

## What Will Keep Legal Talent Professionals Up At Night In 2023

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Pandemic-inspired hybrid work environments, a booming lateral marketplace and a potential slowdown of the economy. They are three trends in the legal industry that defined 2022 in the always-busy marketplace for legal talent. As Am Law 200 firms look ahead to 2023, there are major sources of concern for the teams charged with securing and retaining that talent.

We made contact with more than 130 chief talent officers and other talent-related professionals to discover the issues they believe will keep them up at night in the new year. Through numerous surveys and discussions with these professionals, based in the U.S. and abroad, we identified their top five worries in 2023:

### 1. Promoting Culture and DEI

Culture is on the forefront of everyone's minds as we move into the new year. The hybrid work environment has aggravated grievances while diminishing engagement and cultural cohesion at many of the industry's leading firms. The lack of in-person interaction has made it difficult to create an inviting professional work environment, a particular challenge for laterals seeking to fully integrate into their new teams.

We heard repeated concern that lateral hires may leave sooner than they might have otherwise, due to firms' inability to maintain a strong culture. One source stated that a major struggle is finding partners that have the ability and appetite to develop and train associates as the industry adjusts to hybrid working.

Another Texas-based source identified professionalism as a factor under the culture umbrella causing them stress. They wondered if new associates appreciate how integral their presentation and actions are to fostering a satisfying professional culture with strong advancement opportunities.

On the topic of diversity, equity and inclusion, broadening access to the legal profession and retaining people with more diverse backgrounds was a primary concern of a London-based talent professional.

Incorporating diverse talent and providing more opportunities will help promote a better culture and



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create a stronger legal industry. A strong and inclusive culture is widely accepted as being vital to retaining diverse professionals at both the associate and partner levels.

Hybrid working environments — and the limited contact that comes with them — have only put greater pressure on firms to find new ways to sustain their cultures. Some large firms are using firm retreats to promote a stronger sense of community, an effective practice that smaller firms should perhaps consider.

## **2. Talent Retention and Turnover**

Many concerns brought up by talent professionals centered around talent retention. After the "great resignation" and high turnover experienced in 2021, many firms are worrying about what they can do to preserve new hires and achieve high returns on investment. Multiple sources questioned what they could do to prevent talent from leaving whether it had to do with culture, compensation or work-life balance.

One source specifically stated that there may be opportunities for Am Law 200 firms to poach from Am Law 100 firms that have let attorneys go during slow economic cycles.

## **3. Burnout**

Burnout was frequently mentioned as a source of concern for both attorneys and talent professionals themselves. One chief talent officer was concerned about practice group leaders losing energy and not instilling boundaries, especially when they work at home.

Another talent leader cited worries about resourcing and staffing talent teams. Those teams not only have strategic hiring and recruitment objectives to meet next year, but many are also responsible for meaningful initiatives like retreats and well-being programs to help with talent integration. Doing that job effectively, of course, requires appropriate human resources.

Concerns over burnout in 2023 for talent teams and attorneys alike were prevalent throughout our research.

## **4. Economic Uncertainty**

The anxiety created by our current economic uncertainty — and the fear of a full-blown recession — are at the forefront of many people's minds.

One primary concern is that firms will stop investing in talent due to the economy. Fear of economic troubles could lead decision makers to decrease investment in lateral and new talent and instead look to shore up business in other ways.

Another prominent worry among talent professionals is that firms will cut or lay off people because demand has dipped. We are already seeing some negative movement in this direction, including Cooley LLP's announcement on Nov. 30 that it has laid off 78 attorneys and 72 paralegals and business professionals in the U.S.

Conversely, one talent director predicted that candidates themselves may refrain from pursuing better opportunities due to concerns about the job market. Media coverage pertaining to layoffs, especially

around associates, could scare off potential laterals who seek the safety of a guaranteed position. This director was not as worried about layoffs and talent leaving as they were about a diminished talent pool.

## **5. High Compensation Expectations**

The final major concern is no surprise. Multiple talent professionals stated concerns about rising expectations among both associates and partners. It is a competitive market, but some are concerned that stratospheric compensation expectations (and the increased rate structure they will create), coupled with impending economic factors, may slow client demand for their services.

Additionally, attorney demands for inviting, part-time workplaces make firms wonder how relevant their centralized office investments may be. The high compensation expectations are raising question over how to balance attorneys' salary demands with necessary investment in the overall, long-term good of the firm.

## **Conclusion**

The above discussion describes the general sentiment of the legal talent community as we move into 2023. The challenge of attracting, developing and retaining attorneys is perhaps greater than ever, and five concerns in particular sit at the forefront of talent professionals' minds: culture, talent retention, burnout, economic uncertainty and high compensation expectations. How those factors change throughout the coming year is anyone's guess. The only thing we can know for sure is that the market for talent in 2023 will again be more competitive than ever.

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