

Why Almost No Law Firms Care About Legal Recruiter Fees

By Harrison Barnes from Los Angeles Office Managing Director

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When you consider the totality of what is going on, this is not the truth at all.

What should concern you is if a law firm does not use a legal recruiter for its placement needs.

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Law firms that have a lot of work could not care less about paying a placement fee. Let's do the math.

If you are an associate making \$200,000 a year, the odds are that your billing rate will be somewhere north of \$500 an hour - potentially as much as \$800.

Assuming, conservatively, that you bill an average of 2,000 hours a year, you will bring in between \$1,000,000 and \$1,600,000 in fees for your firm over a year.

That means that there will be an extra \$800,000 to \$1,400,000 in revenue above what you take home.

For an associate who makes \$200,000 a year, the fee that a recruiter would charge will typically be between \$30,000 and \$50,000 (two weeks of work).

From a business standpoint, using a legal recruiter is a no-brainer business proposition for almost all law firms.

The law firm will likely attach conditions that state if you stay for less than a year, a portion (or all) of the fee will be refunded. Therefore, unless the firm earns a great deal of money from you, the recruiter will not even receive the fee.

Some law firms may also wait a full year before paying the fee, so they take on minimal risk.

Most law firms will pay the fee over time - some a portion every month, or six months.

In return, the recruiter needs to find you, get jobs from the firm, prepare you for interviews, screen you for the firm, and pay all of its overhead required to run a business. The recruiting firm is the firm's advocate in the market and provides them with access to the sort of talent they need to continue operating a business.

While a \$30,000 to \$50,000 fee may look like a lot of money, the costs of running a recruiting firm mean that most recruiters earn far less than the attorneys they end up working with and placing.

Quite honestly, a fee is the least of a firm's concerns when they are hiring you. They are more concerned with whether you are a good fit, how hard you will work, your advancement potential, and more.

The three characteristics most law firms are concerned with are:

Can you do the job? Do you have the credentials and experience to do the work?

Can you be managed? Do you look like you will do what you are asked to and not make trouble?

Will you do the job long term? Does your experience indicate you are likely to stay in the job and commit to it?

It is challenging for law firms to find people with these three characteristics. Most attorneys do not have the qualifications to do the work, but if they do, they may have something in their background that shows they are unlikely to be manageable or commit to the job. Examples include losing a previous job, having interests on their resume incompatible with the work, or otherwise looking like they are interested in doing something else based on their past employment, degree, and more.

The firm is also concerned with making money and having people to do the work. For this reason, it is common for law firms to use recruiters when hiring.

Any firm bothered by a placement fee does not believe it can make money from you - and this is a concern. They may not care about your background and are willing to hire the cheapest person that walks in the door with the idea that you are expendable. They have so little confidence in their future that they are often unwilling to hire you, even when the recruiter offers a guarantee that all but assures your profitability.

If you are a partner with business, a law firm will care less about paying a placement fee.

Paying a placement fee is even less of a concern with a partner. Partners tend to be nothing but profit for law firms, and not paying a fee on a partner is hard to imagine. Any firm that has a fundamental understanding of business is likely not to have an issue paying for you.

A partner who makes \$1,000,000 a year typically generates \$3,000,000 to \$4,000,000 of business for their firm each year. The extra revenue beyond what this partner receives will be somewhere in the neighborhood of \$2,000,000 to \$3,000,000 per year. The fee on the typical partner making \$1,000,000 per year is likely to be around \$150,000 to \$250,000. In most cases, the law firm will only pay if the partner's actual collections end up hitting the target the recruiter and partner represented.

A fee is meaningless to most law firms because you represent tremendous profit potential compared to any cost associated with hiring you. The idea that a law firm would care about a fee that is a small percentage of their future and current costs associated with hiring you is ludicrous. Law firms want recruiters out there that are promoting them and steering profitable partners to them. The idea that the law firm would not pay a small fee to acquire a multi-million dollar annual revenue stream is nonsensical.

If a law firm is a competitive place to get a position, they will not care about paying a placement fee.

Any law firm interested in hiring the best person for the job will hardly ever care about paying placement fees. They are likely to be concerned with your work experience, educational qualification, work stability, motivation, partnership potential (if applicable), how your personality meshes with their culture, and other associated aspects of your background. If the law firm has the least bit of concern with these sorts of things, a fee associated with hiring you is not going to tip the balance against you in the least.

From a law firm's perspective, it is not easy to find the best people. It is not easy in any business. When hiring legal placement professionals for BCG Attorney Search, I often need to review 2,000+ applications and speak with 20 or more of these people before I find one person I can make an offer to. For two recent hires I made, I reviewed 2,500 applications, interviewed 20 people, and made two offers. That is a ton of work.

Moreover, I need to spend countless hours reviewing resumes and speaking with unqualified people for each position. That is far too much work and not something most legal employers are interested in doing - they would rather a great person show up and eliminate this costly and time-consuming work. That is why they use legal recruiters.

Also, law firms are running businesses and constantly losing people and trying to maintain a good brand with their clients - by attracting and keeping the best attorneys to do the work. All a law firm is ultimately selling are its people, and the best people are a priority for the firm.

While there is a traditional belief that consumer-facing law firms that do things like personal injury, lemon law, bankruptcy, immigration, and other similar practices may not use legal recruiters because they may not be as competitive to get into, we have found that far from the truth. Over time, some of our best and most selective clients have been firms that do consumer-facing work. These firms are no different from many of the largest and credential-focused firms when it comes to their selectivity and attorney needs. Consumer-facing law firms also need people who are committed to the job, focused on a given practice area, and look like they are capable of advancing. In all honesty, apart from the practice area and perhaps more of a focus on hiring attorneys from schools that look pleasing to clients, most consumer-facing law firms face the same hiring demands as the largest law firms.

Almost every law firm uses legal recruiters to fill openings.

There are very few law firms that do not use legal recruiters to fill openings. If any law firm says they do not use legal recruiters to fill openings, this sentiment is generally short-lived - in almost all cases where a law firm has told us they do not use legal recruiters, they almost always come back later and use us. Good people are crucial to the success of their business, and the economics of running a law firm make using a legal recruiter a no brainer for law firms. Consequently, there are hardly any law firms that are desirable places to work that do not use legal recruiters. If a law firm does not use legal recruiters to fill openings, they are often fragile financially and uncertain about their future work.