firm Finances, Lawyer Compensation, and Personal Satisfaction. Key findings included:

- Go firms experienced more than 32% associate turnover in 2021, more than double the rate of Stay firms
- Stay firms saw steady and improving growth in their overall attorney headcount throughout 2021, while Go firms have struggled to return to even pre-pandemic headcount numbers
- Stay firms were more aggressive in adding new associates, and those associates had a clearer potential career path, demonstrated by the fact that Stay firms were more likely to be minting new equity partners than were their Go firm counterparts
- While Go firms enjoyed an advantage in terms of average worked rate growth,[3] Stay firms' decided advantage in demand growth[4] led to more stable and sustainable overall financial results for Stay firms
- Associates, equity partners, and other professional fee earners at Stay firms produced and desired more billable hours than did their counterparts at Go firms
- Average associate compensation at Stay firms actually lagged behind that of their Go firm counterparts, leading to a conclusion that something more than money must be accounting for the advantage Stay firms enjoy in terms of both lower turnover and higher productivity
- Across the board, lawyers at Stay firms expressed higher levels of satisfaction with their current firms for considerations such as being treated fairly, ability to be one's self, firm management, reward and compensation, and opportunities for growth
- Lawyers at Stay firms also expressed higher levels of satisfaction with support functions such as IT, Finance, Marketing, and Innovation
- Lawyers at Stay firms were more likely to self-identify as an innovator or early adopter of new technology

We also surveyed associates more broadly to determine how at-risk they were to leave their current law firm and what factors might drive them to either leave or stay. Overall, associates ranked the people they work with, their firm's culture, the quality of work they do, and flexible working practices as higher favorability drivers toward their firm than their level of compensation — perhaps a surprising finding given the amount of attention paid to associate compensation as a means of dealing with talent competition. Those associates who said they were *less* likely to leave their current law firm, ranked their firm culture, the people they work with, and work-life balance more highly than compensation as a reason to stay.

3 For purposes of this report, worked rates are defined as the agreed upon rates between a client and the law firm in order to engage work on a matter.
4 For purposes of this report, demand is defined as billable hours worked during a given time period.

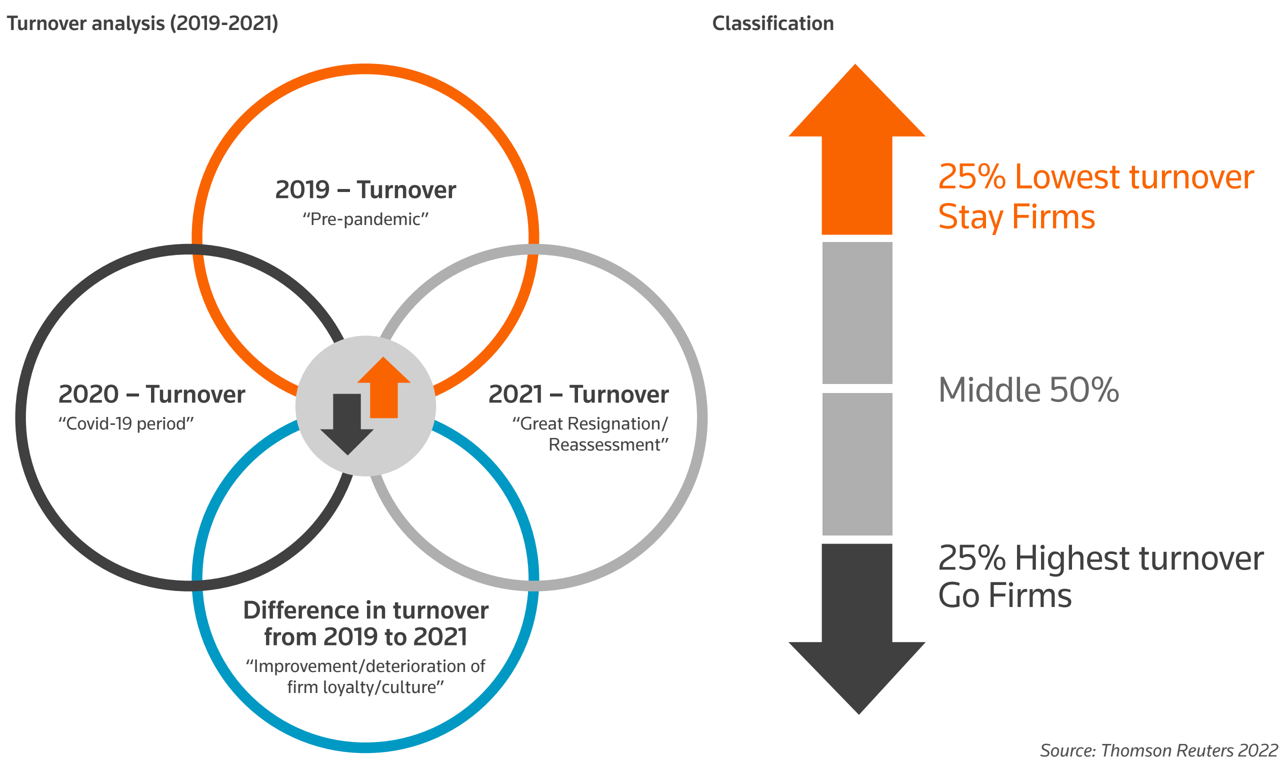
More troubling, the associates at greatest risk to leave were members of historically underrepresented communities, such as ethnic and racial minorities and LGBTQ+ attorneys, precisely the type of lawyers who are vital to fulfilling increasingly stringent demands from clients regarding broader diversity among their outside counsel.

At the same time, however, the findings of this report also contain numerous examples of strategies, practices, and areas of focus for those law firms looking to improve their prospects of successfully competing for quality legal talent in today's market.

Which are the Stay and Go law firms?

To begin the analysis of which firms should be classified as Stay firms, those with the lowest rates of turnover, and should be categorized as Go firms, those with the highest rates of turnover, we looked at a variety of turnover metrics. Notably, we did not focus on associate turnover per se, but rather on lawyer turnover in general.

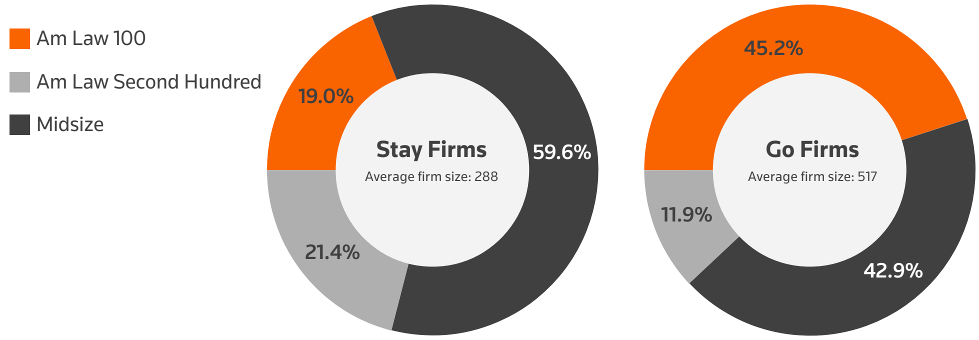
Figure 1: **Methodology overview**



Source: Thomson Reuters 2022

We also examined the populations of Stay and Go firms for differences in terms of firm demographics.

Figure 2: Firm Demographics

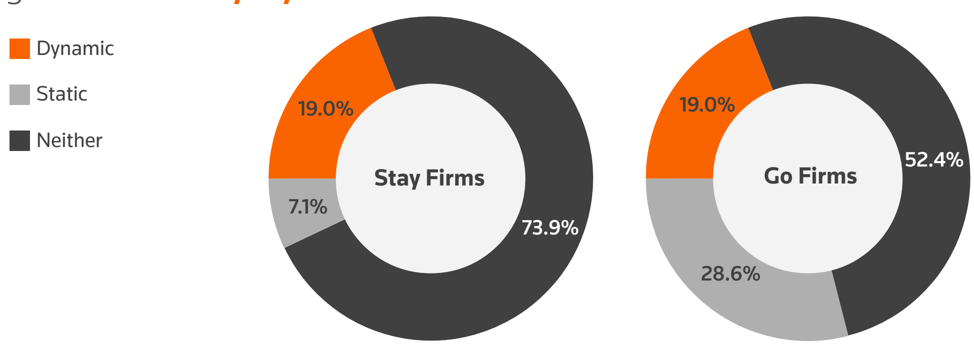


Source: Thomson Reuters 2022

What we found, perhaps unsurprisingly, is that Go firms tended to be larger. In fact, the average Go firm had roughly 230 *more* lawyers than did the average Stay firm; and slightly more than 45% of Go firms came from the Am Law 100. To ensure the results weren't being skewed by the fact that these larger firms also typically have a much larger pool of associates within their workforces and thus higher leverage — which would be expected to impact lawyer turnover — we adjusted for the increased leverage of these larger firms.[5]

We also compared these Stay and Go firms to the populations defined in Thomson Reuters Institute's recent *Dynamic Law Firms* report.[6]

Figure 3: Are they Dynamic or Static law firms?



Source: Thomson Reuters 2022

Interestingly, a firm's designation as a Dynamic law firm — noted as a firm with high rates of growth in revenue per lawyer and profits — was far from a guarantee that such a firm also would be more likely to retain its attorneys. Just as many Dynamic firms fell among the Stay population of law firms as among the Go firms.

