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Episode title: Midsize law firms confronting talent competition in their own backyard

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Bill Josten: There's certainly been no shortage of discussion this year around talent issues in the legal market, including on this podcast. But what we haven't had much of an opportunity to do is to hear directly from the people dealing with these issues on the ground about how it's impacting their businesses and how they're confronting these challenges. This has been a challenge for firms all over the globe, given the reach of some of the moves made by these large US-based firms. But perhaps the impact is most profoundly felt by those firms who find these seismic shifts occurring literally in their backyards in these major markets. Not every firm in New York City, for example, is a mega firm looking to set or at least match the latest salary scale, but they are undoubtedly feeling the pressure when the talent moves that are being made by these large firms, these are firms that are perhaps at most a short subway ride away. In an attempt to better understand how these firms are confronting these talent challenges I've invited a couple of people who see these impacts on a daily basis to share their perspectives on what the impact has been on the firms as well as some strategies, which have proven successful in both recruiting and retaining talent in the face of huge competition and compensation offers from larger competitors. Shannon Boettjer is a partner at Garden City, New York-based Jaspas Schlesinger, a full service 50 attorney law firm serving clients in the New York City area for 75 years. Shannon is a highly experienced litigator with a resume that also includes time working for a major international law firm. Also joining us is Danielle Rivner, one of my colleagues here at Thomson Reuters. Danielle is a client manager working in the field for Thomson Reuters, whose experience over the past decade and a half has seen her deeply involved in many aspects of the business operations of the law firms she serves in the New York City area. We're fortunate to have Shannon with her depth of experience recruiting new lawyers to her firm and helping to retain existing talent, and Danielle with her breadth of exposure to the impacts of market trends on a large number of midsize firms. So, Shannon, I'm very curious. Sitting in a law firm in a major market, there has to have been a particular challenge in the last, maybe, year, maybe a little bit less, around recruiting and retaining particularly attorney talent, but maybe even law firm staff talent as a whole. So, what has the last year been like in terms of recruiting or trying to retain talent for your firm and of those two, which has been the biggest challenge, recruiting people or convincing them to stay?

Shannon Boettjer: So, I think that the last year, really is coming off of COVID and the last year in our experience has been defined by the two years of disruption prior to this year. And what we've seen is that during COVID, our attorneys and staff had the opportunity to reevaluate their lives, reevaluate their skills, reevaluate their goals, and it was a real disruptor. And when we returned to work there were challenges with retaining some of the staff. There were people that during COVID decided to move on, but we also found that that created an opportunity for reimagining and reinventing both ourselves and our practice groups. So, I would say the bigger challenge in the last year from the disruptions in the market as a whole, and even as far as society as a whole, were more of a challenge in terms of retaining people that we had previously, but we've been able to recruit just as fluidly, and we've brought in talent that is exciting and I think we'll enhance both the business and expand the business. And also, the talent that's here has reimagined themselves for myself included. You know, during COVID I took an

opportunity, I took the opportunity of using extra time and not having the commute to take courses. I took an online course “Blockchain for Business 2020”, really liked it. Then I took a class from MIT on building business with AI and those were opportunities that outside of COVID I don't think I would have considered, explored or even known existed, but through that time and that disruption, I was able to see the opportunity to change my own practice, my business and reinvent myself to be an attorney for the 21st century. And I think that's been really exciting and with the change that we've had in personnel, we've had other people join the firm that are equally excited about the future.

Daniella Rivner: Like it was all meant to be.

Shannon Boettjer: Like it was all meant to be.

Danielle Rivner: That's beautiful. Really awesome.

Bill Josten: Yeah, and Danielle, you know, just with your perspective working with so many different firms, I love what Shannon says about reevaluating, and that's something that that I've heard, the idea of going out and you know, taking classes and those types of things. I think that that maybe was an underutilized opportunity during the pandemic. Was that something that you heard more about from some of the customers that you work with? Or were there other things that that sort of fell into that reevaluation bucket?

