

Make Lateral Partner Hiring a Successful Investment

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[Recent surveys](#) indicate that most firms will continue to hire lateral partners or small groups of partners as their primary approach to growth and expansion. To qualify for consideration, the majority of these hires will have to have a portable book of business of at least one million dollars and typically, the promise of much more. Partners looking to move do so for a variety of reasons: more money, the opportunity to lead a practice area or new office, to address major conflict issues, and/or to find a more reasonable billing rate structure for their clients.

Despite being the growth-strategy-of-choice, many firms still fail at successfully recruiting and integrating lateral partners. This is extremely expensive for firms on a number of fronts. For a partner whose compensation is \$600,000 for example, the direct and indirect costs of this hire including interviewing time, headhunter fees and start-up expenses for flights to meet other partners, clients and prospects easily totals another \$600,000. In addition to real costs, there are other potential risks and damages to reputation of the firm or the lateral, loss of credibility with clients and in the press, and frustration among existing partners who may have introduced the lateral to their coveted client relationships.

January is usually a prime month for lateral movement (after year-end profits and bonuses have been meted out.) It would be wise to focus on improving the effectiveness of firm lateral hiring and integration efforts now to improve the probability of success. What follows are some important steps to improve this process:

- **Be strategic, not reactive.** It is surprising how many firms still put out the call to headhunters to request any and all resumes of partners with million dollar books of business, regardless of practice niche or other criteria. Even firms that don't proactively contact headhunters, much of the lateral hiring process results from reacting to calls and resumes sent by executive search firms. Instead, firms need to have a deliberate plan for the office or practice group it wants to grow. The decision to hire a partner or several lawyers should result from the identification of a need or opportunity (confirmed through clients and through other market research), especially if not having that skill set will limit a firm's ability to retain or expand an existing client. The last thing firms should do is expand to a new market because every other firm is doing so or because they assume there is an opportunity, although unfortunately, many firms still do this.
- **Define the business case and a realistic candidate profile.** Once a firm is clear on the rationale for and decision to hire, it should develop a compelling proposal that will be used by and shared with many key audiences: first with the partners in the particular practice group or office (and later with all partners and the media,) second with the search consultants to be contacted about the search and third, with the lateral candidates themselves. For this reason, the firm's leadership should be clear about how this lateral (or group) will fulfill a specific part of the firm's strategic plan and what the firm will do to support the new partner. At the same time, the firm should carefully craft an ideal profile of the type of candidates it seeks to attract, and also what its expectations will be of the partner in order to ensure success. Having a substantial book of business tends to be what is most attractive to firms. Firms are not always careful or thorough about delving into specifics about how realistic the projections for bring the revenue to the new firm will be. There are many, many stories of "broken promises" where major books of business were quoted but often less than half of the business actually materializes. In addition to the promise of

revenue, there are other critical factors that contribute to success or failure, for example, personality and work styles, prior firms' cultures (collaborative versus silo,) personal motivators and values (if driven solely by money, it is likely they will be enticed elsewhere,) etc.

- **Work in partnership with the search consultant.** Once you have developed the profile of the ideal candidate, share this and the business case with your preferred search consultant to garner feedback. You are marketing the firm and the opportunity to the search consultants as well as to the laterals. A search consultant should provide you with feedback on your proposed compensation and benefits proposal as well as what your lateral process entails that might impede your success.
- **Review and refine the way you conduct lateral partner recruiting.** Assign the primary job of developing the business case and candidate profile to the partner who leads the office, practice group or initiative. (This same person should also be held accountable for successfully integrating new lateral partners.) Look at the steps in your interview and decision-making process and the timeline to make sure your interviewers are getting critical information at each stage. Typically, there are three stages to the interview process:
 - The first round focuses on the lateral candidate's practice, clients, personality and values, preliminary expectations of compensation as well as best guesses about which clients might pose conflicts or resistance to moving.
 - The second round will delve more deeply into compatibility of the partner with the firm's culture and leadership style, the motivations for moving to a new firm, the potential to sell the lateral's skills to other clients in the firm, and the initial reactions of key partners in the firm as to potential "fit."
 - The final round usually comprises a blend of negotiating and selling in order to bring the lateral and the firm both to the conclusion that this is a great fit and one that stands to benefit both.

At various stages along the way, the firm should perform additional due diligence. While sometimes difficult to obtain or considered professionally embarrassing, firms should still conduct background checks on health, criminal, financial, professional certification, current partner agreements, and also less formally, opinions of peers and clients (if feasible.)

- **Invest in the effective integration of the lateral.** Firms still assume too often that lateral partners who have been successful at other firms and bring with them a portfolio of clients can be shown their new office, given a brief administrative orientation and then left alone to bring clients and new business into their new firm. As stated before, hiring laterals is expensive. Often, even in cases where firms do a good job of being strategic and successfully hiring laterals, poor integration processes result in failure. Some tips for effectively integrating new laterals:
 - Get off on the right foot with careful and positive internal communication to all lawyers and staff. As soon as the lateral has communicated with his/her partners and clients, then release information to partners and others, the firm's clients and the media. (The worst thing a firm can do is have partners find out about new laterals through the press first.)
 - Designate the partner ultimately responsible for the lateral's successful integration (usually the practice group leader or office head.) Tie success or failure to a portion of that individual's compensation. The Executive Committee should ask for a monthly progress report for the first six months and a quarterly report for the next four quarters. This individual should spend time "pre-selling" the lateral to other partners to identify opportunities, commitments for client introductions, etc. Careful consideration should be given to office location in order to facilitate collaboration with other key partners.
 - Don't scrimp on orientating the new lateral. Every firm has different billing processes, conflict procedures, time and document management systems, approval protocols, cultural norms, and many are large enough that access to an intranet will be too overwhelming as the only resource to learn about capabilities, key rainmakers and players, key firm initiatives, important meetings and events, etc. If the lateral is not bringing a former executive assistant with him/her, assign a well-seasoned, well-organized and well-respected assistant.
 - Assign someone from the senior administrative management team to help support the integration process. This most often will be someone whose job is professional development, lateral partner hiring, legal personnel, and/or business development. This individual or team will help devise a 12-month plan, focusing especially on the first 100 days and will include:
 - Lateral's communication with and visits to lateral's clients
 - Internal marketing and integration, including visits to other offices
 - Partner introductions to firm clients/cross-selling

- Media and external visibility (speaking at key conferences, article placement, getting quoted – connecting the lateral's name to the firm)
- **Look and commit beyond the short-term.** Most firms start evaluating whether a lateral has been successful at the six month mark. Some even provide for only a one year "contract." This is far too small a window since it requires eighteen to twenty-four months for most laterals to gain real traction in a new firm. While the firm should provide the most significant support in the first six months, the mentoring, support and review should continue for the first two years in order to get the most out this investment.

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