



California Lawyers Association

presents

The Successful Law Firm and Its Healthy Ecosystem: The Confluence of Strategy,
Operations, Technology, and Total Rewards

1.25 Hours MCLE

Saturday, September 23, 2023

10:00 AM - 11:15 AM

Speakers:

Angel Casarez

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Conference Reference Materials

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The Successful Law Firm & Its Healthy Ecosystem

The convergence of strategy, operations, people, & technology

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Corey Castillo
COO
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Employee Benefits
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Founder & CEO
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Angel Casarez
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WC Law Corp



Joshua Driskell
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Which type of law firm excites you more?

- A. The growing law firm** that is intentional about expanding its footprint in California and beyond
- B. The steady law firm** that does not have deliberate plans to become a larger firm, but if growth happens, great!
- C. Undecided on A & B:** I'm hoping this panel will convince me one way or the other!



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Rank topics most beneficial to you (in order)
for growing a healthy law firm:

- Funding/Financing - for future growth
- Organic Growth VS M&A
- Operations / Systems
- Defining Roles & Responsibilities as firm scales
- Recruiting, Compensation & Equity Ownership
- Maintaining a healthy firm culture
- Technology



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Benefits Trends Heading Into 2024

By: Jared Little, Bolton Insurance, Vice-Chair CLA Law Practice Management Section

Employee Benefits are not a one size fits all model—particularly with Law Firms. The approach to benefits offerings varies based on type of firm—plaintiff, defense, transactional, type of litigation, size of firm, etc. Overall benefits can cost a law firm anywhere from hundreds of thousands of dollars a year to well into the millions of dollars. There are benefit strategies that are better suited for smaller firms, others for firms that are scaling quickly and, likewise, more creative approaches for upper middle market law firms with 500+ employees (i.e. self-funded vs fully insured plans, etc.). The diverse needs of the equity partner population and their legal support staff must also be weighed in that strategy. Regardless of the size of your firm, benefits matter a great deal.

Here are 3 key benefits trends to consider as your law firm grows and scales, the economy ebbs and flows, and the needs and expectations of your diverse legal workforce evolve.

Affordability—inflation and rising healthcare costs

Healthcare costs are on the rise. Inflation and the cost of the several-year-long Covid Pandemic on our hospital systems have now made their way into medical insurance premiums. A recent article in the Wall Street Journal stated, “Health-insurance costs are climbing at the steepest rate in years, with some projecting the biggest increase in more than a decade will wallop businesses and their workers in 2024.”¹ The article goes on to show that medical rate increases are surging to around 6.5% over current premium. This is on par with what we are seeing at Bolton. Bolton’s internal data as of Q3 2023 reflects that medical renewals are coming in around 14% with final negotiated rates settling in at around 7%. This is up from around 5% last year!

Forward thinking law firm leaders will need to prepare for this oncoming financial increase to their employer sponsored plans. This presents HR teams and equity partners with a chance to engage in thoughtful and strategic deliberations. Who should bear the brunt of the increased financial responsibility? Should it be borne by the firm, shared among the employees, or a combination of both? This consideration allows for the creation of a fair and balanced approach. Furthermore, it's worth acknowledging that some law firms currently offer incredibly generous benefits packages. While this is commendable—even necessary to retain talent, it's also prudent to assess the sustainability of such benefits over the next 3 to 5 years. Is it time to reevaluate plan design, premium contribution structure, funding options, and/or medical carriers? Referencing Bolton’s Q3 data again, around 6% of our clients have changed carriers this quarter (i.e. Anthem→UnitedHealthcare). Changing medical/ancillary carriers can be financially beneficial to the firm but can also lead to some disruption for your employees. Are

¹ Matthews, Anna Wilde, “Health-Insurance Costs are Taking Biggest Jumps in Years,” *Wall Street Journal*, September 7, 2023, https://www.wsj.com/health/healthcare/health-insurance-cost-increase-5b35ead7?mod=hp_lead_pos5.



your employees' current doctor or dentist In OR Out-of-Network with the new carrier? Is their child's prescription drug covered? The cost savings may be worth the carrier change but be smart about your employee communications around this and prepare accordingly. One thing is certain, employee loyalty is directly correlated to the richness of a firm's benefits package.² Work closely with your broker to carve out a path that is best for your firm's bottom dollar and your employees diverse needs.

