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X. The consequences of persisting generational friction

1. Introduction

This chapter will look at the consequences of friction, and therefore turnover, within the different generations – one of the biggest expenses faced by today's law firms. In particular, we will examine:

- firms' acknowledgement that change needs to occur;
- the important first step to building a better corporate culture; and
- the consequences of the current law firm turnover dilemma.

We believe that a firm takes a big step in the right direction when management admits that generational differences affect morale, productivity and profits. Once we come out of denial, we can look at what are the liabilities and costs of continuing to let the gap between generations exist.

Before making the necessary changes, owners and managers need to identify the areas where the problem manifests itself, as explored below.

2. Hiring and training costs

An online assessment of more than 1,400 respondents was conducted by The Right Profile and JD Match,³⁶ which provides some interesting

figures to consider when seeking an estimate of what it costs when a firm hires a new associate.

Table 9: Cost of hiring an associate

Cost to recruit one first year associate	\$250,000
Cost to the firm when an associate leaves	\$400,000
Approximate rate of annual attrition	17%
Associates who leave in first 3 years	46%
Lawyers who leave within first 5 years	81%
Laterals who lose money for the firm	43%
Annual loss for a 400-lawyer firm	\$25 million +

Source: Figures derived from various sources and quoted in Levin and MacEwen, "Assessing Lawyer Traits" (see note 36).

The report demonstrates that the strategies many law firms employ are flawed and outdated, especially in the age of Gen X and millennials. Hiring practices, onboarding and training programmes must be re-examined with a view to the potential costs.

When a new lawyer is hired, a firm invests significant time, money and resources in the hiring and training process – 95% of hiring partners say that newly hired associates just out of law school lack the basic skills needed to perform their jobs.³⁷ Comprehensive training is required by partners and other lawyers. Time spent answering questions and familiarising the new hire in law firm protocol, the law and essential procedures, adds up.

This represents a large front-end investment for the firm, with little immediate financial return – given the costs of hiring and training, it can take up to five years for a new hire to become profitable. In the first two years of practice alone, as previously stated, with ongoing training and reduced productivity new associates can cost between \$200,000 and \$500,000.³⁸

Included in this figure are:

- recruitment fees;
- partner’s time spent interviewing;

- partner training;
- associate-to-associate training;
- reduced productivity of associates training the new hire;
- limited productivity by the new hire as they learn their job; and
- miscellaneous costs.

In terms of attrition and turnover, millennials are a particular problem. These young lawyers change jobs at a disconcerting pace. Boomer and Gen X lawyers, for the most part, patiently paid their dues, but millennial lawyers tend to vote with their feet. They quit to demonstrate their discontent or unhappiness – indeed, not just when they are unhappy but when they are not happy enough – and do not hesitate to try a new firm, or even a new career.

One law firm owner who was tired of the revolving door said to us, “Why didn’t they tell me they were unhappy? I am sick and tired of these folks not saying anything about their discontent and I don’t find out until they give me their notice. It makes me so angry!”

He is not alone.

Increased turnover, then – depending on the generation – results in:

- slower growth;
- loss of competitive edge; and
- reduced profits.

3. Changing workforce dynamics

It is unwise to ignore the changing dynamics within the legal workforce. At one time, retaining law firm talent involved offering competitive compensation and a steady workload. However, much has changed in recent years.

Notably, while law school graduates are entering practice in record numbers, the proportion of high-level graduates has decreased. Therefore, there is record demand for the top 20% of law school graduates, and these young lawyers are recruited aggressively. In this competitive environment, if law firms do not offer these lawyers a strong sense of fulfilment it is unlikely the top talent will stay.

Turnover will be a constant problem unless firms adapt.

4. Low workforce morale

When law firms experience faster turnover, workloads increase among the remaining lawyers, and this leads to longer hours, low morale, stress, anxiety and depression. Emergencies arise from efforts to determine where the departed lawyer left off.

“We are all products of our generations and backgrounds. While the legal profession has a shared language learned in law school, there are ways of communicating common to some generations that may grate on others.”

Furthermore, when clients become aware that lawyers are frequently leaving a firm it can damage a firm's reputation. Clients are used to communicating with one person in the firm and if they suddenly leave, trust can be undermined. If it occurs several times, the client relationship can be at risk.

Senior lawyers and partners are affected too. Often, the initial training falls to the partners, who have a high hourly billing rate. They must sacrifice time to train a new associate on the one hand, while striving to maintain profitability on the other.

It can be extremely discouraging when a partner sees that their investment has left the firm, as they'll need to start again – searching for, hiring and training new associates. Hundreds of billable hours will have been lost. When this happens several times a year, partners can become frustrated.

Being open to making the necessary changes to accomplish a better work environment can often become key to keeping new associates long after they've been trained.

5. Communication gaps

Turnover can point to a gap between generations in a law firm. When there are no shared values, communication gaps can widen.

For the firm to thrive, lawyers must work together, with effective communication. The ability to speak a common firm language is key to business growth. Virtual staffing, cloud and other advances have conspired to reduce human interaction, and in some cases challenged the nature of communication within firms.

With less physical interaction between lawyers and staff, communication improvement becomes critical for building relationships, both in the office environment and with clients. Likewise, good communication between the generations helps to enhance human engagement and ensure client satisfaction.

Effective communication is the key to growth for any business, including the legal industry.

6. Different conversation styles

We are all products of our generations and backgrounds. While the legal profession has a shared language learned in law school, there are ways of communicating common to some generations that may grate on others.

For example, boomers may over-explain to Gen Xers and see millennials as a texting culture, lacking diplomacy.

Key to overcoming these differences of views about communication is to learn to not misinterpret, and to be compassionate and understanding.

7. Communication in the context of COVID-19

Never before have all firms, all around the world, been at or near a standstill save for remote working, with spouses and young children at home while lawyers struggled to save their practices.

Courts were closed, so litigation lawyers suddenly found that they were unable to practise, and the reduction in human engagement, along with the rise of cloud technology and virtual working, made it more difficult to effectively communicate with colleagues.

Zoom meetings alone have been insufficient to replace in-person communication, and misunderstandings caused by greater emphasis on email communications have placed strain on some practices. Different ideas between the generations about how to use Zoom have produced confusion – some senior lawyers prefer no cameras, while young lawyers thrive in an environment where video is the default. The end result is frustration between lawyers of different generations.

Lawyers who could not handle the isolation suffered, while individuals who preferred their own company thrived.

Micromanagement in the office in the new era of remote working has created an environment where lawyers and staff dread using the office at all – and turnover is worse.

Many of the top law firms have been eager to bring lawyers back into the office, and many millennials have balked. They have proven that they can be productive by working remotely, but for law firms this hasn't always been good enough.

A concerted effort will help everyone adjust to the new, post-pandemic normal and will go a long way to repairing communication gaps in every firm.

8. Summary

Immediate steps to change the model of the law firm's hiring, training and retaining model must be addressed. The most important first step is to acknowledge the ways in which disparate areas of the firm have been affected by inter-generational friction.

This chapter 'The consequences of persisting generational friction' by Pamela DeNeuve and John Grimley is from the Special Report 'Thriving in a Multi-generational Law Firm: How to Increase Communication and Collaboration Among Lawyers', published by Globe Law and Business.