Danielle Rivner: No, that's really an interesting question about, you know, when we, when the pandemic first hit, you know I work what they call “in the field”. I'm a field-based position, right? Where I'm visiting customers. We're going in. We're doing CLE lunches, you know, training on the newest tech, all of that. And you know keeping skills sharp, but we had to pivot and what we did was we sort of took that education and training, you know, in person thing we do, basically, we pivoted to online and what we did see was an engagement you know with attorneys and support staff. We had great attendance. So, I would say that, you know, everybody was sort of, you know, figuring it all out and I did see what usually as an in-person presence is we actually did see a lot of online activity also with customers and got a lot of great feedback from them. Like thank you know for, you know, providing this and it was look, everybody was, you know, just what can I say? Trying to keep their skills sharp and, you know, explore and they were happy for the avenue to do that, you know, online and so.

Bill Josten: So, with where I sit within the Thomson Reuters Institute, I have a really unique opportunity to talk with firm leaders really from around the globe and one of the things that I hear pretty consistently, no matter where the lawyers or firm leaders, I'm speaking whether from, whether it's, you know, out in California or Chicago, Atlanta, London, Toronto, Vancouver, Sydney, Johannesburg, you name it, New York has kind of been the epicenter of a lot of the talent mobility in the market. And by that I mean sort of pulling up stakes and trying to seek greener pastures elsewhere and I would imagine that that impact has been even more pronounced actually, in the New York City area, you know where you're not trying to, you know it's not a situation of a New York firm recruiting somebody from South Carolina or Savannah, GA, but it's you know, a firm that may just be, you know, a couple of a train stops away. So, what has the impact of some of the moves by the larger New York firms been like in the market there for firms that maybe aren't one of those top five or six firms that have been leading a lot of these moves?

Shannon Boettjer: So, what I've seen is that some of the bigger law firms have expanded out to regional areas and I do think that there is a lot of competition and movement within the city itself. There are a lot of attorneys from what I've read and, in the industry, and also seen from personal experience that are looking to leave the city and come to regional firms. So, we've seen transitions there. For our firm I think we've been in a very lucky and unique position while people are somewhat trying to flee the city and expand or check out greener pastures. We have the advantage of being one of those greener pastures. Our law firm has a historical position of a well rooted position in this region. We just celebrated our 75th year and we have very strong relationships with the regional law schools. And when you don't have, when you're not starting from what some would perceive as big law advantage, you make other advantages and you build other opportunities and we've been doing that forever, so we hit our 75th year. And we reached out, we launched a program what we called the "Heart of the Community" awards, and we gave an award to 75 organizations chosen not only by attorneys, but also by staff members at our law firm and presented those community organizations with an award of a financial award to celebrate them and to recognize them. But it also was an opportunity for the people that work here to come together and feel like they were really a part of the firm and to build the connections that we have with the community. And I think that's a mindset of this law firm and our presence in the community that's always existed and what we've seen is that people want to come to us and be part of us and be part of that. And we've used this opportunity again through the disruption of COVID and also a disruption in the market to build a business development department. We have a director of business development who actually came from big law and has all of the training and grooming of big law. I come from big law. I have the training, grooming and pedigree of big law, but we're able to use that training and grooming and provide it to the individuals that are here and you can have custom access to that training and grooming and opportunities, but the firm also encourages people to go out and build their practice group to interact with the community. And because we're a regional firm and we have this commitment to the community and bridges with the community, the firm understands that being part of the community is an important part of being a lawyer and building business, so we're not competing. We have a natural baked-in work life balance. I think that's a big challenge for more of the New York City firms or some of the firms that are struggling. Their historical model has been to work 24/7. That is your identity. That is your, you know, what you bring as an attorney and I think clients want more than that. And I'm certainly hearing that attorneys want more than that. And it's we've been fortunate to already have that baked into our model. So, we're now, our firm management is looking at well what were we doing well and how can we customize what we offer at the firm to be a little more flexible and even do it better? And I found that we've been quite competitive through those tweaks and through what we already had organically.

