THE NEW ELLIS GROUP

Monday Monday

Connecting the Dots with Karen Kaplowitz

Helping you create and reinforce the habits of successful career building, gleaned from my work as a business development strategist, trainer and coach.

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In Praise of Old-Fashioned Stealth Layoffs. There have been three phases of law firm layoffs so far in this recession. In stage one, there were "stealth layoffs" in which firms made no public announcements, spoke discreetly to affected lawyers and helped them find new jobs in traditional ways, like trying to place them in clients' law departments or other firms. In phase two, there were mass layoffs with regular tallies in the press of the number of lawyers affected at each firm. Typically, firms provided severance and benefits, outplacement support and active firm support to displaced lawyers. In phase three, as the job market has tightened, more firms are laying off surplus lawyers, with just a few months' severance, but no outplacement counseling and less organized support from the firm. The "stealth layoffs" often got a bad rap in the press and blogosphere on the grounds that the firms were not being honest that the reasons for the layoffs were their own declining profits. But the old-fashioned aspects of the "stealth layoffs", in which law firms helped lawyers leave gracefully, still have enormous value.

As this recession has dragged on, some firms seem to be forgetting the lessons of past recessions when firms that handled layoffs poorly paid a price. For example, Latham & Watkins did a major layoff in the early nineties which it acknowledged caused trouble with recruiting for years afterwards. This time, Latham behaved with exceptional generosity, with public reports of six months' severance, six months' medical coverage plus outplacement support. It is particularly ironic to see the short-sightedness of some law firms which have laid off lawyers in this depressed market with no outplacement support or active firm support to find new jobs after having invested for years in lavish "alumni" programs which recognized the marketing value of having well-connected law firm alumni with fond memories of the firm.

Example: A fourth year associate was assigned to a private equity transaction in December which progressed at a fierce pace for several months. He worked over 200 hours a month in December, January, and February, including several all-night stints. When the transaction was nearly complete, he was called in to a meeting with his department chair and informed that he would be laid off, along with a large group of other lawyers in the firm. He was given three months severance pay, but no outplacement counseling or support. In the space of an hour, he went from feeling like a highly valued part of a major firm, to a reject. He knew that the transactional group was slow but since his time had been completely committed, the layoff was a surprise. He spent the first several weeks asking himself, "why me?" He concluded in part he had not protected himself well enough politically within the firm. His firm made no efforts to place him and did not provide any counseling. He left the firm with a bitter taste. When he landed a job in the law department of a major company, many of his former colleagues called to congratulate him and to make plans to get together. He has not returned any of their calls.

Are you so concerned about the short term effects of the economy on your firm that you are not taking into account the long term effects of the manner in which you conduct layoffs of lawyers? What is the comparative cost of providing support to the lawyers you lay off versus the loss of their goodwill?