

Law Firm Lateral Hiring: The Importance of Due Diligence and Background Checks

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SUMMARY:

In today's competitive legal landscape, law firms constantly seek top talent to strengthen their teams and expand their [practice areas](#). Lateral hiring - recruiting experienced attorneys from other firms or the public sector - has become increasingly popular as firms seek to build their expertise and gain a competitive edge. However, with this opportunity comes the challenge of conducting thorough due diligence and background checks to ensure the best fit for the firm and the attorney being considered. This article will explore the importance of these processes in lateral hiring, offering insight into eight key topics [law firms should consider when expanding their team](#).

QUESTIONS ANSWERED IN THIS ARTICLE

1. What should law firms investigate when considering lateral hires?

Law firms should investigate the candidate's past ethical and professional conduct, including disciplinary actions, sanctions, or ethical violations. They should also review the candidate's practices for protecting sensitive client information, marketing and advertising efforts to ensure compliance with applicable rules and regulations, and fee-sharing and referral arrangements.

2. What steps should law firms take to ensure a smooth onboarding process?

Law firms should develop a comprehensive onboarding plan outlining the new hire's role, responsibilities, and expectations; introduce the hire to their new colleagues and give them an of the firm's culture, policies, and procedures; ensure the new hire can access the necessary resources; and regularly check in with the new hire to address concerns, provide guidance, and facilitate their integration into the firm.

3. What are some benefits of lateral hiring for law firms?

Some benefits of [lateral hiring for law firms](#) include acquiring top talent and expanding practice areas, which can help them strengthen their competitive advantage in the legal market.

4. How can law firms mitigate potential risks associated with lateral hiring?

Law firms can mitigate potential risks by assessing a lateral candidate's compliance with ethical and regulatory requirements and reviewing their fee agreements to ensure they are transparent, fair, and following applicable rules and guidelines.

5. What is the ultimate goal of lateral hiring?

The ultimate goal of lateral hiring is to create a mutually beneficial partnership that strengthens the law firm and gives the new hire a successful integration into the firm.

The Growing Trend of Lateral Hiring

In recent years, lateral hiring has emerged as a major trend in the legal industry. This strategy allows law firms to acquire experienced attorneys with specialized skills, valuable client relationships, and industry connections. Firms increasingly utilize lateral hiring to grow their practice, expand into new markets, and establish a presence in niche areas of law.

The legal industry has seen a significant increase in lateral hiring over the past decade, with law firms recognizing the numerous advantages of bringing experienced attorneys on board. This trend can be attributed to several factors contributing to the rising popularity of lateral hiring among both large and small law firms.

Expertise and Specialization: As the legal landscape becomes more complex, law firms seek experienced

attorneys with specialized knowledge and skills in various practice areas. By hiring laterally, firms can quickly acquire these sought-after competencies and better serve their client's evolving needs.

Expanding Client Base: Lateral hiring allows law firms to acquire established attorneys with a strong client base. By bringing in new clients, firms can diversify their revenue streams, reduce dependency on a single practice area, and create opportunities for cross-selling services to existing clients.

Market Penetration and Geographic Expansion: Law firms looking to expand their reach or establish a presence in new markets can benefit from lateral hires. Experienced attorneys with local knowledge and connections can provide valuable insight into the local legal landscape, help develop new business relationships, and ultimately contribute to the firm's growth.

Competitive Advantage: In an increasingly competitive legal market, law firms constantly seek ways to differentiate themselves from their competitors. By hiring experienced and highly-skilled attorneys, firms can bolster their reputation, showcase their expertise, and attract high-value clients.

Succession Planning and Leadership Development: Lateral hiring can also be a strategic move for law firms regarding succession planning and leadership development. By hiring experienced attorneys, firms can ensure a smooth transition of leadership roles, minimize disruption, and maintain the continuity of client relationships.

Demand for Agility and Adaptability: The dynamic nature of the legal industry requires law firms to be agile and adaptable in responding to changing client needs and market conditions. Lateral hiring provides an efficient way for firms to adjust their capabilities and expertise in response to these changes, ensuring they remain relevant and competitive.

Talent Acquisition and Retention: With the war for talent in the legal industry intensifying, law firms are increasingly looking for creative ways to attract and retain top attorneys. Lateral hiring allows firms to acquire experienced and skilled lawyers seeking new challenges or a change in the work environment.

Mergers and Acquisitions: Lateral hiring can significantly affect law firm mergers and acquisitions. By bringing in key attorneys from the acquired firm, the acquiring firm can ensure a smooth integration of the two firms, maintain client relationships, and capitalize on the combined expertise of the merged entity.

The growing trend of lateral hiring has made it an essential strategy for law firms looking to strengthen their teams, expand their practice areas, and remain competitive in an ever-changing legal market. However, with these opportunities come the challenges of conducting thorough due diligence and background checks to ensure that the firm and the attorney are a good fit. By addressing these challenges, law firms can maximize the benefits of lateral hiring and contribute to their long-term success.

