

OLD SCHOOL RULES

L.A.'s progressive reputation belies its no-nonsense reality

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With its reputation as a center of creativity and progressive thinking, you might think Southern California as worker-friendly utopia for wage earners. Don't believe it. Productivity still trumps flexibility by a wide margin, according to those who study the marketplace for a living. "The companies that don't practice workplace freedoms are far more numerous than those that do," notes Ruth Milkman a Professor of Sociology and Director of UCLA's Institute of Labor Relations. "Where's the material incentive for family-friendly policies in industries like manufacturing or construction, given the amount of women in their workforces?" Labor relations experts say quality-of-life reforms only happen when the interests of the company and the employees coincide.

Cost pressures

Given those criteria, the stars would have to align to make happiness on the job the top priority for Southern California's hospital industry. "Hospitals get X dollars per admission," notes Neal Maslan, National Practice Leader, Health Care, for Highland Partners search firm, "and they're under intense pressure to cut costs. They can't drive revenues up any more, so the only way left to drop expenditures is through improving productivity." Maslan says virtually no hospital in Los Angeles County is immune to the sledgehammer of workplace productivity. "Public or private, it doesn't matter," he notes. "They're taking care of more patients with less time and staff. Creativity is the last thing you'll see in that sector of health care." When it comes to productivity demands, few sectors can top the legal industry. Insiders say large bi-coastal firms such as Quinn Emmanuel Urquhart Oliver & Hedges, LLP may espouse a hip, creative vibe in their office, where you can't tell the partners from the mailroom guys. But the corporate litigation

specialists push employees to strive for up to 2,400 billable hours per year, or a 70-hour workweek. Firms such as Munger Tolles & Olson LLP, Orrick, Herrington & Sutcliffe, LLP, and Kirkland & Ellis LLP, have made 1,900 to 2,100 billable hours an industry standard while fostering a more traditional, button-down culture that matches their client list. **Delia Swan**, of **Swan Legal Search** in West Los Angeles, says there's a paradigm shift going on that's bewildering to old-line legal companies. "Eighty percent of our practice is placing junior level associates," **Swan** explains, "and these young lawyers are coming into the workplace keenly aware of, and, in fact, demanding a work/life balance." **Swan**, who gave up her job with a Century City law firm to spend more time with her children, says work-life issues like flex time or reduced hours are key for junior attorneys because the chance to become an equity partner is slimmer than ever.

"They've rolled up the partnership ladder at so many firms that we estimate about 75 percent of associates will never make the equity ranks," **Swan** notes. "The numbers are even tougher if you're just talking women lawyers. Around 50 percent of your entering class are women but less than 12 percent make partner." Larry Watanabe, principal of San Diego-based Watanabe Nason, says another sign of the times is that partners often haul a bigger workload than junior associates due to economic pressures to sustain a "book" of clients for the firm. "Quality of life issues never come up when you're placing partners who can import a \$2 million practice," Watanabe says. "These are not 12-year lawyers starting a family; profitability and viability are all that matter to them and the firm." The rush toward productivity has even caused some companies, indeed entire industries, to reinvent their workplaces. If not for Wal-Mart's notoriously

hardball policies, Southern California's grocery industry might still be a haven for work-life benefits. "Before the strike and lockout in 2003 and 2004," explains Rick Icaza, President of United Food and Commercial Workers Union, Local 770, "the grocery industry paid 100 percent of benefits for its nearly 80,000 members. Dental, vision, health, pension, dependents coverage, five weeks of vacation time, you name it. It was an industry envied by every union in the state."

The Wal-Mart factor

Not any more. Of the 38,000 new hires since the four-and-a-half-month labor dispute, only 2,000 members have health care. Fixed benefit plans, renegotiated since the strike, have removed the obligation of grocery firms to contribute funds concurrent with inflation and the rising costs of health care. "They had to be competitive with Wal-Mart," explains Icaza. "The largest company in the world pays minimum wage, offers no pension and covers one-third of their workers with medical care." Even though the majority of Icaza's 29,000 members are under 30, if he brings up on-site day care or flex time now, "the food chains just laugh at me," he said. "They've done a 180 in terms of quality of life in the workplace." Ralphs Grocery, a unit of Kroger Co., is not likely to get creative anytime soon. The chain recently negotiated a plea agreement on federal felony charges of using fake names and Social Security number to rehire 1,000 employees during the lockout. "Ninety-nine percent of the people in this workplace still punch a timecard, and employers have an absolute right to scheduling," Icaza said. "That means in a 24-hour, seven-day industry, you're working nights and weekends. If you don't make the schedule they set, you're gone."