

The 21st Annual Law Firm COO & CFO FORUM

Partner Talk #1: The Attrition Antidote: Anticipating & Preempting Attrition through People Intelligence



Mark Masson
*Managing Partner &
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LotisBlue



The Attrition Antidote

Anticipating & Preempting Attrition through People Intelligence

We are Lotis Blue



Insight-Powered, Human-centered Consulting

At the intersection of growth and transformation, you'll find Lotis Blue Consulting. We dig deep with personal attention and analytical rigor to uncover, define, and implement the smartest path forward for your organization. In doing so, we transform your most ambitious visions into a clear and sustainable reality.

Who We Work With



Whether in the law, accounting, consulting, or government contracting space, professional services firms need the tools to weather economic cycles and remain agile enough to stay ahead of market disruption. We help your organization overcome barriers to sales growth and achieve your full potential through identifying your challenges and opportunities, creating alignment, and impelling action.



Today's Agenda

- 1 What's at stake
- 2 How to change the approach
- 3 Value it can provide



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LotisBlue 

Addressing talent challenges is a top priority for leaders due to their impact on business results

Firm leaders tell us...

“We want talent metrics to be more data-driven”

“We are struggling to retain our best talent”

“We want to develop the next generation of talent”

“We don’t know what specific actions will make the most impact on talent retention”

”

...which may cost your firm

Up to **\$28M** per associate class

\$200 – 500K per associate

\$20M+ in client churn due to poor client service

The talent challenges in the legal market have proven stubborn over time

Professional Services has the **5th worst industry retention rate** (63.5%)

Big Law **attrition increased from 16% to 27%** from 2019 to 2021

Of those leaving, **>50% went to bigger firms**

<https://news.bloomberglaw.com/health-law-and-business/analysis-are-lawyers-jumping-ship-or-sailing-to-other-firms>
<https://news.bloomberglaw.com/business-and-practice/big-laws-great-resignation-why-i-dont-believe-the-hype>
<https://www.thomsonreuters.com/en-us/posts/legal/forum-spring-2022-attrition-antidote/#:~:text=Effects%20of%20the%20pandemic%20have,figure%20at%2027%25%20in%202021.>

Market pressures, cost of good talent, and uncertainty contribute to a feeling of being lost

- Good talent is hard to find
- The right talent is expensive
- It's difficult to keep talent
- Losing talent is expensive
- It's unclear why they are leaving
- We may be headed for a recession

So, what do we do?

How we think about the problem

Understanding what did not work in the past is a start to changing the way we address these talent issues

Money (alone) is not the answer

- The positive effects of more money do not last, as little as 3 weeks
- Non-cash benefits have similar short-term impacts
- Using economic benefits as the answer increases business risk

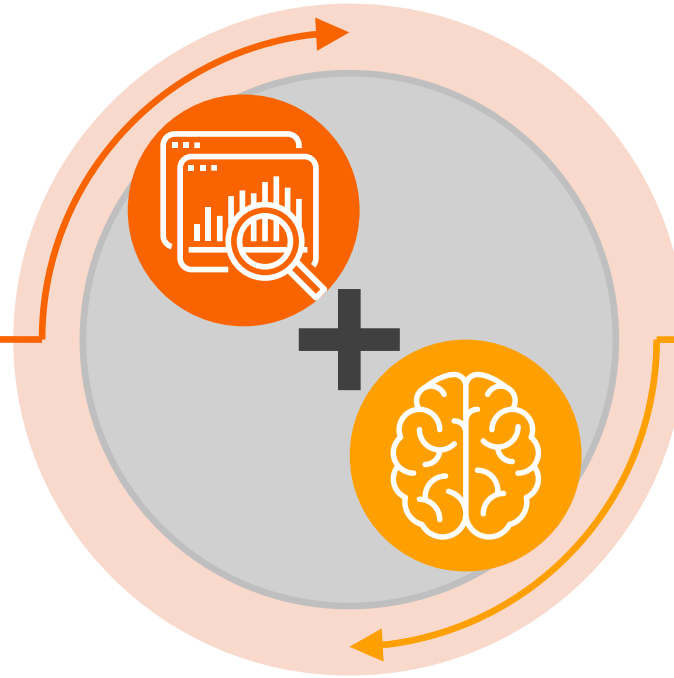
Traditional methods of culture/engagement-building do not work in new working environments

- Annual engagement surveys are too infrequent and subjective
- Managers are unaware (especially in remote environments) who is at risk
- The balance and benefits of remote vs in-person work are unclear

Okay, then what is the answer?