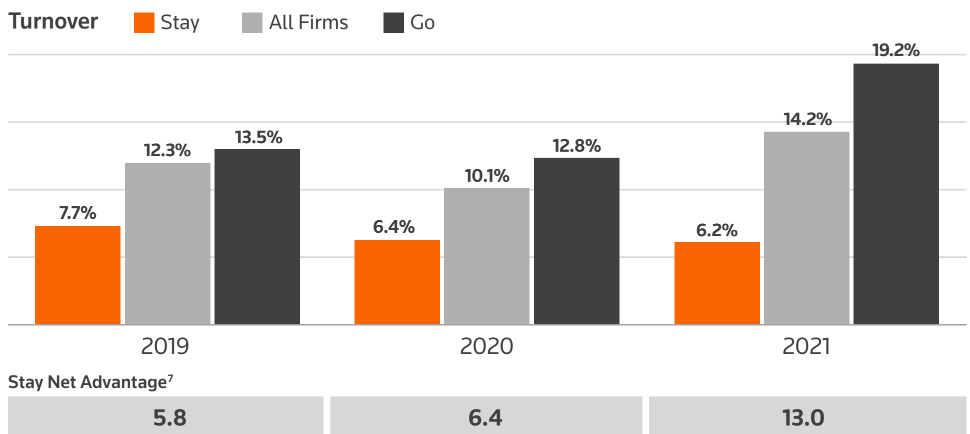
Looking geographically, we found a high degree of diversity among the firms, noting only that Stay firms were more likely to be from the Midwest and less likely to be from the Northeast.

5 The adjustment was made by adjusting all lawyer turnover by a ratio determined by equity-partner-to-all-lawyer leverage.
6 Available at: https://www.thomsonreuters.com/en-us/posts/legal/dynamic-law-firms-report-2022/. Published on March 14, 2022.

Part 1: Exploring turnover

While we fully expected to see broad differences in the turnover rates between Stay and Go firms, the full extent of the differences was still somewhat surprising.

Figure 4: **All lawyer turnover analysis**

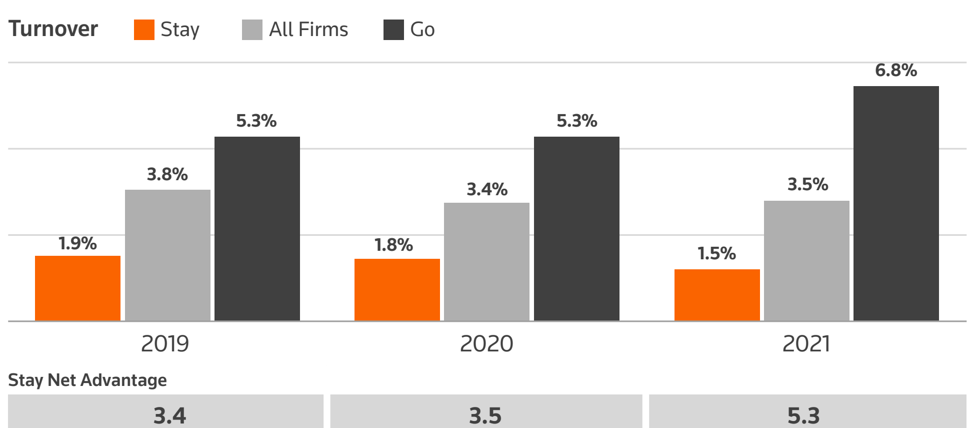


Turnover = The number of lawyers who left the firm divided by the number of lawyers at the beginning of the time period.

Source: Thomson Reuters 2022

When looking at all lawyers, Stay firms have enjoyed a clear and lasting advantage, starting at 5.8 percentage points in 2019 and more than doubling to 13.0 percentage points by the end of 2021.

Figure 5: **Equity partner turnover analysis**



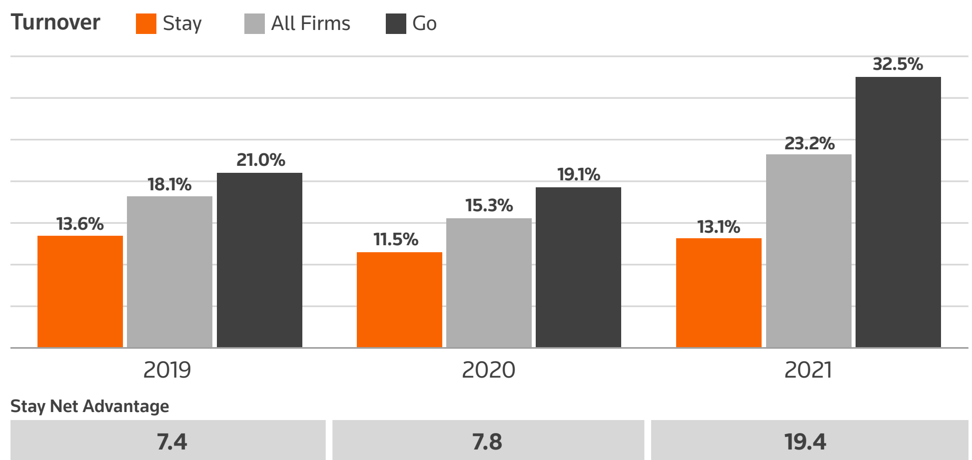
Turnover = The number of lawyers who left the firm divided by the number of lawyers at the beginning of the time period.

Source: Thomson Reuters 2022

7 Stay net advantage refers to the percentage point difference between the metrics of Stay firms and Go firms.

While turnover among equity partners within Stay firms has been low and getting lower, turnover among equity partners at Go firms has been troubling. While most turnover metrics settled or even dropped somewhat during the height of the pandemic in 2020, equity partner losses at Go firms remained unchanged between 2019 and 2020, and then jumped 1.5 percentage points in 2021. Given that equity partners bear the brunt of responsibility for business and client development within law firms, as well as typically commanding the highest hourly rates, this is indeed a troubling trend.

Figure 6: **Associate turnover analysis**



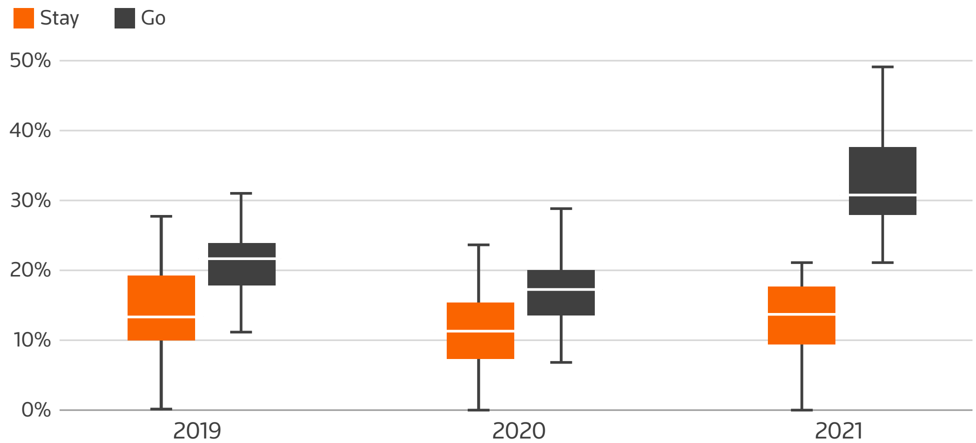
Turnover = The number of lawyers who left the firm divided by the number of lawyers at the beginning of the time period.

Source: Thomson Reuters 2022

The difference between the Stay and Go firms is even more stark when examining associate turnover. What started as Stay firms' 7.4 percentage point advantage in 2019, jumped by more than 2.5-times to 19.4 percentage points in just two years. It was surprising to see an average associate turnover percentage exceeding 32%. This represents one of the highest turnover percentages observed by the Thomson Reuters Institute when parsing data on attorney turnover.

Stay firms, on the other hand, have set a market-low pace of associate turnover and have yet to reach even their pre-pandemic level of associate loss.

Figure 7: **Associate turnover**



Turnover = The number of lawyers who left the firm divided by the number of lawyers at the beginning of the time period.

Source: Thomson Reuters 2022

Looking a bit deeper at the associate turnover rates, including the distribution behind the averages, the full extent of the disparity between the populations becomes clearer. In 2019, there was a fair degree of overlap between the populations, even though Go firms still found themselves on the losing end of the equation. However, in 2021 even the *lowest* rate of associate turnover among Go firms barely managed to match the associate loss among the *highest* end of Stay firms — clear evidence of a rapidly widening chasm.

