

Mobile laterals
Present opportunities, challenges
For law firms

Janet Ellen Raasch

Janet Ellen Raasch is a writer, ghostwriter and blogger (www.constantcontentblog.com) who works closely with professional services providers – especially lawyers, law firms, legal consultants and legal organizations – to help them achieve name recognition and new business through publication of keyword-rich content for the Web and social media sites as well as articles and books for print. She can be reached at (303) 399-5041 or jeraasch@msn.com.

Not so long ago, a young lawyer would join a law firm as an associate, advance to partner and stay with that law firm until retirement. Times have changed.

Today's lawyers are much more mobile. If their law firms are not providing the support they need to grow their practices and flourish as professionals, they will look for greener pastures – and keep looking until they find the right place.

Even before the most recent round of layoffs, which further weakened loyalty, lateral moves by partners were trending up – from 2,153 in 2006 to 2,775 in 2009 (*American Lawyer* magazine). A second wave of defections is taking place in 2010.

“Savvy law firms with well-thought-out plans are conducting strategic ‘land grabs’ – scooping up entire offices and practice groups from their competitors,” said Craig Brown. “Mid-tier regional firms, in particular, are gobbling up disgruntled and displaced big-firm talent.”

Brown discussed “what laterals want” at the monthly education program of the Rocky Mountain Chapter of the Legal Marketing Association (www.legalmarketing.org/rockymountain), held Sept. 14 at the Ritz-Carlton Hotel in downtown Denver.

Brown is a lawyer and founder of Motivera (www.motiveragroups.com), a Southern California-based business development consulting firm. A large part of his practice is helping lawyers use their strengths to build relationships that lead to strong books of business.

What law firms want

“It costs approximately \$1,920,000 to bring on board a lateral partner with a \$2 million book of portable business,” said Brown, citing an article by Richard Gary in *Law Firm Inc.* An acquiring firm does not break even until the third year.”

“In the 2007 land grab, law firms were gobbling up available lateral partners and practices -- often without proper due diligence,” said Brown.

“In 2010, we see a second wave of lateral acquisitions,” said Brown. “This time, the acquiring firms have changed from gobblers to picky eaters. Due diligence has tightened up and the packages being offered are less generous. Generous financial incentives are being replaced by loans that will be forgiven if a lateral partner lives up to his or her marketplace potential.”

According to a recent NALP Foundation report, law firms consider four factors when deciding whether or not to hire a lateral partner or practice group:

- Can the lateral develop new business?
- Can the lateral strengthen a particular practice area?
- Does the lateral present a possible conflict of interest?
- Is the lateral a good cultural fit with the firm?

“Considering that 16 percent of laterals hired during the first wave moved again within two years,” said Brown, “finding the right laterals can be a costly proposition.

“Considering the time, effort and cost that go along with hiring a lateral lawyer or group, you would think that acquiring firms would do everything in their power to help the new lawyer succeed -- but often, they do not,” said Brown.

What lateral partners want

Law firms are not the only ones exerting more care with lateral acquisitions. Lawyers, too, are becoming pickier about their choices when they make a lateral move.

“In 2007,” said Brown, “laid-off attorneys were panicked. They were primarily concerned about finding a new position and paying their bills. They didn’t take the time to do their research. As a result, many ended up in firms that were a bad fit. In the current wave of lateral movement, lawyers are being much more careful.”

Many people think that compensation drives a partner’s decision to make a lateral move. Although compensation is one factor, it falls far from the top of the list. According to a Major, Lindsey & Africa study, lawyers are looking for (in this order):

- Ability to support and expand their practice
- Culture and reputation
- Personality style of the partners

- Financial health
- Management strength
- Compensation and compensation structure

When the researchers later asked laterals if their expectations had been met, they discovered that the laterals' most-important wish – support and expansion of his or her practice – had fallen to the bottom of the list.

“By ignoring the most-important need of new laterals,” said Brown, “acquiring law firms are magnifying the chance that these laterals will remain disgruntled – and continue to look for new opportunities.”

Hildebrandt research supports these results. A white paper concludes that laterals are looking for law firms that offer a strategic firm vision that clearly includes a plan for their particular area of practice. They are looking for firms with a platform that supports that vision with one-on-one marketing, business development and coaching support.

How to create a win/win scenario

Brown emphasized the valuable role of the marketing department in helping law firms find and retain new laterals and helping new laterals accomplish their professional goals.

“All too often, marketing is looped into the process a day or two before the new lateral arrives – when they are asked to do some internal and external publicity,” said Brown. “This is a huge mistake. Marketing has unique knowledge and skills to bring to all stages of the process – attraction, vetting, planning, integration and coaching.”

Attract. Although laterals are interested in a firm's financial stability and compensation, they are *most* interested in a plan and a platform to grow their own practice. “The firm's marketing person is aware of the firm's market and internal synergies, and is best qualified to discuss these meaningfully with a recruit,” said Brown.

Vet. Law firms carefully conduct due diligence with potential laterals regarding billable hours, collection rates, client lists and ability to integrate into existing operations.

“However, they often ignore business-development due diligence,” said Brown.

“Marketing should vet a potential lateral regarding marketing efforts. Did she inherit her book of business, for example, or did she build and maintain it herself?”

Plan. Only two-thirds of all law firms responding to a recent NALP Foundation survey created a plan for the integration of a new lateral or practice group. What new markets are created? How can the firm's existing clients/partners benefit? Who will do the work? Who is accountable for the integration? “Marketing should be closely involved with the creation of this integration plan,” said Brown

Integrate. A person in a leadership position (including the firm’s CMO) should quarterback efforts to integrate a new lateral into a law firm – and should be held accountable for these efforts. Lawyers from the interview and due-diligence process, whom the lateral has already met, should also be involved.

“All too often, a new lateral is met with a flurry of publicity – and then left to sink or swim on his or her own,” said Brown. “I’ve met with unhappy laterals who complained that, in their first year at a new firm, no one even invited them to lunch. Don’t be that firm! Integration is an on-going, not a one-time, process.”

The integration team should:

- Draft a plan based on strategic market goals
- Make introductions to lawyers with complementary practices
- Make introductions to practice area leaders
- Arrange meetings with key internal people
- Assign a mentor/buddy/coach as appropriate
- Set regular meetings to review progress

Coach. A lateral at a new law firm is highly motivated to integrate – and to justify his or her presence by bringing in new work. This is an ideal time for coaching – either by someone in the marketing department or by an objective third party.

“Build on this motivation by creating action and building good habits right from the start,” said Brown. “Find out what the lateral wants and what he or she needs in order to be successful. Then, build a bridge between the two.”

Laterals joining a law firm from a government or in-house legal department often need special attention. “They’ve never had to find new clients,” said Brown, “and may not know how to do it. They will tell you, confidentially, that they are scared to death at the prospect of business development. They really respond to coaching.

Doing a good job with the integration of new laterals can boost the careers of law firm marketing professionals. “Everyone is watching new laterals to see if they live up to expectations,” said Brown.

“Helping a new lateral succeed raises your status with firm leadership,” said Brown. “Plus, it is an opportunity to build a close relationship with a lawyer who will become increasingly influential and serve as an evangelist for your services.”

Involvement of marketing in the integration of new laterals is a win/win scenario for both the law firm and the marketing department.

For the past 20 years, Craig Brown has worked nationwide with executives, managing partners and attorneys as a coach, consultant and business executive. For more details, he can be reached at (949) 369-9400 or craig@craig.net.