

## The Gold Rush of Moving In-House

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What is it about going in-house that seems to increasingly draw attorneys from law firms to in-house legal departments? According to a recent survey by NALP, the attrition rate for experienced attorneys with about five years of experience jumped dramatically, from 60 percent in 2000 to 78 percent in 2005. These attorneys expressed concerns regarding their work/life balances, rising billable requirements, business development demands, repetitive work, and unlikely prospects of becoming partners. To fully understand this trend, one needs to take a closer look at the factors prompting a growing number of attorneys to transition from law firms to in-house legal departments, which we refer to as the gold rush of moving in-house.

### **An Active Role in a Client's Business Decisions.**

The reason most often cited by attorneys looking to transition in-house is an interest in becoming more involved in a company's overall business. These attorneys also hold real interest in operating closer to the decision makers and exerting influence beyond the legal arena. The obvious advantage of working on behalf of only one company, rather than servicing the needs of numerous companies, is the opportunity to become more invested in that company's business. Today's general counsels are engaged in partnering with their companies' business functions and facilitating the achievement of business goals. For the majority of attorneys who come from law firms, this represents a major shift from "putting out fires" and providing pure legal advice to acting as legal counselors articulating the risks and benefits of making certain business decisions. The appeal is obvious; attorneys practicing in-house are looked upon as business advisors providing tangible solutions to business matters, rather than as pure technical experts identifying legal problems.

### **A Reduction in Rainmaking Responsibilities.**

As law firms enter an age of globalization, the escalating competition for clients and legal work, along with the pressures of mounting billing rates and associate salaries, has pressured attorneys to generate business sooner and faster. As a result, associates today are expected to both produce new business from existing clients and develop new clients on behalf of their firms. While there are attorneys who enjoy the "rainmaking" aspects of their practices, many either lack the skills, predilection, or enthusiasm for business development. For the latter category, the chances of surviving or thriving under current law firm models remain slim, at best. The ability to effectively develop business remains one of the main requirements used by law firms to elevate their associates to partnerships, as well as to decide whether to retain their current partners. In-house attorneys are exempt from the pressures of developing new business; the work and the clients are already there. As a result, attorneys who prefer to focus on their legal work and on the business of their clients typically transition in-house, in part to escape the pressures of developing business.

### **A More Balanced Lifestyle.**

There is an ongoing debate over whether in-house counsels work fewer hours than their law firm counterparts. According to a recent Corporate Counsel 2005 Quality of Life Survey, about 59 percent of the attorneys working in law firms of more than 20 attorneys put in an average of more than 50 hours a week, with 28 percent working more than 60 hours a week. That percentage is far higher than the 36 percent of in-house lawyers who work more than 50 hours a week. 50 hours remains a long work

week—except when compared to a work week at a law firm where billable hours can stretch even longer and business development is expected in addition to billable time.

The reality is that hours in-house can vary a great deal across companies, industries, markets, and levels within a legal department. There are large in-house legal departments involved in crisis management and high-level transactions that can average hours comparable to those of large national law firms, and there are quieter ones at various levels of development that work significantly fewer hours than their law firm counterparts. While many in-house attorneys find themselves working long hours, most of them seem to agree that they have achieved more balanced lifestyles. When pressed to give explanations for this newly found balance, these attorneys do not necessarily point to a reduction in hours as the reason, but rather to the predictability of their schedules. As a function of working for individual clients, in-house attorneys experience more schedule predictability than do their law firm counterparts (each of whom serves numerous clients at any one time), which in turn serves to greatly improve their overall work/life balances.

### **The Reality of Moving In-House.**

In the winter of 2005, Corporate Counsel surveyed about 1,000 in-house lawyers around the country, asking them about their hours, compensation, benefits, and abilities to juggle work and home. 82 percent of survey respondents said they were "satisfied" or even "very happy" with their jobs. Not surprisingly, our own survey revealed that over 95 percent of the law firm attorneys we placed in-house were "happy" to "very happy" with their decisions to practice in-house and would look for other in-house opportunities if they were to leave their current jobs. The attorneys we surveyed cited high levels of satisfaction due to the nature of their work, improved work/life balance, and fewer pressures to generate business. Given that the desire for career and family balance is increasingly affecting our decisions to change courses in our careers, it is safe to predict that the number of attorneys transitioning from law firms to in-house legal departments will likely continue to increase in the coming years.