

Being a lawyer in this economy

BY: OLIVIA CLARKE

Merit Buckley said handling the job search has been the most stressful experience she's ever encountered.

Buckley, who will graduate in May from DePaul University College of Law, does not have a job lined up, but will be clerking for a law firm.

Originally from Boston, she would like to stay in Chicago and be a litigator in the public sector. But, she said, hiring freezes and layoffs plague the public sector and create more competition for fewer jobs.

She's been clerking at a medical malpractice firm, but the firm cannot hire her. Many law students she knows are waiting to hear back from firms and remain nervous because they've put all their eggs in one basket, she said.

"The marketplace is so saturated," said 26-year-old Buckley. "More than anything it's just scary. Being from out of town, I don't really have the connections that a lot of people have. ... It's almost like the economy has put you in a position where your choice is made for you and there is nothing you can do.

"Honestly it's somewhat encouraging to know that you are not the only one in that position, which at the same time is also very scary because so many people are looking for jobs. ... It's just a bad time to graduate."

Thursday, Feb. 12, was called "Black Thursday" because at least 800 people were laid off nationwide from law firms that day due to the collapsing economy. The number increases each day and each week as firms around the country announce layoffs. Newer lawyers often become the first to go.

Job placement companies say they see record numbers of resumes from associates, but they cannot place all of them.

Firms that are hiring right now typically want lawyers with books of business, not less experienced lawyers.

A 32-year-old associate who practiced in the real estate and finance areas got laid off in January from a Chicago mid-size firm. He asked Chicago Lawyer to not use his name.

"There is a lot of frustration that I am feeling," he said. "There is this whole spectrum of emotions that anybody who loses their job, not because of their own choice, is going through. A sense of abandonment is there. You build a lot of relationships and build a lot of close ties and the cut is very fast and that is one of the hardest parts, from the emotional side of it."

His job search consists of talking with recruiters and job placement services, and networking with his contacts. But as of early March he didn't have any interviews lined up.

"I think it's pretty bad right now," he said. "All indications are that there are very few opportunities for out-of-work associates right now. Associates are primarily the first ones to be cut when there is a change in the economy or a change in business.

"I look at this as an opportunity to take control over the direction my career can take, and to give the path I've been on a look, and whether it's one to stay on," he said. "I'm trying to market my skills to firms right now as broadly as I possibly can because my area of practice is an area where there's been a huge slowdown in work. If I can reapply my skills to another practice area, that's great."

The changing market

Above the Law, a website with news and gossip about the legal world, started in 2006 when everyone was excited about increasing profits and growth in the legal profession, said founding editor David Lat. New associates could earn six figures at the largest firms.

"Now we are covering in real time the falling apart of that model," Lat said.

New and upcoming lawyers now hear of firms revoking their offers, and worry whether they will have a job, he said. Firms are also announcing layoffs every day.

Lat said traffic on Above the Law has "been through the roof." When layoffs were announced on Black Thursday, the site got over half-a-million page views.

"I think there used to be this sense of you don't kill the young. Don't fire the first-years because they haven't proven themselves," he said. "That's fallen to the wayside. ... These are really perilous times for the profession, and I don't envy young lawyers right now who are trying to make their way in this very frightening climate."

Amy McCormack, co-president of McCormack Schreiber Legal Search Inc., said she's been in the business for 15 years and she's never seen anything like this job market.

This market will require the patience that many of the company's job candidates and clients have never seen or endured, McCormack said. Associates, senior associates, and partner-level candidates with no books of business will face many challenges in finding a new position immediately, she said.

Litigators and bankruptcy lawyers will soon see the light at the end of the tunnel, but real estate and corporate transactional lawyers will experience limited job search activity for a while, she said.

"I feel like I'm much more of a counselor than a recruiter right now," McCormack said. "Sometimes the immediate thought is needing to find something exactly like what they left behind -- for many that is just not going to be an option. They just need to open their eyes to the possibilities.

"Virtually all of these people are going to land on their feet, but I think the personal toll that it has taken, whether a financial toll or psychological toll, is challenging."

Associates in transactional-based practices should be a little bit nervous, said Mark Jungers, partner practice group leader for Major, Lindsey & Africa's Midwest offices.

