

The Changing Paradigm of Lateral Attorney Hiring

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The Changing Paradigm of Lateral Attorney Hiring

Growth through strategic acquisition

They say the only constant is change, which it seems now more than ever, and law firm and advisory firm attorneys are no exception to this rule. The number of firms recruiting lateral attorneys has been increasing exponentially over the past decade, as attorneys, for their own reasons, are more open to joining another firm. Firms are seeing this as an opportunity to grow, bolster their service offerings and increase revenue in what is otherwise a mostly static market. While lateral hiring slowed in 2023, 2022 saw nearly 1,400 partners finding new professional homes.

Lateral acquisitions, whether of an individual attorney or team, promise great reward, but they also involve a significant level of risk. Lateral acquisition can be an extremely effective way to grow or establish a practice. The challenge is that even with a strong strategic alignment, this critical and costly investment is often hindered due to a lack of practical information and support. The return on investment needed from lateral hires is huge, and the risks associated in getting it wrong can have far-reaching and long-lasting impacts, so it makes sense that firms use the information and data they have to support these strategic initiatives.

As the legal landscape continues to transform, law firms are strategically leveraging lateral attorney hiring to stay competitive and adapt to shifting industry dynamics. This white paper provides an analysis of the trends, challenges, and innovations in law firm lateral attorney hiring over the past several years, shedding light on the evolving strategies firms employ to enhance their capabilities, expand market reach, and navigate the complexities of a dynamic legal environment.

Key Trends

STRATEGIC ALIGNMENT AND SPECIALIZATION

During the past decade, the legal profession has witnessed a paradigm shift in the approach to lateral attorney hiring. Historically, lateral hires were primarily made to fill specific practice gaps or bolster existing teams. However, contemporary trends indicate a more strategic and nuanced approach, with firms strategically targeting lateral attorneys not just for immediate needs but as integral components of long-term growth strategies.

Law firms are increasingly focused on strategic alignment when bringing in lateral attorneys. Rather than solely addressing immediate needs, firms seek lateral hires who align with the firm's long-term vision, adding specialized expertise and industry knowledge.

DIVERSITY AND INCLUSION INITIATIVES

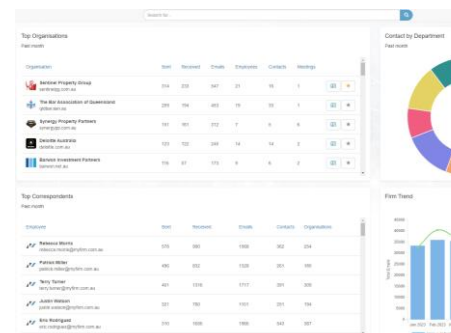
Recognizing the importance of diversity, law firms are incorporating diversity and inclusion goals into their lateral hiring strategies. This involves actively seeking lateral attorneys from under-represented groups to enhance the overall diversity within the firm.

TECHNOLOGICAL PROFICIENCY AS A CORE COMPETENCY

With the legal industry embracing digital transformation and innovation, firms are beginning to prioritize lateral attorneys with advanced technological proficiency. Candidates who bring innovative technology solutions, data analytics skills, and a deep understanding of LegalTech trends are in high demand.

CLIENT-CENTRIC APPROACHES

Firms are placing increased emphasis on client relationships in lateral attorney hires. Candidates with a robust book of business and a demonstrated ability to cultivate and retain client relationships are particularly sought after.



Challenges and Mitigation Strategies

A key determinant of success for lateral hires lies in the extent to which the law firm culture fosters a supportive environment for their integration. Achieving seamless cultural integration remains a persistent challenge in lateral attorney hires. As many firms have experienced the introduction of a “bullish” lateral hire, they have begun to appreciate that these senior appointments can do damage internally if not effectively managed. To say these hires can ruffle feathers would be a sanitized version of impact the wrong hire can have. To mitigate these issues, firms are implementing comprehensive onboarding programs, mentorship initiatives, and cultural assessments to ensure a smoother integration process.

A key determinant of success for lateral hires lies in the extent to which the law firm culture fosters a supportive environment for their integration. It is important to keep in mind that most laterals have only ever worked in one firm and do not themselves recognize that there can be vast differences in firm cultures. It is imperative during the recruiting process to explore this to avoid cultural mismatches. For instance, if the lateral is coming from a firm where there is a collective spirit and nurturing of long-term client relationships, but the partners in the new firm tend to work as lone wolves, there will be problems from the start. Similarly, if the partner comes from an “eat what you kill” environment, they will not thrive in a firm where the compensation system rewards cross-selling, and initiatives aimed at overall success of the firm.

