THE NEW ELLIS GROUP

Monday Monday

Connecting the Dots with Karen Kaplowitz

Helping you create and reinforce the habits of successful career building, gleaned from my work as a business development strategist, trainer and coach

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Measuring Successful Lateral Moves and Mergers: Show Me the Numbers. Part II. This series looks at metrics which are available to evaluate the likelihood of successful lateral moves and mergers. New lawyers arriving by lateral hire or merger are often promised broad access to firm clients. Part I recommended that laterals and law firm merger candidates use readily available billing information to scrutinize whether suitor firms' billing metrics support these promises. **Click here for Part I**.

There is another metric readily available to measure the success of law firms' lateral hires and mergers: a comparison of the number of lateral partners brought into the firm each year for the past five years with the number of lateral partners who *left* within three years of joining the firm in each of those five years. If the number of *exiting* lateral partners for each year is equal to or greater than total partner hires for that year, that may be cause for concern. We can call this metric the "hit rate".

The lateral hire hit rate is not published information but is readily available in firms who are recruiting laterals or firm merger candidates. This metric is a telling data point, indicative of laterals' ability to be successful at their new firms. If you, as a potential candidate, are concerned that you will be seen as overly aggressive or skeptical if you ask for the hit rate, here are some approaches to consider:

- If you are working with a recruiter, ask the recruiter to request the information as part of his or her due diligence. If the hit rate is not part of the recruiter's normal inquiries, it should be.
- Tell prospective firms that other law firms have offered their track records for lateral partner retention as a competitive advantage and invite firms to provide comparable data.

But keep in mind that law firms routinely include—and enforce—contract provisions that allow them to ask laterals to leave after one to two years if the firms' expectations are not met. Especially with this risk, it is important to move past any reluctance to ask for these lateral retention rates.

Example: A firm put on a full-court press to recruit an attractive lateral partner, with a substantial client following, who would fill a gap in the firm's capabilities. The firm stressed that the partner would have the opportunity to leave a smaller, less profitable firm for a more stable firm in these uncertain times. The candidate was tempted to make a move but concerned whether she would, in fact, have more security in a new environment. When she asked the firm's hit rate of laterals over the past five years, the firm's in-house recruiter said that the firm did not compile that data but assured her that the firm had had success in retaining lateral partners. Rather than accept that generality, the candidate asked her recruiter to press the firm to provide the actual data of "laterals in" versus "laterals out." When the data came back with an equal number of laterals coming and going, the firm said that there were good explanations for each person who had left the firm. The lateral candidate ultimately stayed put in her smaller, less profitable firm. She concluded that the numbers just didn't support the general and much too vague promises of new lateral support. She was more comfortable with the devil she knew.

Before deciding on mergers or lateral moves, are you scrutinizing readily available data from suitor law firms to verify their rosy claims? Given the number of failed lateral moves and mergers, can you afford not to?

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