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Big law firms hit hard by layoffs

By Bill Myers

Examiner Staff Writer 2/17/09



Pity the poor lawyer.

Seriously.

Last week, big firms around the country laid off nearly 1,000 lawyers. In the last two months, nearly 70 of the nation's biggest law firms have cut staff.

"It's quite dramatic," said Esther Lardent, president of the Pro Bono Institute, a nonprofit group that works with all the big firms to increase charitable legal work. "This is probably the most intense economic downturn that I've ever seen."

How bad is it? Last week, The Examiner called the D.C. office of Holland & Knight to get their view of the economic crisis. A couple of hours later, the firm released a statement saying it was firing 70 lawyers.

The Web site "Above the Law" referred to the carnage wrought on employees at law firms in the past week as, "The Valentine's Day Massacre."

When the site asked for suggestions on a shorthand title for the week that was, lawyers responded by abandoning all sense of professional decorum.

"I am pretty [expletive] sad for my friends who were fired today and pretty [expletive] scared that I might be next," one wrote.

Another wrote, "Shoulda taken the MCAT."

The MCAT is the entrance exam for medical school.

"I can't remember a single day or week when we've had so many lawyers let go," said David Brown, editor in chief and publisher of Legal Times, a D.C. newspaper that covers the legal profession.

Tough times for lawyers can rattle D.C. like few other cities.

The District is the nation's third-largest legal market, behind New York and Chicago. An estimated 80,000 people are licensed by the D.C. bar alone, with thousands of additional lawyers licensed in Maryland and Virginia living in area suburbs.

According the National Association for Law Placement, a D.C. nonprofit group that tracks hiring trends in the legal profession, there are nearly 13,000 lawyers working in Washington law firms. That's about 10 percent of the nation's total.

The legal community in Washington is hoping the political and economic dynamism of the early days of a new administration will provide some job security for lawyers.

President Obama is promising to hand out \$1.5 trillion in relief and companies will be counting on K Street lawyers to get them a cut.

"One of the things that's happening is that we're in the area of regulation," Lardent said. "And the D.C. firms have always had a strong regulatory practice."

The problem is that the stimulus may be only a short-term fix, said Northwestern University sociologist Brian Uzzi, one of the nation's leading scholars on trends in the legal profession.

"I think this will create a systemic shift in law firm pricing. And it'll be a permanent shift," Uzzi said.

Sandy Ain, a Washington divorce lawyer who also counsels leaders at some of D.C.'s biggest firms, said, "I think what's happened is that the economic pressure on corporations to cut back in every way they can. ... In some cases, it's going to mean flat fees."

That means that law firms are going to have to rethink their entire business model.

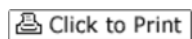
"There are no efficiencies of scale in the service sector," said Leander Gray, partner at GrayHaile LLC. "You open a new office, you've got new rent, new secretaries, new staff, new heating bills."

Brown, Legal Times publisher, said he thinks that we'll continue to see law firms bleeding. "It has a different quality than the last recession. And they're feeling that they have to cut back expenses in a dramatic way, in a way that I think they've never done before," he said.

Examiner intern Teddy Kahn contributed to this story.

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