If a firm hasn't laid-off any lawyers, Jungers said, he still expects that layoffs will occur. Firms try to do layoffs only one time, and most of them will not come back and do a second round of cuts. But at the same time, firms do not know yet where the bottom is.

"While not all, some associates fall into one of two equally uncomfortable positions," said Kirsten Vasquez, managing director in the associate practice group in Major, Lindsey & Africa's Milwaukee and Chicago offices. "There are associates out there who do not have enough work and feel like the Grim Reaper is coming and they have no control over that in their minds because of the practice group they picked."

Other associates, she said, are "in the uncomfortable position where they are busy, very busy, and firms don't want to invest in additional staffing. They are napping and not sleeping. That is the payback for all the huge increases in associate compensation. Now they are collecting on their purchases.

"I am hearing from people who are still employed who are willing to take jobs for far less money for more safety at smaller firms, in smaller towns and smaller cities."

Vasquez said the economic downturn could turn out a better crop of lawyers who are even more diligent, harder working, and probably less concerned about fringe benefits. This is a good time for regional firms to grab great work and talent from big players.

"There is so much talent on the market right now," she said. "Firms that couldn't have gotten interest from certain associates in a different [job] market are able to hire top people."

Recent graduates and associates face tough competition because they must compete for the same jobs with talented lateral lawyers with excellent training and development, said Alan Rubenstein, executive vice president of Chicago Legal Search, Ltd.

He foresees the scaling back or elimination of summer programs because firms find it difficult to predict the demand for legal services two years down the road, and it's increasingly expensive to run these programs.

"We will see to a much greater degree that it makes a lot more sense to invest in experienced well-qualified laterals as needs develop, as opposed to bringing in mammoth summer and first-year classes and then trying to figure out if you'll have enough work to give these young lawyers," Rubenstein said.

He predicts that many law students will weigh more carefully whether to work at a large, mid-size, or small firm. Some will choose smaller firms because they hope for a more stable career path; while others will take the uncertainty, economic pressure and cachet that comes with working in a larger firm, he said.

"For graduating law students, there's reason to be concerned," he said. "I think for younger law students, frankly, there is less of a concern.

"I can understand the apprehension going on. The fundamentals of the Chicago legal market have been really quite consistent and exceptional over the years and there has been a real growth in the number of major firms that are practicing in Chicago," Rubenstein said. "Chicago doesn't tend to see the dramatic ups and downs that other markets see. Obviously we are being impacted because of the recession in ways firms around the country are."

Laying awake at night

Meghan Barrett, a second-year associate in Seyfarth Shaw's transactional practice, said she noticed a change in her practice toward the end of the fourth quarter of 2008.

A lot of her work focuses on sales and purchases of businesses, and she started to see that work slow down significantly toward the end of the year.

Barrett said she tries to stay busy by volunteering for more pro bono work. For example, she works with nonprofit organizations that need pro bono help when applying for federal tax exemption. She's become more specialized in this area and has gotten billable work too.

"It's disconcerting in some ways when you are a young lawyer and this is all you know, and you are still getting used to the practice and you have things be unstable like this," she said. "In the meantime I'm trying to take on whatever I can to both help me in terms of training and experience, and to continue to make myself valuable to the firm."

Law firms are set up as social organisms that bring new lawyers through a process of learning and growing, said Jerry Biederman, managing partner of Neal, Gerber & Eisenberg. But the collapsing economy hurts that process, he said.

The down-turning economy also impacts each law firm's bottom line. Neal, Gerber & Eisenberg announced Feb. 20 that it laid off 19 of its 203 lawyers, roughly 10 percent.

Many criteria go into a decision to layoff lawyers, he said. The firm must consider what a practice area will look like without that lawyer or lawyers, and whether certain people at certain experience levels need to work in that area. The firm must also consider whether the person to be laid off has developed certain essential client relationships, or whether he or she is starting a trial. If someone is laid off, can another lawyer pick up that person's work?

"For us, and most firms, it's really a wrenching event," Biederman said. "To let people go for performance reasons is hard enough, but to let people go for economic reasons is quite painful."

Law firms react in different ways to the changing economy, he said. Some do layoffs, others freeze or decrease salaries, and others eliminate staff positions. But it is difficult to figure out what will work best, he said.