Data-driven Insights

- Data provides facts, not opinions or anecdotes
- Law Firms are rich with relevant data
- Law Firm data provide fresh, constant insights



Behavioral Science

- A clear business case opens the door for new behaviors
- Application of network science to identify attrition drivers
- Motivation and incentives for change

Lotis Blue has built numerous customized analytics solutions across these use cases



	Growth	Financial Management	Client Service	Talent
USE CASE	Client Account Growth Identification	Profitable Pricing & Collections Management	Team Dynamics & Effectiveness	Employee Retention & Development
BUSINESS IMPACT	For large professional services firms, capturing 10% of “growth” client opportunity results in...	Improving pricing and collection of 5% of projects over \$10K in fees can result in...	For large professional services firms, improving team efficiency by 5% results in...	For large professional services firms, improving retaining top performers by 1% results in...
	\$70M+	\$40M+	\$30M+	\$20M+

Business Impact quantified and confirmed from actual client projects and proposals for Top 10-25 AM Law Firms

So, why haven't I heard about this? And why isn't everyone using it?



Messy or Inaccurate Data Sources

- “Our data lacks historical consistency, and our systems aren’t fully integrated”
- “End consumers of analytics don’t have faith that the underlying data is accurate”
- “Our data relies on manual data entry and we can’t be sure of its quality”

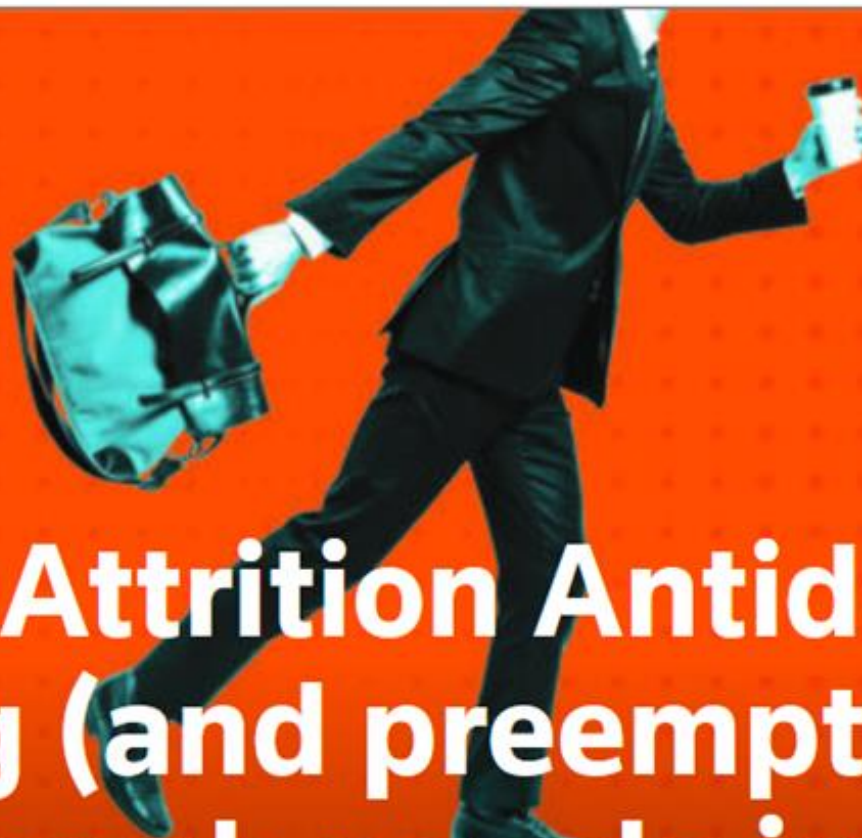
Emerging Analytics Capability

- “Our analytics are reactive to business needs, resulting in redundant reports”
- “We don’t have the data science capabilities to build advanced models”
- “Our models lack business relevance and fail to take practical constraints into account”

Challenges with User Adoption

- “Our business users won’t adopt a new solution – they are stuck in legacy processes and workflows”
- “We have so many reports and dashboards, but none of them are taking off”
- “We don’t have a centralized body to connect analytics to evolving business strategy”

