Partner Talk #1: The Attrition Antidote: Anticipating & Preempting Attrition through People Intelligence

Mark Masson
Managing Partner & Chief Operating Officer
LotisBlue
The Attrition Antidote

Anticipating & Preempting Attrition through People Intelligence
We are Lotis Blue

Insight-Powered, Human-centered Consulting

At the intersection of growth and transformation, you’ll find Lotis Blue Consulting. We dig deep with personal attention and analytical rigor to uncover, define, and implement the smartest path forward for your organization. In doing so, we transform your most ambitious visions into a clear and sustainable reality.
Who We Work With

Whether in the law, accounting, consulting, or government contracting space, professional services firms need the tools to weather economic cycles and remain agile enough to stay ahead of market disruption. We help your organization overcome barriers to sales growth and achieve your full potential through identifying your challenges and opportunities, creating alignment, and impelling action.
Today’s Agenda

1. What’s at stake
2. How to change the approach
3. Value it can provide
Addressing talent challenges is a top priority for leaders due to their impact on business results

Firm leaders tell us...

“We want talent metrics to be more data-driven”

“We are struggling to retain our best talent”

“We want to develop the next generation of talent”

“We don’t know what specific actions will make the most impact on talent retention”

...which may cost your firm

Up to $28M per associate class

$200 – 500K per associate

$20M+ in client churn due to poor client service
The talent challenges in the legal market have proven stubborn over time

Professional Services has the 5th worst industry retention rate (63.5%)

Big Law attrition increased from 16% to 27% from 2019 to 2021

Of those leaving, >50% went to bigger firms

Market pressures, cost of good talent, and uncertainty contribute to a feeling of being lost

- Good talent is hard to find
- The right talent is expensive
- It’s difficult to keep talent
- Losing talent is expensive
- It’s unclear why they are leaving
- We may be headed for a recession

So, what do we do?
How we think about the problem
Understanding what did not work in the past is a start to changing the way we address these talent issues

Money (alone) is not the answer

- The positive effects of more money do not last, as little as 3 weeks
- Non-cash benefits have similar short-term impacts
- Using economic benefits as the answer increases business risk

Traditional methods of culture/engagement-building do not work in new working environments

- Annual engagement surveys are too infrequent and subjective
- Managers are unaware (especially in remote environments) who is at risk
- The balance and benefits of remote vs in-person work are unclear
Okay, then what is the answer?

**Data-driven Insights**
- Data provides facts, not opinions or anecdotes
- Law Firms are rich with relevant data
- Law Firm data provide fresh, constant insights

**Behavioral Science**
- A clear business case opens the door for new behaviors
- Application of network science to identify attrition drivers
- Motivation and incentives for change
Lotis Blue has built numerous customized analytics solutions across these use cases

<table>
<thead>
<tr>
<th>USE CASE</th>
<th>BUSINESS IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>For large professional services firms, capturing 10% of “growth” client opportunity results in...</td>
</tr>
<tr>
<td>Financial Management</td>
<td>Improving pricing and collection of 5% of projects over $10K in fees can result in...</td>
</tr>
<tr>
<td>Client Service</td>
<td>For large professional services firms, improving team efficiency by 5% results in...</td>
</tr>
<tr>
<td>Talent</td>
<td>For large professional services firms, improving retaining top performers by 1% results in...</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth</th>
<th>Financial Management</th>
<th>Client Service</th>
<th>Talent</th>
</tr>
</thead>
<tbody>
<tr>
<td>$70M+</td>
<td>$40M+</td>
<td>$30M+</td>
<td>$20M+</td>
</tr>
</tbody>
</table>

Business Impact quantified and confirmed from actual client projects and proposals for Top 10-25 AM Law Firms
So, why haven’t I heard about this? And why isn’t everyone using it?

**Messy or Inaccurate Data Sources**
- “Our data lacks historical consistency, and our systems aren’t fully integrated”
- “End consumers of analytics don’t have faith that the underlying data is accurate”
- “Our data relies on manual data entry and we can’t be sure of its quality”

**Emerging Analytics Capability**
- “Our analytics are reactive to business needs, resulting in redundant reports”
- “We don’t have the data science capabilities to build advanced models”
- “Our models lack business relevance and fail to take practical constraints into account”

**Challenges with User Adoption**
- “Our business users won’t adopt a new solution – they are stuck in legacy processes and workflows”
- “We have so many reports and dashboards, but none of them are taking off”
- “We don’t have a centralized body to connect analytics to evolving business strategy”
What’s possible
Forum: The Attrition Antidote — Anticipating (and preempting) attrition through people intelligence
The Solution Space

