

# Considerations in making lateral legal moves as a partner

There are many lateral moves in the African legal market and, as more international firms enter the fray in the coming years, this will see a significant spike in activity.



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There are many factors involved in a move that bring partner-level attorneys to look at their competitors and wonder, “How would I get on if I worked there?” Sometimes it is a lack of progression, sometimes one’s goals do not align to where the firm one is with is heading or sometimes the firm’s performance is worrying.

“Whatever the reason, there are some quick considerations to look at if one is thinking about making a lateral move to another law firm,” explains Rob Green, CEO of international legal recruitment firm, GRM Search.

## Mindset

Your mind-set and the mind-set of the hiring firm have to be one of an ‘investment’ not simply a hire. People are (in 99% of cases) still a company’s biggest investment, whether that’s in time, salary, bonuses, hiring, on-boarding, training and possible disruption, so it is an investment decision they are making, not a hire.

You, too, are investing yourself and your future into a company, so your mind-set has to be one of a stock purchase and not so much of ‘would I like to work there?’

## Transferable book of business

This is the first question firms will ask. Partners, either salaried or equity, are paid a lot of money and, without being able to at least cover their costs in the first year, firms will not even engage in a first conversation.

“Most partners, when engaging in a search for a new home, like to play it safe and undersell their transferable book of business. The questions we ask are ‘Who owns the book? Is it yours, the firm’s or both? How do you split it up?’ For that reason, partners tend to offer less guarantees when it comes to revenue. Although, they can certainly reveal what they’ve done in recent years and over their tenure and how they have produced those figures.”

If transferable revenue is hard to judge, the new firm will have evaluate the partner’s potential based on reputation, expertise and prior years’ numbers, alongside their own platform to make a business case.

## **Culture and team collaboration**

This is fast becoming the number one area that firms (especially HR Directors) consider when bringing on new partners. What is the firm’s true culture and will you fit into it? Are you a team player or a lone wolf? Are you going to fit seamlessly into the firm and enhance it with your expertise and personality? These are important factors, in many ways as important as revenues generated, because your success at the new firm is dependent on these factors too.

“In order to make this easier to spot from the outset, we at GRM have integrated an artificial intelligence (AI)/machine learning platform to better assess partners’ cultural fit – the algorithm we use is 100% accurate in selecting the right cultural fit for the individual and the hiring firm. We are using this to enable our clients to cut down on the number of wrong hires they make and save millions in wasted revenue and time.”

It is imperative that partners looking for a lateral move, and the potential hiring firm, delve deeply into this point and make sure they are going to appoint someone that will enhance their firm, not be disruptive.

## **Yours and the firm’s reputation**

We all think we have a solid reputation, but do we really know what the perception is of us to the business community in which we operate? You should ask clients that have dealt with you in the past to assess you, you should have a personal social media marketing strategy, you should write regular articles and network as much as possible.

Above this, you should deliver good work and often. This may sound obvious but it’s imperative that you don’t get too comfortable and let quality slip. “Firms want to hire the best, someone that when hired the rest of the market turns round and says wow, they want to invest in someone at the top of their game. In order to have this affect, your reputation must be stellar. The same is true of the firm one proposes to join.”

## **Charge-out rates**

This is a tricky one because you have to make sure your current revenue generating charge-out rates are in line with what your new potential firm is charging. Your clients will not swallow their legal fees doubling overnight, just because they like dealing with you personally.

## **Compensation**

“With regards to compensation, better results are achieved if both sides are open and upfront about this from the very beginning.

“It is tough to get people to this point, as most lawyers are naturally risk adverse and are taught in negotiations to keep certain information close to their chest, to stay in control. This is why we use our machine-learning platform and proprietary sets of data to turn partners into an accurate investment decision, allowing the hiring firm to budget 1, 5, 10 years down the line with regards to revenue/performance/outlay. Once it is all out in the open, both sides can move forward in an informed manner in order to tackle other points in the process.”

## **Origination rates**

This should be discussed at the same time as charge-out and compensation as a partner wants to join a firm that has a clear path. Either they are an ‘eat what you kill’ type of firm with very little team work and cross-selling or they are the opposite and, if they have a clear origination scheme, this can be a major selling point to any lateral partner and can significantly improve personal and company revenue.

## **Conflicts**

It goes without saying that both sides need to be open about their client base as soon as is relevant in the interviewing process. This would normally come from the partner side once they get to the business plan writing stage. But the sooner conflicts can be discovered, the better off it will be for both sides.

## **Business development**

“The role of the lawyer these days is rapidly changing. In the past five years, we have seen the market become more competitive, rates squeezed, new law taking work from big law, and the need for stronger business development (BD) skills in lawyers become paramount.”

Partners need a firm with a high-performance BD team that is not just a function of marketing but can also prove their yearly ROI and new client generation. Cross selling activities across the firm and a firm that pushes technology barriers is what top partners will look for in their negotiations.

## **Team move**

Most partners have a solid team working around them and if they are imperative to one’s earning potential and work delivery then the team should move as a package deal. This is usually discussed at an early stage in proceedings and, as the potential investment moves further down the track, negotiations for your team to move across are normally handled by your agent.

## **Ability to embrace technology**

As was reported in the Asia Law Portal recently, these stats make for interesting and sometimes worrying reading for today’s partner:

- A recent New York Times article places the issue of AI in law in its larger commercial context: “Corporate clients often are no longer willing to pay high hourly rates to law firms for junior lawyers to do routine work. Those tasks are already being automated and outsourced, both by the firms themselves and by outside suppliers like Axiom, Thomson Reuters, Elevate and the big four accounting firms.” The article cites Michael Mills, lawyer and chief strategy officer of legal technology startup Neota Logic — who told the Times that legal teams of the future will see a partner in charge of a team — with a machine a member of that team.
- The Financial Times (FT) cites a 2016 study by Deloitte which predicts that “114,000 jobs in the legal sector in the UK alone are likely to be automated within 20 years.”
- In an extensive article on the subject of the use of AI in legal services, the Financial Times (FT) details how numerous

traditional law firms as well as new law firms and legal startups are adopting AI as a means to streamline legal services. The report cautions, however, that fundamental changes are unlikely to come to legal services due to the ownership structure of traditional law firms and the current limitations of AI itself.

- In a recent survey by international accounting firm BDO — the results of which were detailed in Asia Today International: “Technology [is] set to have the greatest impact on law firms over the next five years” according to managing and senior partners of 50 leading law firms. More than 80% see technology as having the greatest impact on their firm, with 20% believing AI will have the single greatest impact.

With all of this in mind, firms are looking to hire partners (and associates) that have a high degree of ability to embrace new technological changes.

“A few months back I was visiting our clients in Hong Kong and one chairman of an international law firm I have known for years, discussed at length that the HK Law Society had recently held a demonstration where they compared the speed of an algorithm to that of an associate. Whereas the associate had taken two days to come back with an opinion on a corporate matter, the computer had delivered the same, accurate opinion in 0.09 of a second. This particular chairman went on to say that I should be looking for partners for him that had gone back to university to study coding.”

While the future of law firms may not quite be a room full of computers, the industry is moving towards AI integration faster than many other industries. Partners who embrace technology will make themselves a much more attractive investment to the law firms of today, and tomorrow.

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