

## The Law Firm Disrupted: Salary Wars Were So Last Week, Here Come the Training Wars?

A training program run by Milbank, Tweed, Hadley & McCloy at Harvard Law School could signal a new front in the ongoing battle for high-end legal talent.

By Roy Strom

In this week's Law Firm Disrupted, we go back to Milbank, Tweed, Hadley & McCloy, but we don't talk about money. We talk about training. Don't sleep during class!

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### Salary Wars Were So Last Week, Here Come the Training Wars?

Last week, I wrote about two questions that law firm leaders should be pondering in the wake of the most recent Big Law associate salary war.

Well, I really only wrote about one of those questions: Who should match Milbank's move to \$190,000? My short answer: Those select group of firms who are honestly competing with the world's richest, most prestigious firms. A simple litmus test to determine whether you're in that group is if your associates can charge something like \$900 an hour.

Today, I'm going to address the second question raised last week:



How should firms reinforce their associates' value proposition? It is being challenged by clients chafing to pay to train associates and technology infringing on their work space.

One answer to that question comes, believe it or not, from Milbank itself.

Since 2011, the firm that made waves for bumping associate salaries has, in rather low-key fashion, been making a massive investment in training its lawyers. Consider this: Every year since 2011, for six days, the firm sends each associate from its fourth, fifth, sixth and seventh year

associate classes to Harvard Law School. One week a year, Milbank has no working fourth-year associates. Another week, it's out its entire fifth-year class. And so on.

The students at Milbank@Harvard are learning, as a team, from professors at HLS and Harvard Business School about finance, business strategy, marketing, negotiations, macroeconomics and much more that is not traditionally taught at law schools. The sixth and seventh years also focus on teamwork, leadership and management skills.

The program has worked so well that in recent years Milbank has invited clients to a similar retreat. Its next scheduled learning week for clients in October has already signed up 38 general counsel. It has also influenced the way Harvard teaches students. In January, for instance, the school will offer a new leadership course for first years that was developed in part by Scott Westfahl, director of executive education at HLS, who helped put the Milbank program together.

The school has been eager to train Milbank's lawyers as a sort of test platform for what those skills can do for lawyers and their firms, Westfahl said.

"This is actually a longer-term investment for us in showing how when a legal organization invests in significant professional skills ... it will build the kind of collaboration and trust that will later on significantly enhance the law firm's ability to service clients and also the personal and professional lives of the participants themselves," Westfahl said.

Westfahl believes law schools and law firms significantly underinvest in team-based training compared to other professional services firms. ("There has been so little investment relative to other professions it's astonishing," he said.) Business schools, for instance, stress the benefits their students will get from viewing their classmates as a future business

network. Law schools, meanwhile, are more like a competition.

"This is a classic problem," said David Wolfson, a Milbank partner and the firm's executive director who helped launch the training program.

"No one taught lawyers to run teams or give feedback or deal with leadership issues. And then these are people that make partner, who have to teach people these skills," Wolfson said. "And that doesn't work all that well all the time."

Westfahl said this lack of training has direct costs for law firms. One of the most significant indicators for whether professionals will collaborate with one another is trust. Milbank's team-based training builds a sort of relational trust that is hard to build in a traditional law firm setting, he said.

Feeling part of a team can also help mental health, said Westfahl, and associates who have bonded during the Harvard courses have shared stories with him of helping each other across offices through personal crises.

"It's not that people don't know each other" at law firms, he said. "But it's a different thing when you sit in a classroom for six, seven days of classes and you start to learn about people's knowledge, their background and what drives them."

The training program is part of a larger discussion about how today's young lawyers or pre-law students

will grow into the partners of tomorrow. Westfahl said the model of law schools training someone to think like a lawyer, while law firms train an individual to practice law, "has to go away."

"It doesn't fit the economics anymore," Westfahl said.

It also doesn't fit the mentality of younger people today, he added. Millennials expect to make an impact and have their voices heard much sooner than after an eight- to 10-year partner track. And thanks to what Westfahl calls "the most transparent global pool for talent" in human history, talented millennials have the market power to demand a new way to work. Resenting young people for what may be perceived as being "needy" is wrongheaded, he said. The answer is to empower them.

"They have more market power than we ever had," Westfahl said. "When your clients are walking around asking for discounts, you don't go around belittling them. You react."

One way law firms have reacted is to raise salaries. But Westfahl said broader investments in associates—the kind that Milbank has offered for years—can break what he called a "transactional" relationship between young lawyers and their firms.

"There are partners going around calling them kids and saying, 'I need three bodies for this deal,'" Westfahl said. "And right now, it's

very transactional with associates. I'm going to work this many hours for you and I'm going to make this much money and I'm going to pay off my loans and then I'm leaving. And Milbank is saying it doesn't need to be that way."

He added: "I really believe that 10 years from now, when the next generation of Milbank partners are forming, we're going to see significant gains in collaboration, trust and alignment on strategy. And it's going to be fun to watch, actually. If they were a public company, I'd be investing right now."

### Roy's Reading Corner

- **On New Law Partnerships:** UnitedLex Corp. and LeClairRyan this week announced a new joint venture, ULX Partners, that will hold the outsourced functions of LeClairRyan's IT, finance and legal project management functions (among other things). The plan, according to UnitedLex and LeClairRyan, is to have other law firms join what they are hoping to grow into a "constellation" of outsourced functions from a lot of firms.

UnitedLex CEO Daniel Reed told my colleague Miriam Rozen that ULX Partners should grow to 10,000 employees within five years. "If we don't reach 10,000 employees in the next five years than I'm not doing

something right," he said. "Some people would view that as heretical, but it's not."

- **On Rosy Predictions:** I've got to give Reed credit for the optimism. But a host of industry experts say that many of the same adoption challenges that face traditional law firms' efforts to grow project management operations will face ULX Partners.

For a story I wrote analyzing the deal, Indiana University Maurer School of Law professor William Henderson had a quote that I think could be used to summarize the broader state of Big Law innovation and not just the ULX Partners deal.

"Some clients will want better, faster, cheaper and [ULX Partners] firms can tap into UnitedLex's best-in-class expertise providing that," Henderson said. "But the bottom line is not all the clients are ready to go, and they won't be ready to go even in the next five or eight years. A lot of lawyers will hang on and do it the old way until they retire. This is a slow burn."

- **On Retaining Associates:** Mark Cohen writes for The American Lawyer about the ULX Partners deal and two others that he thinks are more newsworthy than the salary wars. That's in part because the salary wars do not solve underlying problems, such as the one I've been writing

about above: The value proposition of young lawyers. Read his story, but let me just show you this quote to reinforce what I wrote about Milbank's Harvard program.

From Cohen: "A more newsworthy story—and sounder investment—would be for firms to retrain existing talent. How? A good start would be to hone practice skills as well as business of law training that includes project management, data analytics, client management, business basics, technology and other 'contemporarily relevant' topics that augment knowledge of the law. For most lawyers, simply 'knowing the law' does not cut it anymore—especially when it comes with exorbitant hourly rates. Firms would be wise to focus double down on personnel and resources that enhance delivery and consumer satisfaction."

Well said!

*Based in Chicago, Roy Strom has been reporting on the legal world since 2011. He covers law firms with a focus on how the Big Law business model is changing. He writes a weekly column for Law.com called "The Law Firm Disrupted," covering changes in the legal services market. He can be reached at [rstrom@alm.com](mailto:rstrom@alm.com). On Twitter: @RoyWStrom*