- Firm Brand & Reputation
- Firm Values
- Firm Dynamics
- DE&I and Social Impact

- Fun, Holistic Experience
- Quality of People
- Recognition
- Autonomy

- Advancement Philosophy
- Career Path Clarity
- Training and Development
- Coaching on Projects
- Performance Feedback
- Fairness and consistency

- Competitive Pay
- Pay System Openness
- Pay for Performance
- Pay Equity
- Firm Ownership

- Job interest Alignment
- Impactful Work
- Work-life Balance
- Hybrid Work (Office / Virtual)

- Medical, Dental, Vision
- Self Managed PTO
- Benefits Administration
- 401K Program
- Parental Leave

The Firm
Culture
Compensation
Benefits
Career
The Job
Employee Value Proposition
Business Objectives
Industry Dynamics
Competitive Landscape

The Attrition Antidote
Data science, coupled with a deep understanding of law firms and behavioral science, reveals insights on cohorts of individuals.

![Cohort Diagram]

**Cohort 4 | Characteristics**

- **Firm Tenure**: 12 Years in Industry
- **Years in Industry**: 13
- **Utilization**: 95%
- **Number of Engagements**: 8
- **Number of Clients Served**: 23
- **Performance Rating**: STRONG
- **Potential Rating**: HIGH
- **Primary Industries Served**: Banking & Financial Institutions, Energy & Natural Resources, Healthcare, Technology
The connection between talent and business results at a group level can make big impact.
Extracting data-driven insights about the firm’s talent can drive meaningful value for individuals, groups, and the broader firm.

**Forecasting & Staffing**
- Accurately forecast staffing needs
- Inform investment/divestment
- Drive workforce planning decisions

**Recruiting & Lateral Hires**
- Identify best-fit candidate personas
- Inform university recruiting
- Increase success rates of lateral hires

**Workforce of the Future**
- Determine skills and capabilities required for “workforce of the future”
- Enable flexible staffing models
- Inform diverse candidate recruiting

**EVP, Culture, and Inclusion**
- Extract insights on the employee experience
- Inform updated employee value proposition
- Discover opportunities for improving DE&I
InclusivX uses continuous listening to improve employee experience and improve business results

Our analytics help leaders to…

- Identify **at-risk individuals** before they disengage and potentially quit
- Identify where inclusion, collaboration and team cohesion is being **challenged by hybrid work** and impacting the business
- Illuminate inclusion **“blind spots”** for managers and leaders and direct nudges and coaching
- Bring awareness and actionable focus to **teams with dysfunctional behaviors** that undermine cohesion
- Highlight opportunities to **reduce silos across the organization** and improve collaboration
We have several use cases linking InclusivX metrics to Business Outcomes

**InclusivX Metrics**

- **Inclusion**
- **Collaboration**
- **Integration**

**Financial Metrics**
- Revenue growth
- Costs
- Profit

**Customer Results**
- New customers
- Customer retention
- Customer growth
- Lifetime value
- Satisfaction and NPS

**People Outcomes**
- Engagement
- Performance
- Turnover
- Career growth and mobility

**Operational Efficiency**
- Productivity
- Decision making
- Efficiency

**BUSINESS OUTCOMES**

- **People**
  - Engagement
  - Performance
  - Turnover
  - Career growth and mobility

- **Customer**
  - New customers
  - Customer retention
  - Customer growth
  - Lifetime value
  - Satisfaction and NPS

- **Financial**
  - Revenue growth
  - Costs
  - Profit
Workplace inclusion underpins a flywheel that directly drives employee and business outcomes

**Drive Financial Results**

Deloitte reports that businesses with an inclusive culture are twice as likely to meet or exceed financial targets.

**Attract the Best Talent**

Over a third of respondents to a McKinsey survey said they would not join an organization unless they perceived them as inclusive.

**Generate Better Ideas**

Companies with diverse leadership teams report 19% higher innovation revenue according to a BCG investigation.

**Enhance Decision Making**

According to Korn Ferry research, the most inclusive organizations are 87% more likely to make better decisions.

**Employee Outcomes**

- Engagement
- Creativity
- Performance
- Retention

---

The Attrition Antidote
Partner Talk #1: The Attrition Antidote: Anticipating & Preempting Attrition through People Intelligence

Mark Masson
Managing Partner & Chief Operating Officer
LotisBlue

@TRIExecutives #C22022