SWEEPING CHANGES PROMPT LAW SCHOOLS TO RETHINK THEIR BUSINESS MODEL

If changes in the legal industry are hitting a single place hardest, it has to be the law schools, whose administrators are being forced to completely rethink how they deliver value to students.

Law schools face increased demands from law firms for graduates who have more practical experience and a marketplace that promises fewer traditional opportunities among big law firms. And prospective students are well aware of their diminishing prospects: Comparing the 2011-2012 and the 2013-2014 academic years, applications declined 23 percent, according to the American Bar Association.

Those new realities have prompted the ABA to examine the future of law school, particularly given the high cost of tuition. An ABA task force released a report in January that offered a variety of recommendations, including an increased emphasis on practical skills training for students.

This summer, during its annual meeting in Boston, the ABA is set to require that accredited law schools have students complete six credit hours of practical training, compared to the current, more loosely worded ABA standard that requires students to have "substantial instruction" in this area.

"There's a lot of experimentation going on in law school right now," said James Leipold, executive director of the National Association for Law Placement.

With its Cooperative Legal Education Program, Northeastern University's law school has carved a niche in the learning-by-doing model. Other law schools are beginning to focus more attention on similar approaches aimed at making sure students have more practical skills before they graduate.

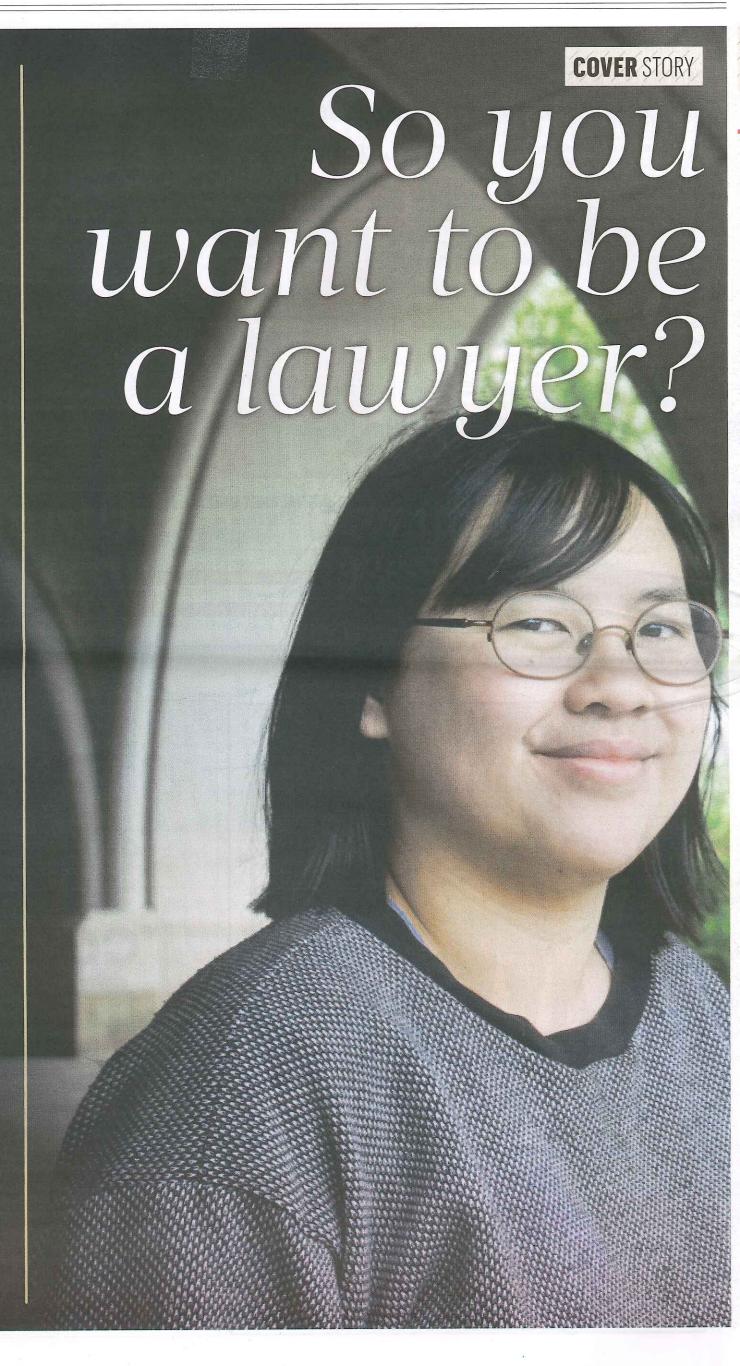
Boston University is among those making job-focused education a bigger part of its curriculum. The law school's director of clinical programs retired at the end of the current academic year and BU replaced the position with a new associate dean for experiential

"We thought it was a propitious time to hire someone who has a broader portfolio of thinking about experiential education opportunities," said Maureen O'Rourke, the law school's dean

Part of the new associate dean's role is to expand BU Law's portfolio of hands-on opportunities, and also to find a way to tie the students' practical skills work back to the classroom, O'Rourke said.

