

Coyness Now Could Spell Lateral Doom Later

By Erin Marie Daly

Law360, New York (March 30, 2010) -- While many law firms have no problem spending wads of cash on wooing hotshot lateral talent, the reluctance to discuss whether the move would be a good cultural fit can lead to disastrous results post-hire, legal experts say.

Although laterals can generate enormous new business for a firm, their attrition rate suggests that many have no problem bolting soon after the wining and dining is over. According to the NALP Foundation's 2007 Update on Associate Attrition, 35 percent of departing lateral associates left within two years of joining the firm, while 59 percent left within three years of the date they were hired.

The main reason for the rampant mobility, experts say: While lawyers can typically talk until the cows come home about business practicalities, they are generally loathe to delve into the much stickier personal realm.

"Lawyers as a breed aren't great at asking soft-side questions about cultural fit," said Pamela H. Woldow, a principal with Altman Weil Inc. who often gets retained by firms to coach lateral hires for integration purposes. "They're very good at describing facts, figures, dollars, clients and conflicts, but not at getting into the other things that make a relationship work."

Though intangible in some ways, definite cultures exist in law firms, and lawyers are usually not very adept at explaining what that culture is in a meaningful way, Woldow said.

Too much of the time a discussion over firm life never gets beyond the standard backslapping talk about how great the firm is, which can lead to problems later, she said.

"As a result, both sides very often end up disappointed," she said. "I see more of these relationships fail because the vetting on the soft side of the equation doesn't occur, than because of business reasons."

Every law firm has its own culture — the things that are done and not done, honored and not honored, respected and not respected — and when you've been brought up in one culture and then shift, it can be wrenching, said Charles H. Green, founder and CEO of Trusted Advisor Associates LLC.

"What you used to think was revealed truth is suddenly revealed to be anything but, and many of your assumptions about 'how things are' turn out to be nothing more than snobbish assumptions," he said.

One firm may believe in collaboration, and celebrate the ability of several partners to work together in service to a client, while another firm may believe deeply in the "eat what you kill" model of independent practices.

"Partners in both firms have practiced for years describing to new associates and to clients the high-minded reasons they do things the way they do them; to suddenly be faced with a group of new partners who actually believe and do such important things in a very different way is very unsettling," he said.

Most recently transplanted lawyers often behave badly, which can further complicate matters, Green said.

“First, they act 'wrongly.' Then, they attack the host firm's ways of doing things. When that doesn't work, they argue the point. All this, of course, doesn't endear the firm to the new lateral hire,” he said.

But it's not just the new laterals who do not know how to adapt, as many within the firm can become jealous of the 'deal' the new recruit was cut, Green said.

The highest failure rate tends to occur in situations when laterals are hired into firms from high-profile government positions, with the growing pains often proving to be too much for everyone, Woldow said.

“Government lawyers believe they're offering cachet by their name and prior status, but lawyers within law firms often don't value that at all,” she said. “These lawyers come in with basically no book of business, and there's a lot of resentment surrounding that.”

So, how can firms — and laterals — improve their chances of a long and happy marriage when the time comes to consider heading to the altar?

The best post-integration strategy actually starts by identifying the right recruits up front and not being swayed by their book of business alone, according to Timothy Corcoran, also a principal at Altman Weil.

“If steps are overlooked in assessing whether the lateral's personality, approach to client service and collaborative style are a good match to the firm's organizational personality, then the looming culture clash will more than likely end up negating the short-term business benefits,” he said.

In many cases, the relationship between laterals and firms disintegrates because of something that could have been elicited by the parties with due diligence and careful examination in advance of the hire, Woldow said.

She coached a firm with a culture of politeness that had brought on a lateral who was very demeaning to associates. Once he was in the door, the firm became very flustered because he started exhibiting outrageous behavior, she said.

“This firm didn't scream, they discussed,” she said. “It was a complete cultural misfit, and it created enormous problems within the firm. And there was unhappiness all the way around, because the lawyer didn't know what the big deal was. That relationship crumbled, and it was ugly.”

In another case, she said, a lateral hire turned out to have a problem keeping his hands off secretaries. This unsavory character trait might not have been so easy to find out, but the acquiring firm did know that he had moved through a number of firms recently, she said.

If the firm had really done its homework, she said, it could have had quiet discussions with former colleagues as to why he had moved around so much and so quickly, thereby circumventing the delicate situation that arose.

“If you use your networking connections, you can usually find out what you need to know,” she said.

Laterals, though, have a job to do as well, with many who had broken up with a firm expressing regret that they had not spent more one-on-one time with their future colleagues, Woldow said.

“When you're having a group dinner with the entire practice group, everyone's on their best behavior,” she said. “No one's going to say 'we have a jerk leader who makes it hard to get resources,' or whatever the case may be.”

But once the new laterals are in the door, firms need to remember, first and foremost, how difficult it is to be the new person, experts said.

Most firms right now do not have a solid, formal integration program in place to ease their transition, which can leave laterals feeling as though they are on their own, according to Julie Savarino, managing director of Business Development Inc.

“This certainly helps fuel the continued lateral turnover stream and lack of firm loyalty,” she said.

To stop the exodus, firms need to tap into their empathy in more concrete ways, Green said.

“Make sure the new person gets individual lunches with partners from the new organization for a long time, and provide them with an informal 'mentor' upon onboarding,” he said.

But laterals also need to ask deeper political questions, such as identifying the power brokers within the firm or determining how mistakes are typically handled — even if it's slightly uncomfortable, Woldow said.

One good way to do this, she said, is to track down folks who have departed from the firm, whether under good circumstances or bad.

“Sometimes people are bitter grapes, but it's important to get a sense of the firm from those who have gone elsewhere,” she said. “You have to triangulate the information.”

The truth is, Green said, it takes a very open mind and a very secure ego for a lateral hire to accommodate himself to a new way of doing things, both of which “are not characteristics in great supply in the practice of law.”

“It's not unlike adopting a teenager into a family,” he said. “A lawyer who has been practicing for 10 years has had an awfully long time to develop habits and beliefs, and they do not change lightly.”