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"LATERAL" SHOULD MEAN UP, NOT SIDEWAYS

Rebrand New Lateral Partners to Win Clients, Attract More Talent and Keep a Seat at the Executive Table

by John Hellerman

Pretend you're a managing partner and imagine this nightmare scenario: The economy is quickly tanking and clients, upset over $160,000 first-years and skyrocketing legal fees, are demanding rate cuts and other discounts, if they are not pulling low-level work altogether. This makes the firm's ability to skillfully handle ever more complex and premium rate matters paramount. Meanwhile, the pool of talent available to service and attract such work is dwindling.

The really bad news? This isn't a hypothetical. Firm leaders are up at night worrying about talent and how they're going to retain it.

The Fight for Talent

"The American Lawyer" recently reported that there were 2,423 lateral partner moves between AmLaw 200 firms last year, a 12.5 percent increase compared to 2006's 2,153 reported moves. This is an astounding number and has been the trend for several years.

Sadly, the magazine also revealed that 16 percent of lateral partners who joined new firms in 2005 have already moved again. If the trend continues, nearly 400 unhappy lateral partners will move again in 2009.

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At a conference in New York for legal recruiters earlier this year, $600,000 was the consensus estimate of what it costs (including actual expenses, lost partner time and head-hunter fees but excluding the actual compensation package) to integrate a lateral partner with a $1.5 to $2 million book of business. If the figure is accurate, then more than $240 million is being wasted because firms aren't able to make their lateral partners happy. (That amount of revenue would put a firm on the AmLaw 100!)

Clearly, getting this right is important and firm leaders are spending upwards of 60 percent of their time on identifying, courting and signing talent. Why is talent so important and what makes it unhappy?

"Talent is what they sell so it's what they have to pay for." So said "New York Magazine" in explanation of the billions of dollars Wall Street paid out in bonuses last year. The same holds true for law firms. Talent is important, obviously, because talent is what attracts and services clients and maintains lucrative relationships with them on the partnership's behalf. In other words, talent is a law firm's biggest asset and its only marketplace product.

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Why do partners leave their firms for competitors? The top reason is "lack of support." It is a vague catch-all, but it is not hard to give it definition: Lateral partners join new firms for various reasons but–bottom-line–they're coming to grow their practice, and if they thought the opportunities were better someplace else they'd have accepted a competitor's offer.

No, they wanted you for the same reason your firm wanted them: to exploit opportunities neither the firm nor the new partner is able to on their own. They're made unhappy because in most cases "support" simply means making sure they've met most of their partners rather than their partners' clients, and that they have their business cards and a functioning BlackBerry.

Essentially, they have everything they had at their old place albeit with a new set of partners and a sparkly press release memorializing it all. It is not enough!

First and foremost, it's a broken promise. A firm that fails to aggressively promote its assets and products will soon cease to be competitive. Second, a wasted opportunity like this is, well, wasted. It's a sideways move; a failure. And as we like to say, "lateral" should mean up, not sideways!

This is a critical battle and with current integration plans failing, managing partners are desperate for solutions.

Marketers to the Rescue

Thankfully marketers have the tools to address these challenges, and enabling your firm to make good on its promise to support lateral partners' practices offers enormous opportunities to be a valued player in your firm's critical business development strategy.

There are, of course, many ways to market individual partners and support them in leveraging the firm's platform. The most important are those that help credential partners and leverage their reputations in order to create more and stronger relationships with clients and prospects.

Interestingly, while general business development is always a goal in marketing efforts, in this case, there is another, even simpler, objective. That is to make new laterals "feel" supported and thus happy. Putting a short-term communications campaign behind them is one of the simplest, least expensive and most effective ways to do this.

Indeed, back in the mid-'90s when very few firms were embarking on branding campaigns and marketing was just starting to land on every firm leader's radar, in-house marketers eager to convince their executive committees to spend $1 million-plus on fancy firm branding campaigns would often engage the comparatively inexpensive services of a PR firm to get those partners in the news. Being doted on and seeing their name in the paper went a long way to showcase the power of marketing generally but, more importantly, it put smiles on their faces and they opened their checkbooks. Mission accomplished.

The Lateral Rationale

But, you may be asking, why the focus on laterals? Why not focus on all new partners? Or all partners for that matter? First, you can't do everything. Second, it is important to rebrand the lateral as the firm's own. In this way, the firm can take credit for the partner's past results and achievements. Third, it's high-profile, strategically important, accomplishable work that makes sense.

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Given that a firm would never bring a lateral partner into a practice it did not intend to grow, by aggressively promoting new laterals a firm can easily link its marketing efforts to its strategic business and growth objectives.

The benefits of promoting new laterals extend beyond traditional, general business development as well. In being a firm that truly integrates, markets and supports its laterals properly (and marketing that!), your firm will be more attractive to lateral candidates generally. Moreover, by creating a strategy around lateral partners you can apply a real ROI metric to your efforts. For instance, if the promise of low-cost marketing campaigns means partners are more likely to bring their $2 million book of business to the firm, then marketing is adding $2 million in revenue to the firm's bottom line. And, once in, that $2 million book is a benchmark to measure the success of the actual campaign.

Once new laterals have been recognized as the firm's asset (i.e., after a six to 10 month campaign), they can enter the established partnership and benefit from the important general marketing activities of their practice and the firm as a whole. In other words, they come over, are doted on and given a portfolio of media credentialing them at their new place, feel like a supported member of the team and maintain their reputation as a partner in your firm. They will inevitably speak positively about this experience with other potential laterals, therefore making the firm more attractive to talent generally. Simply put, a marketing program focused on lateral partners is strategic, manageable and measurable.

In an era of partner free agency, talent is the client. The firms that do the best job of articulating why lateral stars will fare best with them–and then back up their plans with strategic, focused marketing support–will find they are able to successfully institutionalize the talent they need to attract and keep the clients they want. ■

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