Suffolk University, meanwhile, has created the Institute on Law Practice Technology Innovation along with other academic initiatives designed to teach students how to leverage new technology. Students in one new Suffolk Law concentration, for example, must take courses in legal project management and automated document assembly.

-Mary Moore



PRESSURES IN THE LEGAL INDUSTRY. **Amy Willis expects to get** her law degree from Suffolk University next year. W. MARC BERNSAU

BY MARY MOORE | marymoore@bizjournals.com

irco Haag is well aware of the pitfalls that await him after he earns his dual graduate degree in law and business if he chooses to pursue a legal career. For now, the Boston University graduate student is still planning on following his passion for the law, rather than pursuing one of the many options an MBA might offer.

But it's not going to be easy, now that the positions at large law firms are harder to get and becoming an equity partner at one of them is tougher than it's ever been.

"Being a lawyer is not quite that same thing as it used to be where you knew you can always be a lawyer and make your parents proud," Haag said. "It's not up to the same standing. The job market has been so bad for so long."

The legal industry presents an uncertain landscape for young lawyers entering the workforce. Haag is typical among law school students today: They're committed to the profession, but recognize that it's much harder now to land a reliable, high-paying job in the field.

After the Great Recession rattled the industry, larger law firms are run more than ever like businesses focused on the bottom line – making the entrance into the upper echelon of the legal industry increasingly difficult. Big firms have reduced the number of associates they hire and demand more work experience or expertise among the young lawyers they bring on board. The situation has forced law schools to think differently about how they train law students as the schools scramble to continue

to deliver value for a price tag that can surpass \$150,000 for a law degree.

The traditional law firm business model worked well for firms when they were busy and clients did not question legal bills or demand that experienced attorneys worked on their cases. But the recession accelerated a sharper cost-consciousness at many firms.

"When you're not busy and growth in the profession is slow, you're in a position when you have a lot of excess capacity, and you deal with that in a number of ways, including by reducing the number of lawyers," said Douglas Husid, co-managing partner at Goulston & Storrs. "So law firms hire significantly fewer people coming out of law school."

Today, as large law firms trim fat, they have changed the way they do business. That has meant essentially no growth or a reduction in the number of equity partners at the top and fewer associates at the bottom. When they hire associates, they're looking for something different – practical experience or expertise in an industry, like health care, and those who

understand business and are comfortable drumming up new clients.

Among the five AmLaw 100 firms that have headquarters offices in Boston, four of them reported having either roughly the same or fewer associates in Massachusetts in 2013 compared to 2004. Mintz Levin, for one, reported having 139 associates in Massachusetts in 2013, down from 168 in 2004.

Of the five, only Ropes & Gray reported strong growth in hiring associates in Massachusetts, bringing on 381 in 2013 compared to 292 in 2004. But the associates that interest Ropes & Gray most are not coming straight out of law school.

"At this minute, (the demand) is for people who have been out of law school for a while," said Newcomb Stillwell, co-managing partner of Ropes & Gray.

One major change has been severe cutbacks in summer associates programs, where firms would groom prospective associates as they finished their law degrees.

The average size of a summer associate class among 400-plus law firms surveyed nationwide in 2013 was 11, compared to an average class size of 13 in 2008, according to the National Association for Law Placement.

For this coming summer, Mintz Levin has hired

10 associates — the same as in 2013, but much smaller than the 15 summer associates the firm would typically hire before the recession. "We want to have a conservative number so that we can hire the people in the class and keep them busy," said Susan Finegan, Mintz Levin's chairwoman of its hiring committee in Boston. "You don't want people to start at the firm and have nothing to do."

For associates who get to large law firms, making partner is more elusive than ever. The demand for legal services has been sluggish since the Great Recession and equity partners have little interest in dividing up profits into ever-smaller pieces.

Since 2009, the number of equity partners at the five AmLaw 100 law firms in Boston has dropped 4 percent.

"The people who leave or are squeezed out – they're not being replaced at the equity partner level," Husid said.

The equity partners are still doing well, at least as measured by income. In 2013, the average profits per partner for the five AmLaw 100 firms headquartered in Boston was \$1.3 million compared to \$945,000 in 2004 – a 38 percent increase over 10 years, and well above the pace of inflation during that period.

Meanwhile, the median starting salary for lawyers in large law firms has stayed at \$160,000 since 2008, according to the National Association for Law Placement.

Fish & Richardson has expanded its two-tier system with equity partners and non-equity partners, said Peter Devlin, the firm's president and CEO. Non-equity partners do not share profits like equity partners, and they are not required to make a capital contribution.