Bill Josten: Shannon, you did a masterful job there of anticipating my next question because really the 900-pound gorilla in the room is salaries right now, right? I mean, we, that's all over the legal media and you see these massive salary increases that are happening with a surprising amount of regularity, it seems like. Maybe not so much in the last few months here, and I don't know what that's going to look like going forward, but certainly for the last year or so, that's been a big story. And I get a lot of questions from, you know, mid-sized law firms and, you know, firms that are maybe outside of that really top echelon where they're going to match scale because their prestige says they're going to match scale. I get a lot of questions of, well, how do we compete when other when these firms are offering literally four times the salary of what we can afford to pay? And I think the example that you just shared there, but what stuck out to me was you talked about all the reasons you're drawing talent in and

maybe serving as a bit of a magnet away from some of those big firms. And money didn't enter into the equation, right? I think that's really a vital component, is that, I mean, money is important. Let's not pretend that money doesn't matter, but money is not the number one thing. You know, we've seen that in our research within the Institute here that there are more important factors than money, but that stuff that takes a long time to build. You know, you can't just say oh well, we have community connections, and they *poof* happen, right? There's a lot that goes into that, and it sounds like that's something that your firm is really focused on is those connections already existed, we've identified those as things we're doing let's lean into that and use that as a strength.

Shannon Boettjer: Yeah, I would agree with that. And on top of that we do have those connections we have, as I said, historical relationships with the law schools we have used. We've always believed that it's important that our law firm represents the community that we work in, so we've historically reached out to Black colleges. We have a diversity of socioeconomic representation at the law firm. We've always had that, we're now more formally building a diversity and inclusion community group among staff and attorneys, but this is something that, again, was organic. I think in terms of the money factor. I mean, having worked in big law, in 2002 to 2012, I've been through these cycles before and I remember, you know, the cycle of more money, more money, more money and also the pressure that comes with that as the current, the economy fluctuates I think we're more in flux right now. And that's an intangible. And that money can be somewhat of a chain, you know, a new like a...

Danielle Rivner: Golden handcuffs

Shannon Boettjer: Golden handcuffs is very uncomfortable, but what I can say, again, from what we have and in terms of money when I, you know, in big law I had the fortune as a very senior attorney to go to a development center in London with the law firm that I was working for and it was a career development center where we worked on business development, important skills for client relationships. It was a phenomenal program. It was five days, but I was very, very senior when I received that grooming and, you know, in big law you get the money, you get the grooming and over time you receive phenomenal pedigree. What we have is co-managing partners in two, our full service organization, our co-managing partners focus on different legal skills and the attorneys that come here have, the younger talent has access to extremely successful, also well-groomed, but well-groomed with experience and some big law, some coming from regional law, amazing cases and our young talent works with those attorneys and we do put a wing over our attorneys until they're ready to fly on their own. And you don't have to be a senior attorney to have day-to-day contact with a client or receive the grooming to be ready for that or to stand up in court and argue your motions, or even to put your name on emotion and be the signator on the motion so that people know that you're the attorney behind complex and significant legal work. That's exciting to younger attorneys. That's something that brings younger attorneys in, and that's something that brings a sense of fulfillment and purpose. Which is two words I keep hearing in, among every market, but in particular in the legal market, people want to have a purpose. They want to feel that what they're doing is important, and being able to take ownership of work and of clients. And to stand up in front of a judge is an invaluable opportunity and you can take the golden handcuff for eight years and walk away without ever having done those things and often those people don't even want to stay in law, so I think that what we see is that we can groom younger people. We can attract younger people and people, you know, in the middle of their careers as well, because the opportunities to work on significant complex meaty cases are here. And being at the table, while representing clients is something that we offer to everybody.

Danielle Rivner: That's awesome, Shannon.