Due Diligence in Lateral Hiring: An Essential Step

Due diligence is a crucial component of the lateral hiring process, as it helps law firms assess the suitability of potential candidates and mitigate the risks associated with a bad hire. This process involves gathering and analyzing information about a candidate's background, experience, and reputation to determine their compatibility with the firm's culture, values, and long-term objectives. Due diligence can help firms avoid costly mistakes and ensure they are making informed decisions when hiring laterally.

A comprehensive due diligence process encompasses several key steps, which are crucial to ensure the success of a lateral hire and protect the firm's reputation, financial stability, and overall performance.

Initial Screening and Research: The due diligence process begins with an initial screening of the candidate's qualifications, experience, and professional background. This may involve reviewing the candidate's resume, conducting online research, and examining their presence in legal directories, professional publications, and social media platforms. This initial step helps law firms determine whether the candidate has the necessary expertise and experience for the desired role.

In-Depth Interviews: Conducting in-depth interviews with the candidate is essential to the due diligence process. Interviews should delve into the candidate's professional experience, accomplishments, work style, and motivations for seeking a lateral move. These conversations can provide valuable insights into the candidate's fit with the firm's culture, values, and strategic objectives.

Reference Checks: Contacting the candidate's references can offer an impartial perspective on the

candidate's professional abilities, work ethic, and character. Law firms should seek feedback from various sources, including former colleagues, supervisors, and even opposing counsel or clients, to understand the candidate's strengths and weaknesses.

Verification of Credentials and Employment History: As part of the due diligence process, law firms must verify the candidate's educational background, professional qualifications, and employment history. This includes confirming degrees and certifications and ensuring that the candidate's work experience aligns with the information provided during the hiring process.

Financial Due Diligence: Financial due diligence involves examining the candidate's financial stability and history, including credit reports, bankruptcy filings, and potential liens or judgments. This information can help law firms determine whether the candidate poses any financial risks that may impact their performance or the firm's financial well-being.

Conflict of Interest Analysis: Law firms should conduct a thorough conflict of interest analysis to identify any potential conflicts that may arise from the candidate's previous work or client relationships. This may involve reviewing the candidate's client list and conducting a conflict check within the firm to ensure that the lateral hire does not jeopardize existing client relationships or create ethical concerns.

Ethical and Regulatory Compliance: Law firms must confirm that the candidate complies with all relevant ethical and regulatory requirements, including licensing, continuing legal education, and professional conduct rules. This helps protect the firm from potential liability or reputational damage resulting from non-compliance.

Negotiating and Structuring the Lateral Hire Agreement: Once the due diligence process is complete, law firms should carefully negotiate and structure the lateral hire agreement, considering factors such as compensation, partnership terms, and applicable restrictive covenants. A well-structured agreement can help ensure a successful transition for the firm and the lateral hire.

By conducting a thorough due diligence process, law firms can make informed decisions when hiring laterally, mitigate potential risks, and increase the likelihood of a successful and mutually beneficial partnership. This process is essential to secure the firm's long-term success and provide a solid foundation for the lateral hire's integration into the team.

The Role of Background Checks in Lateral Hiring

Background checks are essential to the due diligence process, providing law firms with valuable information about a candidate's history, qualifications, and potential red flags. Comprehensive background checks should cover a wide range of areas, including:

- Educational history and professional qualifications

- Employment history and references

- Criminal Records and civil litigation history

- Credit history and financial stability

- Regulatory and disciplinary actions

- Conflicts of interest

Conducting thorough background checks helps law firms identify potential risks associated with a lateral hire, such as ethical issues, financial concerns, or misrepresentations of qualifications.

Evaluating the Candidate's Professional Reputation

A candidate's professional reputation is another important factor to consider during the due diligence process. Law firms should investigate a candidate's standing within the legal community and their track record of success in their respective practice area. This may involve speaking with colleagues, opposing counsel, and judges who have worked with the candidate and reviewing their published work and professional accolades.

Evaluating a candidate's reputation involves several key steps, which can help law firms understand the candidate's standing in the legal community and their potential contribution to the firm.

Peer Reviews and Professional Recognition: Law firms should begin by examining the candidate's

professional recognition and any accolades they have received within the legal industry. This may include awards, rankings in legal directories, or inclusion in industry publications, such as "Best Lawyers" or "Super Lawyers" lists. Additionally, firms should consider the candidate's involvement in professional organizations, bar associations, and legal conferences, as these can be indicators of their standing within the legal community.

Published Work and Thought Leadership: A candidate's published work, including articles, books, and presentations, can provide insights into their expertise, analytical capabilities, and communication skills. Firms should review the candidate's published work to assess the quality and relevance of their content and their ability to convey complex legal concepts clearly and concisely.