Given that that a lateral attorney on average will cost a firm anywhere from **\$715,500 to \$4 million** in the first year, considering tangible costs such as compensation and recruitment fees, as well intangible costs related to on-boarding, a mismatch can spell disaster.

Understandably, a lateral attorney will want to prove their worth as quickly as possible. There is pressure on their shoulders. Other attorneys will watch carefully, in some cases, looking to demonstrate that long term loyalty and proven performance should be considered more valuable than the allure and false hopes of a new shiny lateral attorney.



**What can a firm do
to facilitate the
attorney's success?**



Transition from Recruiting to Onboarding

If it's worth doing, it's worth doing right

Every firm should have a standing Lateral Transition team composed of both lawyers and business professionals.

Lateral Partner Sponsor. This person will likely have been part of the recruitment process and negotiations and is often the Practice Group Leader. This person needs to be invested in the new partner's success and must understand that they will remain involved through the first year.

Lateral Integration Manager. A member of the business team, this individual will be the new partner's firm "sherpa" who ensures that they have the right resources to be successful.

Mentor. Generally, a partner in the firm with deep knowledge of the firm's culture. The Mentor will be most helpful in making introductions.

Marketing and Business Development. These business professionals are well-placed to formally join the lateral's transition team. In most firms, they are the key "dot connectors" and have the broadest purview on the firm's business operations.

Their role will include supporting, directing, and monitoring the lateral's business plan, client outreach, prospecting, and external reputation-building activities.

They should also provide internal guidance on communication strategies.





Connecting the dots

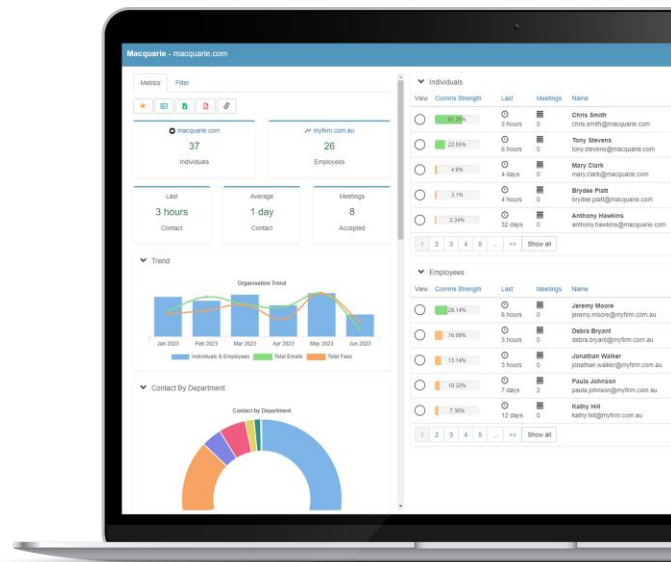
Connecting the dots

Visibility over relationships

With a need to quickly build a book of business, it is not uncommon to hear that a new attorney has inadvertently walked into a meeting with an existing client with long-term relationships, only to seem ill prepared, potentially causing embarrassment for themselves and the firm by saying 'have recently joined firm X and I would be really interested to see if we can work together', only to be met with 'yes, we know the firm. We have used the firm for a number of years.' This is not as uncommon as you might think and is a classic example of simply not being aware of "who knows who" and the existing relationships a firm holds.

Inversely, an attorney joining a firm may know little about where they can look to build business without the risk of interfering with existing relationships. One of the key reasons to hire lateral attorneys is for the network they hold, so without leveraging and comparing that to the firm's network, the lateral attorney is left with two choices:

- 1) Play it safe and wait for the introductions and the work to come in from other attorneys or,
- 2) Go out and push for work, at the risk of stepping on toes and damaging the firm's existing relationships.



Without visibility lateral hires are forced to:



Play it safe, hoping work will just come in.



Take risks, which can damage the firm's existing relationships

Navigating the Future of Lateral Attorney Hiring

In conclusion, in the past several years there has been transformation in the way law firms approach lateral attorney hiring. Strategic alignment, diversity and inclusion, technological proficiency, and client-centric approaches have become integral components of modern lateral hiring strategies.

Challenges such as cultural integration and retention persist, but firms are evolving and implementing innovative solutions that include increased reliance on the knowledge and experience of the business teams. As we look to the future, law firms must continue to adapt, leveraging the lessons learned and embracing the evolving landscape to make lateral attorney hiring a cornerstone of sustainable growth and success.

Allison B. Nussbaum has been delivering innovative client growth solutions to law firms for over twenty years. Her career has included senior roles in both law firm business development and technology companies. As the Vice President of Client Solutions at Client Sense, she is dedicated to helping law firms use technology to understand and capitalize on the value of their relationships.



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