Bill Josten: So, it's and, Danielle, I'm curious now. Looking at things kind of from the broader perspective. Looking at the full scope of firms that you work with, a lot of what we've heard in the legal media has been the flow of talent from, you know, midsize firms up to larger firms chasing those larger salaries as you look at it one, how predominant was that actually and has that pressure eased at all? I mean, common sense would dictate that at some point there's going to be a reverse of that flow where you know, as Shannon said, there's a lot of pressure that comes with that higher salary and a lot of people probably, they didn't sign up for that long-term and I think some firms have been fairly candid that with the recruiting that they're doing with those higher salaries, they're not doing it to build the next generation of partners or firm leadership. They're doing it 'cause they need capacity right now and they kind of expect there to be some attrition later. Have you started to see that at all? What's the sort of sense on the ground of how that is sitting?

Danielle Rivner: So, there's a lot in that question, Bill. Though, you know, I have to say that what I've seen, you know, with the customers that I work with generally speaking, there's really - with all the changes that came the flexibility of ours and the hybrid, you know, in office work from home those are two huge things that lawyers are looking for and having you know that as part of their package when they go in, you know, to have discussions about, you know, making a switch. Those are two big things that that they're looking for. And I've seen that sort of across the board, and I've seen the firms respond in kind, right? Like if, let's say, you know, of all my customers I can't think of one that's not accommodating some sort of hybrid schedule. So, I think that the firms that are hiring and really just generally speaking, they're really trying to meet the attorneys where they are and as far as like salary, you know, having that flexibility is part of, I don't want to say it's more important than money, but it's a big thing for them in terms of attracting talent. So, that's one thing I've seen, and I really haven't seen that cooled yet, so that's still going on. And then what, what was the Part B of your question?

Bill Josten: Well, I mean, I think you really touched on all of it there, Danielle, 'cause it was more just around has the pressure on some of these mid-sized firms eased a bit because, you know, we haven't seen another salary shift since and it was maybe February we saw the last one. So, has some of that pressure eased and has it started to backflow where some of that we're starting to see some folks leaving larger firms going back and seeking the type of balance that that Shannon firm would offer.

Danelle Rivner: So, I think this answers it. And well, not answers it, but another point to this I would say is I've also seen some of these in addition to, you know, a good salary as well as you know, this hybrid flexible schedule I've also seen you know associates that are used to big law resources. You know, that's something else when they come to like a midsize firm, they're looking for firms, in addition to getting those meaty cases like Shannon mentioned, they definitely want that ownership. They definitely, you know, put me in, coach. They want that for sure. In addition to that, they sort of are used to resources that they had, you know, at their prior employer, at their prior firm so, I think some firms are also with the pandemic, like this investment in tech, having the resources at a tech level for the - where the attorney is, that's another way that firms are trying to sort of differentiate themselves like listen where not only will you get these meaty cases, not only will you have this, it's sort of like a package. You're also going to have the support with the more senior attorneys, but also with the tech resources. So, we've seen, we've seen a lot of activity in that way too.

Shannon Boettjer: May I expand upon that?

Danielle Rivner: Please, please.

Shannon Boettjer: Bill, is that OK?

Bill Josten: Absolutely.

Danielle Rivner: Shannon's gonna say anything and it just sounds so much better than me.

Shannon Boettjer: All thing legal tech and innovation, I am very passionate about. Danielle knows this. I said I came from big law. I have been passionate about legal technology and innovation since before they were words. You know, and I was lucky enough to have the opportunity to actually be part of the testing of relativity. I mean it goes that far back. But what I would say in terms of disruption from and the coursework that I was talking about, the opportunities that came from COVID really leveled the playing field in a way that is no less than mind-blowing to me having been in the practice of law for as long as I am, and the reason I say that is during COVID was the first year that I was able to actually attend Legalweek. I attended it because it was virtual, so I had the flexibility.

Danielle Rivner: Oh, interesting.

