

Law Firm Administration A Special Report

Matches Made in Heaven

Bringing in lateral partners requires research, planning, and extra care.



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Firms continue to hire lateral partners in record numbers, and on the heels of end-of-the-year compensation and bonus discussions, scores of individual or small groups of partners will begin the search for greener pastures. Though some of these combinations work well, not surprisingly, there are many unsuccessful matches.

What went wrong? Firms that fail to attract or keep laterals may lack a coherent business strategy, neglect to carefully investigate candidates, or fail to plan an organized integration program with articulated and shared expectations. The laterals themselves are sometimes the source of the failure when they neglect to obtain necessary information about a firm's goals, culture, clients, and opportunities.

These can be costly missteps. It is expensive to hire, integrate, and market a lateral partner. For example, a partner with a salary of \$500,000 will cost a firm at least \$500,000 more in partners' and administrators' time, headhunter fees, office and support costs, and initial marketing (such as receptions, announcements, travel time, and expenses for offices).

There are other "costs" associated with failed lateral acquisitions. Failures jeopardize the firm's credibility with clients and can disrupt relationships between partners and clients. A constant revolving door creates negative impressions among business leaders, other lawyers, potential recruits, referral sources, and the media. Repeated failed lateral acquisitions can create internal friction, as partners question the management team's effectiveness and become increasingly reluctant to introduce laterals to their clients fearing that a lateral might leave and, in a worst-case scenario, lure the client away, as well.

That's why it's so important to develop an effective lateral program. There are three components to developing an effective lateral-partner program: recruiting, integration, and marketing.

Recruitment should be deliberate and strategic. Firm management must determine and substantiate a need in a niche, a geo-

graphic market, or an industry where the lack of expertise threatens the firm's ability to retain clients or limits the firm's ability to fully serve existing clients. Firms too often hire laterally without sound analysis. The lateral may be prominent, with a lofty title or high visibility; a headhunter may call with a "great candidate" not in a strategic area of growth; another partner might have a friend who is looking; or the firm may regret having to refer a type of business out and believe that hiring a lateral will allow it to retain that work.

The first step in effective lateral hiring occurs long before the recruitment process, when firms devise strategic plans with clear and measurable goals for each department, practice group, industry group, and office in the firm. The decision to hire a lateral partner or group has then been identified as a strategy that will help the group, office, or firm achieve an articulated goal. So first define the "ideal" candidate. Discuss your intent with a few key clients and referral sources to solicit their feedback on the concept and perhaps to even float some names or desired skill sets by them.

Once you have confirmed the need and your objectives, the second step is to devise more detailed candidate and selection criteria. This will include details of required expertise, experience, clients, and portable billings; candidate values and reasons for leaving a current situation; where you are most likely to find this individual; and important personality characteristics for successful integration.

Next, designate a lateral-hiring partner; appoint a senior manager to oversee the lateral-partner recruitment process; develop protocols for effective interview strategies, practices, and evaluation procedures; define the role and qualities of the right search firm, and then select the firm; and devise a clear decision-making process.

The right framework should allow the firm to conduct a thorough and well-organized interview and gather information. Initial interviews should focus on details of the lateral's practice, client relationships, expected portable billings, support needs, and potential conflicts. Second- and third-round interviews are intended to provide information about and sell the firm, assess the cultural fit, and get wider buy-in from lawyers in the lateral's potential practice group and in the firm at large. Be sure to ask

the difficult questions, and speak confidentially with others who know and have worked with the candidate to confirm the depth of his contacts, experience, values, and personal goals.

INTEGRATION

After a partner is brought in, the next element is integration. Even firms that have perfected the art of strategic lateral hiring may fall down in this area. Poor integration of laterals results in a revolving door, lower morale, expense to the firm, lost opportunities, and the risk of creating unfavorable client or market perceptions. Firms that have been particularly successful in integrating laterals have established procedures and protocols for smoother transitions, internal and external marketing, integration, and retention.

First, assign responsibility for transition and integration to a team that might include a member of the management committee, an integration liaison partner, the lateral's practice-group leader, and a senior manager. The senior manager will need to coordinate with those responsible for recruitment, marketing, and business development; human resources; and other administrative, technology, or general office areas.