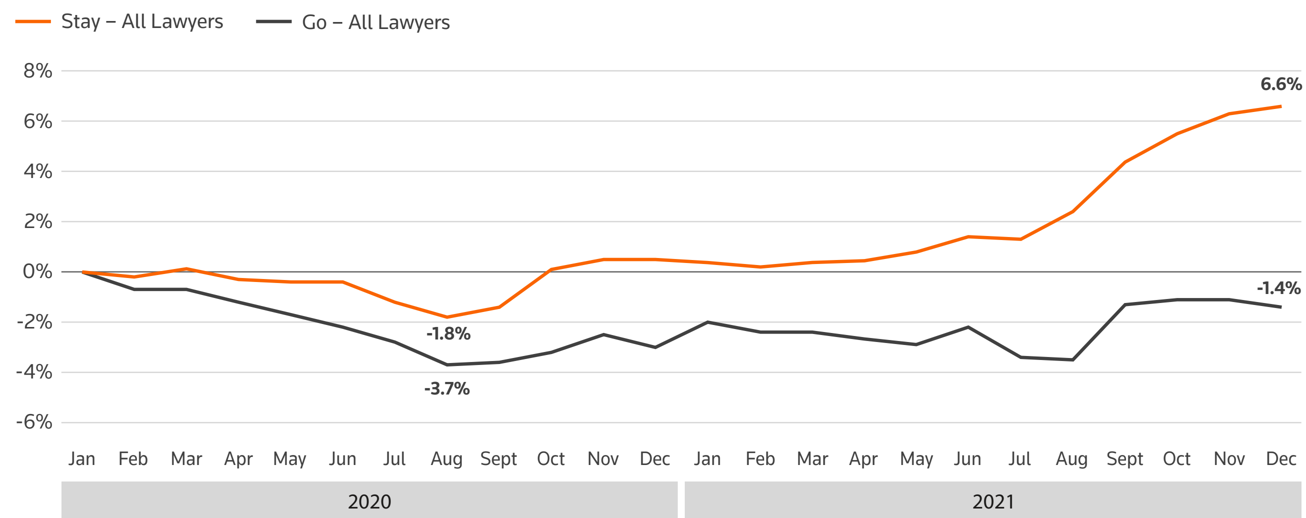
The impact of turnover on headcount

The effects of turnover among Stay and Go firms were, understandably, felt throughout the affected firms. Interestingly, both Stay and Go firms grew their recruiting expenses on a compound annual basis with Stay firms' recruiting expenditures growing by 4.2% between 2019 and 2021; and Go firms growing theirs by 1.1% during the same timeframe. One may question why Go firms were not more aggressive in increasing their recruitment spending. While there are likely many possible explanations, we note that Go firms were far more aggressive in their expenditure growth in *other* categories, such as support staff compensation, staff benefits, and technology investment, which may have left less in the coffers with which to chase new hires.

Stay firms spent 4.2% more on recruiting from 2019 to 2021.

By the end of 2021, the average Stay firm had grown its headcount by 6.6%, more than making up for any downturn in attorney staffing during the pandemic.

Figure 8: **Lawyer (FTE) change since Jan 2020**

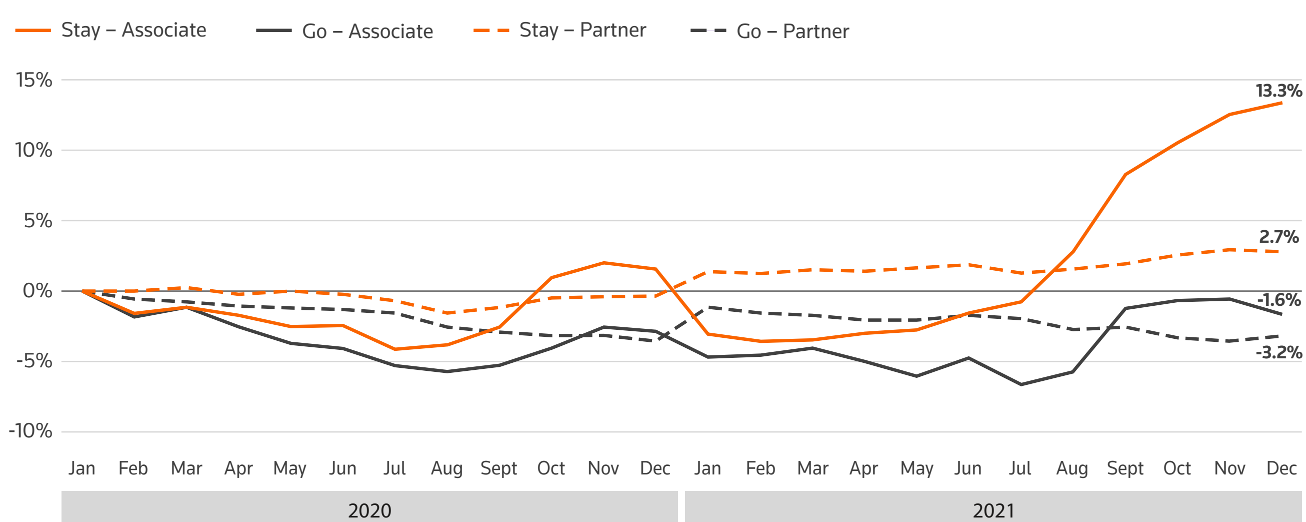


Lawyers (contractors excluded) *Source: Thomson Reuters 2022*

At the same time, the average Go firm had yet to fully recover its staffing to pre-pandemic levels. In fact, it wasn't until September 2021 that Go firms saw any appreciable uptick in their staffing, finishing the year with 1.4% *fewer* lawyer full-time equivalents (FTEs) than they had at the start of 2020.

The growth curve for lawyer headcount is even sharper when looking exclusively at associates.

Figure 9: **Lawyer (FTE) change since Jan 2020 by lawyer title**



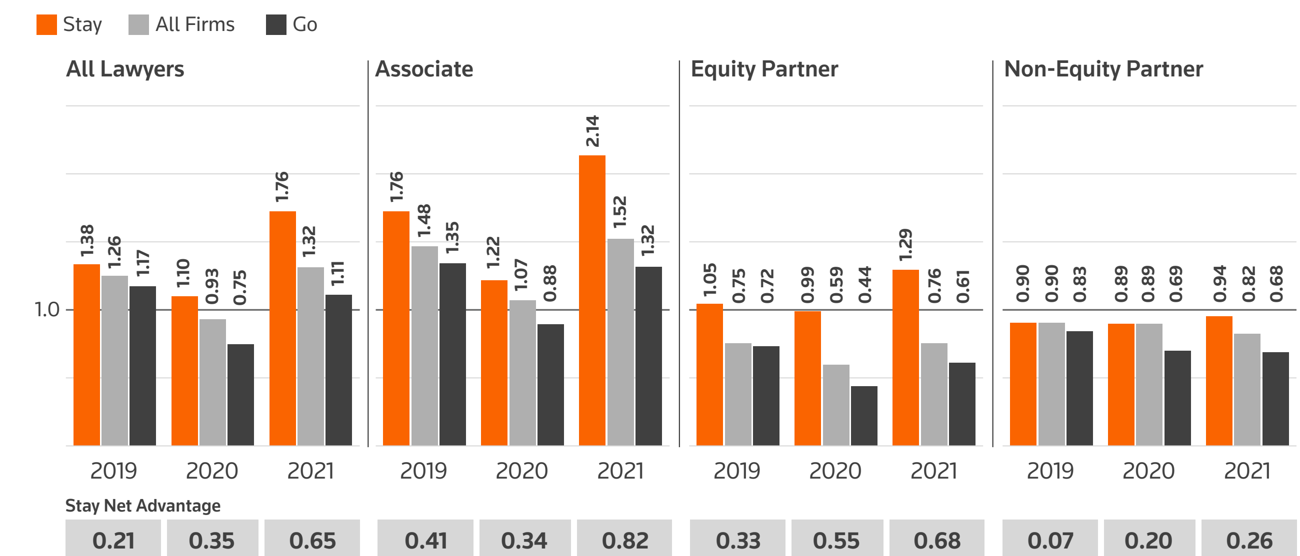
Lawyers (contractors excluded) *Source: Thomson Reuters 2022*

Stay firms have grown their associate headcount by 13.3% on average, relative to their January 2020 staffing levels. Interestingly, much of the market discussion around aggressive associate hiring has centered on headcount growth at the larger Am Law 100 firms; however, within the Stay firm population, more than 80% of the firms come from *outside* the Am Law 100.

For Go firms, as was the case with *overall* lawyer headcount, they struggled to return to pre-pandemic staffing levels for their associates, coming within 0.5 of a percentage point of their January 2020 level in November 2021 before tailing off again to finish the year down 1.6% relative to pre-pandemic levels.

The differences accounting for these variations in headcount can be seen by looking at the replenishment ratios of the various populations.[8]

Figure 10: **Replenishment analysis**



Replenishment = The number of lawyers who joined the firm divided by the number of lawyers that have left over the past 12 months. *Source: Thomson Reuters 2022*

Stay firms have grown key classes of attorneys rather aggressively, with the exception of non-equity partners. In 2021, associates were replenished at a rate of 2.14 and equity partners at a rate of 1.29. This has several key implications. First, Stay firms look to be seeking to expand their associate ranks rapidly, either due to an effort to increase leverage or to keep up with the increasing pace of demand. Regardless of the reason, Stay firms' three consecutive years with associate replenishment well in excess of 1.0 explains the 13.3% growth in associate FTEs.

8 For purposes of this report, replenishment is the ratio of lawyer FTEs leaving a law firm compared to those joining the firm over the past 12 months. A replenishment of 1.0 represents a ratio of 1:1.

The replenishment of equity partners seen at Stay firms is also of some significance. Not only are Stay firms not seeing a high degree of attrition among their equity partners,[9] they are instead minting new equity partners with some frequency. This potentially gives the associates at Stay firms a greater prospect for career progression within the firm, a factor of some importance as we will discuss.

