Credit: pinkrabbit/Adobe Stock.

More Lawyers Are Giving Up Big Law Pay to Move to Midsize Firms. What's Driving Their Departures?

Midsize firms and boutiques are constantly selling their firms as a perfect landing zone for lawyers looking to leave Big Law because of price inflation and bureaucracy. Some firms have been finding increasing success with the selling points as downstream lateral moves have been on the rise.

Alexander Lugo

What You Need to Know

- As billing rates rise, the appeal of Big Law gets lost on some partners whose practices are seemingly being priced out of their firms.
- As a result of billing rate pressures, smaller firms are increasingly looking to attract those lawyers looking for more flexibility.
- Flexibility can also be offered in the form of less hour requirements and bureaucracy.

More lawyers have been moving from Big Law firms to midsize firms, seeking more flexibility, better work-life balance and less bureaucracy, according to legal industry experts and midsize firm leaders. That trend is helping smaller firms compete with Big Law for talent, even if they can't offer Big Law salaries.

Although working at a large firm has its benefits, smaller firms are making a value proposition based on lighter billing rates, less bureaucracy and more meaningful work. And as lawyers weigh the benefits of moving downstream with a potential pay cut, more are taking that pay cut to work at smaller firms.

Escalating Hourly Rates

that was up for partner. But after the firm said to wait a year, the attorney walked away and started a firm, and is now on pace to bill $1.5 million this year.

When approached about leveraging that book of business to go back to a big firm, the lawyer's response was, "I'm my own boss, and I'm making between $1-1.5 million doing tech transactions and commercial contracts for startup clients. Why would I ever go back into a big firm?'" according to Burke.

"They don't want the hours and all the headaches and politics, arguably, and they make really good money," Burke said. "The reason this opportunity exists is because the rates of those firms have gotten so high."

Although Burke pointed to such issues as hour requirements, lack of ownership and even fleeting opportunities for promotions, he hit on the prevailing theme of why many midsize and boutique firms see themselves as a better place for clients—billing rates.

Inflating billing rates is leading to some success for Second 50 firms such as Cincinnati-based Taft Stettinius & Hollister to acquire talent and their books of business across the country.

"Many of our laterals have come to us because they're getting such rate pressure at the Am Law 30 firms that it's sort of pricing them out of the market with respect to their clients," Taft Stettinius managing partner Robert Hicks said.

The moves toward smaller firms tend to involve smaller clients or matters that Big Law won't handle, Burke said. In fact, a lot of midsize firms have some of the same clients as Big Law because

However, the biggest challenge when poaching from large firms is salary expectations.

For litigation-heavy firm Woods Rogers Vandeventer Black conversations with potential laterals start immediately with salary expectations. But even with the challenge, firms are still able to sell laterals on the idea of moving.

"You really have to sell the opportunity to build something," said Woods Rogers president Dan Summerlin. "There is a sector of the lawyers out there that have that entrepreneurial spirit, that want to try to build something."

That sector of lawyers is providing Woods Rogers with necessary hires, especially for the firm's cyber and labor and employment practices.

New York-based Schwartz Sladkus Reich Greenberg Atlas is using a similar approach to successfully poach from the Big Law firms.

"The animus behind partners leaving the big firms is rate pressure. Their rates at big firms are becoming so high that the only type of work that can support those rates is the institutional type of clients," Schwartz Sladkus founding partner Jeffrey Schwartz said. "I also think perhaps the partners going to smaller firms allows for a little bit more flexibility in the types of clients they can retain."

As an added reward, the firm is offering salary incentives for partners who bring in big books, according to Schwartz Sladkus founding partner Steven Sladkus.

Specialties and Opportunities

point to both clients and lawyers moving in from other states at an increasing rate.

"We're getting more and more calls from lawyers and other firms in other markets that are looking at Florida as a place where they'd like to base their practice out of and we're glad that others have made the decision to join," Bilzin Sumberg managing partner and CEO Al Dotson said.

But even if there's a stream of lawyers moving down the ladder, Burke said there will always be a place for Big Law, especially for those lawyers handling the big cross-border deals.

"Those really high-end clients on bigger deals, they just don't want to think about it. They just need to know you have an office in London, and they're just as good as your New York one, and just as good as Chicago and just as good as California," Burke said. "The deals are so big and so important that they just don't have any bandwidth to try to price this out and quality test different offices and different partners at different firms."

LAW FIRMS MENTIONED

Bilzin Sumberg Baena Price & Axelrod

Alexander Lugo

Latest Trending

Open My Radar

More from ALM

Legal Speak is a weekly podcast that makes sense of what's happening in the legal industry.

Cybersecurity and Data Privacy Practice

1 minute read

Holwell Shuster & Goldberg Partners Leverage 'Hostile' Witnesses to Secure $101 Million Verdict Against Walmart

1 minute read

Legal Speak at General Counsel Conference Midwest 2024: Mike Andolina, Partner, White & Case

1 minute read

LAW.COM