

The Law Firm of the Future: Demographic Changes Ahead

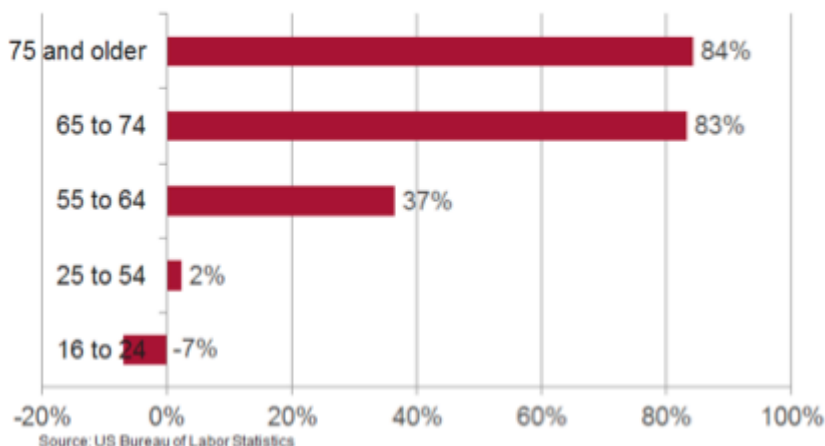
By [LawVision](#) on March 25, 2015

While updating my research on trends in the Canadian legal market I recently came across an interesting article that advanced my thinking about generational shifts and their implications for law firm leaders. The article, titled "[Job creation is not very high on Canada's list of problems.](#)" highlighted the starkly contrasting annual change in population between 15-24 year-olds and those 65 and older in Canada.

The author concluded that given the rapid growth in population among those 65+ and decline in population among those 15-24, it no longer makes sense to put job creation at the top of the country's national policy priorities. As an alternative, the author suggested that the leading priority for investments right now is making sure that future generations have the "equipment, technology and skills to generate the most income possible."

As I began to ruminate on the article, I wondered how closely the demographics in the United States and Latin America mirrored Canada's evolution. According to the International Labor Organization, between 2010 and 2020 Latin America is expected to see a 51% increase in population among those 65+ and zero growth among those 25 years and younger. Statistics from the Bureau of Labor Statistics paint an even sharper contrast for the labor force in the United States:

2006-2016: US Projected Percentage Change in Labor Force by Age



What does this mean for law firm leaders? First, it highlights the critical need for focusing on succession planning as soon as possible. Key elements of this planning process include:

1. Timelines: Understanding whether key partners have short-term horizons, part-time plans or long-term goals to remain in the firm has never been more important to the health of law firms.
2. Process: A detailed plan to transition relationships, clients and institutional knowledge is critical.
3. Aligned behaviors: Redefining roles and incentivizing new behaviors like mentoring and attorney development has never been more important for the senior partners at your firm.

4. Supportive Partnership: While relationships are in transition, there will be an element of shared credits and the perception that two Partners are being paid for the same relationship. The Partners must take the long-term perspective necessary to retain valued client relationships.

All of this means that the war for talent is going to quickly become highly strategic. In fact, we are already seeing more and more firm-wide strategies now including a related talent strategy. Differentiation on this point can take multiple forms, including:

- Professional development: Assuming that money will be roughly equal in any competitive marketplace, a firm that is known for truly developing talent will win out over a firm wherein talent is viewed as a fungible resource. A great experience for a young lawyer may include a mentor, a skills matrix, training options for each skill in the matrix, Partners who readily take associates to client meetings and to court purely for the benefit of the associate (and without charge to the client.)
- Work processes: The systems and structures your firm uses to provide great client service may also be a key differentiator. Investments in knowledge management, project management and process improvement are not only important to improve engagement and morale within younger generations, they are essential to remain competitive and meet client demands.

Don't know where to begin? The first step is to determine how much of your business and your institutional knowledge is associated with Partners of age 65+, 60+, and 55+. Next, candidly evaluate the talent in the next generation and honestly determine if the next group of relationship Partners is within the firm. Third, look at your historic turnover rates and create a rough projection for key client relationships five years from now.

In many firms, the results of this little exercise are so frightening that it becomes the catalyst for a paradigm shift in internal thinking. The trends in the population growth/declines referenced above suggest major changes are on the horizon. Is your firm ready for this?