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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"Recruiting" from Within: Retaining the Next Generation of Firm Leaders

Firms use lateral recruiting to meet many strategic goals: Filling diversity gaps. Staffing new offices. Bolting on new revenue. Replacing lawyers who have left. Infusing new leadership. But lateral recruiting is a very expensive and sometimes clumsy tool. Intense current competition allows rainmakers to command premium compensation. Outside recruiters' fees typically add 25 percent to every transaction. Even though a sizable percentage of lateral partner hires are not successful, laterals rarely fail fast enough for firms to claw-back recruiter fees for failed laterals. If your firm or practice group is looking for strategic options to mitigate the high cost of lateral recruiting, here are some questions to ask:

- How does your recruiting budget compare to your budget for professional development?
- Have you identified current lawyers in your firm that you would not want to lose and developed a plan to keep them?
- Has your budget for professional development kept pace with your recruiting expenditures?
- When lawyers leave, do you have a process for determining their reasons?
- Does your exit interview process elicit candor from departing lawyers?
- Do you stay in touch with lawyers who join other firms?
- Do you compete for clients with departing lawyers in a way that burns bridges?

Example: After many years of strong organic growth, a firm hit a rough patch. When several competitors made successful raids on promising new partners, the firm considered its options. One option was to compete more aggressively in lateral recruiting which the firm concluded was a necessity. The firm also developed a series of other strategies. The firm hired a consulting firm to go back to lawyers who had left for other firms to find out more about their reasons for leaving, on a confidential basis. The consulting firm's retrospective exit interviews protected the anonymity of the departed lawyers and elicited more candid information. The consulting firm concluded that higher compensation was a factor in most of the moves but not necessarily the critical factor. The consultants reported one dominant theme: the lawyers who left did not believe they would have a secure future at the firm and were attracted by practice building opportunities at other firms.

The firm also used the consultants to invite a group of high potential partners to share their concerns, also on a confidential basis through a series of anonymous online focus groups. The consultants reported to firm leadership that most of the high potential partners were loyal to the firm but wanted the firm to demonstrate more loyalty to them. They hoped that the firm would shorten the equity partner partnership track and formalize succession planning so they could be more secure that they were in line to become client relationship managers. They also requested more training on client relationship management.

The firm also developed a strategy to recruit back several partners who shared clients with the firm. With support from their joint clients, the firm persuaded several partners that it was in the clients' best interests to be represented by one firm and that they would be welcomed back to the firm with no hard feelings. It was helpful that when the partners left, the firm had treated them respectfully, emphasizing their collective duty to put their clients' interests first.

If your firm is facing steep competition from more profitable firms for promising talent, have you overestimated the importance of money in the career decision-making process? Have you implemented non-financial strategies that will help you retain the next generation of leaders in your firm?

Happy Valentine's Day!

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