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MANAGEMENT

Lateral Recruiting at the Partner Level

By Adam S. Weiss

According to The American Lawyer, more than 2,000 major law firm partners have switched firms in each of the last several years. That means that about 5 percent of all big-law partners move firms annually. While some portion of this number consists of large group moves, the majority of lateral-partner moves involve individual transactions in which just one, or a few, lawyers switch firms at a time.

What accounts for so much movement at the partner level? Simple: a lateral move is often the best thing for a partner's career, and the benefits go to partners with modest books of business as much as to those with larger ones.

While a legal recruiter may occasionally contact a partner about a firm seeking a specific background, virtually all firms give recruiters marching orders to work "opportunistically." This is firm-speak for "show us anyone with a meaningful book of business." Thus, while partners with large books of business can't always write their own tickets, they are the hot commodity in the legal recruiting industry. Accordingly, if you have around $1.5 million in business from a client base that will follow you to another firm, it makes sense to find out what your practice would be worth to several other firms.

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But what about partners who don't have large books? Some partners are getting squeezed between their firm's rate structure and their clients' unwillingness to pay high fees. These partners may wish to move to firms with less aggressive billing expectations — and they'll often take home more money in the process. Contrary to popular misperception, a great many — perhaps the majority of — partner placements involve lawyers without unusually large books of business. Indeed, in my experience as a legal recruiter, some of the best candidates are those with books in the $1-$1.5 million range.

Successful candidates have the following characteristics:

- Good strategic fit with the acquiring firm, such as having a practice that complements the firm's current practices, or a client base with many cross-selling opportunities.
- Persuasive explanations of why their current firm is no longer the right platform.
- Reasonable compensation expectations.

If these characteristics seem familiar, you may wish to explore your options. Astute recruiters will work closely with partners to understand their practices and client bases, identify firms that could provide a superior platform without obvious client conflicts, contact those firms with a compelling message about why they should establish a dialogue and shepherd candidacies through what is usually a multi-month recruiting process.

So, how does the partner-level lateral recruiting process really work? The best way to explain the process is to present a case of a typical lateral partner move, noting how it differs from a move at the associate level.

Joe Lateral was a corporate/transactional partner at an AmLaw Top 10 firm, who served clients from one of his firm's Texas offices. Joe's specialty was M&A transactions on behalf of middle-market companies acquiring smaller firms. However, his current firm was in the process of refocusing to serve a Fortune 500 client base.

Joe called me at the suggestion of a colleague whom I had placed years earlier. He was feeling pressure from his partners to increase his billing rate from the merely stratospheric to the extra-atmospheric — but his client base was already balking at current rates. There seemed little possibility of compromise: either Joe had to raise his rates and risk losing the client base he had built up over his career, or he faced pressure from his partners to leave the firm.

Joe and I had several conversations about his practice, client base and career goals. I then performed discreet ("no-names") market research with prospective firms to assess their interest in a partner with a practice like his, and analyzed recent hires by major firms in Joe's market. Based on my communications and research, several things became clear:

- Time was of the essence. Joe could see the writing on the wall at his current firm.
- While Joe's $1.4 million book of business was below his current firm's expectations, it was still above the minimum required to get the attention of many other firms farther down on the AmLaw 100 list.
- Numerous other firms in Joe's market were keenly interested to acquire a partner with a practice like his.

Keeping these factors in mind, I proposed an action plan for Joe: we would work together to identify law firms specializing in serving clients similar to his own — middle-market companies with modest, but real, needs for high-end transactional expertise. This differs from associate-level recruiting, where a firm's need to fill a particular opening drives the recruiting process; partner-level recruiting is driven by the attorney's needs and interests as much as by the firm's needs.

After agreeing on the action plan, I set out to do for Joe what he couldn't do for himself:

- Contacted firms on a no-names basis to determine their interest in a partner with a practice like his.
- Assessed recent partner placements and press releases to find firms that were looking for partners like him.
- Analyzed the partnership composition of firms in Joe's market to identify opportunities that could appeal both to him and a prospective firm.

Based on this analysis, I created a list of firms meeting Joe's requirements: AmLaw 100 firms serving mid-sized companies, with offices in several major metropolitan areas, substantial transactional capabilities, and billing rates that would, ideally, represent a discount compared to what they were being charged at Joe's current firm. I then discussed the list with Joe, sharing market intelligence I had on the firms. We reviewed the firms' recent hiring trends, key personalities and reputations. We agreed to approach seven firms on the initial list. Again, this is different from what applies in associate-level recruiting, where a candidate is likely to speak with only a few firms at a time, depending on their openings.

As is typical, several firms were simply not interested. Some had recently taken on new partners and were not in a position to absorb any more immediately. Others determined that Joe's practice did not provide them with sufficient cross-selling opportunities. However, three firms expressed interest to learn more about Joe. We scheduled interviews right away and began sharing information about clients, billings and Joe's practice in general. As conversations with the three firms progressed, I worked with Joe to complete the numerous disclosure forms that each firm requested, and presented them with customized memoranda that described his practice, client base and business development plans.

Two firms made Joe attractive offers to join. He chose the one that offered the best combination of compensation, benefits and support for his practice and business development efforts.

"Working with a recruiter was one of the smartest moves in my career," Joe says. Had he approached these firms on his own, or had we approached them one-by-one instead of simultaneously, he would likely not have achieved the same excellent results. For example, had he contacted each firm directly, Joe would have undercut his own posture as a partner who, while not exactly "looking" for a new opportunity, was nevertheless amenable to discussing a move. From my position as a legal recruiter, I could convey the significantly more compelling message: "I found this great partner at a top firm, and I can bring him to the table if you are interested to learn more."

Likewise, when it came time to negotiate an actual offer, I was able to explain to each firm that it had better lead with its best offer, because Joe was speaking with other firms as well. While Joe could have done the same, doing so would have put him in the uncomfortable position of antagonizing the very partners whose firm he wanted to join. In such situations, a recruiter's objectivity can go a long way toward bringing the parties together smoothly and dispassionately. Associates usually have much less latitude in negotiating offers, as they are typically slotted into a firm's associate compensation program.

If you are a law firm partner, whether your book of business is large or modest, you probably have more options than you are aware of to move to other firms. Whether your initial motivation is improved compensation, expanded market opportunities or more sophisticated staff, exploring your options can benefit both you and your clients. This was the case with Joe — who is now his new firm's office managing partner and a highly-respected member of its national corporate practice. ■