

## LATERAL LOYALTY

*Signing a star prospect is just the beginning. Integration and retention are the real challenges.*

By Elizabeth H. Purcell

**T**HANKS TO RISING LEVELS OF LATERAL movement, recruiting has justifiably become one of the most talked-about topics in the law firm world right now. But finding and landing a stellar candidate is only a first step. Ensuring that the lateral succeeds at your firm is what drives long-term results. Great NFL franchises are built around consistently strong rosters. It's the same for law firms: Leveraging the competence and capabilities a lateral brings to your team (and vice versa) will enhance the value of the entire franchise for many years to come.

What distinguishes firms that successfully integrate lateral partners from those who do not? Results from Major, Lindsey & Africa's recent survey, *Lateral Partner Satisfaction: A Decade of Perspective*, show that partners view "platform/practice support" as the most critical element in evaluating a potential move and in being happy once ensconced. Elements of platform/practice support include the firm's capabilities and expertise, its ability to support and expand the lateral's practice, and the strengths a partner can leverage to service his existing clients and attract new ones.

The laterals in our survey also reported that firms aren't doing a good job of providing platform/practice support—asked which factors in lateral satisfaction firms were actually delivering, this one ranked second-to-last ["After the Handshake," February]. Obviously, there is significant room for improvement in this area—and for firms, a clear opportunity to differentiate themselves from competitors. (Obtain a copy of the complete survey by e-mailing [LateralSurvey@mlaglobal.com](mailto:LateralSurvey@mlaglobal.com); specify whether you want a PDF or hard copy.)

For this article, we interviewed representatives from McKee Nelson and Thompson Hine, two firms that scored in the survey's top quartile in the areas of meeting laterals' expectations, satisfying laterals, and successfully integrating them. We also talked to principals from Alston & Bird, which was one of five law firms ranked as one of *Fortune's* "100 Best Companies to Work For" for 2007. These are some of the lessons we learned:

■ **YOU NEED MORE THAN HYPE.** Even if you find someone whose book of business makes you salivate, you should resist the temptation to get caught up

## MANAGEMENT

in the hype. "When evaluating a new lateral, we believe one should be blind to his existing book of business," says Deborah Read, a partner and executive committee member at Thompson Hine. "Instead, we evaluate the opportunities he represents, what he can do in the future."

While the value of a practice is an indicator of a lateral's ability to produce, far more important is how the partner's practice can be leveraged and enhanced by your firm. Therein rests the real value. The addition of a star running back may raise expectations, but neither hype nor past performance guarantees a trip to the playoffs. What distinguishes championship teams from mediocre ones is the ability to keep the current bench engaged while incorporating the skills of recent hires.

■ **CRITERIA ARE CHANGING.** As part of its evaluation of potential laterals, Thompson Hine requires the relevant practice group leader to clearly articulate how hiring the lateral will advance both the practice group and the firm. In fact, before the hire is even discussed by the executive committee, a preliminary integration plan must be developed that answers the following questions:

*Which of the firm's attorneys will serve the lateral's clients?*

*Which of the firm's clients can benefit from the lateral's experience?*

*Given the firm's platform and the lateral's expertise, what new opportunities exist in the marketplace?*

Read says that an offer to a lateral will not be entertained if the answers to these questions are not clearly delineated and understood by the executive committee. Soliciting partners' input on how best to leverage the candidate and his clients before an offer is made paves the way for a smoother transition and faster integration of both the lateral and the firm. It also engages and involves other partners early in the process.

■ **CROSS-SELLING IS AN ART.** Once the decision has been made to bring the lateral on board, integration should continue to be at the forefront of everyone's consciousness. In fact, one essential integration practice is to immediately introduce the new hire to all firm clients who could potentially benefit from his capabilities and experience. (One tactic that I recommend is to assume that the lateral has no book of business, like an attorney coming out of a U.S. attorney's office.)

This cross-selling exercise will help the lateral understand each client's expectations, identify what makes the firm's relationship with the client successful, and determine ways he can add value. If you're not doing this with every lateral hire, you're failing to realize the full potential of your franchise. Demanding this type of cross-pollination will wring the financial value out of your new partner and provide the highest level of service to your clients.

Not only should the lateral partner meet the firm's clients, but whenever possible, the lateral should introduce his clients to his new partners.



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Demonstrating how his clients will benefit from the firm's resources is a huge selling opportunity for the lateral, and it cements his relationship with the firm.

Thompson Hine manages this process by requiring laterals to develop a business plan within a few weeks of their start dates. The plan must identify his client needs, explain how the firm can address those needs, and name the firm clients that the lateral can assist. The goal is to bind the lateral (and his clients) to the firm, and the firm's clients to the lateral.

