

Talent Wars: Half Time - The battleground has shifted

While the war for talent will continue, the dynamics and strategies employed by law firms will evolve in synch with the changing landscape.

Initially, several factors led to the "talent war" that firms perpetrated on themselves. These factors included (in no particular order):



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COVID Happened

- 2020 and 2021 were exceptionally financially successful years (a combination of client demand and lower costs due to Covid);
- Over-hiring ensued, just like every other industry in North America;
- The changing expectations of young lawyers; and
- The departure of senior lawyers during early Covid in response to weariness, remote working, the realization that they could financially, etc.;

Over-reaction Occurred (or ensued)

- Inherent fear that remote working would result in fewer billable hours being docketed in the face of unchanged client demand;
- The "hype" of professional recruiting agencies about the need to drive up salaries and bonuses to retain their top talent (and higher still if they want to attract top talent);
- "Big Law" (whoever they are) created a "war" for top talent with their chequebooks and not necessarily their merit (which time will tell if a viable long-term strategy);
- A misunderstanding that moving to the cloud would address the accelerating changes in technology needed to service clients' demands (both for services and how they are delivered);

Future Signals Misunderstood

- There was /is a lack of communication with clients about what they saw happening in the future (clients have and will always be, it seems more attuned to future challenges) and executing the required adaptations.

Reality Struck

Then 2023 happened, and firms seem to have caught on, mostly, that they were letting their past be a hitching post, not a guidepost! In particular, firms woke up and realized:

- Clients were not interested in how many bodies you had but did you have the right ones - the historical understanding of lawyers being solely legal experts was no longer sufficient. Today, clients expect their lawyers to possess strong business acumen, technological literacy, and excellent communication skills. The historical areas of general practice - corporate, litigation, and employment, were secondary to clients both as a result of the increased complexity of legal matters (more regs and rulings than ever) and the rise of the importance of such narrower scoped areas like technology law, intellectual property, privacy, and regulatory compliance.
- That money (the leading recruiting tool for many firms) did not address/solve their young lawyers' more profound intellectual expectations. Millennials and Generation Z lawyers focus more on work-life balance, purpose-driven work, and professional development opportunities. They prioritize workplaces that offer flexible working arrangements, diversity and inclusion initiatives, and mentorship programs.
- An ironic sense of frustration on the part of the Millennials and Gen Z about the firm's extravagant spending on expenses that were not in their collective wisdom contributing in any way to the marketing of the firm or fair salaries for them and the staff;
- That the "competition to out-compensate others" was not retractable - once given, it added a new lawyer of overhead that, for many firms, lessened their ability to adapt to any slow down in work other than through forced attrition (few partners were lining up to reduce their incomes to avoid layoffs of lawyers voluntarily). Stealth layoffs, retraction of jobs, etc., are very much back in vogue.

Attraction and Retention Strategies:

The war for talent among law firms will continue to be a competitive battle and will not end abruptly. What is likely is that the focus will be to create work environments that make themselves more appealing to the most talented lawyers in a narrow group of specific practice areas.

Initiatives to create these types of desired work environments include:

- Revamped mentorship programs that involve sponsors (mentors advise you and sponsors advocate for you - Sponsors have protégés and are invested in a protégé's career success);
- Leveraging technology as a selling point to attract tech-savvy lawyers who can maximize the benefits of these tools;
- Broadening professional development programs that enable both professional and personal growth with the opportunity to access coaching in various aspects, including creating a brand and focused business development;
- Executing previously drafted policies that institutionalize the support of gender, racial and ethnic diversity;

- Investing in programs and resources to support the well-being of their lawyers that include mental health counseling services, stress management workshops, yoga and meditation classes, and access to wellness apps; and
- Promoting and changing, where necessary, a positive culture that encourages work-life balance, including encouraging lawyers to take regular breaks, setting realistic expectations for billable hours, and discouraging a "workaholic" mentality.

Current developments indicate a required change by law firms to embrace the best strategy for dealing with the war for talent in its next iteration.

For firms that may have been slow to either enter or embrace a broad strategy for dealing with the talent war, take heart and remember the old hypothesis:

There is nothing less important than the score at halftime in life or sports!

Who is Stephen Mabey?

Stephen Mabey is a CPA, CA, and Applied Strategies, Inc.'s Managing Director. His credentials include the following:

- Fellow of the College of Law Practice Management (one of 19 Canadians);
- Author of *Leading and Managing a Sustainable Law Firm: Tactics and Strategies for a Rapidly Changing Profession*, and *Key Performance Indicators An Introductory Guide* (Amazon);
- Over 25 years in a senior management role with Stewart McKelvey, a 220-lawyer, six-office Atlantic Canadian law firm;
- Over 14 years providing advice and counsel to small to mid-size law firms on a broad range of issues;
- A panelist and facilitator of the Managing Partner Information Exchange ("MPIE") at the annual Managing Partner Forum Leadership Conference held in Atlanta, Georgia, each May;
- Runs a group mailing list that circulates articles, directly and indirectly, impacting law firms.

Stephen has advised law firms on a wide range of law firm issues, including - strategic action planning, leadership, understudy (succession) planning, business development, capitalization of partnerships, partnership agreements, lawyer & staff engagement, marketing, key performance indicators, competitive intelligence, finance, mergers, practice transitioning, compensation arrangements, organizational structures, and partnership arrangements.

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