

Demand for Associate Help Remains Flat

It's no secret that the junior-lawyer hiring market is bad, but there's 'help wanted' at some firms.

BY KAREN SLOAN

This just in: 2012 was not the year of the law firm associate. Hiring of associates at large law firms has not rebounded to anywhere close to their robust prerecession levels, and firms have continued to outsource some jobs traditionally handled by junior-level attorneys.

All told, the number of associates at the country's 350 largest firms by headcount ticked up by 622, or just 1 percent. The results stood in dreary contrast to the 5 percent associate growth during boom years before the 2008 recession.

Despite the underwhelming national trend, some firms did add to their associate ranks either through mergers and acquisitions, overseas expansion or by beefing up existing offices and adding staff to meet demand in specific areas.

The second largest firm in the country, Baker & McKenzie, saw the biggest increase in associates by headcount, adding 182 for a total of 2,653 associates. Wilmer Cutler Pickering Hale and Dorr was next with 85 more associates, bringing its associate headcount to 632. Following Wilmer was immigration law-focused Fragomen, Del Rey, Bernsen & Loewy, which reported 73 more associates than last year, bringing its associate ranks to 304. Fragomen's recent expansions into Switzerland, Brazil and Mexico fueled much of the demand for associate talent.

But it was primarily the midsize firms that experienced the largest percentage increases of associates. Mississippi's Butler, Snow, O'Mara, Stevens & Cannada reported a 37 percent increase with the addition of 13 associates during the past year, for a total 48. Miami firm Quintairos, Prieto, Wood & Boyer added 30, a nearly 35 percent increase that brought the total to 116.

(Hanson Bridgett of San Francisco and

three other firms posted the largest percentage increases in associates among the NLJ 350, but those gains were the result of inconsistent categorizations of nonpartner attorneys rather than year-over-year growth, firm representatives said.)

Miami-based Cole, Scott & Kissane bolstered its associate ranks by nearly 28 percent in 2012, to a total of 162. Those 35 additional associates were necessary in part because the firm opened an office in Bonita Springs, Fla., managing partner Richard Cole said. "The rest of our growth is within the offices we already have," he said. The firm has been particularly busy handling civil litigation for insurance and self-insured companies, he said.

CONSOLIDATION

National labor and employment firm Ogletree, Deakins, Nash, Smoak & Stewart found itself in need of more associates as it expanded into New York; Stamford, Conn.; and Berlin, managing shareholder Kim Ebert said. The firm added 44 associates—a nearly 25 percent increase. Ogletree's growth reflected a trend toward labor and employment attorneys at full-service firms moving to specialty firms.

"There's a lot of consolidation going on," Ebert said. "Labor and employment attorneys at the general-services firms are being asked to charge clients higher prices, and they are being priced out. The rates they can get for labor and employment work aren't seen as desirable, and they have to compete for resources with other practices at their firms."

But Ogletree and the other firms that recorded hefty associate growth were outliers. Large firms generally haven't rushed to add associates because demand for legal services remains largely stagnant, said Mark Medice, who oversees Thomson Reuters' Peer Monitor Economics Index. According to the index,

which tracks law firm profitability, rates, demand and expenses, 2011 was the last year that law firms added associate capacity. At that time, law firms were anticipating an increase in demand that never materialized, Medice said. That means associates are not billing as many hours annually as they did before the recession.

The rise of legal process outsourcing, contract attorneys and nonpartner-track positions also has contributed to reduced demand for traditional law firm associates, said Lisa Smith, a consultant with Fairfax Associates in Washington.

"Most firms have substantially reduced their summer-associate classes and first-year associate classes, and they are using staff attorneys and contract lawyers to backfill," she said. "They can do this because there is an excess of talent out there. I think this will be the model going forward."

Sending work to legal outsourcing companies or nonassociate lawyers reduc-

es a law firm's costs, appeasing clients more sensitive than ever to efficiency and pricing, said legal industry consultant Joel Henning of Joel Henning & Associates in Chicago. "Law firms are being very cautious and trying to keep their senior partners happy by keeping profits stable," Henning said. "They can do that in part by keeping the number of associates down."

But Cole and Ebert said they prefer to use their own associates in order to maintain quality control over their work.

"We use document reviewers, but I don't think our clients want us to try and outsource other types of legal work, because we can control the quality better with Ogletree attorneys," Ebert said.

He added, "At the same time, the market is saying pretty clearly that you can't bring in a bunch of associates and have them bill while they sit in on depositions with a partner."

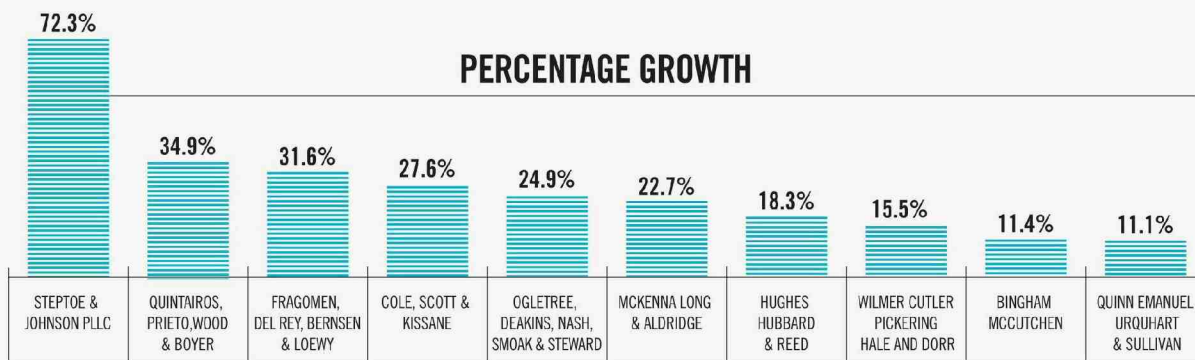
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EXPANSIVE MOOD: Kim Ebert said Ogletree Deakins had a need to add associates because it expanded at several offices, a response to employment law work becoming concentrated at specialty firms.

ASSOCIATE GAINERS

Associate hiring at NLJ 350 law firms inched up by only 1 percent, but some firms had robust increases. Here's a sampling of some of the bigger increases.



GROWTH BY NUMBER OF LAWYERS

FIRM NAME	2012 ASSOCIATES	2011 ASSOCIATES	FIRM NAME	2012 ASSOCIATES	2011 ASSOCIATES
STEPTOE & JOHNSON PLLC	81	47	MCKENNA LONG & ALDRIDGE	189	154
QUINTAIROS, PRIETO, WOOD & BOYER	116	86	HUGHES HUBBARD & REED	213	180
FRAGOMEN, DEL REY, BERNSEN & LOEWY	304	231	WILMER CUTLER PICKERING HALE AND DORR	632	547
COLE, SCOTT & KISSANE	162	127	BINGHAM MCCUTCHEN	461	414
OGLETREE, DEAKINS, NASH, SMOAK & STEWARD	221	177	QUINN EMANUEL URQUHART & SULLIVAN	422	380