Next, to facilitate a smooth arrival, the managing partner and practice-group leader should communicate with other partners in the firm and the practice-group team members to pave the way for likability and address obvious personnel issues or potential problems. Sharing the message about the lateral's particular strengths, strategic fit, and opportunities will generate interest and support. Before the lateral arrives, but after an agreement has been reached, the managing partner should circulate an internal e-mail to all, and the recruitment or marketing department should draft an announcement and a press release. These should be ready to go as soon as the lateral begins.

It is also helpful to prepare the lateral by offering insights about the firm, group and individual personalities, and firm culture. As soon as the lateral has signed a contract letter, begin working on the transition of information, such as getting the partner's contact list converted to the firm's database.

As early as the lateral's first day, be prepared to help him hit the ground running. Send a reminder e-mail to all that the lateral has arrived, and include contact information, office location, and secretary. Make sure someone takes the lateral on a tour of the office and introduces lawyers and staff. The first few weeks should include orientation sessions about or with clients, practice groups, specialties, office capabilities, technology and information resources, and marketing resources. Within the month, hold a firmwide (or at least an officewide) reception.

Within the first two weeks of the lateral's arrival, begin developing a 12-month action plan. Come up with realistic goals that are consistent with the lateral's contract, firm, and practice-group goals. Components of the action plan should include communication with the lateral's existing clients; internal marketing and integration; marketing to the lateral's prospective clients and referral sources; introductions and cross-selling approaches to the firm's existing clients; and PR and visibility, such as media introductions, speeches, articles, and speaking at firm-sponsored seminars.

Luncheons with other partners should be scheduled for the first few weeks. In multi-office firms the lateral should be encouraged to visit the other offices within six months and to

spend one or two days per month in key offices, such as those with members of the management committee, rainmakers who offer practice or client synergies to the lateral and vice versa, and important practice-group members not in the lateral's office.

Upon arrival, the lateral should also begin opening new files for clients who have indicated an interest in following the lateral to your firm. Strive for a seamless transition. Former clients and other important contacts should receive a personal call from the lateral, followed by an e-mail and a letter with a packet of information about the firm. Along with the announcement card, the lateral should identify and write personal notes to 30 to 50 of her closest contacts or prospects. Once the lateral has settled in, but within a few months, the firm should host one or a series of receptions in its offices for clients and other important contacts of the firm's and the lateral's.

Once the introductory work is finished, the firm should research its existing clients by industry or profile, identify partners with client relationships, identify the lateral's clients and contacts that provide opportunities for specific partners, and check for conflicts or relationships the clients may have with other lawyers. The lateral should develop an internal "sales" sheet—a one-page summary of client targets by type, size, and industry; the issues or needs they may have; and the services or expertise and benefits the lateral brings.

Given its frequency, the fact that a lateral or even a group of laterals have joined your firm is rarely considered news anymore. More often, reporters look for secondary stories—for example, in a firm that suffers from a string of defections. Consider this when you are publicizing the arrival. The primary objective of a publicity strategy for a new lateral is to quickly and effectively connect the lateral's name and expertise with your firm so that people will be able to locate the lateral and will begin associating the individual with the firm.

Considering the major investment the firm has made in hiring the lateral, it's wise to institute formal processes to monitor the lateral's progress and identify any impediments. For the first three months a weekly "check-in" call or visit would not be too frequent. A biweekly or monthly review of the lateral's action plan, sales strategy and execution, and progress will help keep the momentum going and allow early intervention to suggest additional resources, provide support, and steer the lateral to partners who could be helpful for specific opportunities. In addition, the lateral should be asked to provide an update or summary of progress to the management committee on a quarterly basis for the first two years.

It can take as long as two years for a lateral partner to become integrated into a firm. Without active involvement and support, many laterals flounder and fail and, at a minimum, are limited in their capacity to fully build their practice in their new firm. Providing the lateral with direction and support during this time and resisting the temptation to judge success or failure too early will facilitate a more productive and successful business outcome and long-term partnership retention.

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