Multi-Generational Workforce

Most law firms have five generations in their workforce ranging from 25—75 years old, each with different needs. This is an opportunity! Provide age and stage benefits. It's likely your competitors are doing this. The Patient Protection and Affordable Care Act (better known as the ACA) became law in 2010. Thirteen years later your diverse employee workforce has matured to expect more than the two major pillars of the benefits world—which are Medical Insurance and a 401K match. A strong benefits package thinks of the life of your employees *between* these two pillars—in and outside of work. A perfect example is Pet Insurance. While Pet Insurance is trivial for some, it is a value to your employees that love their furry friend and interact with the pet daily. Another example would be benefits that safeguard your employees' home—such as Long Term Disability OR Cancer Insurance. These protect the income of employees in the off chance he/she were unable to work or get sick, yet still be able to provide for their family. What these offerings communicate to a non-homogeneous workforce is that you as the employer care about the employee at every stage of their life and income level.

This begs the question; how do you know what your employees want OR need? I always suggest a survey—what we at Bolton like to call the “Voice of the Employee.” Done right, you'll hear from the employees directly! In addition to the survey, one of my favorite offerings that we provide clients is a proprietary demographic analysis that analyzes the sex, salary, length of service, age and benefit enrollments activity of their employee population. The analysis even gives insights into social determinants such as benefits affordability based on employee zip codes across the country. We can cross-reference the data to make objective decisions on what additional benefits employee populations would be interested in. For example, if 20% of a clients' employee population has been with the firm for twenty plus years and the other 80% of the employee population only five years or less then the data represents that focusing on benefit offerings that lead to longer retention would be advantageous to the firm. If Gen X makes up 40% of your employee population, then it would behoove your firm to focus on stability benefits like the two pillars (401K match, rich medical plans) while also offering student loan assistance (for children), caretaker benefits, work-life balance, etc. Millinials and Baby Boomers have their own diverse needs as well. What is exciting is that law firms have the opportunity to meet their heterogenous workforce's needs with little to no additional spending (i.e. Medicare education, clear career advancement track) OR very targeted spend (i.e. family planning benefits).

² MetLife's 20th Annual U.S. Employee Benefits Trends Study 2022, “The Rise Of the Whole Employee: 20 Years of Change in the Employer–Employee Dynamics,” 2022, <https://www.metlife.com/employee-benefit-trends/2022-employee-benefit-trends>



Creativity wins the day!

Even as healthcare expenses continue to increase and your firm's multi-generational workforce anticipates a wide range of benefit choices, your law firm *can* maintain its competitiveness in a financial climate where resources are limited.

One law firm I collaborated with decided that for them to remain competitive they needed to cover more of the medical/dental/vision premiums for their legal support staff (and their dependents) who are compensated less than their attorneys. The firm has what I would call a culture of appreciation. Their high earners pitch in more on their pretax premium deductions so that the firm can invest more in their non-attorney's benefit plan premiums—which also happened to be mostly women.

In a similar vein, another firm determined that Long-Term Disability (LTD) and Employer-Sponsored Life Insurance were not critical for their workforce. Instead, they chose to enhance medical plans by adding coverage for infertility (INF), recognizing its value for the 60% of their employees who are women between the ages of 25 and 40. This forward-thinking approach demonstrates their commitment to addressing the unique needs of their workforce.

