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Four trends driving the Great Resignation

... AND FOUR WAYS TO KEEP IT FROM RAVAGING YOUR FIRM

Florence, Italy is one of my favorite cities in the world. One thing that strikes me every time I visit is that unlike most Americans, Italians seem to work to live instead of live to work.

It's not surprising then that I think about Florence every time I read or hear about the "Great Resignation," Professor Anthony Klotz's term for the mass exodus of employees beginning in 2021, the "Great Reshuffling," or whatever catchy name we want to give to the upheaval we've been seeing in the job market for some time now.

It appears that at least in part, an increasing number of Americans are shifting away from a live-to-work mindset toward the work-to-live mindset I see when I visit Florence. Perhaps the elimination of geographic borders, thanks to the impact of COVID-19, has given a new meaning to living the American Dream (or what it now stands for)!

The Great Resignation's impact on law firms

Though it feels like we've been talking about the Great Resignation for a while now, the upheaval in the job market is still posing a problem for all employers, including law firms. According to the most recent information available from the U.S. Bureau of Labor Statistics as of the time this article was submitted for publication, in March 2022 the U.S. had 11.5 million vacant jobs to fill – the highest number in the 22-year history that the federal government has tracked this statistic.

At the same time, 4.5 million people quit their jobs that same month. In the "professional and business services" industry, which includes law firms, the "quit rate" in March 2022 increased to 3.7% of employees, up from 3.0% in March 2021 and 3.2% in January 2022. That means that in March, almost four out of every 100 employees in the industry quit their jobs.

As the managing partner of a plaintiff litigation law firm with over 20 attorneys, I speak to other managing partners and law firm executives regularly. These days, the Great Resignation is discussed in nearly every conversation I have with my counterparts. For example, I recently spoke with several partners who lead a range of legal practices at their firms. We discussed their challenges retaining their current staff and associates, as well as filling vacant positions vital to their firms' operations and growth.

It is not hyperbolic to call the Great Resignation an existential threat to many businesses, including law firms. Their ability to survive and thrive depends on recruiting talented personnel, and more importantly, retaining them. I believe a key question all managers must answer to ensure their organizations' prosperity is, "How will we retain the people we need to keep our organization running?"

Certainly, law firms have always faced challenges retaining talent, but the Great Resignation is different for several reasons. First, firms aren't just watching their talent go in-house to a corporation or into non-legal positions – they're watching their talent go across the street (and down the elevator) to competing firms. Second, many firms are struggling to keep up with their clients' demand for their services because of attorney and staff turnover.

Given how vital staffing is to the ability for law firms to serve their clients – both by providing an exceptional client experience and securing the most favorable outcomes possible for their disputes – law firms must understand what is causing their employees to leave so they can determine what they must do to retain their top employees and not let the Great Resignation stop their firms' growth.

In this article, I walk through what I believe are the four dominant trends driving the Great Resignation. Then, I provide four suggestions for how law-

firm-management teams can prevent the Great Resignation from ravaging their firms.

Four trends driving the Great Resignation

The Great Resignation is a challenge law firms must wrestle with for the foreseeable future. But before law firms can implement a strategy to stave off the Great Resignation, they need to know what is causing it. Below are what I see as the four dominant trends driving the Great Resignation.

Trend #1: Employees close to retirement are taking the leap early

The COVID-19 pandemic and its aftermath have hastened retirement for those workers who otherwise would have considered themselves a few years away from it. After being locked down for a while and cut off from their normal familial and social interactions, these employees, like others who aren't as close to retirement, gained a renewed sense of what was important to them, such as spending time with family or enjoying hobbies and recreational activities.

More importantly, these employees experienced economic gains allowing them to retire earlier than they were expecting. Even with the economic uncertainty that appears to be heading our way, skyrocketing values of assets like homes and retirement accounts are giving these employees financial security to take the retirement leap earlier than planned. By some estimates, of the over 2.5 million Americans who have left the workforce, nearly 1/3 have retired early. That leaves over 1.7 million Americans who can still come back into the workforce!

Trend #2: Americans' emerging "work to live" mindset

More Americans realize the live-to-work mindset instilled in them by previous generations is not all it's cracked up to be. Yes, it is nice to be well-compensated and feel important by having an impressive title and an endless

to-do list. But more Americans realize there's more to life than their salary and their job. No longer are they allowing their careers to dictate their lives. Instead, they are looking for career or entrepreneurial opportunities in sync with how they want to live their lives.

Trend #3: New job opportunities abound thanks to fewer geographical limitations

For many employees, including lawyers and law firm staff members, the pandemic was their first experience working remotely. For the first time in their careers, they discovered they could save precious time and money by eliminating their commutes, dress comfortably in casual attire, and switch between work tasks and non-work tasks — without sacrificing productivity or compensation. No longer restricted by geography thanks to today's technology, employees are exploring opportunities all over the world that match their skill sets and passions but were previously off limits because of the distance between where they are located and where their new employers or clients are located.

