

## Assessing the Client Bonds of Lateral Candidates

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The promise of new client relationships is driving the vast majority of lateral partner movement today. Lateral acquisition is a primary growth strategy for many law firms. But both the new firm and the lateral are often surprised by how few clients actually move to the new firm.

It's easy to assume a lower rate platform or expanded capabilities will attract clients to the firm. But the depth and scope of the relationship are the strongest predictors of movement, especially among practices which are more commoditized.

For most practices, assessing the depth of these relationships is an important, though infrequent, part of the due diligence process. Short of asking them directly, how can you predict which clients are likely to port over to the new firm?

There is no way to guarantee a lateral's clients will move. But a series of questions can help suggest the quality of these relationships and the likelihood that the client will move with the lateral candidate. This analysis assumes that the attractiveness of the firm to the lateral's clients has already been positively answered, and the new firm offers a price or platform advantage for the client. But because price and platform advantages alone don't reliably predict client portability, a deeper dive into the strength of the relationship between laterals and their best clients is warranted.

Questioning the quality of the relationship falls into five main categories: relationship dynamics; business reach; practice importance; incumbent firm reach; and competitive alternatives.

### **Relationship Dynamics**

The dynamics of the relationship is a strong predictor of whether clients will likely move with a lateral. This line of questioning should seek to understand the duration of the client relationship, the volume and consistency of work over time, how and where the relationship began and the social activities and personal relationships between the attorney and each client contact. Frequent, non-business related social activities can indicate relationships which both parties will likely avoid disrupting.

### **Business Reach**

This line of questioning attempts to understand the reach into the business the lateral has built. Does the lateral have only one person he works with at the company or are there multiple relationships with a cross-section of lawyers and business managers. Laterals with strong company ties tend to have multiple relationships with several non-lawyer business leaders in a company. This makes these relationships not only enduring, but provides the attorney with better and more accessible information about the

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company. This is also an indication the lawyer is an advisor to the company, something most company leaders are reluctant to lose.

## **Practice Importance**

Understanding the importance the work the lateral does for the company is the third line of questioning. How strategically important is the legal work to the core drivers of the company's business? Special care should be paid to ensure the analysis is from the client's perspective, not the attorney's. This line of questioning can reveal not only the importance of the work to the company but illuminate how well the attorney understands the client's business. The more strategically important the legal services are to the company's success, the more likely the client is to travel with the lateral.

## **Incumbent Firm Reach**

Companies that use multiple practices of the incumbent firm—the firm from which the lateral partner is leaving—and have multiple relationships with other lawyers in the incumbent firm are far less likely to move that work. In this line of questioning, the objective is to quantify the types and depth of relationships that others in the incumbent firm have with the client company.

The questions should attempt to understand the import and export of work in and out of the lateral's practice within the incumbent firm, as well as the diversity of the various practices used. Client companies that use multiple, diverse practice areas of the incumbent firm and with whom there are relationships with attorneys in the incumbent firm are generally less likely to move.

## **Competitive Alternatives**

Lastly, how many other law firms does the company work with and in which areas of the law? Are there firms well positioned to take on this work? Does the company have in-house counsel? If so, what is the level of experience and expertise among the lawyers in the lateral's practice area?

This line of questioning is intended to understand, from the client company's perspective, the attractiveness of alternative providers for the work. From this analysis, a firm can begin to answer the question, "What will the client gain or lose with a move to a new firm?" This analysis should be performed for each of the key clients in the lateral's book of business.

Client companies with long and strong relationships who are relying on the lateral for strategically important work, who know multiple people in the company, who serve client companies in a narrow or limited number of areas and who have little competitive pressures on the relationship are most likely to move with the lateral to the new firm.

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