"We had a fairly bad economy in '90 and '91. Firms were nervous then, and some firms laid off people, but it was not as pervasive as it is now," Biederman said. "The dynamics were a lot different. Associates' salaries were a lot less. This is unquestionably the worst I've ever seen."

Associates working at mid-size firms are a little bit more insulated from layoffs than those at a big firm because they often have more work to do, said Alexander Hock, a second-year associate at Handler Thayer. But the impact the economy has on the legal world never strays from most associates' thoughts, he said.

"You know what you are billing. You know what clients are paying and what your own salary is," Hock said. "You start thinking, 'Am I actually a profit center for the firm?' It is probably a much easier calculation for an associate to make than other jobs because the numbers are so readily available."

Susie Shin, a 2L at Loyola University Chicago School of Law, participated in her school's on-campus interviewing and received three callbacks, but no offers.

Shin said she brings a lot to the table -- prior work experience, and moot court, law journal, Department of Justice and the U.S. attorney's office experience. She plans to work this summer for the City of Chicago Law Department.

"I think I did everything right in terms of getting the best resume I can," said 26-year-old Shin. "To think that I may not have a job when I graduate because of the economy is a frustrating feeling."

Rich Tilghman, a fourth-year litigation associate at Ungaretti & Harris, said he's glad he has a good job, and enough work to keep him busy, but it's definitely a scary climate.

"I'm surprised by the depth and strength of the downturn and how quickly it occurred," he said.

"We've been reassured that things are okay and we are in a strong position to not only survive this downturn but take advantage of it. We have lower billing rates than a lot of firms we compete with, which could be attractive to clients looking to cut costs."

Having a plan

Billie Watkins, division director for Robert Half Legal, said the areas of bankruptcy, foreclosure, litigation, corporate securities, and intellectual property are still growing. She recommends that job seekers see if their skills are transferable to those practice areas, which will make them more marketable.

"If you are not working, treat the job search as a job," Watkins said. "The job seeker is their own best advocate. ... Be open to doing temporary or project work. You may not have the level of specialized skills needed for the in-demand practice areas."

Those concerned about losing their jobs should be proactive, and seek growth opportunities, she said. Be open to more responsibility, and have a positive attitude.

Laid-off lawyers should network, and follow many paths because they only need one of those paths to be successful, said Art Gunther, president of Gunther Group LLC, a lawyer placement company.

"There is no shame in being a laid-off attorney in this market," Gunther said. "People assume it's not performance-related and that it is economically-driven. ... Lawyers should not ignore smaller firms. They may find themselves very happy at a smaller firm where there is potentially more hiring."

The contract lawyer side of the business tends to increase as lawyers lose their jobs, said McCormack, from McCormack Schreiber Legal Search. She is receiving dozens of resumes a day for contract positions.

Many job candidates she talks with are also keeping busy by volunteering, going back to school, or creating a non-profit organization.

Allen Schwartz, executive director of the Coordinated Advice & Referral Program for Legal Services (CARPLS), said his organization wanted to increase its services because a greater number of residents need help due to this economic climate. The organization advertised for volunteer lawyers, and received more than 100 resumes the first week for about 40 positions. Schwartz attributes the number to the fact that more lawyers are unemployed.

"One of the reasons we did this was not only to serve the increased needs from our own constituency," he said. "We also saw this as a way of serving a lot of attorneys that are unemployed. It gives them something productive to do, something with meaning. It's not a job, but it's something they can put on a resume, and hopefully they will get a really positive experience."

Oliver Cooper, a 28-year-old lawyer who took the bar in October 2008, volunteers at CARPLS while continuing to look for a legal job. Through the organization he assists those who need help in such areas as family law, bankruptcy and landlord disputes.

He received an offer to work at a mid-size firm, but it was rescinded about a month before he was set to start because of the economy.

"The job market is nonexistent," Cooper said. "I know several personal friends who were practicing for a year or so and just got their pink slips. It is hard to determine where to look when everyone is losing their jobs."

"I have begun to look outside the law and to business and other areas. I cannot continue to not be employed when I have rising bills, and certainly my education is something that was very costly. All my loans want their money back. I can't continue to defer."

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