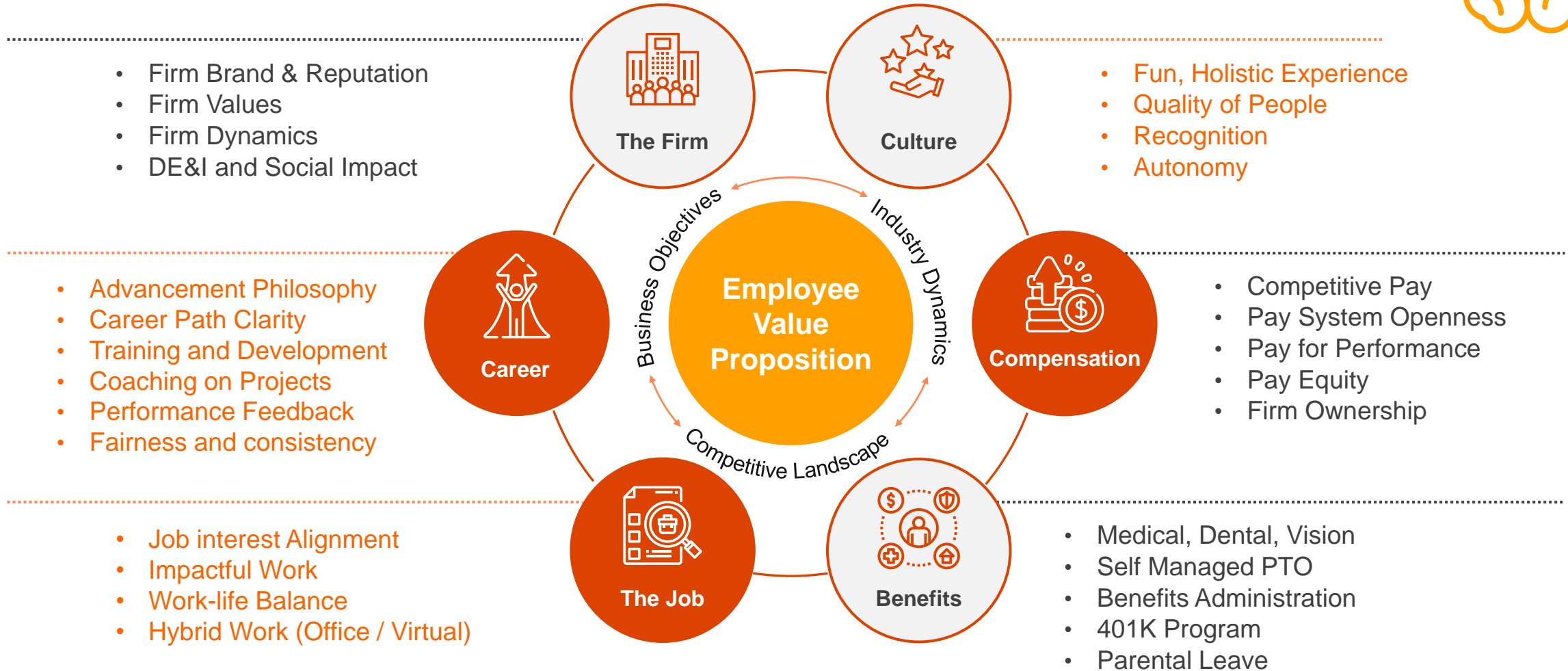
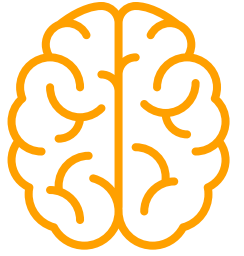
What's possible