Another option is to consider alternative funding options. Law firms have options on how they spend for benefits, especially as they grow. Firms can drive employees to High Deductible Health Plans (HDHP) that are cheaper than the super-rich (and expensive) PPO's while also contributing \$500, \$1,000 or \$2,000 etc. to the employees' HSA. Another option is providing a less rich and less expensive medical plan but offsetting it with an employer funded Health Reimbursement Account (HRA). The HRA serves as a valuable resource for employees to cover eligible medical expenses such as copay or coinsurance on the company dime, thereby striking a balance between cost containment for the firm and providing affordable healthcare access for your employees. In essence, the HRA prevents firms from over insuring their people—which is expensive.

Finally, a rich employee experience can be rounded out by implementing a creative wellness program. Law firms with 101+ employees (Large Group Market) can often receive medical carrier dollars (i.e. \$5K from Anthem) to put toward wellness initiatives. But not everything costs money. Numerous vendors and professionals are eager to engage with your employees and provide their expertise at no cost. Give them access! Wellness endeavors that consistently capture employees' interest and engagement include financial wellness, mental health, life coaching, effective time management, company-sponsored fitness fundraisers (e.g., a 5K Fun Run), Medicare education, EAP webinars, lunch & learns, quarterly work half-days focusing on R&R, healthy food cook-offs, and more. Infuse an element of enjoyment into benefit initiatives to make them truly engaging and beneficial.



Jared Little is a benefits broker with Bolton Insurance *an IMA Company*. He focuses on effective benefits strategies for law firms to attract and retain talent. He is the incoming Chair of CLA's 2023-2024 Law Practice Management & Technology Section. In addition to benefits consulting he facilitates the Law Partner Advisory Forum (LPAF) for Equity Partners and C-Suite Leaders of middle market law firms in CA focusing on efficient law firm management. Prior to Bolton Jared was a legal recruiter with Robert Half. You can reach Jared at jlittle@boltonco.com

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Unseen Champions: Hiring for Long-Term Success

“In the current talent war, many law firms are hunting for talent with a focus on traditional “industry experience” and prestigious educational backgrounds as familiar criteria in their candidate search process. But what if law firms are missing high value talent — on both the legal and administrative side — that may be right under their nose?”

By: Dr. Corey Castillo, COO, Lagerlof LLP

The talent war is raging — or, at least, that’s what the popular narrative seems to be in the current market. As organizations scurry to attract, secure, and retain high value talent, candidates seem to find themselves with plenty of employment options to select from. In this scurry for talent, many organizations tend to throw everything and the kitchen sink at talent segments they believe their competitors are also fighting for. This approach ultimately results in a race to simply get talent in the door regardless of the long-term performance. Law firms are no different. Many law firms are hunting for talent with a focus on traditional “industry experience” and prestigious educational backgrounds as familiar criteria in their candidate search process. But what if law firms are missing high value talent on both the legal and administrative side — that may be right under their nose?

While common interest in candidates with industry experience and educational prestige are both very relevant and important factors to consider in any law firm’s recruitment efforts, they are not exclusively definitive criteria for long-term success. Depending on a variety of factors (hiring urgency, organizational culture, budget, certifications, internal training, succession plans, etc.), other talent assets may be just as, if not more, crucial in hiring for long-term success. Separate from industry experience and educational prestige, there are plenty of valuable talent assets often overlooked among high potential candidates — among Unseen Champions.

While there are a variety of alternative talent assets firms may consider as part of their talent search strategy, there are two that are missed far more than they should be. These are: 1) interpersonal excellence, often found in candidates with a Story of Service; and 2) a proclivity for long-term commitment, often found in candidates willing to honor an Investment In Loyalty. Both of these alternative talent assets are highly recommended as criteria to consider — not for the simple sake of capturing untapped talent “just because” but as part of a larger strategy focused on long-term firm success and ROI on talent. If law firms choose to incorporate these two candidate qualities as criteria within their recruitment operation, they will find themselves competing in the talent war far better than ever before. Here’s why:

