



The exodus that can be stopped

Who remembers Peter Finch's impassioned plea as Howard Beale in the movie *Network*? No? OK, it was 30 years ago, but his words "I'm mad as hell and I'm not going to take it any more" are as relevant today as they were in 1976 when *Network*, a three-time Oscar-winner, caught the world's attention.

Today's angry employees – and clients, for that matter – do not threaten suicide, like poor Howard did. They just leave. As law firms of all shapes and sizes, from rural Australia to the Big Apple, struggle in the war for talent, this exodus demands serious attention.

Why lump together clients and staff? Because, typically, they leave law firms for the same reason – they do not feel valued (and often rightly so).

If making clients and staff feel valued is so simple, how can it be that so many really smart lawyers are not seizing the opportunity sitting under their noses? In a market where the evidence is clear about what is required to win and keep the best people (of the client and future partner variety), why do they squander the opportunity?

“THE BIGGEST CONSTRAINT FOR MANY FIRMS' GROWTH IS THE INABILITY TO KEEP OR RETAIN STAFF”

Short-term thinking fails

Perhaps another analogy will help explain the conundrum. The Sydney newspapers recently ran a story about how Sydney Water advised the government, way back in the 1970s, about the urgent need to address the impending water crisis. Various strategies to address the problem were proposed and ignored. What happened? Short-term thinking prevailed and so here we sit, 30 years later, with a dire state of affairs that could have been averted. We are no closer to a solution after 30 years of knowing there was a problem, even though we know the possible solutions.

Short-term thinking, particularly the need to maximise immediate profit, is to

blame. Perhaps governments should adopt a Cree prophecy as a guiding principle:

- Only after the last tree has been cut down,
- Only after the last river has been poisoned,
- Only after the last fish has been caught,
- Only then you will find that money cannot be eaten.

A variation of it could be useful to law firms, too:

- Only after you can no longer replace lawyers,
- Only after clients question your worth,
- Only after valued partners leave for non-law careers,
- Only then you will find that your future is no longer assured.

Problem retaining staff

If comparing the water crisis with the law firms' talent crisis seems a long bow to draw, think again. The biggest constraint for many firms' growth is the inability to keep or retain staff. While anecdotal information is rife in the legal profession, there is indisputable factual information available for the listed Australian business advisory (aka accounting) group, WHK Group. Analysis conducted by Macquarie Research Equities in June 2006 reveals that WHK's major impediment to growth is recruiting enough staff to handle the high levels of work on offer. Its employee numbers are largely static.

For many law firms around the country, growth targets are constrained by the knowledge that the only realistic goal is to replace the people they will lose.

If law firms ploughed the energy, creative thinking and money they spend on recruiting consultants, advertising campaigns, impressive brochures, recruiting websites, 'golden hello's' and 'wining and dining' into strategies to retain existing staff, their growth potential and competitive advantage would be immense.

Why lawyers leave

From research conducted over many years by Hildebrandt International, the top seven reasons lawyers leave have remained largely unchanged over the

many years of conducting the research. They are:

1. Minimal training/minimal partner contact.
2. Missing career-development opportunities.
3. Poor morale.
4. No idea where the firm is headed.
5. Partners openly criticise one another.
6. Minimal loyalty across or to the firm.
7. Disconnect from the firm - no engagement.

Notice something missing here? Money. Yet most law firms think throwing money at the problem should fix it. Perhaps this is where the generational thinking divide comes to the fore.

Why lawyers stay

Compare these reasons to those lawyers in firms with low turnover give for staying:

1. Wealth of substantive training and mentoring.
2. Heavy partner contact.
3. Significant client contact and substantive responsibility.
4. On time and honest performance evaluations.
5. "Exciting atmosphere" and "fun".
6. Partners get along well.
7. Feel involved in the direction of the firm.
8. Team orientation.

Notice something missing here? Money.

It would seem that Maslow's theory [about the hierarchy of needs] is alive and well. Yet so many law firms do what governments have done with the water crisis – ignore or delay acting on available insights. Why?

And what has any of this got to do with marketing? Well, it is a supply-and-demand issue. Clients demand high quality, engaged and motivated lawyers, and if law firms cannot supply them, they will fail marketing's threshold test – understanding and meeting their clients' needs. ●

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