

Promoting a Culture of Efficiency in Law Firms: The Link to Retaining Talent

By [LawVision](#) on October 8, 2013

In our most recent blogs, my colleague Carla Landry and I examined how law firms can successfully promote a culture of efficiency. A firm's investment in its most valuable asset – its people – has a momentous impact on the organization's productivity, proficiency and effectiveness. Accordingly, talent strategy is an essential component to developing efficiencies in law firms, and can be viewed through three lenses:

- [Attracting talent](#),
- [Developing talent](#), and
- Retaining talent (the topic of this blog).

Retaining Talent

Retaining talent and promoting law firm efficiencies go hand in hand. Within the legal industry, the cost of an unwanted lawyer departure has been estimated to be between \$200,000 – \$400,000. Other industries use the metric of 1.5 times an employee's salary or 2 times the salary of a senior leader within an organization. With the nationwide associate attrition rate at 18% in 2012, lawyer departures significantly impact the financial performance of a firm, regardless of the nature of the departure (i.e., wanted versus unwanted; to a client versus to a competitor).

Although the direct impact to a firm's economics is quantifiable, savvy firms looking to drive efficiencies need to consider more than simple metrics. Why? The impact of unwanted attrition extends to efficiencies that impact their clients as well. Beyond the economic impact to a firm, unwanted departures result in immeasurable impact to a firm's culture and morale. Lost productivity, fear of additional departures, and loss of client knowledge all diminish efficiency. Firms facing unwanted attrition often have to relearn client processes, preferences and communication styles. Transitioning matters to new lawyers may result in write-downs or write offs and reduced efficiency for clients.

So what are the key drivers of unwanted attrition in law firms? Although there are no universal answers, there are some common themes among firms. One law firm that is focused on improving retention recently engaged with their associates in a series of interactive sessions and developed the following list of the "Top Ten Ways to Run People Out of the Firm". The goal here was to get to the truth via introspective humor. Here's what they generated:

10. Upset the lawyer's significant other
9. Steal: Either clients, business development ideas, credits or work
8. Make poor hiring decisions
7. Lie: Hide information (whether good or bad), and then offer only negative messages
6. Make people quiet and lonely by isolating and having their colleagues and mentors leave

5. Make law practice focused exclusively on the numbers (i.e. column-grabbing)
4. Stifle ambition by making it seem impossible to get ahead
3. Erode faith in management: Concentrate all authority and simply announce all decisions
2. Be inconsistent (especially on compensation decisions)
1. Don't value people and make sure you show it by treating them as "fungible" or interchangeable

Perhaps some, if not all, of these themes resonate with you and your firm. Each can be funny if it is not applicable to your situation, but painful if it does.

If you're seeking to drive efficiencies, it is imperative to identify the "top ten" list unique to your firm's culture. Cookie-cutter strategies to retain talent in law firms are a surefire plan for failure. In fact, without thoroughly diagnosing and understanding the causes of unwanted attrition at your firm, any attempts to address talent issues can further drive inefficiencies at the firm.

I was recently asked "What is the most effective way to retain talent at law firms"? The partner asking the question was searching for a simple, straightforward solution. My answer? Identify what makes lawyers happy at your firm. The answer won't be the same for a 2000+ lawyer firm as it will be for a small litigation boutique. Why? Happiness, to a large degree, is derived from engagement. As defined by Aon Hewitt, engagement is "the state of emotional and intellectual involvement that motivates employees to do their best work". Studies show that engaged employees are more efficient than their counterparts. Although it isn't a complete solution, engagement is a key factor in retaining talent and promoting efficiencies. I'll examine the concept of engagement more in my next blog: Stay tuned.