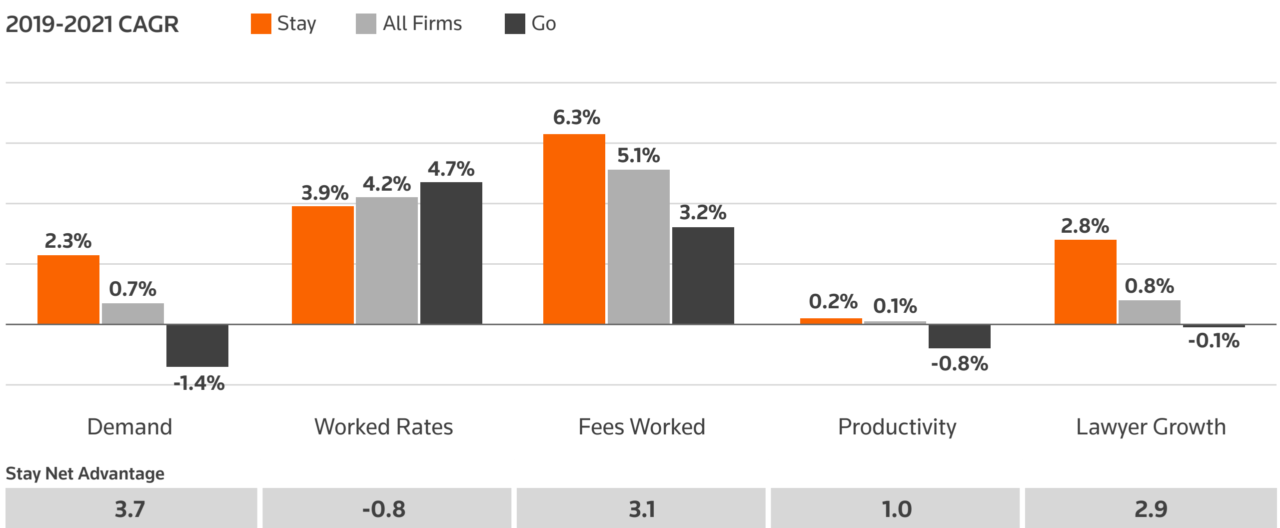
Conversely, the only timekeeper group to see growth among the Go firms are associates, but to a much smaller degree than at both Stay firms and the market average. Unfortunately, even this uptick in associate replenishment at Go firms in 2021 was not enough to offset employee losses these firms experienced throughout the pandemic.[10]

9 See figure 5 at page 7
10 See figure 7 at page 9 and figure 8 at page 10

Part 2: The financial impact

Not surprisingly, Stay firms generally have fared better financially than their counterpart Go firms for most of the past several years.

Figure 11: **Key performance measures**



All timekeepers. Billable time type; non-contingent matters. *Source: Thomson Reuters 2022*

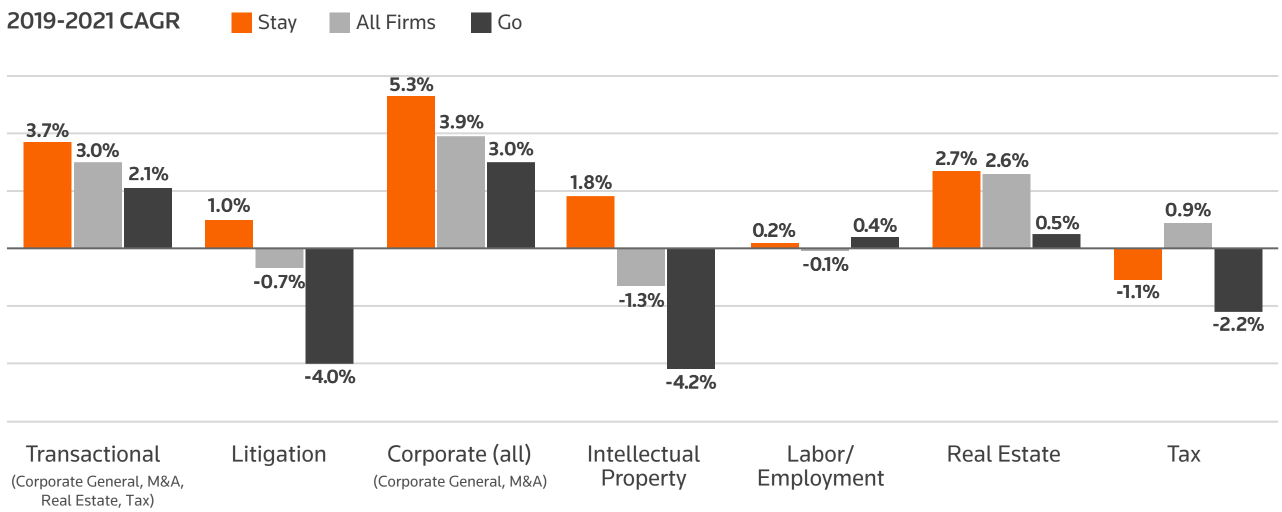
The average Stay firm not only outperformed the average Go firm, it bested the market-average law firm in several key indicators. Stay firms averaged 2.3% demand growth on a compound annual basis from 2019 through 2021. When coupled with Stay firms' average worked rate growth, this resulted in a market-leading fees worked[11] growth figure of 6.3%, despite the fact that Stay firms were actually noticeably *less aggressive* in their worked rate growth.

These metrics worked in favor of Stay firms in other ways as well. For example, the strong demand growth among Stay firms meant that they could be much more aggressive in growing their lawyer headcount without damaging their per-lawyer productivity, which is a more sustainable strategy than growing headcount with the aim of ultimately generating demand.

This growth in demand was also spread across a large number of key practices for Stay firms.

11 For purposes of this report, fees worked serves as an analogue for revenue on an accrual basis. It measures the growth in the product of demand multiplied by rates during a given time frame.

Figure 12: **Practice demand**



	Transactional	Litigation	Corporate (all)	Intellectual Property	Labor/ Employment	Real Estate	Tax
Stay Net Advantage	1.6	5.0	2.3	6.0	-0.2	2.2	1.1
Proportion (All Firms)	37%	27%	26%	11%	10%	8%	3%

All timekeepers. Billable time type; non-contingent matters. *Source: Thomson Reuters 2022*

In keeping with a trend seen across the markets, Stay firms saw positive compound annual growth in their transactional practices. But notably, litigation demand grew at 1.0% among Stay firms as well. On the other hand, overall litigation demand has struggled to recover to its pre-pandemic levels.

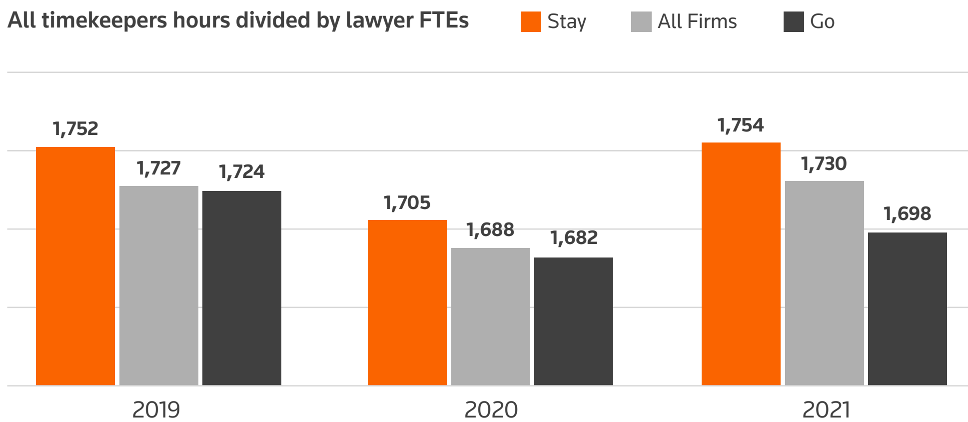
At the same time, Go firms struggled to find growth outside of corporate work. Labor & employment and real estate practices both saw modest growth, but the general lack of progress in growing demand in other practice areas helps explain the general contraction of average demand within Go firms.

This disparity between the two populations could potentially be yet another symptom of the general stability of staffing at Stay firms compared with the higher pace of turnover at Go firms. In fact, corporate general counsel (GCs) interviewed by the Thomson Reuters Institute rated Stay firms more favorably in terms of the service they provided and the strength of their relationships, which may also be explained by the slower pace of turnover, particularly among Stay firm equity partners.

Making the most of a day

The increased level of demand for services among Stay firms has been able to keep pace with their impressive headcount growth, translating into strong rates of productivity growth among Stay firm lawyers.