- 1) **A Story of Service:** Every team member, within any organization, must interact with people whether internally (with other employees) or externally (with clients and vendors). That interaction, and the communication therein, is a major determinant of that individual’s performance, as it defines the impact and efficiency of the experience others will have in working with him or her. For this reason, interpersonal acuity is a major value in hiring for long term success. So, this begs the question; Where might I search for talent with high interpersonal acuity? **The Answer:** Candidates with direct service backgrounds. For example, consider a candidate with five years of experience in a coffee shop — interacting with 500+ customers each day, yelling about their order for a “double blended mocha latte with sprinkles” — compared to a candidate with little-to-no experience in interacting with people but who notes a 3.9 GPA,

from a reputable university, on their resume. While the second candidate might demonstrate proficient application of learning, the first candidate might be more equipped to foster team collaboration based on interpersonal experience in dealing with multiple personality types throughout various scenarios. All factors considered, which one is more likely to provide a high value service when it comes to interacting with others?

- 2) **An Investment In Loyalty:** Every team member will ultimately either work based on commitment (to their organization, their supervisor, their team) or based on compliance (to the demands of their role). Commitment is always a greater resource than compliance in this respect, but it is based on a foundation of reciprocated loyalty. So, this begs the question; How can I secure loyalty within my recruitment efforts? **The Answer:** Candidates with high appreciation trajectory. For example, consider a candidate that meets minimum qualifications – but is rapidly developing, demonstrating a trajectory of growth, whether linear or multidimensional – compared to a candidate that is extensively qualified (“has extensive role specific experience”) as a plug-and-play team member but with less of a growth trajectory. While the second candidate might be more immediately impactful, the first candidate might be hungrier for a chance to take on more and, therefore, might predicate a greater value on commitment to anyone willing to offer that chance (especially with paths for internal succession). All factors considered, which one is more likely to push for growth based on loyalty?

While the above recommended candidate qualities are not the “end all, be all” of talent assessment, they are highly valuable characteristics often overlooked. While most law firms continue betting on the standard candidate profiles they’ve targeted in the past, other, more dynamic, firms may enhance their competitive advantage by broadening their talent interests. In doing so, by targeting Unseen Champions with a Story of Service and an Investment in Loyalty, below are a few simple adjustments they may consider in their talent search efforts.

1. **A Story of Service:** Before interviewing, recruit candidates with experience in direct service roles with exposure to high volumes of human interaction (in which performance was dependent on interpersonal skill). For example, firms may consider candidates with past jobs ranging from a Front Desk Attendee at a gym to a Shift Leader at a coffee shop and everything in between. While interviewing, ask questions directed towards understanding the candidate’s personal service style. Examples include:
 - Question 1: How would you describe your personal approach to serving others (colleagues and clients included)?
 - Question 2: Can you share an example of a time when you’ve successfully applied this personal approach?
 - Question 3: How do you help others grow their ability to serve others in the way you have?
2. **An Investment In Loyalty:** Before interviewing, consider targeting candidates one level below the open role, as opposed to only targeting candidates already at the level of the open role. For example, firms may consider manager-level candidates (with a track record of growth) while recruiting for a director-level role. While interviewing, ask questions directed towards gauging the candidate’s growth potential and personal motivation. Examples include:

- Question 1: How do you manage your individual development?
- Question 2: What do you consider to be the next area of growth in your career? And, why?
- Question 3: Why is this area of growth important to you?

So, as the talent war continues, the gap between successful firms and unsuccessful firms may very well widen as some stick to the same old play while others pilot new recruitment strategies. Time will tell.



Dr. Corey Castillo is Lagerlof, LLP's Chief Operating Officer. He is a Business Strategist and Executive Coach with proven results in organizational optimization, strategic development, and revenue enhancement across multiple industries. Corey has successfully taken an interdisciplinary approach to aligning "people and processes" to deliver value-based, scalable, and sustainable business growth. He can be reached at ccastillo@lagerlof.com.