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'Layoff grinch' winning the day

Karen Sloan / Staff reporter

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Will Santa be delivering a pink slip this holiday season?

That's a question many law firm associates are no doubt asking, as job cuts at major law firms have cast a pall over the legal industry.

In the past, the corporate world considered dumping employees during the holiday period between Thanksgiving and Christmas a move worthy of the Grinch. But the weak economy means that traditional holiday niceties may be sidelined as harsh financial realities take precedent.

"In this economy, anything goes," said Lisa Aldisert, a management consultant in New York who works with law firms and other businesses. "In the past, I think companies would delay layoffs at the end of the year, and there still may be companies that think that way. But this year is different. There is a lot of fear in the executive ranks at law firms."

A clean slate

Jon Lindsey, a partner at legal recruiting firm Major, Lindsey & Africa, expects to see some attorneys laid off in December. That's partly because firms may want to keep all their layoff expenses on their 2008 books instead of having those costs bleed into 2009.

"They can start the new year with a clean slate and put the expense of severance on the 2008 books," Lindsey said. "Some firms have decided that's the way to go, because 2008 will be bad anyway. They are hoping that 2009 will be better."

A client advisory from Hildebrandt International issued in late October recommended that firms lay off employees in 2008 in order to have a stronger start to 2009. James Jones, a vice president of Hildebrandt International, thinks most firms are finished showing workers the door in 2008.

Since many firms continue to pay laid-off employees for several weeks after they are let go, it makes sense to wrap up layoffs in November so their period of pay doesn't creep into 2009, he said.

"My hunch is that most firms that will do layoffs have done them already," Jones said. "It's just kind of lousy to lay people off before Christmas, and also I think there is that logistical issue."

Indeed, November saw numerous law firm layoffs. In the first half of the month, White & Case laid off 70 associates and counsel and about 90 staffers, while Orrick, Herrington & Sutcliffe let go of 40 attorneys and 35 staff members. Then, in the week prior to Thanksgiving, Mayer Brown; Brown Rudnick; and Squire, Sanders & Dempsey each laid off attorneys and staff.

And last week, DLA Piper said that it was looking at eliminating as many as 40 positions in its U.K. offices. Reed Smith also announced to employees that it was laying off about 115 staff members, followed by Proskauer Rose's decision to cut about 35 associates and 25 staffers.

"There's no good time to do it," said Reed Smith global managing partner Gregory B. Jordan. "Once it became clear that this was the prudent thing to do, we thought we should get on with it."