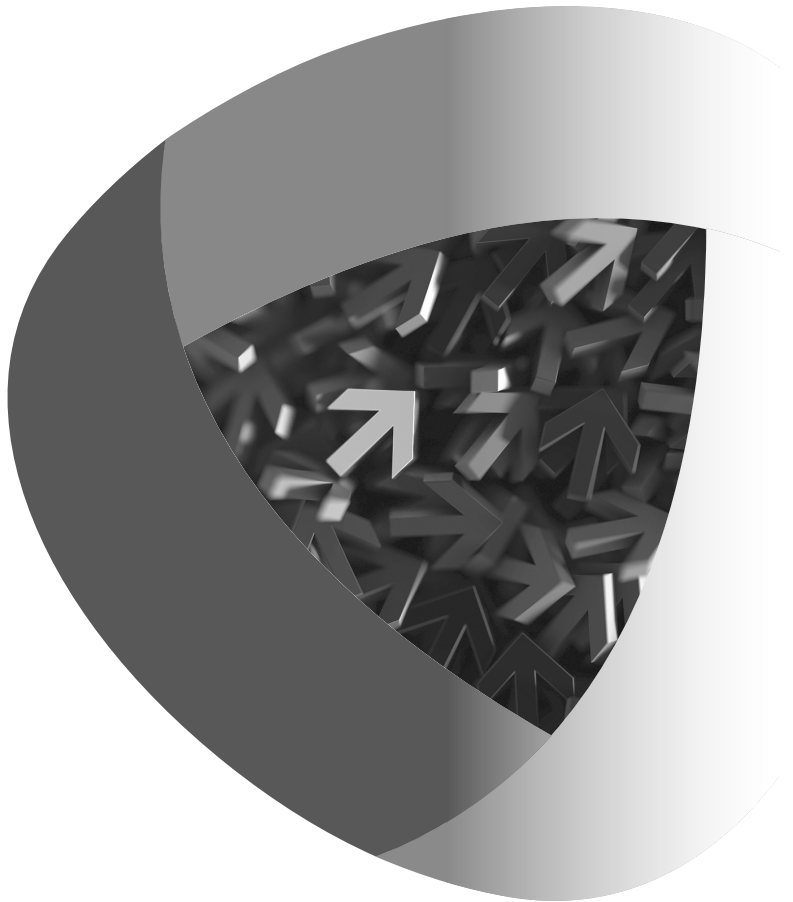


# Smarter Lateral Hiring for Law Firms



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## Executive summary

To an outside observer, law firms' perseverance with lateral hiring as a preferred route to growth, in defiance of the dismal overall success rates, must look close to the definition of madness – that is, repeatedly doing the same thing and expecting a different outcome. And yet, in a flat market where organic growth is increasingly difficult to achieve, firms continue to bank on the (considerable) benefits that can accrue from bringing in a high performer (or a group) with a large client following. And for firms that get their lateral strategy and processes right, it's not perhaps such a crazy gamble.

The risks associated with lateral recruitment – that the newcomer will fail to perform as expected or even make an expensive exit only a few years after arriving, that their book of business is not as profitable (or as portable) as it first appeared to be, that their arrival will severely upset the cultural apple cart, or that they will be the cause of unforeseen client conflicts – are considerable and undeniable. But the potential pay out when firms do make the right hire make up for all the failed attempts.

Nor is every lateral hire a case of “hit and hope”. While it is impossible to guarantee success every time, it is possible to weigh the odds in your favor. This book is designed to help firms to do just that, by reassessing and strengthening their lateral strategy and processes in line with best practices.

With contributions from a range of legal recruiters, consultants, academics, and law firm HR and marketing/BD professionals, *Smarter Lateral Hiring for Law Firms* considers the main issues arising from a strategy of growth through lateral recruitment, and shares practical steps that firms

should be taking both pre- and post-hire, and on an ongoing basis, that can help them to sidestep common pitfalls and maximize the contributions of their laterals.

In the opening chapter Ian Turvill, chief marketing officer of Freeborn & Peters LLP, lays out an example structured approach to lateral hiring and integration, from setting a clear strategy and goals (at an individual and firm level) to ensuring ongoing performance measurement.

This is followed by a chapter from David J. Parnell, founder and principal of True North Partner Management, who delves deep into the financials of lateral hiring and shows that it can be, and generally is, a profitable endeavor if firms approach it with appropriate care and thought.

While many firms' failure to accurately measure and manage a lateral's contribution to revenues and profitability is a very real factor in the poor success rates among lateral hires, according to Mark Brandon, founder and managing director of Motive Legal Consulting, the biggest culprit is usually poor cultural fit. In the next chapter, he looks at the challenges of assessing this during the interview process – and considers where cultural harmony fits in with your diversity policy.

