

# What Causes Associates to Leave Law Firms?



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## Summary

Growing concern about associate attrition is an industry-wide phenomenon. Why is associate retention such a big issue, and how can law firms address it?

While attrition has been a chronic problem in the legal industry for decades, law firms today are demonstrating a renewed and intensified focus on associate retention. Growing concern about associate attrition is an industry-wide phenomenon. Why is associate retention consuming so much time and attention? What are the most common reasons that associates leave law firms? And what can firms do about it?

Many factors contribute to growing apprehension about the issue of associate retention, but the most obvious indicator of the seriousness and magnitude of the issue is the high and rising rate of associate attrition in law firms. Law firms worldwide have experienced a dramatic increase in the level of associate attrition. And while high attrition has plagued some large firms for many years, the issue is now more widespread than ever before, facing firms across size and market sectors.

## WHAT'S GOING ON?

Why are these high levels of attrition of such concern to law firms? As most firms are well aware, the financial and non-financial costs

resulting from associate losses are staggering and growing. With each associate loss, firms lose an estimated \$200,000 to \$500,000 connected to original recruiting costs, sunken training and development costs, resource shortage and replacement costs, administrative and human resource costs, and other factors. In addition, firms face other non-financial losses as a result of associate attrition, including the potential for client dissatisfaction with turnover and the negative impact on firm morale, both of which can quickly manifest into hard dollar signs if not carefully managed.

However, this isn't a surprise to most law firms. Firms have been seeking ways to mitigate the costs of high attrition and improve retention for many years. But unfortunately, only a small number of firms have actually succeeded. Given the compelling reasons for addressing attrition, why haven't firms been more successful? The answer is that most firms continually fail to identify and deal with the real reasons associates leave. In order for firms to improve associate retention, they must first face the hard facts and develop a deeper understanding of the true causes for associate departures.

Departing associates cite innumerable reasons for leaving law firms, yet the most common reason quoted by partners is money. If that is true, why doesn't paying higher salaries lead to decreased turnover? Despite associate compensation reaching \$180,000 in some markets, attrition rates continue to rise, demonstrating that pay increases aren't successfully buying associate loyalty. Our years of management consulting work with law firms across the country has shown that the reasons associates leave a law firm are specific to both the individual and the firm, but the most common explanations typically fall into one of the following categories:

- **Lack of training, mentoring, and development opportunities:**

According to one observer:

"Too many associates cite the lack of formal and informal training, mentoring, and development programs available within law firms. Over the last 10 years this has been the single most common factor cited by departing associates, yet few law firms respond with meaningful programs. Many increase their budgets for outside CLE or offer additional seminars, but continue

to hear ongoing complaints about insufficient training and development. The absence of effective training, mentoring, and development not only limits an associate's substantive and professional growth, but also inhibits the associate from forming a longer-term relationship with the firm."

- **Insufficient or problematic partner contact:**

Associates cite the lack of partner contact, which is closely linked to the absence of effective mentoring programs, as a primary reason for seeking opportunities outside the firm. With ratios of 5-to-1 or higher in some top firms, fewer associates are getting regular, one-on-one contact with partners, even on purely substantive matters. In other cases, associates leave due to poor treatment by abusive partners, particularly in firms that fail to deal with bad behavior from partners or do little to train their partners to manage associates effectively.

- **High workloads and a lack of work-life balance:**

Although it's a broad generalization, research shows that associates today are seeking more balance between their careers and their personal lives than lawyers have in the past. Associates increasingly view a flexible working arrangement and alternative career paths as critical tools for associate

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retention. Associates in today's legal industry are less willing to trade monetary rewards for personal time and relationships, demonstrating less faith (and in some cases, less interest) in making partner in a law firm.

Interestingly, and despite recent preoccupation with associate salaries, money is not one of the primary reasons associates cite when departing a firm. Although many associates view competitive (and the key message here is competitive, not top of the market) pay as an important factor in associate retention, it is a small group of lawyers who will abandon a firm solely for a 2 percent pay increase. But despite the fact that money alone isn't a great motivator, many firms mistakenly confuse rising salaries and the need to remain competitive in associate compensation with a tool for addressing retention problems. These firms believe that by paying their associates more, they have effectively provided the 'carrot' that will keep their associates loyal.