Figure 13: **Annual hours per lawyer**



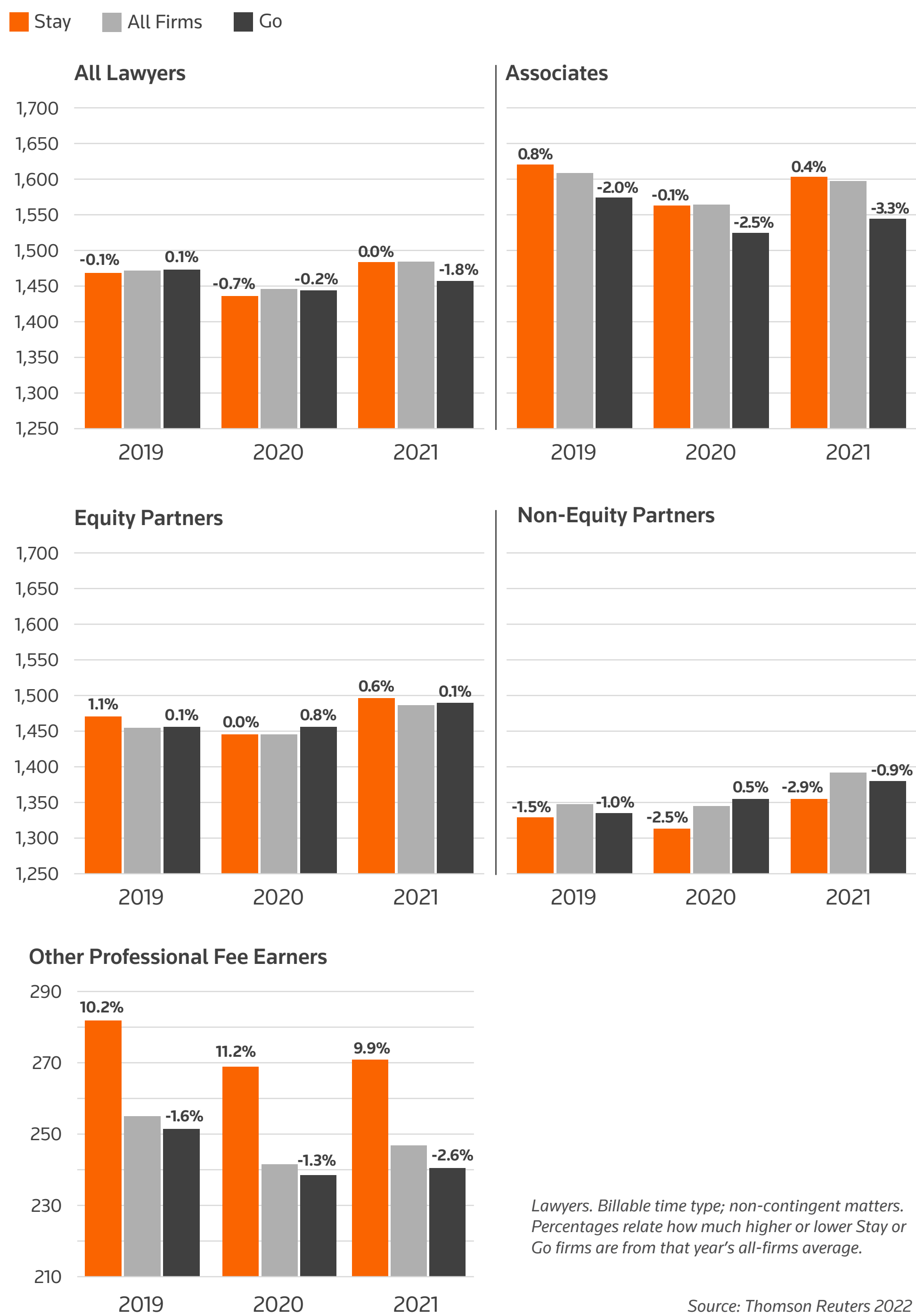
All timekeepers. Billable time type; non-contingent matters.

Source: Thomson Reuters 2022

Despite experiencing a decline in 2020, Stay firms have actually seen their average annual billable hours worked per lawyer FTE increase slightly compared to 2019, still noticeably outpacing even the average law firm in the market. Go firms, on the other hand, have seen their average annual billable hours per lawyer FTE decline by 26 hours per lawyer, all while trailing the average firm in the market by a fairly wide margin.

But as with most things, there are more details to discover behind the averages. When timekeepers are broken out into discrete functions, a slightly more nuanced picture emerges.

Figure 14: **Annual hours per lawyer**



Lawyers. Billable time type; non-contingent matters. Percentages relate how much higher or lower Stay or Go firms are from that year's all-firms average.

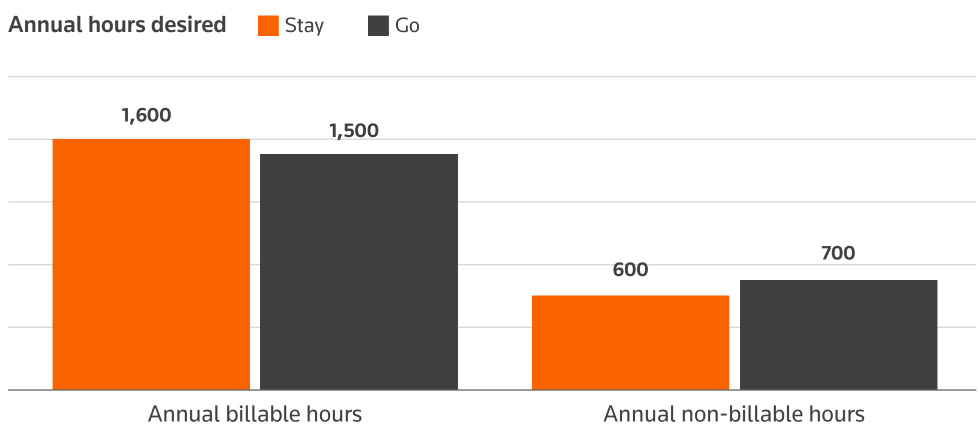
Source: Thomson Reuters 2022

Both equity partners and associates at Stay firms outperform both the average firm in the market and the average Go firm in terms of annual hours per lawyer. Non-equity partners at Stay firms were a notable exception to this trend.

However, the clearest delineation between timekeeper productivity came from the ranks of other professional fee earners (OPFEs).[12] These timekeepers exceeded the market average by roughly 10% or more in every year studied. When these hours are attributed to the attorneys these OPFEs support, they help to create the clear advantage seen in Figure 13. This level of productivity from OPFEs within Stay firms provides a level of support which exceeds that experienced by other law firms. One potential outcome of this additional support is that more of a Stay-firm attorney's time is free to engage in higher-value work, a consideration which, as we will explore more fully later, can be instrumental in driving attorney satisfaction with their law firm.

What's more, lawyers at Stay firms expressed a desire for *more* billable hours per year than did their Go firm colleagues.

Figure 15: **Desired annual hours by stand-out lawyers**



Source: Thomson Reuters 2022

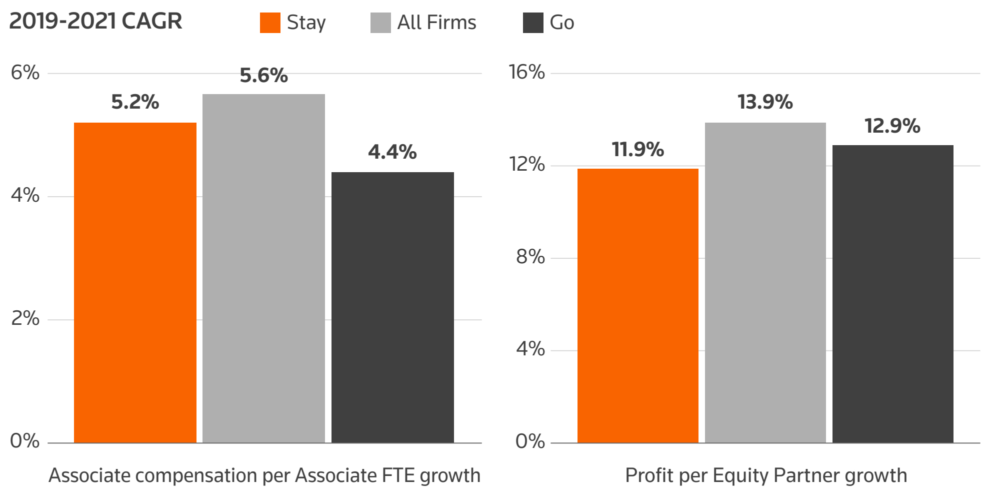
Interestingly, the average attorney at a Go firm indicated a desire to work more non-billable hours, which typically consists of tasks such as mentoring or coaching younger lawyers, business development, or pro bono representation. The fact remains, however, that Stay firm lawyers not only produce more hours per year, but they also express a clear desire to do so. This begs the question of *why*?

12 Other professional fee earners include paralegals, specialists, litigation support, and other firm timekeepers whose time is directly billed to clients.

Part 3: It's about more than money

At first blush, it might seem that Stay firm lawyers are sticking with their firms and working harder because they've been getting higher raises.[13] That does not, however, appear to be the case.