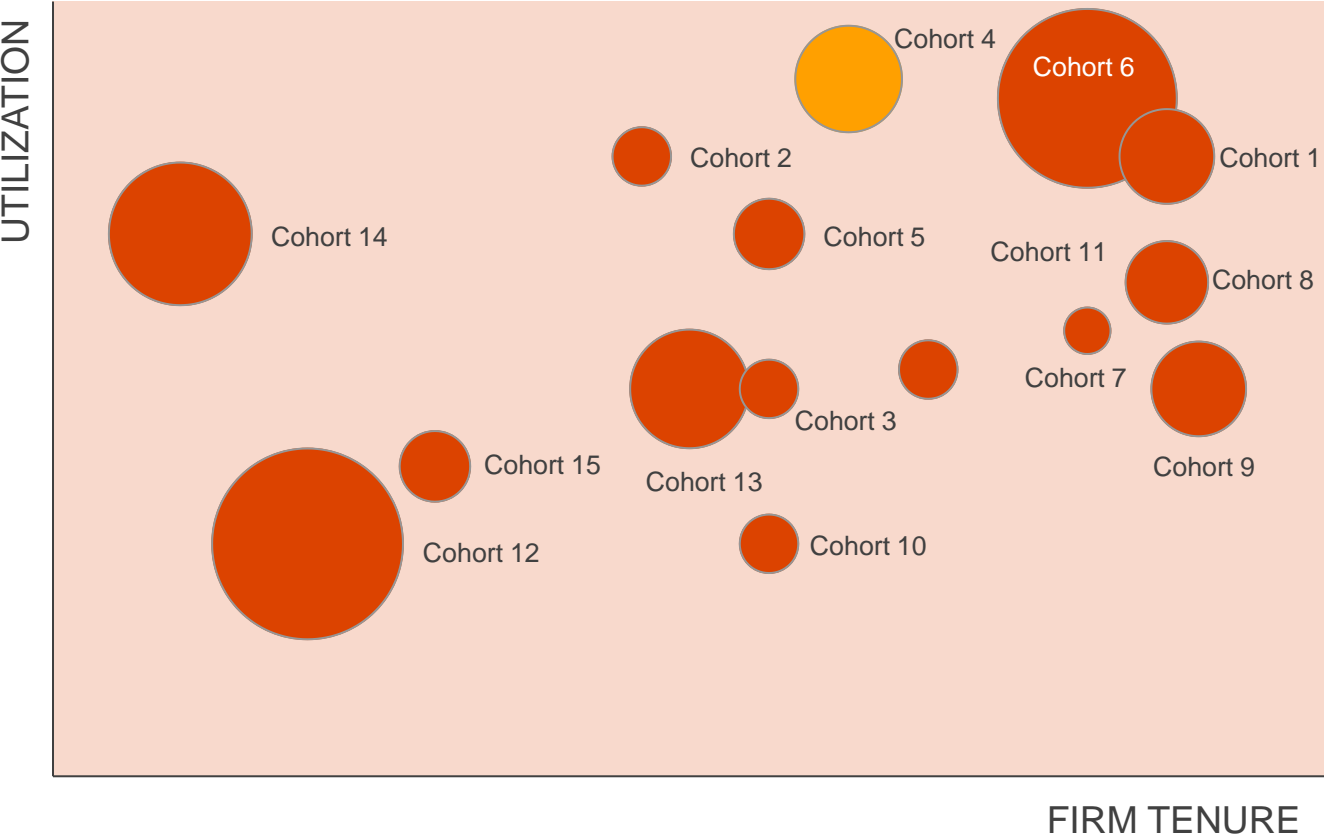
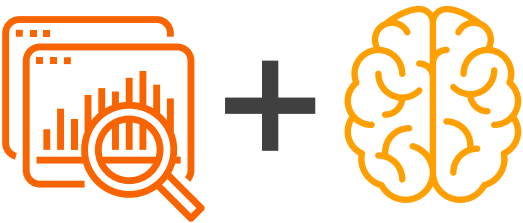
LEGAL DATA & METRICS

Forum: The Attrition Antidote — Anticipating (and preempting) attrition through people intelligence

The Solution Space



Data science, coupled with a deep understanding of law firms and behavioral science, reveals insights on cohorts of individuals



Cohort 4 | Characteristics

Firm Tenure	<div><div></div></div>	12
Years in Industry	<div><div></div></div>	13
Utilization	<div><div></div></div>	95%
Number of Engagements	<div><div></div></div>	8
Number of Clients Served	<div><div></div></div>	23
Performance Rating:	STRONG	Potential Rating: HIGH
Primary Industries Served:		
Banking & Financial Institutions Energy & Natural Resources Healthcare Technology		

The connection between talent and business results at a group level can make big impact