In a second chapter, Brandon then zeros in on the last section of the hiring process – the stage from board approval through to offer – and provides some best practice advice to avoid falling at this tricky final hurdle.

The promises some firms make to tempt in big hitters from competing firms may come back to haunt them. Jim Cotterman of Altman Weil tackles the inevitable compensation issues that arise when firms bring in lateral hires, and the steps firms can take to attract the hires they need, without stretching the compensation spread to breaking point and alienating the firm's existing top-performing partners.

While lateral hiring plays a significant part in the growth strategies of many US and UK firms, trends do differ on either side of the pond. In the next chapter, Melinda Wallman, partner and practice leader, partner practice group EMEA at



Major, Lindsey & Africa, shines a light on the differences in lateral hiring practices in US and UK firms, and explores what these firms can learn from each other.

A poor, or poorly implemented, integration process is one of the biggest factors in lateral failures. In the first of a trio of chapters focused on the successful (and ongoing) integration of lateral hires, Patrick J. McKenna, internationally recognized advisor to the leaders of premier law firms, shares some of the actions firms are taking pre- and post-hire to help ensure that the efforts they put into courting, vetting, and interviewing a new hire are not wasted.

David H. Freeman JD, CEO of the David Freeman Consulting Group, builds on this, considering more specifically how to maximize business development by embedding laterals (and their clients) into your law firm.

Finally, Heidi K. Gardner, distinguished fellow in the Center on the Legal Profession at Harvard Law School, shares research-backed advice on the power of collaboration as a tool to increase lateral integration and contributions to the firm, and she outlines specific steps firms should take in the pre-hire, recruiting, and onboarding phases.

The majority of the chapters in this book focus primarily on the successful hiring and integration of laterals within an existing office or practice group. In the final chapter, Thomas Berman of Berman and Associates looks instead at the particular issues that can arise when firms set out to establish a branch office in part or entirely through lateral hires.

While each individual firm will determine how, and with what risk appetite, they approach lateral hiring, as the contributors to this book show, there are steps all firms can take to ensure they approach lateral recruitment in a more structured way, and make better decisions. Firms that hire in a haphazard way, as and when chances present themselves and with no overall plan in place, will always be at a disadvantage compared to those with a clear lateral strategy aligned with their overall strategic goals. The chapters in this

Executive summary

book highlight some of the things firms should be taking into consideration in order to improve their lateral batting average.

## About the authors

**Thomas Berman** is a senior principal of the San Francisco based consultancy firm of Berman & Associates. Since its founding 25 years ago, Thomas (along with firm colleagues) has consulted with almost 2,000 law firms, corporate law departments, accountancy firms, and state governments in the US, Canada, and the UK. These assignments have included firms of every kind – from a single lawyer to over 1,100 lawyers – and have included every law practice imaginable.

B&A is hired directly by law firms and/or law departments, as well as through independent specialty lines brokers and/or insurance underwriters. Berman & Associates is involved in all phases of law firm practice management, including: technological change in all forms; mergers and acquisitions; partnership/shareholders agreements; calendar systems; conflicts systems; integrated practice management solutions; succession planning; partner coaching; partner/shareholder compensation; and, of course, risk management.

**Mark Brandon** is the managing director of Motive Legal Consulting, which he founded in May 2010. He had been a legal journalist and a legal recruiter in previous lives, but set up Motive to try to help answer what he saw as a number of profound questions facing the legal profession.

Since 2010 he has worked with a number of the top UK and US law firms on a wide range of issues from “grand strategy” to more localized issues involving recruitment support and service design. He has also coached managing partners, heads of department, and COOs, and produced advisory papers on mergers, undertaken a feasibility study

for the opening of an international office, and provided crisis management advice.

He has produced original research – into the success of lateral partner hiring in the London market – which gained international recognition, writes regularly for *The Lawyer* magazine (among others), has spoken at a variety of conferences, and is the author of *Lateral Partner Hiring and Integration for Law Firms* (ARK Group, 2010/2013).

**James D. Cotterman** is a principal with Altman Weil Inc. He advises law firms on compensation, capital structure, and other economic issues; governance, management, and law firm merger assessments. Before joining Altman Weil in 1988, James was manager of acquisitions for a public company in the health care industry, where he developed, evaluated, negotiated, and integrated merger opportunities.

James is the author of *Cotterman on Compensation*, a blog on lawyer compensation and law firm finance. He is the lead author of the ABA book *Compensation Plans for Law Firms*, and is a member of the board of editors of *Accounting and Financial Planning for Law Firms*. He has been the supervising author for Matthew Bender's loose-leaf text *How to Manage Your Law Office*. His writings have appeared in *The American Lawyer*, *The National Law Journal*, ABA's *Law Practice*, *International Law Firm Management*, and many other publications.

