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5 Ways To Integrate And Retain Your Lateral Hires

By **Aebra Coe**

Law360, Grand Rapids (June 23, 2017, 12:17 PM EDT) -- The retention of lateral hires at law firms is notoriously bad, with some estimates finding that only 47 percent of laterals remain at their new firm after five years.

Those statistics don't have to apply to all law firms though, according to Jocelyn Brumbaugh of the Brumbaugh Group, who says that having a structured, deliberate, painstakingly organized plan for integration is the ticket to lateral retention.

"Putting together the documentation for all the little things that need to happen as well as the big picture items — that's critical," Brumbaugh said.

"Making that investment will pay off," she added. "This isn't the last lateral you'll hire. Spending time to get checklists and processes built out is key and will really pay off for firms in the long term."

Here, Law360 gives you a game plan for integrating laterals effectively so they stay for the long haul.

Think About Why Lateral Retention Matters

According to a February analysis of ALM data by Hugh Simons — former senior partner, executive committee member and chief financial officer at The Boston Consulting Group and former chief operating officer at Ropes & Gray — 47 percent of laterals don't stay more than five full years.

The finding is based on Simons' examination of where the 1,130 lateral partners hired in 2011 by the 100 BigLaw firms with the highest profits per partner were practicing at the end of 2016.

Michael McKenney, managing director of Citi Private Bank's law firm group, said his company's research shows that there is an average partner turnover rate in U.S. law firms of 17 percent each year — about half of those incoming and half outgoing partners.

McKenney pointed to a survey the bank conducted that included responses from 41 of the 50 largest law firms in the U.S. by revenue. Between 2010 and 2015, just a dozen of those law firms reported high success rates with laterals. Nearly three-fourths of the firms surveyed reported 20 percent of their laterals were "unsuccessful," while 47 percent were successful, and the rest were somewhere in between.

And yet, even as law firms experience high lateral turnover rates, they continue to use lateral hiring as a growth strategy.

Between 2003 and 2016, lateral hiring grew among U.S. law firms, according to data from the National Association for Law Placement, with the average number of annual lateral hires per law firm rising from nine in 2003 to 12 in 2007, dropping off during the recession to 5.1, and then rising to 15.1 in 2016. At the same time, growth through mergers has slowed down since 2015, with the total number of mergers involving a U.S. law firm falling from 91 to 85 in 2016, according to the Altman Weil MergerLine.

"Things have slowed down in terms of law firm mergers and I think law firms are finding that Goldilocks spot for lateral growth," Brumbaugh said. "Merger mania has subsided and firms are leaning toward growing by bringing on groups of laterals — a group of people who can work together and work well together."

Whether or not the group works well with the firm's existing lawyers, and whether they stay, comes down to effective lateral integration, a process many law firms struggle with, according to Julie Savarino, founder of Business Development Inc.

"The essence of the problem is most firms are too informal still with lateral integration," Savarino said. "The bottom line with effective lateral integration is every law firm needs to formalize their approach."

Make A Plan For Your Lateral, And Make It Early

Savarino suggests firms draw up an action plan — a detailed list of steps, as well as notes on who is responsible for each step and when they must be accomplished. The action plan can be drawn up as a process map with a list of tasks by person and by date, both of which are tied to automatic digital reminders so that nothing slips through the cracks.

Deliberate and well-planned lateral integration can even begin before an attorney is hired, according to Jack Bostelman, a partner of consulting firm Blaqwell Inc.

"It's pretty common that a firm doesn't spend enough time thinking about why it's bringing on the lateral; they just bring the person in and it's sink or swim," Bostelman said.

Law firms should examine whether the lateral is being brought on to build out a bench, fill an expertise gap, or help launch a new practice area.

"Without understanding why the lateral is being brought on, law firms can't create criteria to define success," he said.

Kerry Lunz, director of lateral partner hiring at Blank Rome, also says that integration should start during the recruiting process. Law firms can drill down the scope of the attorney's practice, who their clients are, and which clients might come over to the new firm, then pinpoint how the law firm can help make the transition easier for the candidate and their clients.

The firm can also help their candidate understand the law firm's administrative processes before they are hired so that there are no surprises, Lunz said, filling them in on how the firm operates, how it handles originations, how client intake works, how the economics of the law firm works, and other similar topics.

Check In On Your Lateral's Progress More Often

Once the lateral is on board, hiring managers, managing partners, or practice group leaders

should check in on the attorney's progress once a quarter or twice a year for up to three years after their hiring date, Savarino said.

"Most managing partners meet with each partner at least once a year, but for laterals in the first three years the best practice is to touch base more often on a person level, ideally in person, face-to-face," she said.

Bostelman said that bringing on a lateral should operate like a mini version of starting a new business.

"You need a strategic plan — why are we doing this, what are we trying to accomplish, and what are the implementation steps once the person is brought in," he said. "You should assess up front what the real cost of bringing someone in will be, so you can measure whether you've been successful and have a realistic timeframe for recouping your investment."

Give Your Lateral A 'Chaperone For Success'

Firms must assign an internal person who is in a position to make the lateral move work out who is in charge of that person's success, Bostelman said. The "chaperone for success" can be a practice group or business unit leader, or someone else who can be involved in the onboarding process and ensure the lateral succeeds in reaching their goals at the firm, he said.

Both the chaperone and the lateral should be judged by specific metrics, rather than vague standards, he added, individualized based on why the person was brought over. These could include financial metrics as well as "soft" metrics such as the quality and quantity of collaboration with other attorneys.

"If it involves a generational transition and you want them to take over business, you would have a different metric than someone who is already a senior partner filling in an expertise gap," he said.

Communicate What Your Lateral Brings To The Table

Another key factor in effective lateral integration, according to Brumbaugh, is creating the appropriate messaging and awareness both inside the law firm and among clients.

"A lot of messaging needs to start before these people walk in the door," she said. "How will they add value in the firm? What is the way the lateral is going to help legacy partners look smart to their existing clients?"

The ways in which the lateral can help the firm and collaborate with their new partners should be communicated to the entire law firm in emails and at practice group meetings, and should even be made clear on the firm's website and in the press release that is sent out to the public.

"The messaging needs to be about what this person can do for the firm and the firm's existing clients," she said.

Additionally, the law firm can make effective messaging happen by making sure the lateral has a good grasp of the law firm's brand and strengths even before their first day at work.

"One thing you can do is include a one-sheet on the firm in the shareholder agreement letter. The new partner, even before they come on board, is going to talk to clients, their existing partners, clients and neighbors about the law firm. You want them to start talking about your firm the way

the firm wants to be viewed," she said.

--Editing by Rebecca Flanagan.

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