

Why Lateral Partner Recruiting Often Fails

(In the recent Sandpiper Partners web conference (Sept 30, 2021), “The Lateral Talent Frenzy”, an all-star cast of law firm partners and talent executives offered an unprecedented deep dive into attorney recruiting and retention, both at the partner and associate level. Hundreds of law firms “attended” the Zoom cast. Steve Nelson of the McCormick Group (TMG) was one of the panelists in the segment focused on lateral partner recruiting. Our thanks to him for preparing this summary of some of the highlights. He can be reached via email at snelson@tmg-dc.com.)

Firms continue to rely heavily on lateral partner hiring as a growth strategy, and panelists at the conference expect the market to be particularly active in the next year. Yet they also pointed to the statistics showing that relatively few laterals stay at their firms for five years, and that even fewer are profitable in the long run. It’s somewhat reminiscent of the sports aphorism that “(name your team) does just well enough to lose.”

The panel dug deeply into the reasons for the mixed results. Among those are:

Failure to adhere to the firm’s strategic plan and overall objectives. As one panelist put it, lateral opportunities presented to the firm (usually by a legal recruiter) are “that very shiny object” that can distract a firm from its ultimate goals.

Failure to conduct virtually any data analytics about the firm’s history in lateral hiring. In his comments, Steve Nelson pointed to a TMG informal survey of internal recruiters that found virtually no firm had done an even basic study of what types of laterals were successful. Data analytics is driving virtually all aspects of law practice today, and there is no reason that lateral recruiting should be an exception.

The tendency to essentially outsource lateral hiring to outside recruiting agencies. Too often, firms merely turn to a bevy of agencies whose methodology is basically to troll for candidates and place them wherever they can. That may work on an occasional basis, but firms find more consistent success when they partner search consultants that work proactively with the firm to help it achieve its recruiting goals.

Overreliance on the so-called book of business. Too often, attorneys view lateral recruiting more like an M&A deal, rather than a search for talent. This particularly comes into focus with regard to compensation. At most firms, partners are compensated at their existing firm on the value they provide to the firm as a whole, not solely on their originations; but many firms set a lateral's compensation almost entirely on what they can bring in during the first year. That approach often leads to a firm's passing on candidates who can make substantial longer-term contributions.

Failure to articulate a consistent story to the lateral market. Firms spend millions of dollars on their messaging to clients, but don't spend a fraction of that on crafting their story to potential laterals. Panelists emphasized that firms need to articulate real-world examples. Just saying that your firm is collegial, collaborative, or entrepreneurial isn't going to cut it anymore (if it ever did).

Faulty recruiting processes. Nothing tells candidates more about the culture of the firm than how it handles the recruiting process. Panelists pointed to a variety of problematic issues, including having multiple partners ask the same questions, a preoccupation with portable business, and a mindset that candidates are the only ones that need to be selling. Moreover, firms are notorious for not communicating regularly with candidates, particularly where inevitable delays occur. On the other side of the coin, panelists also pointed to the failure to conduct proper due diligence, particularly in situations where extreme time pressure is involved, or where there is a powerful champion pushing for the lateral's hiring.

Failure to properly integrate the lateral. Panelists pointed out that most firms have good integration systems in place, but things often go off the tracks because there is no one of significant stature to remedy the situation when key partners get busy or are otherwise unavailable. In another recent web-based program - Great Reputation, No Business: How to Jumpstart your Lateral Partner's Success, sponsored by LSSO - TMG's Dave Ris noted that it is critical for firms to support laterals with robust marketing and business development programs, particularly when those laterals are coming from the government or from in-house positions.