



STELLAR PERFORMANCE 2023

Beyond recruitment: Ensuring the success of lateral hires

7th Annual Survey | November 2023

BEYOND RECRUITMENT: ENSURING THE SUCCESS OF LATERAL HIRES

Law firms invest significant time and money into recruiting partners from other firms or corporate law departments, and with good reason. Individual hires may be rainmakers or may be hired to strategically increase diversity levels in an effort to improve the client experience and boost the firm's share of wallet. New hires may fill in gaps in a firm's expertise, or enable a firm to target a specific sector, industry, or client. By bringing on an entire team of lawyers, a firm can expand into new markets or geographies, or transform a fledgling practice into a powerhouse.

In this *Stellar Performance Research Report*, we look at the experience of lateral hires — why they commonly leave one firm to join another, and the factors that contribute to their success once they've arrived. Chief among these factors is the integration process. Previous Stellar Performance research has shown that on average, lateral partners bring 22% of their books of business to their new firms — but that number can reach 100% or shrink to 0%, highlighting the importance of providing a well-orchestrated and effective on-boarding and integration process for new lateral hires.

This research continues our series based on the experience of Thomson Reuters Stand-out Lawyers — those nominated by their clients as being exemplary. Of this year's cohort of stand-out lawyers, 7%, or 156, have been with their firms from one-to-three years. Of those, 109 moved from a partner role at one firm into a partner role at another. This research is based on the experience of those lawyers, of whom about half are based in the United States.

2,400
lawyers responded,
90% of whom
were partners



THE MOTIVATIONS THAT POWER LATERAL MOVES

An understanding of why partners make lateral moves is critical to optimizing the experience of those hires. While each lawyer will undoubtedly have deeply personal reasons for making such a switch, our research does uncover a number of key trends.

One of the most common reasons for leaving a firm is simply that the lawyer received a better offer elsewhere. This is consistent with our previous research, which showed that many lateral hires were not looking for a new position when they were approached by the firms to which they eventually moved. This is true for both individual lawyers who chose to make a change, as well as those who moved as part of a team, or who took their teams with them. A large portion (59%) of laterals taking part in this research moved as part of a team, with 41% moving individually. Those who moved individually are more likely to be female and/or consider themselves to be part of an ethnic minority group than those who moved as part of a team.

What makes these lawyers and others open to change? Dissatisfaction with firm leadership and strategy top the list, although compensation issues and a lack of opportunities to grow and progress were also cited as important.

Figure 1: **Reasons for leaving previous firm**



Source: Thomson Reuters

Comparing this year's research to that conducted in 2021 and 2022, we find that lawyers in 2023 are more likely to move because of compensation. It could be that their firms had record profits in 2021, and many lawyers may have yet to see that reflected in their own compensation. Partners are also well aware that associate compensation has been rising, and they may believe their own contributions are not properly valued.

While a lack of faith in firm leadership is still an important motivator for a lawyer to change firms, it is somewhat less prominent this year than in 2022. These reasons and others cited above are the so-called *push* factors — the ones that lead lawyers to seek out or at least be receptive to other opportunities.

The *pull* factors — the aspects of their new firms that they find appealing — were often cited as the quality of the practice or team they would be joining, as well as the new firm's overall culture. Compensation, again, remains important, yet laterals who are moving individually typically look for a strong platform for their business and opportunities for future growth. Those who moved as part of a team said they were more likely to be seeking out a firm with a strong overall brand and/or an international network.



BUILDING A SUCCESSFUL INTEGRATION PROCESS

A law firm's integration process for laterals is a critical factor in determining if the lateral will be successful and ultimately will stay with their new firm. While flight risk for laterals is similar to that of other stand-out lawyers, it's affected greatly by the integration process. The more satisfied a lawyer is with the integration process, the more likely they are to stay with their new firm. Also, laterals express a greater degree of uncertainty about their futures with their new firms than do other stand-out lawyers, perhaps believing that they haven't yet spent enough time at the new firm to make an informed decision about their future there.

Figure 2: **Dissatisfaction with integration process increases flight risk**

Likelihood of moving firms, by satisfaction with integration process

■ Highly likely ■ Somewhat likely ■ Unsure ■ Somewhat unlikely ■ Highly unlikely



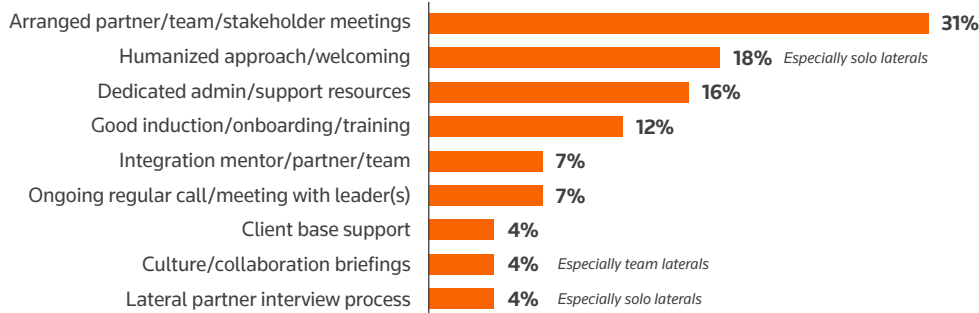
Note percentages may not add to 100% due to rounding.

