

Law Firm Talent Strategy: Party Like It's 1974

By [LawVision](#) on September 2, 2014

Law firms are about to party like its 1974. And no, they're not installing shag carpeting, plugging in lava lamps or streaming disco music in the hallways.

In a recent [National Law Journal article](#) University of North Carolina School of law professor Alfred Brophy estimates that the fall 2014 first-year law school class of approximately 38,000 students will be the smallest since 1974 based on historical correlations between applicants and matriculants.

That's right. The class of 2017 is expected to be the smallest graduating class in 40 years.

It's time to prepare for another paradigm shift in the legal services industry: Talent Scarcity. The good news is that unlike the shift in supply and demand for legal services that caught many law firm leaders off-guard, a pending talent imbalance is predictable and manageable...for those who manage with a long-term perspective.

Compounding the challenge of talent scarcity, law firms are also already experiencing a significant generational shift in their personnel. According to [Forbes](#):

By 2020 millennials are expected to make up 50 percent of the US workforce, and

By 2025 millennials are expected to make up 75 percent of the global workforce.

Here's the good news: With predictability comes the ability to develop a competitive advantage. Not unlike the "winners" and "losers" that resulted from the imbalance in supply and demand for legal services, law firms have the ability to position themselves ahead of their peers by developing a long-term **Talent Strategy**.

A Talent Strategy is a chosen set of activities that align a firm's most valuable resources – **it's people** – with its strategic goals in order to create a competitive advantage in talent attraction and retention. Absent a sound Talent Strategy, any law firm will be competing for scarce resources based solely on compensation...and that is an expensive proposition.

A sound Talent Strategy starts with an evaluation of the current situation. Here's a quick analysis:

1. Based on current trends, determine your target class of first year associates in 4 years.
2. Reduce that number by 40%.
3. Assume flat graduation rates for the following 2 years.
4. Model your staffing model 6 years out.
5. Analyze your current retention rates against industry averages.
6. Evaluate your client's long-term needs and how well your current model is positioned to meet those goals.
7. Panic – productively – now; then get to work!

Stay tuned to future blog posts for proactive talent strategy approaches. Until then, get ready to party like it's 1974. Back then a gallon of gas cost 55 cents and a postage stamp cost 10 cents. (*And yes, people actually mailed things to each other. Important things. Actual legal documents.*) While the popularity of bell-bottoms and Farrah Faucet hairstyles may

eventually make a resurgence, you don't want to get caught with a "retro" talent strategy. Otherwise, by the time 2020 arrives you will wish you could go back in time to change what you do over the next few years.