Figure 16: **Associate compensation and profit per equity partner**



Source: Thomson Reuters 2022

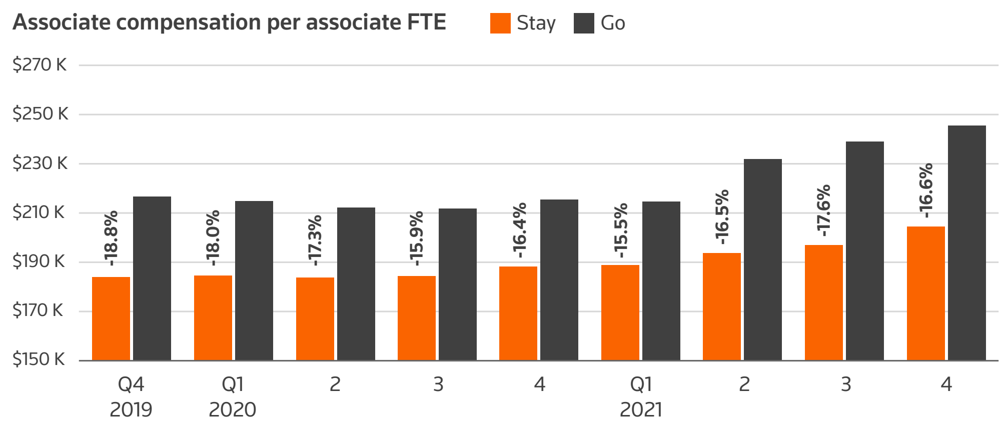
Equity partners at Stay firms have seen their profits per equity partner (PPEP) grow at a slightly slower pace than their Go firm colleagues, or even equity partners at the average law firm in the market. Notably, Stay firms grew their equity partner population at a higher rate,[14] meaning their PPEP is calculated with a higher relative denominator, obviously impacting the growth figures. Even still, equity partners at Stay firms do not appear to be billing more hours than their counterparts solely because it is driving large increases in PPEP.

But is this also true of associates? Indeed, on a compound annual growth basis, associates at Stay firms have experienced larger growth in their compensation. Yet, if we dig a bit deeper, we find that even with this higher pace of compensation growth, the average associate at a Stay firm still trails noticeably behind their peers at the average Go firm.

13 In the *2022 Report on the State of the Legal Market*, we reported that those firms that eventually made up our cohort of Stay firms had actually experienced a slower increase in associate compensation than did Go firms. The difference can be explained by the fact that the figures presented in that report were preliminary figures, based on a rolling 12-month basis through November 2021. In contrast, the growth figures discussed in this report represented the compound annual growth in associate compensation from year-end 2019 through year-end 2021, resulting in a different calculation that would be expected to yield a different result.

14 See Figure 10 at page 11.

Figure 17: **Associate compensation**



**Percentages on graphic refer to the difference in associate compensation per associate FTE between firm groupings on a rolling 12-month basis.*

Source: Thomson Reuters 2022

Much of this compensation difference is likely due to the fact that larger firms, who pay their associates higher salaries, are represented more heavily among Go firms. However, we cannot avoid two key conclusions: *i*) while Go firms are paying their associates increasingly more, that is not translating into solid productivity growth; and *ii*) among Stay firms, the increase in productivity must be driven by something more than just money.

Part 4: The importance of connections and personal satisfaction

Perhaps the simplest explanation provided by the data is that happy lawyers tend to be more productive, and lawyers at Stay firms tend to be happier and more satisfied in their work. Coincidentally, their clients tend to be pretty happy with them as well.

The voice of the client

Stay law firms tend to be more highly rated in terms of service provided and the relationships that they have with their clients. Stay firms also tend to receive higher marks from clients for the value clients receive and how matters are priced. As part of our research, we asked corporate general counsel (GCs) which law firms they favor and why in a series of open-ended questions. It was only after the results were compiled that we parsed the research for information about the firms identified as Stay or Go firms. (GCs were not asked about these firms specifically nor were they informed whether any firm fit into any particular classification. All firms were mentioned by the GCs being interviewed.)

These GCs were also more likely to favorably mention Stay firms for:

- the strength of individuals at the firm
- the breadth of services offered
- the results obtained
- competitive cost structures
- efficiency
- value received for the money paid
- a general avoidance of overstaffing matters

All of these represent easy-to-identify strategies for law firms looking to enjoy a similar level of favorability to that of Stay firms.

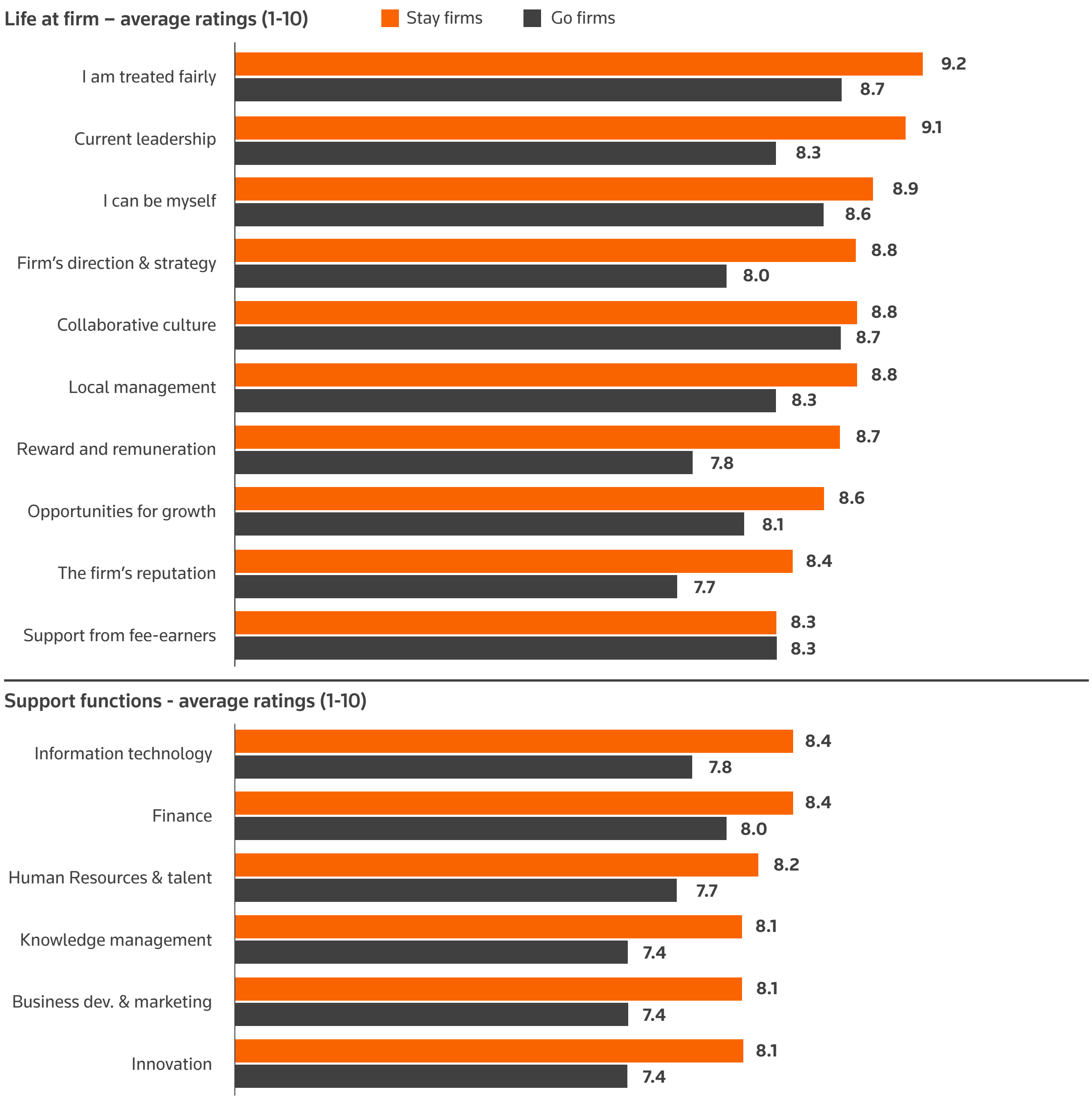
Hearing from the lawyers

We also spoke with lawyers who had been identified by their clients as particular standouts among their outside counsel. Of these standout lawyers within Stay firms, many tended to view their firms more favorably.

In general, when asked their favorite aspect of their current firm, standout lawyers at Stay firms were more likely to cite factors such as the people with whom they worked, the collegial nature of relationships within the firm, the supportive nature of the firm, and the quality of work they were offered. In contrast, standout lawyers at Go firms were more likely to point towards the more generic categories of culture or environment as their favorite aspect of their current firm.

Looking at lawyer satisfaction more broadly, Stay firms were clearly ahead across the board, both in terms of the lawyers' satisfaction with their life at the firm as well as the strength of the support functions offered within the firm.

Figure 18: **Stand-out lawyers at Stay firms are more satisfied than Go firms**

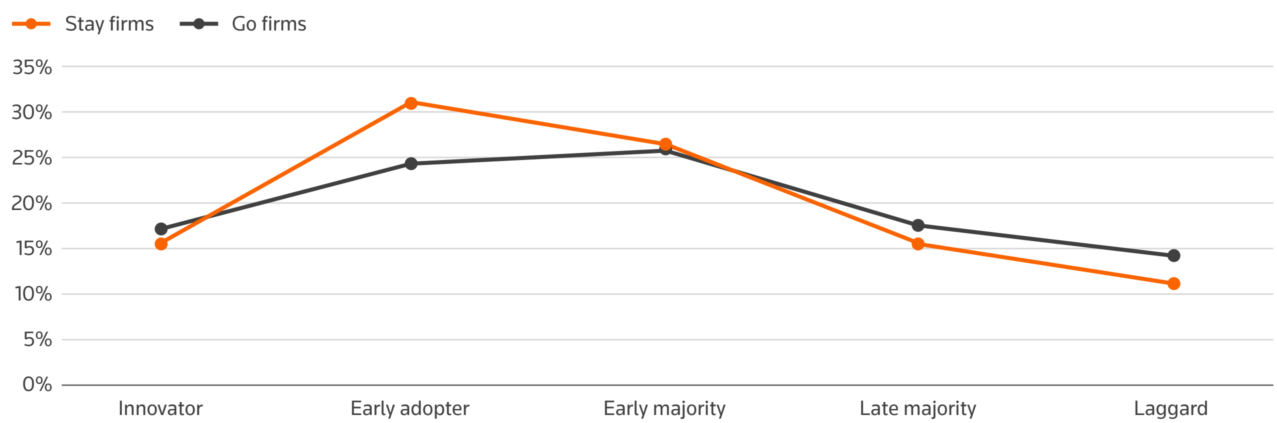


Source: Thomson Reuters 2022

As we will explain further, factors such as being treated fairly, the ability to be yourself, and opportunities for career growth can be vital factors in convincing attorneys to stay with a law firm. Most notably, standout lawyers at Stay firms gave high satisfaction ratings to their reward and remuneration, even though, as we've seen, PPEP growth and average associate compensation for Stay firms both trailed corresponding figures from Go firms.

