



Deacon Search October 2004

## **'Lateral Hiring – A Few Lessons'**

*In the past decade in the UK legal market the lateral hiring of partners has transformed from an occasional tentative hiring of sometimes renegade partners to an everyday means of enhancing a firm's practice or establishing new areas of expertise. Unfortunately despite this transformation many firms do not apply the same rigour to selecting and integrating lateral hires that they do to the promotion of partners from within their firms.*

This is evident in a number of areas, which are dealt with below.

### **The Role**

All too often a firm will say that it wants a corporate partner or a finance partner without clearly thinking through what role and qualities are required. In the case of corporate partners do they want experience in private company, private equity, contested takeovers, flotation's (AIM or Main List) cross border, large ticket etc? Unless the firm is realistic as to its current expertise, reputation and depth it is unlikely to scope the new role properly. For example a major corporate firm in big ticket M&A is likely to already have some reputation in this area (if not in the UK then at least in its home market). To work in this area requires not only well-regarded corporate capacity but also credible expertise in competition, tax, employment and various other areas of practice. Accordingly whilst lateral hiring can enhance the reputation of a firm any one hire will have a limited effect and will need to build on the existing reputation, expertise and client base of the firm. If this is over hyped by the firm in order to attract a recruit the result will inevitably mean disillusionment on both sides and the departure of the lateral within a short space of time. A credible but demanding strategy based on a realistic review of the firm's current strengths and client base is far more likely to impress a good lateral candidate. Prior to any recruitment exercise a firm should effectively manage its profile in the legal press. This will ensure that it gains the attention of potential candidates and helps to differentiate it from other firms. Such a profile raising exercise will require a targeted and concerted effort over at least twelve months.

Linked to determining the role and establishing credible expectations and measurable targets is the question of whether the recruit should have a following and if so how large and of what type. Any potential client conflicts with the following need to be identified at an early stage. As a general rule, the larger the firm a candidate comes from the less likely he or she is to bring an established book of business, a fact overlooked by many non-UK based firms. A candidate who exaggerates his or her current billings and its profitability is heading for trouble. Firms do need to verify the client list, how portable the work will be (bearing in mind the firm's capability and reputation and the effect of any restrictive covenants on the candidates) and whether the candidate genuinely controls the client relationship.

## **The Head-hunter/Recruiter**

Working effectively with the right recruitment professionals is inevitably largely dependent upon your confidence in them and the quality of your relationship. This depends upon the investment of time and effort by both sides. The recruitment professional needs to understand the firm, its objectives and culture, to fully understand the role available, the personalities the recruit will work with, the expectations for the role and the process to be undertaken. A professional that appears unprepared to make that investment is unlikely to identify the right recruits. The recruitment professional is in effect an ambassador for the law firm so if the first contact is badly handled this will reflect badly on the firm. Communication between the firm and the recruiter needs to be regular and frank.

## **The Process**

Once a candidate has been identified a clear, efficient but rigorous procedure will need to be in place to deal with the candidate. All too often this is where firms fall down. Weeks of non-activity are followed by a few weeks of frantic activity and then silence. Partners are inadequately briefed and meetings with the candidate cover the same ground. Worse still partners don't turn up to meetings or are clearly uninterested in the candidate. Stories are legion of candidates being flown to the US to see a group of partners either to find that the partners are not available or that they are questioning, in front of the candidate, why the UK office is looking to develop in this area. A properly structured procedure involving not only the firm's management but also the partners the candidates will work with, effective meeting notes and feedback to all concerned and effective due diligence are essential if a good candidate is to be landed. A good candidate has a myriad of choices and will not tolerate being messed around by the law firm.

## **Integration**

Once a candidate has been recruited the firm has already made a massive investment in partner time and recruitment fees. This, however, is the start not the end of the process. When the candidate joins they should feel welcomed and involved in the business from the beginning. Teething problems such as the recruit's email not being set up or secretarial resource not being available need to be avoided as they give the wrong message from the start.

Partners need to take time to involve the recruit in new matters and client development and to invite his or her ideas and input. If the UK office is not the main office partners in other offices need regularly to make contact in order to help the recruit settle in and to develop the business.

For some firms over 50% of lateral hires fail and leave within three years. Not only is this a massive waste of money but also potentially gives the firm a perception of being a revolving door and therefore putting off other potential candidates. So much of this failure can be avoided if effective recruitment and integration procedures are put in place. So these issues are not just sensible in their own right they also save the firm a larger amount of money. The best firms in this area have some of the highest rates of success in attracting and keeping their lateral hires. They also reap the added benefit of ensuring that their laterals are performing well and thereby repaying the investment cost in the recruitment. The worst firms still don't get it!

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