If only it were that simple. Over and over again, firms find that money alone fails to improve associate retention over the long run. In fact, the short-term strategy of raising salaries is actually exacerbating the legal industry's attrition problem. In waging competitive salary wars, firms produce what industry experts refer to as 'cash and carry' associates: associates who in the short term are willing to work long hours in exchange for lucrative financial rewards, but who have no loyalty or real relationship to the firm and are easily lured away by more dollars. In many cases, these associates absorb valuable institutional

learning and professional experiences, but fail to invest in a longer-term future with the firm. The end result? Highly paid and well-trained associates who walk out the door in later years, instead of earlier ones.

## KEY LESSONS

So, if money alone isn't the solution to attrition, what can firms do to keep associates satisfied and improve retention? Our observations of firms most successful in addressing attrition and improving retention provide the following key lessons.

***“Start by focusing on training, developing, and mentoring your associates.”***

Start by focusing on training, developing, and mentoring your associates. At first glance, this may seem

a simple task. Law firms often assume this important function can be reduced to short-term procedural changes, such as enlisting associates in business development training, assigning a partner to take an associate out to lunch, and inviting associates to attend the firm-wide retreat. Unfortunately, it's not that simple. These easy yet generally meaningless solutions reflect most firms' tendency to spend money, rather than time, energy, effort, and personal attention in dealing with associate attrition problems.

Successful training, development, and mentoring of associates involves developing a relationship between individual associates and the law firm. It involves creating a personal and professional connection between senior and junior members of the firm. It requires forming a relationship between the organization and the individual which leads to long-term loyalty.

This is not easily accomplished, and it entails the difficult task of training your partners to be better managers, mentors, and communicators.

Walk around your firm and ask your partners these simple questions: Have you ever had any formal training on how to supervise and motivate others? Have you ever had in-depth, professional training on how to delegate work or manage junior attorneys? The answers, almost universally, are no. Without proper training, most individuals lack the management and supervisory skills required to effectively develop those around them. Too often, firms allow partners and other senior lawyers the opportunity to manage associates with little guidance about how to effectively communicate with associates, how to provide feedback in a constructive way, and how to motivate associates and inspire interest in their work.

In order for law firms to successfully combat associate attrition and begin developing the relationships with associates that result in long-term commitment and loyalty to the firm, firms will need to make the investment in training partners to be better managers and better mentors. Unfortunately, law firms often dismiss mentoring programs due to failed efforts in the past. What these firms do not know is that mentoring programs that rely on partners who lack the ability or interest required to mentor effectively serve as the textbook example of mentoring programs that fail.

To succeed at mentoring, firm leaders must recognize that a third to half of all partners will never be qualified to mentor effectively. These individuals simply lack the inherent interpersonal skills required to successfully

support, challenge, and inspire others. You shouldn't try to change these people. Instead, concentrate your mentoring training on those who have an interest and some natural ability, and ensure that your associates are mentored by them.

The most successful mentoring programs are those characterized by partners who truly care about developing associates and are willing to make the substantial investment of time and energy needed to form a relationship with that person – an investment that may never offer an economic payoff to the mentoring partner directly.

While providing associates with better training, developing, and mentoring opportunities is a primary and fundamental step in improving associate retention, it is not the only step that firms must take to reduce attrition. Firms must also confront the growing reality that lawyers today are not the same as lawyers of yesterday. For many associates, partnership is not as alluring as it was 20 years ago. For younger generations of lawyers, professional aspirations are shifting, and the career path is not as clear cut as for those who followed the traditional law firm partnership path.

Firms must recognize that not all associates will want to make the commitment required to become partner. As a result, adopting alternative career paths or flexible working arrangements may be the only viable way of retaining these people. Associate satisfaction survey results, including the most recent American Lawyer mid level associate survey, favor firms offering better work-life balance, and this may correlate with improved retention and lower levels of attrition. In contemplating

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solutions to retention, firms should carefully evaluate the benefits and costs of developing work-life balance programs, and understand the likely impact of attrition on their business should they decide to ignore this issue.

Rising concerns over associate retention are real. To effectively address retention, firms must investigate the reasons why associates leave law firms. In doing so, they will likely find that money is not the answer. Instead, most firms will discover that their associates are seeking better training, better mentoring,

and more development opportunities. Firms may also find that some of their associates are seeking a better lifestyle and more balance.

In solving associate retention problems, firms will be required to address these issues. They need to invest partner time and energy in forming relationships with and developing associates, to evaluate opportunities to help associates balance personal and professional commitments, and to look outside the traditional law firm partnership model for the right answer.