Importantly, standout lawyers at Stay firms were also more likely to strongly recommend their firm to a friend as a good place to work; and they were more likely to self-identify as either an innovator or an early adopter of technology.

Figure 19: **Technology adoption scale (self-classified)**



Source: Thomson Reuters 2022

In addition to a tendency to be out in front of new technology, standout lawyers at Stay firms viewed collaboration technologies and knowledge management systems as being more useful to them than lawyers from other firms. This could be the result of Stay firms having better systems in place, of course, but it could also be that Stay firms have done a better job of integrating those systems into attorneys' workflows such that lawyers feel these tools are more useful.

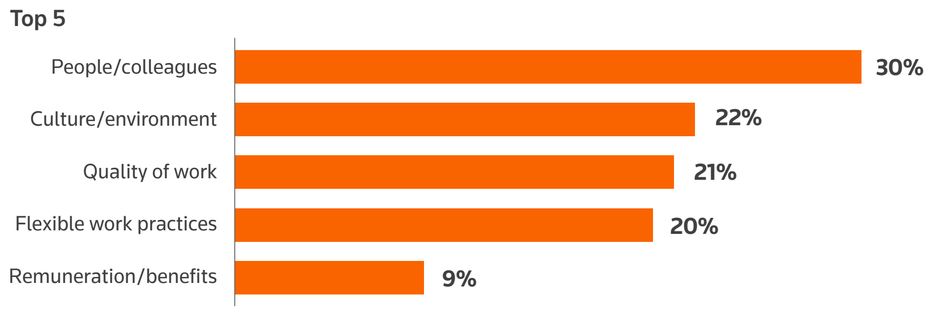
The bigger picture

The findings related to the attributes of Stay firms are further supported by additional research that was conducted into the mindsets and attitudes of today's associates more broadly. Specifically, we surveyed more than 900 associates to explore how likely they are to leave their current firms, and what factors would drive them away or encourage them to stay. This research was not limited to associates only from Stay or Go firms, and the associates surveyed were not told of the research being done into Stay or Go firms.

Even without knowledge of the broader scope of the research project, associates' responses showed some striking parallels to the evidence discovered by examining Stay and Go firms.

First, the associates responding to the broader survey, like their colleagues from Stay firms, did not cite compensation as one of the main factors that they liked about their current law firms. In fact, remuneration barely made it into the top 5 of the list.

Figure 20: **What do lawyers like best about their firms?**



Source: Thomson Reuters 2022

Instead, these lawyers, like their Stay firm peers, were much more likely to highlight the people with whom they work, the culture of their firms, the quality of work they were offered, and the availability of flexible working arrangements. In fact, each of these attributes was cited two- to three-times more often than money.

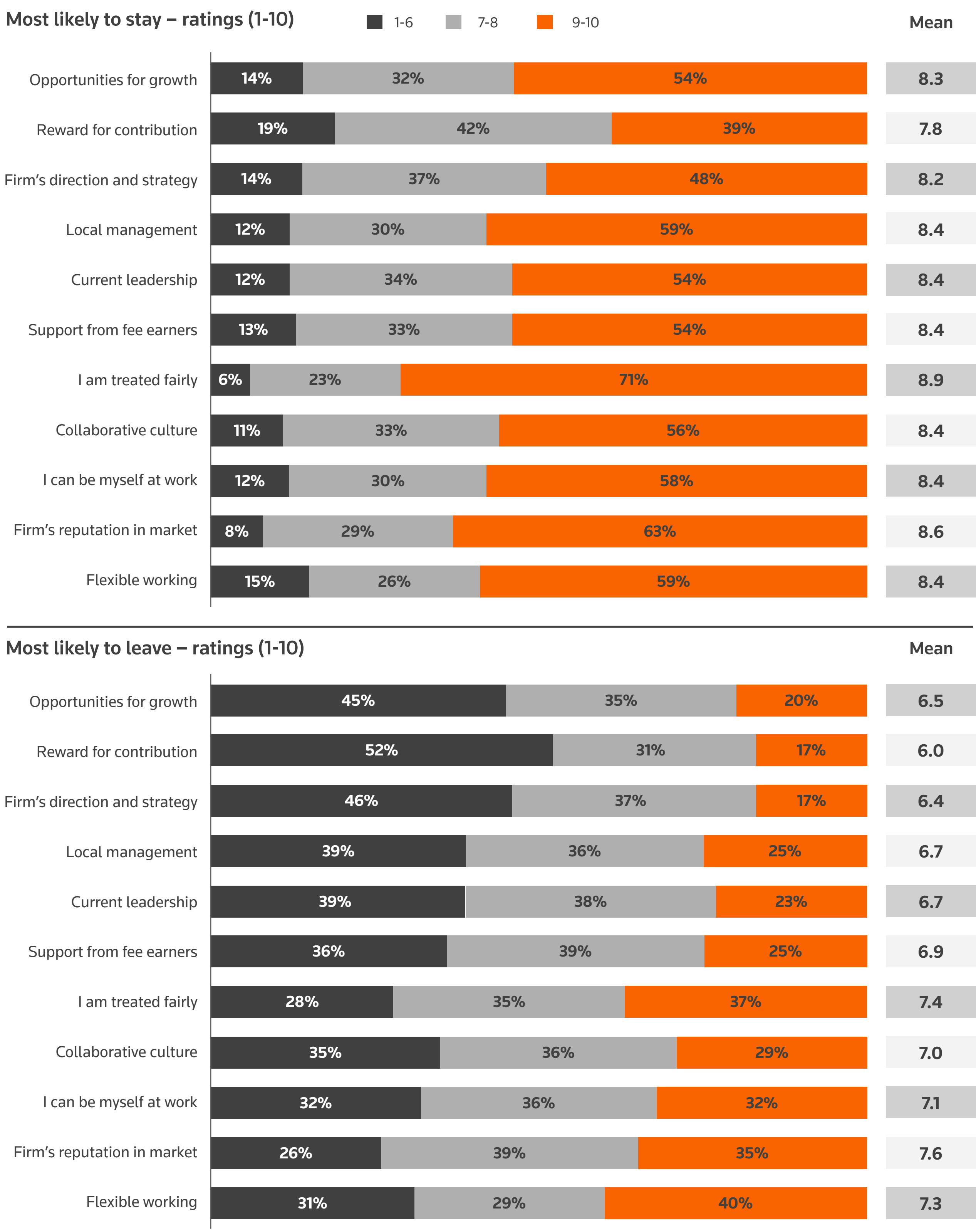
There was some difference within these favorability drivers between junior associates and senior associates. For example, junior associates were more apt to cite things like culture and work-life balance as what they liked best about their current law firm; while senior associates pointed to flexible work practices and independence, perhaps because, being older they may be more likely to have family commitments or feel they've already "paid their dues" to the firm. Notably, compensation and benefits did rank slightly higher among senior associates, but was still far from the top consideration.

We also divided the associate responses into those associates who said they were more likely to leave and those who said they were more likely to stay. Among those who said they were more likely to stay at their current firms, the people and culture at their current firm, along with work-life balance were cited as the top reasons. Only 9% of associates surveyed cited compensation as what they liked most about their current firm.

Equally interesting were the results from those associates who were most likely to leave their current firm. They too pointed to intangible considerations, such as the quality of work they were offered, flexible working practices, and independence as most important to them. Given that these were their top considerations, and they were more likely to be looking to leave their current firm, it's a relatively safe conclusion that they did not feel their current firms were doing an adequate job in meeting those priorities. Even with additional compensation to help them mitigate these negatives, these associates saw these challenges as too difficult to overcome within their firms, particularly in the long term.

Figure 21: **Satisfaction by likelihood to leave**

How satisfied are you with each of the following areas at your current firm?



