

The Legal Intelligencer

No Summer Doldrums for Pa. Law Firm Laterals

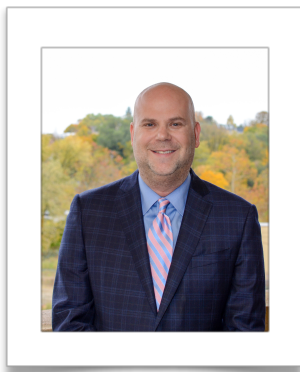
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By **Lizzy McLellan** | August 16, 2017

In the dog days of summer, legal recruiters aren't used to seeing much activity. But this year, Pennsylvania recruiters said, seems to be an exception.

Improvement in the broader economy may have made law firms more interested in [hiring](#), they said, adding to other factors that have lawyers increasingly [on the move](#).

"There seems to be a little bit more opportunistic interest in growing the equity partner ranks," Philadelphia recruiter Steve Kruza said. "Firms are getting a little bit more aggressive about it."



Brian Levinson, of Conshohocken-based Alevistar Group, said firms are feeling more confident about the future as they take stock of significant positive change in the economy since 2009.

"We're seeing a lot more firms that are willing to take risks than before," he said.

Meanwhile, changes in compensation structures may have stirred up some movement on the lawyers' side. And two recruiters said demand for in-house counsel is growing.

The combination of those factors seems to be providing a steady flow of lateral movement, they said.

Compensation

Last year, Cravath, Swaine & Moore kicked off the summer with a big pay raise for associates, which got other firms thinking about their compensation schemes. Even among those that didn't try to match the new Cravath scale, many made some change to their associate pay to keep up with the market.

"The change in compensation structure and levels really affected things," Kruza said. "That has made certain firms that weren't attractive before more attractive."

For partners, meanwhile, [changing compensation provisions](#) may have played a role in delaying departures until the summer, said Frank D'Amore of Attorney Career Catalysts. [That's nothing new](#), but combined with other factors, it's made the summer busier.

"There is more lateral movement than the norm," D'Amore said. "A lot of it has been driven by [some pretty big groups](#) ... sometimes there's such a momentum with a big group that it pulls other people along."

Punitive or restrictive compensation provisions, like requiring partners to pay back bonuses or paying out later in the year, may slow down lateral departures, he said. But it could also serve as a lawyer's motivation to move.

“Most times people will put a very positive spin on it ... but often they’ve come to us in the first place because they just aren’t happy with some specifics of the terms,” like later payouts, bonus structures and origination fee calculations, said Sandra Mannix of Abelson Legal Search. “Those kinds of nitty-gritty things that may not seem significant, actually involve a whole lot of bucks sometimes.”

That, combined with firms’ greater appetite for growth and lessened risk aversion, makes for steadier movement.

“I think it’s going to be a pattern,” D’Amore said. “You’re going to see more [laterals] in the late second quarter and summer than you ever have before.”

‘Creeping Change’

The atypical level of summer lateral movement doesn’t necessarily signal a suddenly-booming legal industry. Overall, [demand for legal services](#) has not matched economic growth.

“This is still kind of [creeping change](#),” Mannix said. For nonequity or “service” partners, she said, it’s still difficult to make a move without a significant book of business.

According to ALM Intelligence’s Rival Edge, which tracks lawyer movement, the head count at all Pennsylvania law offices has not grown in the last 90 days, and has actually decreased by about 20 lawyers.

Mannix and Lori Carpenter, of Carpenter Legal Search in Pittsburgh, said they’ve both noticed that businesses have an increased interest in hiring in-house lawyers. Carpenter said she’s had several companies come to her seeking their first in-house lawyer.

“For the sake of law firms, you hope that also translates to them getting more work,” Mannix said.

But Carpenter said those companies are likely hoping to meet more of their legal needs in-house.

And in that environment, lawyers increasingly see lateral movement as the key to growing their practices, she said, no matter the season.

“I don’t think the time of year matters nearly as much as it did five or 10 years ago,” Carpenter said. “Lawyers have been much more accustomed to making a change.”