"It gives you more flexibility," Devlin said.
"You don't have an up-or-out situation with associates who leave the firm if they are not made an equity partner," Devlin said. "(Non-

equity partners) have 'made it' to some degree. Clients should have confidence. And there's a level of pride associated with having made that step."

Employment in the legal services industry peaked in Massachusetts in 2003, when an estimated 31,000 people worked in the sector, according to the state Executive Office of Labor and Workforce Development. That number has since fallen to 28,000 today, with nearly half of that drop taking place in 2009.

As the legal industry is different today, so too are the students who pursue it. Being a lawyer used to be a default career for many people who weren't sure what they wanted to do after graduating college. "A lot of people who chose it, chose it for the wrong reasons," said Andrew Glincher, managing partner of Nixon Peabody.

But that attitude has changed, and few people are treating it as a default career today, said Maureen O'Rourke, dean of Boston University's law school. "Students who come now having made the conscious choice that this is what they want to do," she said. "And fewer come because they don't know what else to do."

Today's law school students need that commitment

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Mirco Haag



Newcomb Stillwell

COVER STORY

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because tuition costs continue to soar amidst all this career uncertainty. Law school tuition in Boston rose an average of 6.4 percent from the 2011-2012 school year to the 2013-2014 school year, according to data law schools provided to the American Bar Association.

Amy Willis, who expects to get her law degree from Suffolk University next year and wants to help people with low incomes find or stay in affordable housing, is paying about \$45,000 in tuition a year. "That might not be the economically smartest decision," she said of pay-

ing for law school. "But the way I see it as something I have to do in order to do the work I want to do."

The rapid shifts in the legal industry have challenged law schools to figure how to deliver value to their students. "Your traditional legal education has to adapt to be more aligned with business and industry," said Steven Wright, the executive partner overseeing Holland & Knight's Boston office.

To do that, some law schools are placing more emphasis on accepting students who have work experience. At Harvard's law school, for example, 72 percent of

next year's first-year students have one or more years of experience. In 2003, 58 percent had at least one year of experience.

Law schools also are incorporating more practical skills into their training. Boston University has recently hired a new associate dean of experiential learning to beef up the hands-on experiences available to students at its law school, and Suffolk is introducing law students to new career paths through its new Institute of Practice Technology and Innovation.

Reflecting this trend, the American Bar Association

is poised this summer to increase the credit hours of practical training students in ABA that accredited law schools will need to take in order to graduate.

When asked what he tells law school students today about the profession, Ropes & Gray's Stillwell reminisced about his own start as a lawyer – when a typical day meant simply walking across the street to deliver paperwork for a closing with another law firm.

Like many large firms, Ropes & Gray now has offices all over the world, making the work more complex and interesting than it was when he started, Stillwell said. What's become a challenge, he said, is that associates

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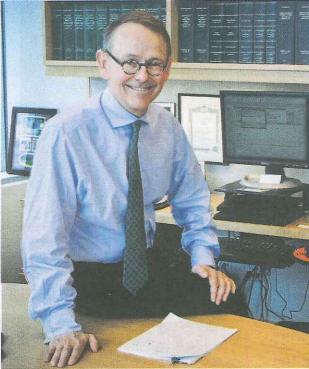
Knight's Boston office

often don't get the same amount of time working closely on cases with partners.

Many clients no longer want to pay to have inexperienced associates working on their cases, and they often specify that attorneys working on cases should have at least two or three years of experience, said Gloria Pinza, managing partner of Pierce Atwood. She said it's not uncommon for associates to have no courtroom experience, even after several years at a law firm. That's something she said would not have happened two decades ago. "It becomes harder and harder for the younger associates

to get the experience I could get 25 or 30 years ago," Pinza said.

David Rosenblatt, managing partner of Burns & Levinson, views this lack of training as an increasingly major problem confronting the profession – one of the big downsides from this shift in law firms' approaches that emerged in the past five years or so. "If you can't devote the time to training young lawyers on the job and clients won't pay for it and the firms can't afford to absorb it, it's a problem," he said. "I am concerned about it. I wish I had a solution."



W. MARC BERNSAU

Newcomb Stillwell of Ropes & Gray says his firm is hiring fewer people right out of law school.

LEGAL REDUCTION

The combined number of partners at five AmLaw 100 firms in Boston has shrunk by 4 percent in the past five years.

	2009	2010	2011	2012	2013	
Ropes & Gray	144	151	146	141	140	
Bingham McCutchen	111	108	108	107	108	
Goodwin Procter	185	187	189	180	178	
Nixon Peabody	84	72	80	75	71	
Mintz Levin	134	141	133	133	132	

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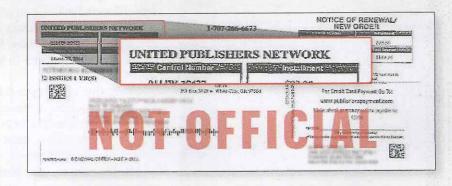
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