Trend #4: Employers returning to "business as usual" while ignoring societal changes

Of course, there have been self-inflicted wounds by employers. As the world continues to change at a rapid clip, some employers (including, naturally, law firms) are refusing to change with it and reverting to practices that were widely accepted pre-COVID — but that now seem out of touch with society today. Their employees have noticed.

Employers that are, for example, insisting employees work in the office despite new infectious COVID variants, or ignoring the need for compassionate and supportive approaches to employees who need flexibility because they are (still) struggling with caring for children or other family members, are not doing their retention efforts any favors. In fact, they are practically pushing their people out the door.

Millions of Americans who quit their jobs did not really leave the workforce,

but left their jobs for better pay, benefits, and better work-life balance. Hence, companies that are offering better wages, benefits, and schedules are not only able to retain their employees but attract new ones.

Having diagnosed the problem, we may be able to treat it

These four trends driving the Great Resignation are formidable foes for law firms who want to buck the trend and retain their top talent. While those firms may only have control over the fourth trend, they are not powerless to fight back against the Great Resignation.

So, what can law-firm-management teams do to prevent the Great Resignation from ravaging their firms? Of course, every law firm's situation is different. And, what might work for one firm might not work for another.

But from where I sit, here are four ways I believe my firm and others like it can prevent the Great Resignation from ravaging our firms.

Tip #1: Keep your highest-performing talent happy

With so much employee mobility today, law firms need to create an environment their best people don't want to leave. Firms must keep these key people so happy that they have no desire to look elsewhere for employment.

The wrinkle is that what makes one top performer happy could be of no interest to another top performer. Sure, to keep most top performers, firms will need to pay them "above market" compensation. But keeping others happy might mean allowing flexible schedules that jibe with their childcare or elder care responsibilities, allowing attorneys to dabble in other legal practices within their firms, or even giving attorneys the autonomy to launch new practices.

Tip #2: Expand your recruiting horizons

The past few years should have taught us we now have access to talented people who live farther away from our firms' offices than any rational human being would be willing to

regularly commute back and forth from. The current state of technology, combined with the fact that remote work isn't going away, provides law firms an opportunity to become more efficient and reduce their overhead by recruiting nationally and internationally.

Firms can look outside Greater Los Angeles, California, and even the United States for new staff, like paralegals, administrative assistants, file clerks, and marketing and business development personnel. For some legal practices, a California-licensed attorney working out of their home in Santa Fe can be as productive and efficient as a California-licensed attorney sitting in an office in Southern California. For others, a research and motions attorney licensed in another state can bring added firepower to a firm for lower compensation than a local attorney would command. And of course, fully remote attorneys and staff will not require office space, which can help firms bring down the cost of their overhead.

Tip #3: Collaborate with other attorneys and firms

If a law firm is fortunate enough to be drowning in work, but not fortunate enough to have the right number of attorneys and staff the firm needs to handle all that work, it should consider finding another law firm that is like-minded and has similar capabilities that it can team up with to work on cases.

Contrary to popular belief, not everybody is looking for a new job. There are many solo and small law firms that are not looking to expand or hire people, nor are their equity partners looking to become W-2 employees elsewhere, but that can take on additional work. Assuming that joining forces will pass ethical muster, and there's agreement from clients (when necessary) and the attorneys on the scope of the partnership and how legal fees will be divided up, this kind of collaboration can be a win-win-win for a firm that is overcapacity, a firm that is under capacity, and their shared client.

Tip 4: Increase your matter thresholds

If a law firm has more matters than it can handle but it cannot staff up because of resignations or recruiting issues, it should consider increasing its thresholds. If a firm is a personal injury firm that only takes \$200,000+ cases, it should transition to only taking \$500,000+ cases. If a firm is a corporate firm that bills by the hour, it should consider increasing its hourly rate.

When a firm's capacity is limited, increasing its thresholds should increase its profitability because the firm will likely do the same amount of work on similar matters regardless of the potential recovery or its attorneys' hourly rates.

Your firm can prosper despite – or because of – the Great Resignation

As a group, law-firm-management teams have had a whirlwind past few years. Some teams presided over record-breaking profits at their firms. Others presided over pandemic-inspired technological revolutions that changed how their law firms practice law and serve clients.

But I bet the vast majority of law firm managers have seen attrition at their firms climb to rates they've never seen before, including departures of valued attorneys and staff that may have stung a bit more than others.

There's no telling when the Great Resignation will slow down. Given the Bureau of Labor Statistics' data I cited at the beginning of this article, it may not happen soon. But as law firms still grapple with the Great Resignation, I hope understanding why the Great Resignation is taking place and adopting the strategies I described above will help your firm continue to prosper during a time of heightened attorney and staff turnover.

Danny Abir is the managing partner of Los Angeles-based Abir Cohen Treyzon Salo, LLP, where he represents clients in the areas of property claim disputes, insurance bad faith, catastrophic personal injury, products liability, civil rights, as well as complex civil litigation. For more information, please visit www.actslaw.com.