Feedback from Legal Community: Soliciting feedback from the candidate's peers, opposing counsel, and judges can offer valuable perspectives on the candidate's professional abilities, work ethic, and character. Law firms should seek input from diverse sources to gain a well-rounded understanding of the candidate's strengths and areas for improvement.

Client Testimonials and Reviews: Evaluating the candidate's client relationships is essential to assessing their professional reputation. Law firms should examine client testimonials, online reviews, and case studies to determine the candidate's ability to provide exceptional client service, maintain long-term relationships, and deliver successful outcomes.

Social Media Presence: In today's digital age, a candidate's social media presence can also provide insights into their professional reputation. Law firms should review the candidate's profiles on platforms such as LinkedIn, Twitter, and Facebook to assess their level of engagement with the legal community, the content they share, and any potential red flags that may impact their reputation.

Track Record of Success: A candidate's track record of success in their respective practice area is a crucial indicator of their professional reputation. Law firms should review the candidate's case history, including verdicts, settlements, and appellate decisions, to gauge their expertise, strategic thinking, and effectiveness as an attorney.

Ethical Conduct and Integrity: Evaluating a candidate's ethical conduct and integrity is critical to assessing their professional reputation. Law firms should investigate any disciplinary actions, sanctions, or ethical violations involving the candidate to ensure they uphold the highest standards of professional conduct and adhere to the firm's values.

By thoroughly evaluating a candidate's professional reputation, law firms can make informed decisions when hiring laterally, mitigate potential risks, and ensure a successful partnership. A strong professional reputation not only reflects the candidate's capabilities and expertise but also indicates their potential impact on the firm's reputation, client relationships, and overall performance.

Assessing Cultural Fit and Firm Compatibility

A [successful lateral hire](#) should possess the necessary skills and experience and fit seamlessly into the firm's culture and values. Assessing cultural fit is crucial in ensuring the candidate and the firm benefit from the partnership. Firms should look for candidates who share their vision and values, have strong interpersonal skills, and are committed to collaboration and teamwork.

The success of a lateral hire depends not only on their professional skills and experience but also on their ability to fit seamlessly into the firm's culture and values. Assessing cultural fit is crucial in ensuring a positive work environment, increased employee satisfaction, and improved retention rates. The following steps can help law firms evaluate candidates' compatibility with their organizational culture and determine whether they are likely to thrive within the firm.

Define Firm Culture and Values: The first step in assessing cultural fit is clearly defining the firm's culture and values. This may include the firm's mission statement, core values, work environment, management style, and expectations around teamwork and collaboration. A clear understanding of the firm's culture allows a more targeted evaluation of the candidate's compatibility.

Assess Candidate's Work Style and Preferences: During interviews, law firms should explore the candidate's preferred work style, communication preferences, and approach to problem-solving. This may involve asking behavioral and situational interview questions to gain insights into how candidates respond to challenges, collaborate with colleagues, and adapt to different work environments.

Examine Candidate's Past Work Environments: Reviewing the candidate's past work experiences and the types of organizations they have worked in can provide valuable context for their cultural fit. Law firms should consider whether the candidate has a history of working in organizations with similar cultures and values and their ability to adapt to different work environments.

Conduct Reference Checks: Interviewing the candidate's references can offer additional perspectives on their cultural fit within the firm. Law firms should seek feedback from former colleagues, supervisors, and even clients to understand the candidate's interpersonal skills, adaptability, and compatibility with the firm's culture.

Evaluate the Candidate's Alignment with Firm Values: Assessing the candidate's alignment with the firm's core values is crucial in determining their cultural fit. Law firms should explore the candidate's beliefs, motivations, and priorities to ensure they share the same values and commitment to the firm's mission and goals.

Observe Interactions with Team Members: Inviting the candidate to meet with potential team members can provide valuable insights into their interpersonal skills, ability to build rapport, and overall compatibility with the firm's culture. Law firms should consider organizing a meet-and-greet or a more informal gathering, such as a lunch or coffee meeting, to observe the candidate's interactions with their prospective colleagues.

Consider a Trial Period or Project-Based Collaboration: In some cases, law firms may offer the candidate a trial period or project-based collaboration to evaluate their cultural fit more directly. This approach allows both parties to assess their compatibility and make a more informed decision about the long-term suitability of the lateral hire.

By carefully assessing a candidate's cultural fit and compatibility with the firm, law firms can increase the likelihood of a successful lateral hire, improve employee satisfaction and retention, and foster a positive work environment that supports the firm's strategic objectives. A strong cultural fit not only ensures a smooth integration for the new hire but also contributes to the long-term success and stability of the firm.

