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Many law firms had a better year than they expected

By Kamila Knautd
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As a year unlike any other draws to a close, some leaders in the legal sector are looking back at firm growth and hiring and reflecting on the fact that their grim initial expectations were not realized.

“We were expecting hiring to really grind to a halt,” said Avery Ellis, national executive managing director of Mestel Inc. “It’s been quite a bit better than what we expected at the beginning of the pandemic. It’s certainly picked up. . . . I think law firms’ business has been better than they expected.”

While many law firms have navigated this year’s uncertainty well — and better than they may have anticipated — that has not been the case for all firms, according to Sari McClure with McClure & Feuer in San Francisco.

“There were almost two different stories to tell,” she said. “We had firms that already, even at the beginning of the pandemic, were able to reposition and pivot into a different way of servicing their clients and realize that they were going to be fine and started to be opportunistic in terms of the legal recruiting market ... both national, international firms and smaller, indigenous, specialty firms. We also saw firms that were cutting way more than what was being caused by the pandemic, which was an indication that the firms were generally having problems.”

The reasons some firms weathered this year better than others was not only because of their client base, but because of technology. The firms that were able to adjust to working remotely and had the technology to support their attorneys working from home tended to do better, according to McClure.

She added that although some

firms have been opportunistic in hiring this year, they have also been cautious, a trend she expects to see well into next year.

“With the vaccine coming, I think firms are optimistic. But I think they realized that being cautious, continuing to be cautious, is a smart move because the numbers are trending upward. But we don’t know what the collateral damage is going to be for businesses, and consequently legal business,” she said.

This increased caution is something Ellis has seen this year, as well, and he said it is a stark difference from pre-pandemic trends.

“Everyone’s looking for a sure thing, and there’s fewer of what we call investment types of hires,” said the Los Angeles-based recruiter. “I think that in the years leading up to the pandemic, firms were a little less risk averse and were willing to make investment hires — young and upcoming partners with smaller books of business or people who have unique specialties without business. . . . Situations where firms would say, ‘Hey, let’s make a bet on this person.’ We are seeing a lot less of that.”

Recruiters also said the pandemic and the limitations on in-person interactions have created changes in their own business.

“I think a lot of the remote interviewing will stay. I don’t think it will stay 100% because I think all people like to be face to face, but I think a lot of the process will stay remote. It’s very efficient, and it keeps things going,” said Ellis. “I really think the use of technology has also helped the recruiting process tremendously, and because the process is really done from one partner’s home to another partner’s home, there’s a lot more privacy involved. Sometimes partners don’t want to go to someone’s office, sit in the waiting area. They feel a little exposed in the process, and I think the use of technology has really

made it more confidential and made some partners at least more willing to examine their opportunities.”

Some managing partners said COVID and economic uncertainty have not changed their firms’ long-term goals regarding growth.

According to Brian C. Kwok, administrative partner of Haynes and Boone LLP’s San Francisco and Palo Alto offices, the firm has remained steadfast in its vision and what the firm will look like in the next couple of years, regardless of the pandemic.

“I think it makes us a little bit more deliberate in our thinking, but I think overall we’ve really been able to capitalize on our strong finances and our history of investing in our future,” said Kwok. “We see the impact of COVID-19, hopefully, as being a small blip in the trajectory of our firm, and we want to continue to be set up for success in the future.”

Kwok noted the pandemic has not changed what the firm has been looking for in candidates, but said the firm has been more willing to look into remote opportunities, such as hiring attorneys in out-of-state offices to assist, or other locations in California.

McClure has also seen this trend regarding remote opportunities, adding that working remotely has allowed firms to look at candidates who aren’t in their backyard.

“Being able to work remotely has opened up other job markets for law firms,” she said. “They’re able to take talent from different areas. I say that, you know, with limitations. You can’t have a litigator from another state that’s not licensed to practice here. But still, having said that, there are areas within California that are more remote that firms are more willing to look at. The expectation that people will come into the office five days a week is long over.”

Vivian Lee Thoreen, executive partner of Holland & Knight’s Los Angeles office, said her firm has stayed

consistent with its growth strategy despite this year’s uncertainty.

“Our firm is, generally speaking, very conservative. We don’t jump on the bandwagon,” she said. “We will build and bring on lawyers strategically, but carefully and conservatively. So that is the case and has remained the case, especially during the pandemic.”

Thoreen also said what she looks for in candidates has not changed. But since the pandemic she has felt more comfortable making cold calls to possible hires.

“People who otherwise would not be interested in moving might look into that opportunity now,” she said.

Tad J. Freese, managing partner of Latham & Watkins LLP’s Silicon Valley office, said his firm underwent a brief pause initially in recruiting but soon continued its efforts and strategy for growth in the Bay Area.

“Our strategy has always been that we want to continue to grow intelligently in the Bay Area with people who check the Latham boxes: great lawyers, great people,” he said. “We have really continued to do that this year, both before and after the commencement of the pandemic, and I think our growth strategy in the next year will be very similar.”

Although it’s impossible to say with certainty what the new year will bring in terms of firm growth and hiring, Ellis feels positive regarding the sector’s future growth.

“I think it’s my view that law firms are doing pretty well,” he said. “They’ve adjusted, their revenue has stayed pretty stable, they’ve reduced their costs. So I think they’re using the pandemic as a means to really get their houses in order, cutting expenses, cutting unproductive lawyers, and I think they’ll go to 2021 in reasonably good shape, which means an appetite for growth and for adding partners that will be accretive to their business.”

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