Source: Thomson Reuters

Satisfaction with the integration process is closely linked to transparency and expectation management. When expectations are not met, laterals are much more likely to be dissatisfied with the integration process as a whole.

A successful transition program has many elements — some cultural, some interpersonal, some administrative, and some involving other forms of support. It's important to invest time and resources in the new hire's success from the outset — a worthy investment if that partner is able to stay at the firm, grow their own business, and help other partners and the firm grow theirs.

The responses of stand-out lawyers make it clear that law firms need to have a formal plan to bring laterals on board — a *laissez-faire* attitude is likely to lead to failure.

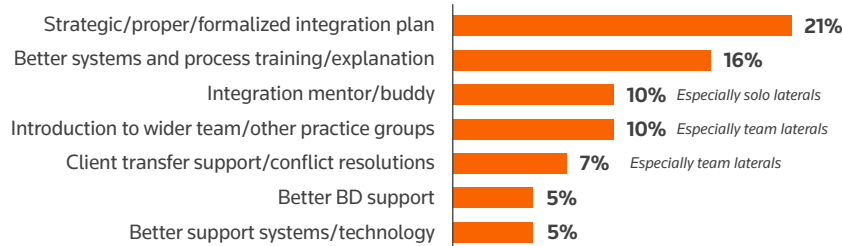
Figure 3: **What typically works well?****What firm did effectively**

Source: Thomson Reuters

Lateral hires made it clear how much they appreciated a hands-on approach and an accelerated process for meeting their new colleagues. "Daily video calls with the team across the platform allowed for quick integration and knowledge of resources," said one lateral hire. "This was actually done because of COVID, but it turned out to expedite integration." Another praised their new firm's dedicated partner integration manager: "She is fantastic."

Said another of their new firm's program: "They have a full process for training and integration which involves small meetings with everyone on the executive management team." Another lateral said they met with nearly 50 partners before making their move. Other forms of support were also appreciated, including staff to help with transitioning files and making clients feel looked after, the availability of conflict lists, and IT support.

When asked what their new firms could have done to make the integration process better, managing expectations, as mentioned above, figured prominently. "Be more open about compensation and expectations," said one lawyer. "It felt a bit like a bait-and-switch once we started our second year here." Some laterals also said they didn't receive adequate introductions across the firm.

Figure 4: **What could be improved?****How integration process could be improved**

Source: Thomson Reuters

Laterals also made it clear that structure and organization produce dividends. “Honestly, they need a proper integration plan,” said one. “It was pretty hopeless.”

It’s important not to underestimate the amount of time it takes a lateral to be fully up to speed on the inner workings of their new firm. “The short-term help was great,” said one lateral. “But the firm should provide long-term help — at least a year to ensure the lateral hire has gone through an entire annual cycle and understands everything.”

Other needs: A back-office that makes client on-boarding easier, the availability of training for key systems immediately upon joining, and better explanation of engagement, billing, and collection workflows.



“The firm should provide long-term help — at least a year to ensure the lateral hire has gone through an entire annual cycle and understands everything.”

BRINGING A NEW PARTNER INTO THE FOLD

Those law firms that have recently hired laterals, or are looking to, should begin the integration process as soon as practicable — ideally before the new hire has come on board. The lateral should speak to as many partners as possible, preferably before they're hired. Transparency around expectations and compensation is a must, as is an accurate communication of the firm's values and culture.

Once the new hire begins at the firm, a structured integration process has the best chance of making sure that new hire is able to succeed. Those laterals who had experience with a dedicated integration manager said they saw that person as integral to their success.

