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## **In the Slowed Economy, Young Lawyers Are Giving Small Firms a Second Look**

**By Rebecca U. Cho**

Daily Journal Staff Writer

LOS ANGELES - A year and a half after taking on a complex business case, Robert Satterthwaite was elated by a trial judge's tentative ruling in July, awarding his client nearly \$13 million in compensatory damages.

Satterthwaite, an associate, had reason to be pleased. Two years earlier, he had been at a large firm assisting partners on major cases as a part of a team - far from taking the lead role in a case of the magnitude like the one he had just handled.

But, after moving to the 20-attorney Russ August & Kabat in Los Angeles, Satterthwaite immediately began trial work on a matter involving a failed investment project in Malibu. *Elyaszadeh v. Neman*, BC328019 (L.A. Super. Ct., filed January 2005).

"It's virtually unheard of at large firms where a [young] attorney is going to be lead counsel on a commercial litigation matter," said Satterthwaite, who moved to the firm after nearly four years with the 200-attorney Munger, Tolles & Olson. He said he moved seeking more direct responsibility over trials.

The trend is nothing new. Satterthwaite is one of many young attorneys who in recent years have made the transition from big to small firms motivated by a desire for small-firm perks, such as immediate trial experience and a better work-life balance.

What is new, however, is that with the down economy, associates are finding it more difficult to land big-firm jobs. As a result, young lawyers are re-evaluating their options in the smaller-firm market - and sometimes it's paying off.

"People may be discovering smaller firms by necessity more than anything else," said Delia Swan, the founder of Swan Legal Search in Los Angeles. "But maybe this will educate young lawyers that there is this alternative."

According to West's Peer Monitor Index, which measures legal market conditions, associate hirings at firms, both big and small, are down 6 percent from last year, with the biggest factor confronting the legal industry being the "swelling of unproductive associates" at law firms.

Last month, San Francisco's Orrick, Herrington & Sutcliffe laid off 40 lawyers and 35 staff members. Joining several other New York firms cutting costs, White & Case slashed 70 lawyers and 100 staff members from its ranks.

David Corwin, a legal recruiter with The Brunswick Group in Los Angeles, said the demand for his services has switched in recent months from associate to partner placements.

"With the economic downturn, law firms are more hesitant to expand their ranks," Corwin said. "There are fewer positions out there."

He said attorneys are becoming more open-minded to their job options. While he doesn't foresee a significant shift in the number of young attorneys jumping to small firms, he said with the supply of associates outweighing the demand, attorneys are becoming less picky in their job searches.

"At first, when attorneys tread into the waters of new firms, they're optimistic. Oftentimes, when they see how difficult it is to find a firm, they become more concerned," Corwin said. "With that increased concern, there's greater flexibility."

Some boutique firm associates, such as David A. Hatch at Hooper, Lundy & Bookman, are breathing a little easier than their big-firm counterparts.

"Hooper is not as affected by the ebbs and flows of the economy," said Hatch, who joined the 50-attorney firm after four years at Jones Day. "Being a health care firm, people have to get health care no matter what."

But small firms are not immune from the economic downturn and are not necessarily faring better than the big ones. Productivity at law firms nationwide is down 4.5 percent in the third quarter, according to West's Peer Monitor Index report. Those firms emphasizing corporate work or real estate, whether large or small, are suffering.

However, small firms, as a rule, tend to be less vulnerable to market swings because they don't have major clients, which usually use big firms to handle huge financial matters.

"Smaller firms aren't quite as impacted at this point by the economy like some larger firms because they're not quite as involved in some major merger, M&A, banking financing schemes, or securitized loans," said Larry Russ, the managing partner of Russ August & Kabat. "With that particular multimillion dollar business drying up, larger firms tend to feel the heat."

Russ said as big firms and their associates become more realistic and open with each other, he is seeing an increase in lawyer referrals to his small firm directly from the big firms.

"I think associates who have mentors at various larger firms are being more honest about their long-term plans," Russ said. "Associates are being more realistic, but the interchange is going back and forth. Law firms are more honest about associates' prospects about becoming partner."

Top law school graduates also are facing fewer choices than years past and are considering smaller firms, Swan said. They are considering work in less competitive geographic markets, such as Bakersfield, Fresno and Sacramento.

Swan said she hopes young attorneys will benefit from exploring their options during the hard economic times.

"As the economy goes back, they may find they like it [where they are]," she said.

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