



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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Day of Reckoning for Lateral Partners

The pandemic disrupted many normal business cycles, including assessments of lateral partners. Many lateral partners join firms with an 18 month or a two-year contract. For lateral partners who moved in 2018 or 2019, their contract terms have ended during the pandemic. If their performance fell short of expectations, in many cases, firms gave them latitude because of the possible impact of the pandemic. With the economy reopening and the approach of another year end, firms may be less forgiving of laterals whose practices have not grown in predicted ways. If you are a lateral facing a critical juncture in your career, here are some questions to consider:

- Which aspects of your original business plan for your new firm were thwarted by the pandemic?
- Did you lose key clients or prospective clients because of their own business conditions?
- Did you make your firm aware of the pandemic's effect on your business prospects and make yourself available to work on other matters?
- Did you pivot from your original specialties to handle pandemic-related work?
- If you had clients who were themselves displaced by the pandemic, did you support their efforts to find new positions?
- If the economics of your contract have ended up radically different than you and the firm bargained for, have you offered to make an adjustment or assumed that the firm should bear the loss?
- Have you restructured your business plan to account for the changed circumstances?

With six months to go to year end, this is a good time to evaluate your own performance and put in place strategies which will provide you with a reasonable narrative on which to negotiate with your firm about your future status and compensation.

Example: When Covid lockdowns closed courts, the domino effect on litigation was swift. No trial dates meant no pressure to complete trial preparations or initiate settlement negotiations. Pressure on businesses to conserve cash led law departments to trim outside legal fees. Conducting hearings and depositions on Zoom did not ramp up overnight. When a lateral litigation partner's work started drying up, she took stock and implemented a contingency plan. First, she offered to help audit each of her clients' pending litigation dockets, including matters being handled by other firms. She came up with a scoring system to help prioritize litigation including expected costs, recoveries, and outcomes. Her clients appreciated her audits, and she shared her system with others in the firm. Next, she sought out and approached partners in other practice groups who worked in industries affected by the pandemic, including retail, hospitality, and transportation. She offered to collaborate with them to help their clients. She helped coordinate review of pandemic-related contract defenses like force majeure; identified unasserted claims that could be monetized; evaluated the utility of litigation funding to reduce litigation costs; and assessed litigation claims and risks that might stand in the way of desirable merger transactions. She managed to keep herself and a team of litigation associates busy. Her own contract partnership was due to end in December 2020. Since her client originations were lower than expected, she proposed to the firm that they delay consideration of her permanent status for a year. The firm's response: "You have been a great team player and we are ready to make you an equity partner now!"

If you are a lateral partner facing the end of your contract, do you have a solid business plan to demonstrate that your firm cannot afford to risk losing you? Have you done a good enough job communicating your value to others in the firm even if your practice has not grown exactly as you expected?