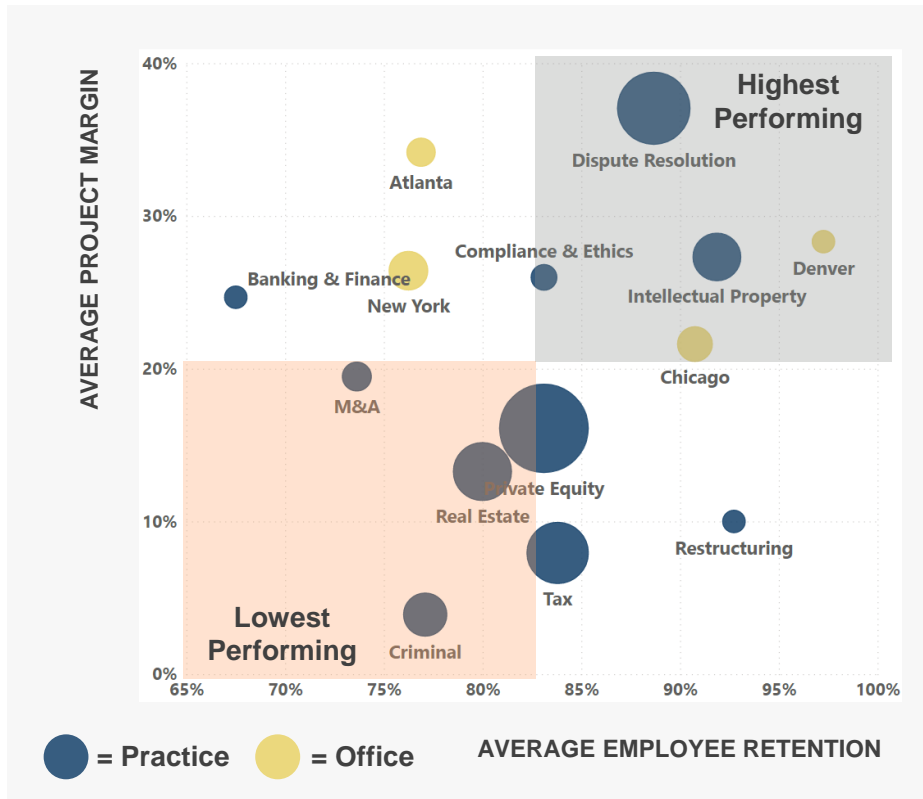
Practice/Office Performance



Talent/Business Correlation

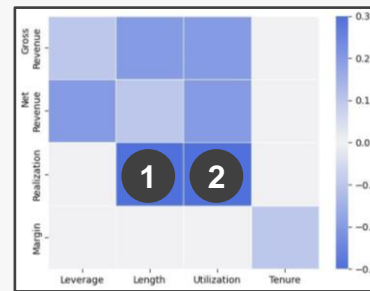


Action Plan

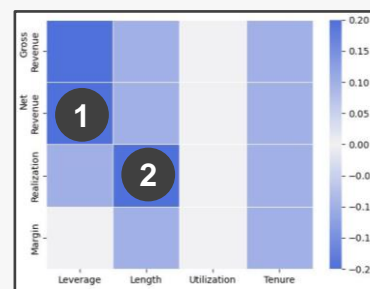


Correlations between talent factors & business impacts

OFFICE: DENVER



PRACTICE: CRIMINAL



OPPORTUNITY 1

Insight

Projects within the practice with **lower-than-expected leverage models** are driving lower profits

Group

Criminal Practice

Priority

High

Business impact

Profitability

Talent Factor(s)

Leverage model

Value

\$5M of lost profit/year

Owner

Practice Leader

Timeline

3-6 months

Next steps

Assess current projects and reallocate associates to balance practice leverage

Extracting data-driven insights about the firm's talent can drive meaningful value for individuals, groups, and the broader firm

Forecasting & Staffing

- Accurately forecast staffing needs
- Inform investment/divestment
- Drive workforce planning decisions

Recruiting & Lateral Hires

- Identify best-fit candidate personas
- Inform university recruiting
- Increase success rates of lateral hires

Workforce of the Future

- Determine skills and capabilities required for “workforce of the future”
- Enable flexible staffing models
- Inform diverse candidate recruiting

EVP, Culture, and Inclusion

- Extract insights on the employee experience
- Inform updated employee value proposition
- Discover opportunities for improving DE&I

InclusivX™

InclusivX uses continuous listening to improve employee experience and improve business results

Our analytics help leaders to...