Shannon Boettjer: Yeah, it was a virtual Legalweek. I attended it. I met the vendors, it was called Legalweek Legalyear. It went on for months and I followed up with the vendors I really got to see the different products that were out there. I was able to follow those vendors and the mergers within the market over the next two years, but what I found by doing that was that between the technology that existed pre-COVID and the technology that was created during COVID and the entrance of almost everybody into cloud computing, we were able to, in a firm our size, find resources and partner with vendors to provide services that previously would have been impossible. It would have been an institutional barrier only big law had access to the infrastructure that was necessary to do some of what we can do now and there were so many people vying for that business and vying for the limelight, for attention that they were more accessible than I've ever seen in my career, and so during this time I was able to make relationships with vendors who were open to actually developing more software. I talked about a little bit moving off the path here, but I took another class data science I'm in, I'm taking a class through Harvard because they have online courses as well, data science for lawyers. I wrote some code through this class. Never thought I would do something like that, but I became conversant on a technological front. I've been able to work with my vendors and point out bugs in the code and make suggestions on code and they want this business so much that they are writing code for my clients, and I am able to now collaborate through technological platforms with my clients. They go on. They look at the documents and again this it's not that all the technology is so new, but the price is affordable for any case. You can make this as sophisticated or maybe less bells and whistles, but if you know how to talk to the vendors, you can get what you need and I've never seen this in the market before. I've never seen something where I could have this kind of access to vendors to customize a product, to customize products for cases, and to customize products for my individual clients so that when I do get these big BP cases or I am working with somebody who's sadly got COVID at home, we're still able or is in quarantine, we're still able to move forward. We're still able to collaborate. We're still we're able to take cases that we otherwise wouldn't be able to take and I've never had this kind of access or seen this kind of competition in the market that there is right now and I just think it is exciting it that is the exact word.

Danielle Rivner: It's exciting.

Shannon Boettjer: It is exciting and again there are opportunities, you know, I'm looking, I read for the legal market. I see big law they talk about how they're bringing in MBAs to work on technology to work with their lawyers. We're slow to this party. Lawyers do not often come to the tech party, but for the lawyers that are in the tech party, that space is a happening space and there are amazing things that we can do and I know, I know, I'm a lawyer who is taking the MBA courses. You know, not the, I have the legal and now I can take these business courses to better serve my clients, but also to better serve the law firm, and I think we're going to see that kind of change and I think big law had to lead the way and they had to make the biggest investment in this technology infrastructure, but the disruption of COVID just opened up the party to everybody else.

Danielle Rivner: Shannon, do you find that the younger like the newer, the newest attorneys that you guys hire, do they come in with sort of that tech understanding in a native way, you know, do you see that or not so much?

Shannon Boettjer: I don't see it so much. I see what they in a native way they understand how to use platforms, they understand how to use technology. Where I see a, what I see lacking is the need for understanding how to use technology to better serve project management, and I think you really do need experience for that. And again, I look at myself and I'm lucky I have both big law and I have a lot of legal experience and I came to that, I received that training or opportunity early on, but I do think that there's still a gap in terms of where law schools are, where the industry as a whole is and where even senior attorneys are. I think that some of the technology and legal experience gets lost in translation, so again for our firm, I find it that the students that come and the students that I work with are very excited about my passion for technology. My passion for using technology to collaborate even amongst ourselves as well as with our clients, but I can't say that I see that they intuitively understand the value for the practice of law, and I think that there is still a gap in the market for people that can fill that role, right? That's certainly a role I attempt to serve every day I do it, anybody who works with me, we talk tech. And I find that they're very receptive and happy to have that opportunity, and sometimes haven't learned it in law school, even though they're coming out of law school now.

Danielle Rivner: And learn from you. It's awesome.

Bill Josten: Well, Shannon it sounds like yeah, one more of those things that could certainly serve as a draw as the talent pipeline starts to inevitably reverse here in the coming years to help pull some people into the opportunities that that midsize firms are offering them to really leverage experiences that they've gotten elsewhere, or to get a great start on a legal career. Thank you so much for your time and insights today. It's been really valuable, both Shannon and Danielle, I really appreciate it. I think our audience will have found it very valuable as well, and hopefully we can have another conversation in the very near future.

Danielle Rivner: Thank you so much, Bill. Thank you, Shannon.

Shannon Boettjer: Thank you, thank you both.

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