

Five Most Noteworthy Law Firm/Law Student Recruiting Trends

As co-founder and President of JD Match, the first online platform designed to connect law firms with law students, I've seen firsthand some trends in recruiting that would have been unusual—even unheard-of—just a few years ago, and I wanted to offer my perspective.

But first, as economists, statisticians, and smart business managers know, “averages lie,” and in the limited space I have I'm constrained to speak in terms of averages across the industry. If your firm's experience is at odds with what follows—for better or worse—don't say I didn't warn you that could happen.

I. Everything is smaller

Summer classes are smaller, summer programs are shorter, incoming first year classes are smaller, interview schedules at top law schools are shorter and fewer, and the number of firms visiting less-than-elite law schools is fewer. Say 50% smaller as a rule of thumb.

Oh, and did I mention that offers are harder to come by?

This is Econ 101 (supply and demand) at work: For industries with excess capacity (that squarely includes Law Land the past few years), the last thing you need to do is bring on a bunch of new and expensive talent. Why continue recruiting at all?, you might ask. For a very solid reason, actually: To keep the pipeline of talent fresh and to continually inject new blood into the firm.

I mentioned supply and demand for a reason. A firm's demand is obviously its clients, but its supply is its lawyers. Firms can't afford large gaps in their upcoming supply of talent even if they appear to have ample headcount for present purposes, any more than a Scotch distillery with a full warehouse can skip a few years of production. In both cases, it will bite back down the road.

II. Each hire is more valuable

Remember what scarcity does in a market: Raises the value of the scarce commodity. Because firms have fewer openings to dole out, each one becomes more important, with less room for error. As the recruiting director of an AmLaw 20 firm memorably told us a few months ago, “in a summer class with 80 students, you can bury a few mistakes, but in a class of 30, there's nowhere to hide.”

A related dynamic is in play. Firms are acutely aware of the cost of their recruiting programs—everything from the opportunity cost of lost billable hours as partners travel all over conducting interviews to the hard costs of summer programs, cocktail hours, Yankees tickets, callbacks, and law school fees for each interview “schedule.” By our calculation—which any number of our member firms have confirmed—the all-in price tag on a starting first-year associate, the day he/she reports for work, is a quarter of a million dollars. In this economic environment, with serious growth in revenue very hard to come by, that kind of cost attracts notice in a way it didn't a few years ago. And it's not favorable notice.

III. Firms want to broaden their reach.

This trend and the next are two sides of the same coin.

The Great Reset has required firms to scrutinize their existing lawyers, from young associates to full equity partners, in rigorous and clear-eyed ways uncommon (because unnecessary) during the

boom years. In doing so, firms have realized that many of the hiring criteria they had relied on for decades didn't actually seem to have any predictive value against lawyer performance, productivity, or motivation, work ethic, and a "can-do" attitude. We know what those criteria have always been: The best grades from the best law schools. Yet studies show that the proportion of partners from "Tier 1" law schools is consistently less than the proportion of associates from those schools. Not to be rude about it, but Tier 1 alumni wash out more than Tier 2 and below. And get this: Being on law review is *negatively correlated* with making partner.

Unsurprisingly, firms are concluding they ought to give schools outside Tier 1 a second look. The problem is that attending OCI at more schools with more schedules in more locations cuts squarely against the imperative of making the recruiting process less costly and more efficient. Bringing us to:

IV. Firms want other evaluative tools

If "elitiness" of school, GPA, and law review are very weak predictors of success in the law firm workplace, what else can firms look to in evaluating candidates? Actually, there are a few possibilities. One of the most powerful is simply mutual desire. No, it's not a marriage, but empirically students who really want to be at the firm where they get an offer—and don't consider it a second sister or a regrettable "safety" backup—perform better, stay longer, and get promoted farther. Because they're happy to be where they are, they want to succeed, try harder, work more hours, and are more curious about learning the ropes for the long run.

And the converse is true for firms that land students they "really wanted;" they give those associates more and better assignments, partners who can really mentor, client exposure, and so forth. The problem is that in the real world this mutual matching can be hard to achieve, as honest preferences are often veiled behind strategic calculations.

Putting data online provides another powerful advantage over "real world" sifting through innumerable resumes and email's: Your firm can search instantly for (say) fluency in 18 different languages (Mandarin, anyone?), a particular undergraduate or graduate degree, regional and practice area preferences, and much much more. And with a single click your recruiters can put the resulting students on your shortlist of interesting candidates—or exclude them for simplicity going forward.

Another tool that can be enormously valuable, deployed properly, is compatibility testing. Candidates willing to take a short, and voluntary, personality profiling test offered online by JD Match can then be compared directly by firms to the characteristic of lawyers who succeeded or fell short *at that firm* (because every firm is different). Every other sophisticated professional services industry—and even the NFL—uses these powerful tools. We should be no exception, and since JD Match is offering the tool, no individual firm has to stand out unfavorably as requiring "an extra hoop to jump through."

V. Firms need to get friction out of the system

This sums up the essence, and the implications, of all the other trends put together. The days of being able to overlook deadweight losses and "taxes" imposed on the recruiting process by various bystander parties advancing their own interests at the expense of firms and students—well, those days will soon be history. Participants that don't contribute value have to find a way to do so or step aside. And economically irrational customs—ingrained as they may be—have no place on the post-Reset landscape.

By putting data and tools online, JD Match enables its member firms to recruit when and where they want to—24/7/365, and without regard to any student or school's physical location, all at zero marginal expense.



This is great news for the two real parties in interest in recruiting: Students and firms. At long last they can begin to devote their resources towards informed, transparent, and efficient recruiting in ways that are effective—both in terms of costs and professional talent.

Between the lasting impact of the Great Reset, and the increasingly unjustifiable cost and opacity of OCI, our member firms are telling us that JD Match is an idea whose time has come. An extremely modest investment today has the promise of paying off in tremendous benefits in the all-important war for talent.

Please let me know if you'd like to learn more about JD Match; we can easily schedule a brief online presentation at your convenience.

Bruce MacEwen
President
JD Match
212.866.4800 (direct)
212.866.2630 (mobile)
bmacewen@jdmatch.com