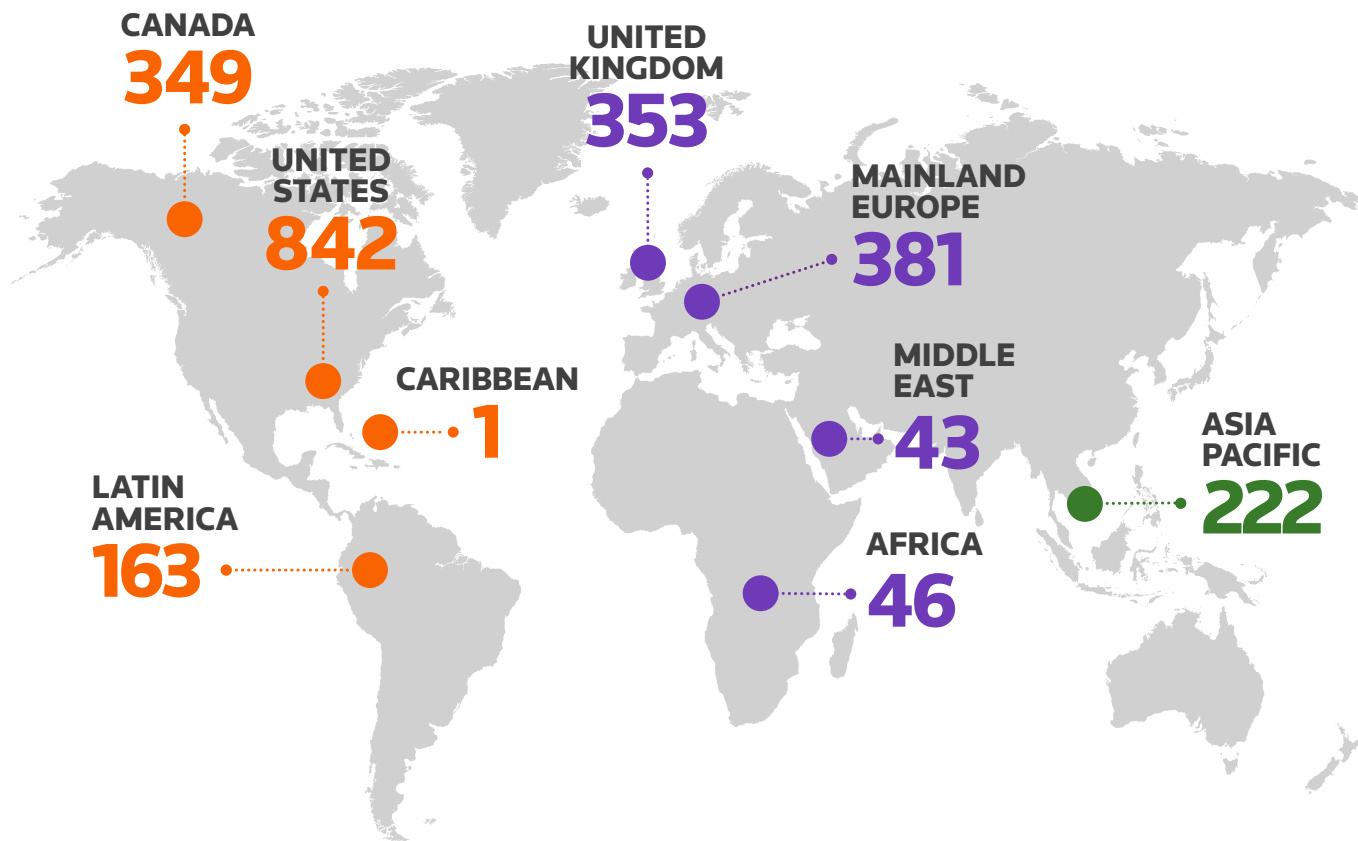
A formal lateral integration program should include support to transition clients to the new firm, and training on systems, operations and processes. Introductions are also critically important: the lateral should have the opportunity to present their capabilities to other teams, and there should be a process in place to find synergies between existing practices and those the lateral may bring to the table. Importantly, existing partners should be strongly encouraged to facilitate client introductions. Of course, laterals should be immediately included and introduced at firm events and social events. Some laterals have also suggested that a mentor or buddy system would be helpful in assisting them in navigating their new firms.

It's easy to underestimate the specialized knowledge of culture and processes that makes any organization run smoothly and successfully. This is knowledge that longtime partners share but may never have been made explicit. For a new partner to come into a firm and be successful, it's imperative that they absorb that knowledge as quickly as possible. An effective integration program is critical in achieving that goal, and in ensuring that new hires are successful and productive — both for their own sakes and for that of their firms.



METHODOLOGY

This report discusses the findings of a self-completed web survey, distributed to lawyers who were nominated as "stand-out" in our ongoing, random-sampled Sharplegal survey of law firm clients. This year, 2,400 lawyers responded, 90% of whom were law firm partners. We would like to thank every one of those exceptional lawyers for taking the time to support our study and share their perspective on what law firms need to be doing to enable them to work at their best and continue to deliver exceptional client service.



2,153
PARTNERS

OF WHICH

1,801
ARE EQUITY
PARTNERS

25%
ARE FEMALE

(2% prefer not to state)

73%
ARE MALE

13%
ARE UNDER
40 YEARS OLD

11%
ARE OVER
60 YEARS OLD

12%
WOULD CONSIDER
THEMSELVES PART
OF AN ETHNIC
MINORITY GROUP

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