James is a frequent speaker and lecturer, including giving presentations for annual and regional conferences of the American Bar Association and the Association of Legal Administrators, as well as numerous state and local Bar and ALA meetings. He is a fellow of the College of Law Practice Management.

**David H. Freeman**, JD is a former practicing lawyer, the award-winning CEO of the David Freeman Consulting Group, and founder of Law Firm CultureShift®. He is a best-selling author, speaker, consultant, and coach who has shown

thousands of lawyers and professionals how to become more effective leaders and rainmakers.

For three consecutive years, David was recognized nationally as the top “Law Firm Business Development Consultant and Coach” in *National Law Journal* surveys, and for over 20 years he has worked with hundreds of law firms worldwide, including over one-third of the AmLaw 200. He is the author of four books: *The Law Firm Leader’s Reference Guide for Creating a Business Development Culture*; *Secrets of the Masters: The Business Development Guide for Lawyers*; *Weekly Reminders for Revenue-Focused Leaders*; and *Creating a Cross-Serving CultureShift: Mastering Cross-selling for Lawyers and Leaders*.

David is a highly rated speaker, trainer, and consultant, and his expertise has been recognized through appointments as an elected fellow in the College of Law Practice Management, and as the exclusive business development coach for the Women in Law Empowerment Forum (WILEF). He also brings a deep understanding of how to engage the organizational and human factors that drive successful implementation based on several years as a change management, strategic planning, and balanced scorecard consultant for mid-sized and large corporations. He brings all of his expertise together in his proprietary Law Firm CultureShift® process, a whole firm methodology that dramatically increases client and revenue-focused activity throughout a firm. He can be reached at 949-715-0819 or David@LawFirmCultureShift.com.

**Heidi K. Gardner**, PhD, is a distinguished fellow in the Center on the Legal Profession at Harvard Law School. She also serves as a lecturer on and the faculty chair of the school’s Accelerated Leadership Program executive course. She was previously on the faculty at Harvard Business School. Gardner has also been awarded an International Research Fellowship at Oxford University’s Said Business School.

Gardner’s research focuses on leadership and collaboration in professional service firms, and her book *Smart Collaboration*:

*How Professionals and Their Firms Succeed by Breaking Down Silos* will be published in 2017 by Harvard Business Press. Her research received the Academy of Management's prize for Outstanding Practical Implications for Management. She has authored or co-authored more than fifty book chapters, case studies, and articles in scholarly and practitioner journals, including the *Academy of Management Journal*, *Administrative Science Quarterly*, and *Harvard Business Review*. Her first book, *Leadership for Lawyers: Essential Strategies for Law Firm Success* was co-edited with Rebecca Normand-Hochman and published in 2015.

Heidi works extensively with professional service firms and in-house professional departments in corporations around the globe. In addition to advising senior leadership teams, boards, and executive committees on strategic issues, she has addressed more than 10,000 professional firm partners in more than 20 countries on the theme of smart collaboration.

Heidi has lived and worked on four continents, including positions with McKinsey & Co. and Procter & Gamble, and as a Fulbright Fellow. Presently she serves on the board of directors for The Second Step, a non-profit agency in the Boston area focusing on survivors of domestic violence.

Heidi studied Japanese at the University of Pennsylvania, where she graduated summa cum laude and Phi Beta Kappa. She earned a Master's degree with honors from the London School of Economics and a second Master's and PhD in organizational behavior from London Business School.

**Patrick J. McKenna** is an internationally recognized author, lecturer, strategist, and seasoned advisor to the leaders of premier professional service firms; he has also had the honor of working with at least one of the largest firms in over a dozen different countries.

He is the author of numerous books, most notably his international business bestseller *First Among Equals* (currently in its sixth printing and translated into nine languages). His

consulting expertise was acknowledged in 2008, when he was identified through independent research compiled and published by Lawdragon as “one of the most trusted names in legal consulting”, and his three decades of experience led to his being the subject of a Harvard Law School Case Study entitled “Innovations In Legal Consulting” (2011). One example of that innovation was his launching the first instructional program designed to specifically address the issues that new firm leaders of larger firms face in their first 100 days – which has thus far graduated over 80 new leaders, many from AmLaw 100 and 200-sized law firms, as well as from notable accounting and consulting firms.

In addition, he serves as contributing editor to *Of Counsel, The Legal Practice and Management Report*, based in New York City; was the first expert in professional service firms admitted to the Association of Corporate Executive Coaches, the number one US group for senior level CEO coaches; was acknowledged by *The American Lawyer* magazine as “a longtime succession consultant and coach to new firm leaders” and was the recipient of an honorary fellowship from Leaders Excellence of Harvard Square (2015).

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About the authors

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