■ **MEETING AND GREETING MATTERS.** It is important for the lateral to meet other partners in his practice area, even if they are located across the country or overseas. By getting out and meeting people in the firm and seeing the other offices, the lateral is able to observe how partners work together, how associates and staff are treated, and how client expectations are met. Technical capabilities are critically important, but loyalty is bred when a unique skill set is combined with a sense of belonging, identity, and ingrained relationships. Forging personal as well as professional ties to the firm further strengthens the bonds that hold the lateral to the firm.

Richard Hays, Alston & Bird's managing partner-elect, describes the synergy this way: "So much of what we do is relationship-driven. So the stronger those relationships are, the stronger we are as a partnership."

When in-person meetings are not feasible, an increasing number of firms are using teleconferences and videoconferences to bridge the gap. For example, Alston & Bird holds monthly gatherings for everyone in the firm. The meetings are videocast live to all the firm's offices. The managing partner introduces new laterals, who describe their background, area of expertise, and the nature of their practice. For offices that are geographically close, the firm sponsors special events to introduce lateral partners and increase the visibility of their practices. "We want to make sure that our lateral partners are seen and heard from as quickly as possible," Hays says. "Lots of opportunities come out of these get-togethers."

■ **DON'T FORGET THE CORE TEAM.** I can't tell you how many times I hear partners express frustration over the lack of practice support they receive because their firms focus time and resources on new star laterals. They'll say: "I've been with this firm for 15 years, helping to build the great platform we enjoy today—and that helped attract the lateral in the first place—and now, all of a sudden, the focus is on a new partner who has absolutely no track record with us." Championship teams are built around not just a star, but great blocking and tackling, too. Always remember who got you where you are today. While it is imperative to properly integrate your new laterals, be careful not to alienate your "old" stars or the solid players who do great work

TOP INTEGRATORS

Major, Lindsey & Africa's Lateral Partner Satisfaction survey was sent to 5,622 lateral partners in 647 law firms in the United States and Europe. More than 1,000 responses were received. The following firms scored highest both in the "met expectations/satisfaction" category recorded by their lateral partners and in average integration scores:

■ **FIRMS WITH MORE THAN 500 LAWYERS:**

- Orrick, Herrington & Sutcliffe
- Goodwin Procter
- Simpson Thacher & Bartlett
- Jones Day
- Gibson Dunn & Crutcher

■ **FIRMS WITH FEWER THAN 500 LAWYERS:**

- McKee Nelson
- Kramer Levin Naftalis & Frankel
- Thompson Hine
- Blank Rome

—E.P.

day in and day out but may not shine quite as brightly. These are the teammates who enable the star to cross the goal line and take the team to the postseason.

■ **EXECUTION IS CRUCIAL.** Who "owns" lateral integration at your firm? As with any plan, accountability is key, so define the task, identify the owner, and track progress. The most beautifully conceived strategy is worthless (and potentially harmful, many would argue) if the execution is a failure, or even half-baked. It's easy to figure out what to do. Far more challenging is communicating expectations firmwide, selecting the person responsible, and implementing the plan—what exactly needs to be done, who is going to do it, what their deadlines are, how progress will be tracked and measured, and, ultimately, how those who helped you succeed will be rewarded.

At Thompson Hine, each respective practice group leader "owns" the integration plan for his laterals, and each of these leaders has an executive committee liaison who receives regular updates on the lateral's progress. In addition, new lateral partners are surveyed every eight to 12 months to make sure the plan's progress is monitored from a variety of perspectives. "This is not done merely to gather information," Read says, "but to show us where we need to make improvements."

In addition to assigning ownership, you need to determine the criteria the firm will use to gauge success and how it will be rewarded. At McKee Nelson, "every single partner is involved in integration," says Reed Auerbach, managing partner of the firm's New York office. "Introducing new partners to your clients, rolling up your sleeves and pitching in even when it's inconvenient—those things are rewarded alongside all the usual statistical metrics."

Tracking cases and matters referred from one attorney to another in your firm is a great way to gauge whether partners are truly serving clients as a team. Another way to measure teamwork is to track how many different partners and associates bill time to a particular partner's clients. One partner with whom I spoke received a substantial year-end bonus for using more than 60 different billing attorneys to service his clients.

Your firm should design a compensation plan that rewards both the owners of the lateral integration process and—equally important—others who play a role in lateral partner integration and retention. Key players include partners who refer matters to fellow partners, partners who introduce other partners to existing or potential clients (whether the introduction is successful or not), and partners who work on cases for another partner or practice group.

Rewarding these contributions sends a clear signal to the partnership that lateral integration is a strength that the firm values and one that affects financial performance as much as hours billed per year. Firms that successfully integrate lateral partners reap the rewards of heightened morale and improved retention, as well as ever-increasing revenue per lawyer and profits per equity partner.

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