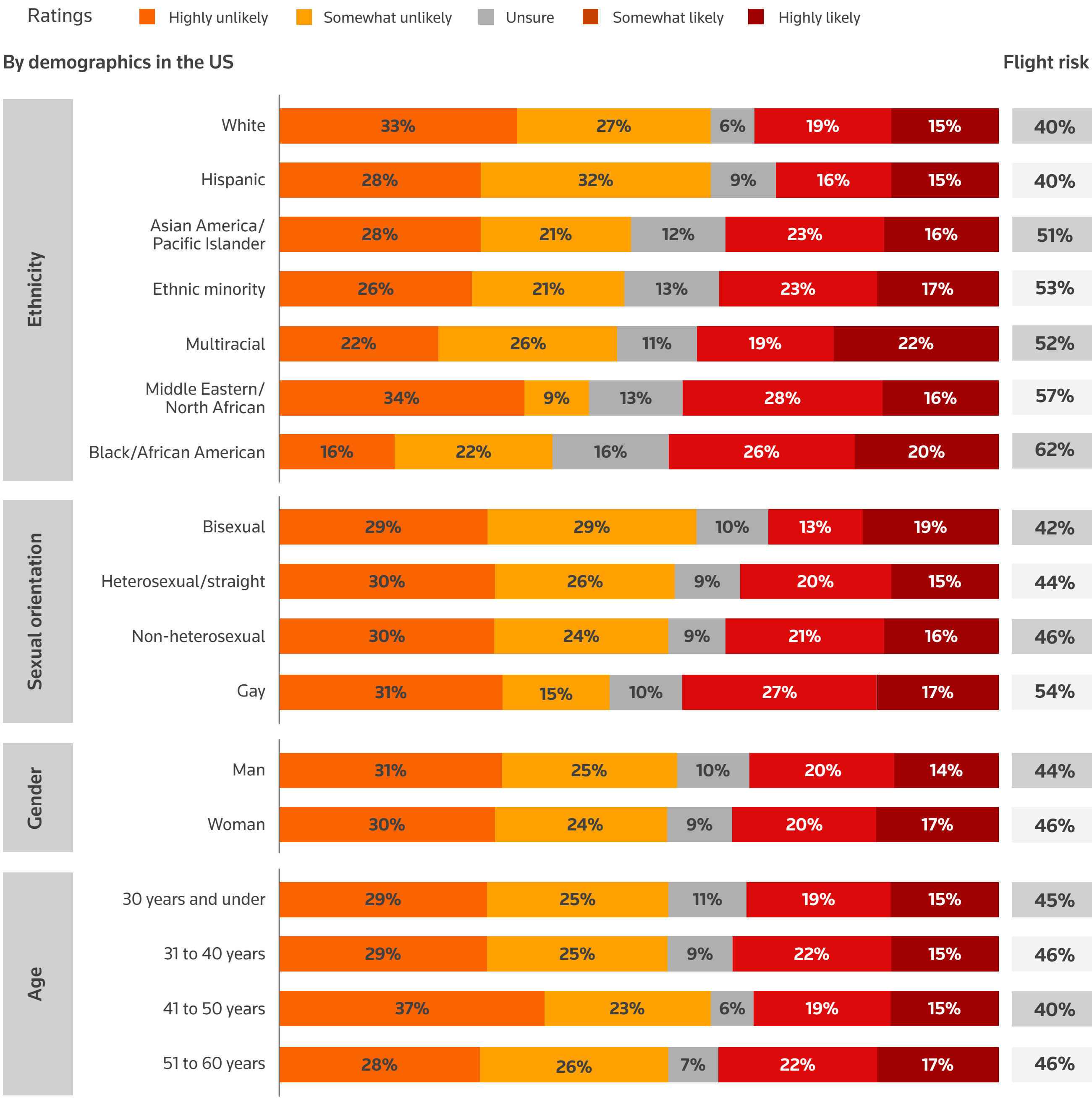
Source: Thomson Reuters 2022

Further, those lawyers who appear to be the greatest flight risk -- those who report being highly likely or somewhat likely to leave their current firm or unsure whether they want to stay — are more likely to be women, of minority ethnicity, or from the LGBTQ+ community — and that is most unfortunate for law firms. To be sure, the flight risk numbers across the board are disturbingly high. But nearly every ethnic minority group, with the exception of Hispanics and Whites have a flight risk in excess of 50%, with Black lawyers topping out at more than 60%. If firms are committed to increasing diversity in the profession and within their own ranks, this is a problem that will need to be addressed, and soon.

Indeed, it is vital that law firms get this attrition crisis in check. Not only is it incredibly expensive to constantly be replacing lawyers who are commanding ever higher salaries, but the attorneys who are most likely to leave are likely to be the lawyers that law firms will need to meet increasing client demands for broader diversity.

Figure 22: **Likelihood to leave firm**

How likely do you feel it is that you will move from your current firm in the next two years?

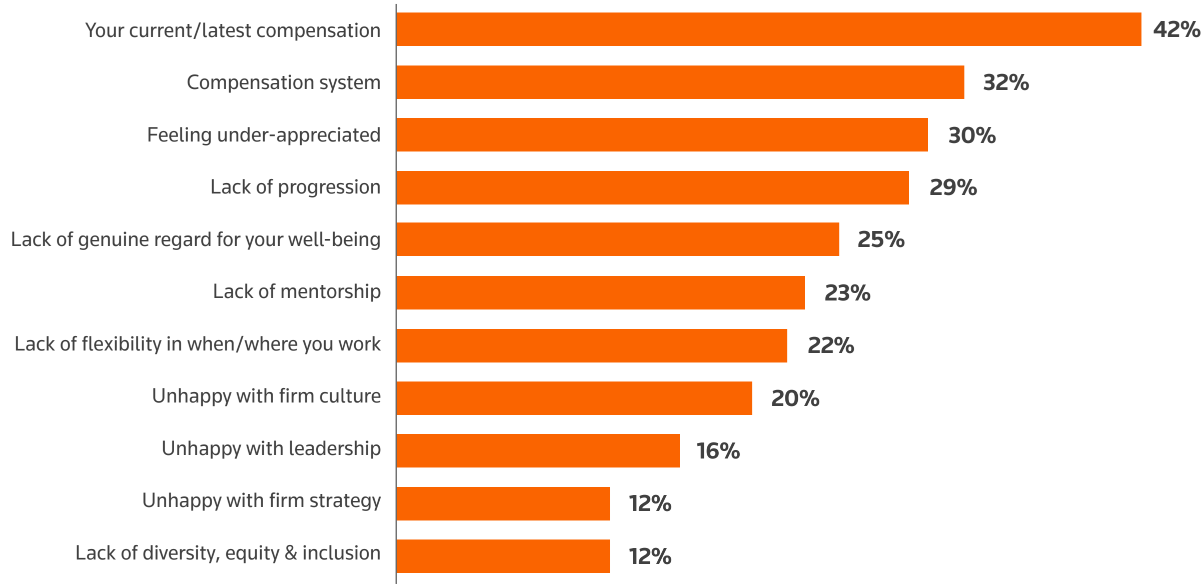


Flight Risk refers to the combined response rate from "High Likely", "Somewhat Likely", and "Unsure".

Source: Thomson Reuters 2022

Fortunately, the same associates who report being most likely to leave have provided a roadmap of sorts as to what is driving their decision to leave.

Figure 23: **Factor driving decisions to move**



Source: Thomson Reuters 2022

Here, compensation and the compensation system does rank highly. In fact, this is the first time in the course of this study that we've seen associate compensation top any of the lists. However, we also know from the other findings of this report that compensation alone will not solve the problem, nor is paying someone a higher salary likely to address the long-term reasons behind their potential desire to seek work elsewhere. Critically, "feeling underappreciated" and "lack of progression" ranked nearly as high on this list as did the current compensation system. Those factors, along with other considerations mentioned such as regard for well-being, mentorship, flexible working arrangements, and improved firm culture can create an overall environment that is far more conducive to satisfied lawyers of all stripes who want to stay with the firm. And those intangible factors can be had with a price tag much lower than constantly increasing salaries and bonuses.

When associates feel a lack of connection to their law firm because of problems with culture, loyalty, career progression prospects, and the like, an offer of higher compensation may well be enough to easily entice them to move to the next opportunity. In a sense, compensation may be the proximate cause of an associate's decision to leave a firm, but the root cause may run deeper.

Conclusion

Today's talent market is remarkably volatile. Lateral attorney moves set a record in 2021, and while there is no guarantee that attorney attrition will continue at the same pace, the reasons cited by lawyers for wanting to leave their current law firm are not the type of problems that the traditional solution of increasing salaries will solve.

Stay law firms have found ways to lean into what matters to their lawyers — providing clear career paths, expressing concern for the lawyers' well-being, fostering supportive and collaborative cultures, and treating their lawyers in a way the lawyers perceive as fair. They've invested in support functions that their lawyers value, from IT to finance, to marketing and more. And they've done it without having to sit atop the market in terms of compensation or raises, for either associates or partners.

These Stay firms have landed on a formula that associates across the country tell us is important.

In turn, these Stay firms have been rewarded with strong performance in nearly every key metric, and perhaps most importantly, with satisfied and productive attorneys. The path to stemming the tide of lawyer attrition will not be easy or short, especially for the cohort of Go firms — but neither is it an intractable morass.

In the lyrics to the song that served as the inspiration for the title of this report, The Clash is indecisive. They are waiting for some indication as to what decision they should make.

> *Darling, you got to let me know*
> *Should I stay or should I go?*
> *If you say that you are mine*
> *I'll be here 'till the end of time*
> *So, you got to let me know*
> *Should I stay or should I go?*

Lawyers at today's law firms are not nearly so indecisive. Yes, they are looking for signals as to whether they should stay or go. If those signals do not come, however, they likely won't pine away writing lyrics while trying to plot their next course of action.

With competition for talent in the legal industry as fierce as it is, today's lawyers can and will likely decide rather quickly that remaining at a firm that offers a higher paycheck but little else will not solve their longer-term concerns. As a result, the consequences for law firms could be long-lasting.

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