



## A TIME TO ADAPT, RETOOL, AND OUTSOURCE

Law firms are creating new specialties and more cost-effective policies

By ANNA SAVIC

The downward spiral of the U.S. economy in 2008 has presented everyone with an unfamiliar business environment in 2009. I have worked as a legal/compliance recruiter in Connecticut since 1989 and have placed direct-hire and temporary/contract legal professionals during several down economies. No previous recession has presented the challenges facing us today. The coming year will likely bring more

Law firms, corporate law departments and the vendors that service them make up the legal marketplace. We are all watching our budgets closely and cutting non-essential costs. Increased marketing and business development activity is essential. To survive in this new marketplace, we all need to be vigilant in recognizing the new opportunities and trends as they develop and persistent in going after this new business, providing top-notch service to our clients, and following a vision and plan to establish a niche or leadership position.

movement gains momentum. And, due to the credit market/loan crisis, problems on Wall Street, and investment fraud, we know that reform of the financial rules, more government oversight, regulation and enforcement, and increased risk management activity is on the way. This will definitely create opportunities and job security for those involved in regulatory compliance, securities and real estate/mortgage fraud/subprime-related litigation, and white collar criminal practices.

### Litigation Support

The need for better utilization of technology is also creating evolving employment opportunities within law firms and corporate law departments, and this is particularly so in the litigation area. The changes to the Federal Rules of Civil Procedure in late 2006, and the increased responsibilities in abiding with these rules have provided new challenges. E-discovery committees or practice groups and new roles and positions are developing, with titles such as E-discovery Counsel and Litigation Support Specialist/Manager. These litigation support professionals are finding employment directly with law firms, companies, and vendors, or are becoming entrepreneurs and starting their own companies.

Legal employers are assessing and then reassessing their need to hire additional talent, eliminate existing employees, or outsource. Rather than bringing in new untested talent, many legal employers are keeping valued employees by asking them to take on new roles and responsibilities

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layoffs at law firms and in-house law departments, a continued slowdown in entry level and lateral associate attorney hiring by law firms, and merger, acquisition and dissolution activity.

But the forecast is not all doom and gloom, despite the media's continued emphasis on all the bad news and none of the positive. There are and will be opportunities. But, you can't wait for it to come to you. The rules of the game have changed, and it will require an ability to quickly adapt and benefit from the changing environment to not only survive, but potentially thrive, in the new legal marketplace.

groups) to respond to the emerging business needs while also building up those practice areas that traditionally thrive during times of recession, such as insolvency (bankruptcy, foreclosures, collections), financial restructuring/workouts, employment, divorce, and litigation practices. Recession-proof practices also include Intellectual Property and Trusts/Estates. Environmental and Energy law practices should continue to grow, especially as the green

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in areas where billable hours are available, but those asked to retool must be willing to adapt and learn quickly so that they continue to provide value. If you are not performing at the required level, you will be vulnerable; employers no longer have the luxury of waiting for underperforming employees and unprofitable practice areas to slowly develop.

Acquiring business development and client servicing skills earlier rather than later is as important as providing good legal work to ensure job security. Legal employers are being cautious and more selective when hiring, and they are delaying hiring decisions until they are sure that they have the work to support the additional headcount. But, when they determine that a hire is needed, they are taking advantage of the opportunity to scoop up top talent who may be concerned about their current employer's stability and are considering their options or have been recently downsized.

## **Contract Attorneys**

Responding to client demands for reduced costs is a smart business practice and an opportunity to strengthen the client relationship that shouldn't be overlooked. According to a November survey by Altman Weil, three-quarters of corporate law departments are facing an average budget cut of 11.5 percent and outside counsel costs and the "unpredictable nature of legal spending" are top concerns. As a result, outsourcing and increased utilization of temporary/contract legal professionals by in-house law departments and law firms should gain momentum in 2009 as a cost-effective alternative. Use of contract attorneys and legal and compliance professionals with substantive experience to help with special projects and on-going needs can bring cost savings and relief over regular outside counsel fees and employee costs. It is not only prudent, but in the best interest of stakeholders, to take advantage of the experienced legal and compliance tal-

ent currently available to service high-level needs on a temporary part-time, full-time or project basis. Use of contract professionals is also a great way to provide temporary relief to over-tasked employees and as a way to determine whether permanent additional staff is warranted.

Another option that may be considered by Connecticut law firms in response to this demand for reduced costs is the creation of the staff attorney tier, a trend that has arrived in larger cities but is not yet plentiful in Connecticut. Staff attorneys are on a non-partnership track at lesser salaries than the firm's regular associates and at lower bill rates. Utilization of paralegals for paralegal-level work at paralegal rates is also more customer friendly and a better utilization of resources than using associate attorneys to do paralegal-level work at attorney-level rates.

Persistence, innovation and a willingness to embrace change are the tools to weather this economic storm. ■