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New Associate Hires at Texas Firms Drop 13 Percent

For the third year in a row, Texas' largest firms have brought on fewer first-year associates than they did the prior year. The good news is that, in a return to the pre-recession paradigm, most firms had their new associates start work this fall instead of asking them to defer their start dates.

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It seems like there's a new normal for associate hiring in Texas.

For the third year in a row, Texas' largest firms have brought on fewer first-year associates than they did the previous year. That's presumably because the economy still isn't rocking and rolling enough to make most large Texas firms ramp up new associate hiring.

The good news, however, is that most firms had their new associates start work this fall instead of asking them to defer their start date; that's a return to the pre-recession paradigm.

So, the evidence *Texas Lawyer* collected for the 2011 New Associate Survey suggests firms remain wary of bringing on too many new associates but need those they have hired to be on the job now.

This year, 239 new associates started at 21 of the state's largest firms. That's 13.4 percent fewer than the 276 new associates hired by the same firms a year ago.

Firm management consultant William C. Cobb of Houston expects firms will not return to the first-year associate levels they had before the recession hit in 2008, because clients are more reticent to pay by the hour and to pay for the training of first- and second-year associates. Clients also are more demanding about efficient delivery of legal services, he says.

The old firm leverage model of multiple associates for each partner is a less attractive business model, and firms are less likely to hire more entry-level lawyers, Cobb says. "Firms are asking themselves, 'Can we perform the same level of service with fewer people?'"

Most of this year's new associates were summer associates -- and still in law school -- in 2010. So firms that had smaller summer associate classes last year have fewer full-time new associates in 2011.

"What's interesting is, No. 1, you are seeing smaller summer classes and, No. 2, everybody is saying, 'Yes, we agree things are looking like they're getting better, but we are not going to invest more money right now,'" Cobb says.

At nearly all of the 21 firms with large Texas operations, the new associates are starting work in the fall.

This year, only New York-based Weil, Gotshal & Manges, which has offices in Dallas and Houston, is deferring the start date for all of its new associates until January 2012. In contrast, five of the large firms responding to the survey deferred start dates last year for all or some of their new associates.

But Weil Gotshal will return to a traditional September/October start date next year, says Dallas partner Angela Zambrano, a member of the firm's hiring committee.

The new associates who will start in January 2012 are 2010 and 2011 law school graduates. 2010 grads who [accepted the year-and-a-half deferral were offered \\$75,000 if they worked for a nonprofit in the interim.](#)

Weil Gotshal has seven new Texas associates who will start in January 2012, compared to 11 who started in January 2011. The firm has 116 lawyers in Texas and more than 1,200 firmwide. Zambrano says the firm is watching the market and will augment the class with laterals if needed.

"The business environment right now is volatile," she says.

Hiring partners of at least four firms on the New Associate Survey say they can't say yet whether the number of new associates hired will be enough to handle the workload. Bracewell & Giuliani had to ask its incoming associates to report to the office as early as mid-August, instead of on Oct. 24 as planned, because business picked up during 2011, says Phillip Sampson, co-hiring partner in the firm's Houston office.

"More than half came in before the ordinary starting date of October, both on the business side and in litigation and IP," says Sampson. The firm continues to be busy, particularly in litigation, and has a "targeted search under way right now for lateral associates," he says.

The 429-lawyer firm hired 17 new associates this year compared to 26 in 2010. The decrease is "primarily a result of our having a smaller [2010] summer class," Sampson says.

"We tried to be conservative, with the economy, and also wanted to be able to give a higher percentage of offers" to summer associates, he says. "So we had a more conservative summer class, and that resulted in a more conservative first-year class."

Houston-based Looper Reed & McGraw traditionally allows new associates to select their own start dates, says James "Jamie" Ribman, the hiring shareholder in the firm's Dallas office.

"After they take the bar [exam] I typically tell them to take a month off ... just to decompress a little bit and enjoy the freedom of not having anything hanging over their head for the first time in a long time," Ribman says. "So most generally start in September."

The firm has four new associates this year, compared to three in 2010. "There's been an uptick in business," he says. In fact, the firm has been busy enough to accommodate one student's preference to begin working Aug. 22.

That's when Tara Flume joined the firm's Dallas office as a new associate doing title searches in the oil and gas section. Flume, a May 2011 graduate of Southern Methodist University Dedman School of Law, says she was fortunate to be able to begin her job in August rather than having to wait until mid-September.

"Obviously, I was just out of school and not experienced and not really an attorney yet," Flume says. "I felt very lucky."

Adds Flume, "It's really nice to have some money coming in and not just money going out. Law school is not cheap by any means."

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