Identify **at-risk individuals** before they disengage and potentially quit



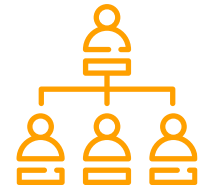
Identify where inclusion, collaboration and team cohesion is being **challenged by hybrid work** and impacting the business



Illuminate inclusion **“blind spots”** for managers and leaders and direct nudges and coaching



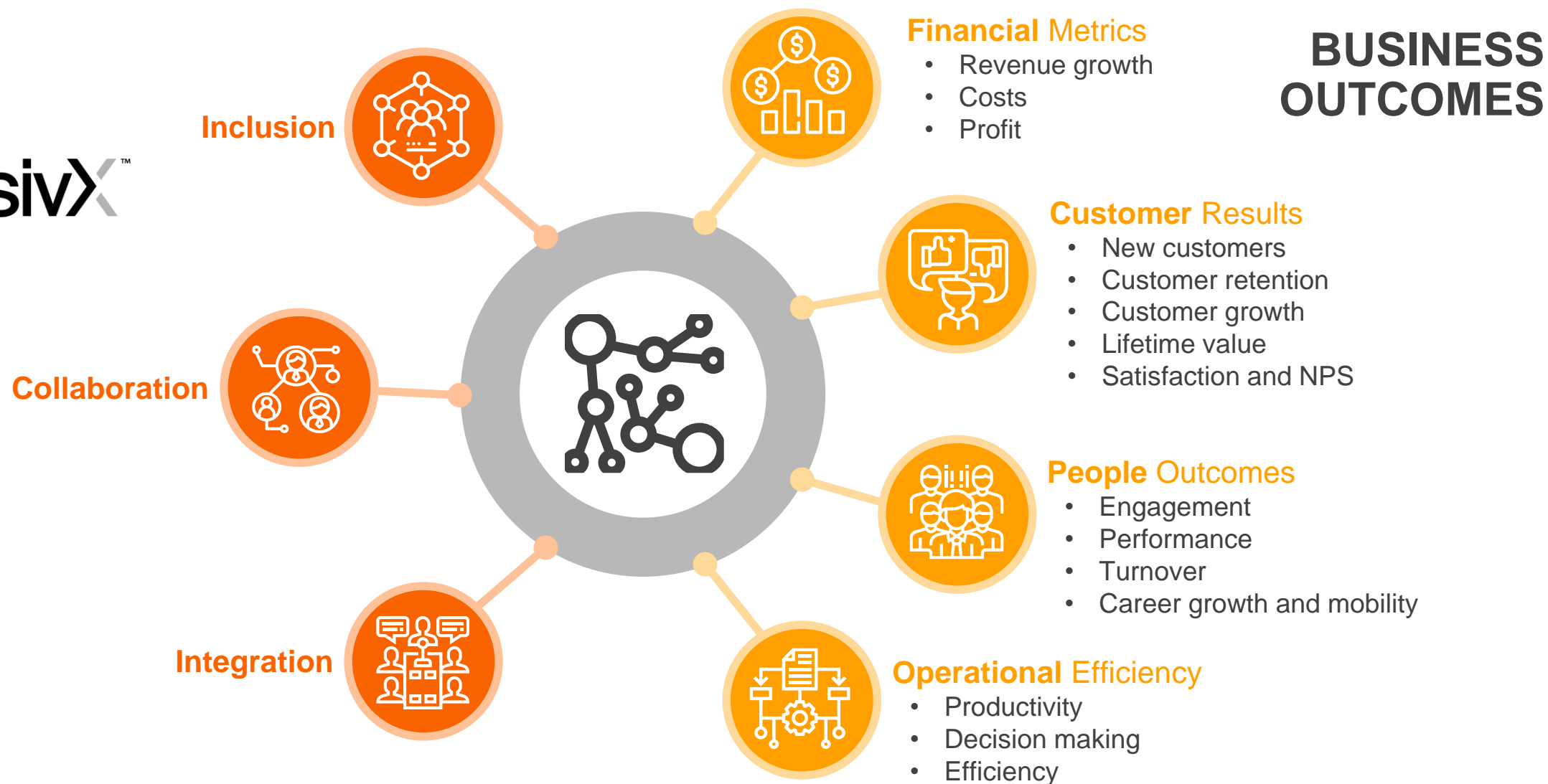
Bring awareness and actionable focus to **teams with dysfunctional behaviors** that undermine cohesion



Highlight opportunities to **reduce silos across the organization** and improve collaboration

We have several use cases linking InclusivX metrics to Business Outcomes

InclusivX™
Metrics



Workplace inclusion underpins a flywheel that directly drives employee and business outcomes



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