Analyzing Client Relationships and Book of Business

A key driver of lateral hiring is the acquisition of new clients and the potential for increased revenue. Law firms should carefully analyze a candidate's client relationships and book of business to gauge their potential impact on the firm's bottom line. This may involve examining the candidate's client base, the nature of their work, and their historical revenue generation. Firms should also consider whether the candidate's clients will likely follow them to a new firm and how their addition might affect existing client relationships.

Analyzing the candidate's existing client base and their potential contribution to the firm involves several key steps, which can help law firms make informed decisions and maximize the benefits of lateral hiring.

Review the Candidate's Client List: Law firms should begin by reviewing the candidate's client list to assess their existing relationships' scope, quality, and diversity. This may involve examining the clients' industries, market segments, legal needs, and the candidate's track record of success in serving these clients.

Evaluate the Stability and Longevity of Client Relationships: The stability and longevity of the candidate's client relationships can provide valuable insights into their ability to maintain and grow a successful book of business. Law firms should consider factors such as the duration of the client relationships, the frequency of repeat business, and the candidate's role in retaining and expanding these relationships.

Assess the Potential for Client Portability: Law firms must evaluate the likelihood that the candidate's clients will follow them to the new firm. This may involve reviewing the candidate's engagement agreements, assessing the strength of their relationships with clients, and considering any contractual or ethical restrictions that may impact the client's ability to move their legal work.

Analyze Revenue and Profitability: The revenue and profitability of the candidate's book of business are critical factors to consider in the lateral hiring process. Law firms should review the candidate's historical billing and collections data and their contribution to the firm's overall financial performance.

Determine Synergies with Existing Practice Areas and Clients: Law firms should assess the synergies between the candidate's client relationships and their existing practice areas and client base. This may involve identifying opportunities for cross-selling services, expanding into new markets or industries, and

leveraging the candidate's expertise to enhance the firm's overall value proposition.

Evaluate the Impact on Firm Resources and Infrastructure: Adding a new lateral hire and their book of business may require adjustments to the firm's resources and infrastructure. Law firms should consider the potential impact on staffing, technology, office space, and any additional investments necessary to support the candidate's clients and practice.

Conduct a Risk Assessment: Law firms must conduct a risk assessment to identify any potential risks associated with the candidate's client relationships and book of business. This may involve reviewing the candidate's client conflicts, ethical considerations, and potential liability or reputational risks arising from their past or ongoing client engagements.

By thoroughly analyzing a candidate's client relationships and book of business, law firms can make informed decisions when hiring laterally, ensure a smooth transition for both the new hire and their clients, and capitalize on the potential benefits of lateral hiring. A strong client base not only contributes to the firm's revenue and growth but also indicates the candidate's professional capabilities, market reputation, and potential impact on the firm's success.

Ensuring Compliance with Ethical and Regulatory Requirements

Law firms must ensure that lateral hires comply with all relevant ethical and regulatory requirements. This includes verifying that the candidate has met their continuing legal education obligations, possesses the necessary licenses to practice in the relevant jurisdiction, and has no outstanding disciplinary actions or sanctions against them. Additionally, firms should assess the candidate's adherence to professional conduct rules and ethical guidelines to avoid potential reputation and liability risks.

Compliance with ethical and regulatory requirements is crucial when hiring laterally, as non-compliance can lead to liability, reputational damage, and negative consequences for both the firm and the candidate. Law firms should take several key steps to ensure that lateral hires adhere to all relevant ethical and regulatory standards, safeguarding the firm's reputation and minimizing potential risks.

Review Licensing and Jurisdictional Requirements: Law firms must confirm that the candidate is appropriately licensed and in good standing with the relevant state bar or other licensing authorities. This involves verifying the candidate's bar admission status and any pending or past disciplinary actions and ensuring compliance with jurisdictional requirements for practicing law.

Verify Continuing Legal Education (CLE) Compliance: Law firms should ensure the candidate complies with all applicable continuing legal education requirements. This may involve reviewing the candidate's CLE records, confirming their completion of mandatory courses, and verifying their understanding of any additional requirements for maintaining their license.

Conduct a Conflicts of Interest Check: A thorough conflicts of interest check is essential during the lateral hiring process. Law firms must identify potential conflicts arising from the candidate's previous work or client relationships, ensuring that the lateral hire does not jeopardize existing client relationships or create ethical concerns. This may involve reviewing the candidate's client list and comparing it with the firm's client roster and considering any past or ongoing matters that may pose a conflict.

Examine Past Ethical and Professional Conduct: Law firms should investigate the candidate's past ethical and professional conduct, including any disciplinary actions, sanctions, or ethical violations. This information can provide valuable insights into the candidate's commitment to upholding the highest standards of professional conduct and adherence to the firm's values.

Review Client Confidentiality and Data Security Practices: Ensuring compliance with client confidentiality and data security requirements is crucial for lateral hires. Law firms should review the candidate's practices for protecting sensitive client information, including using secure communication channels, data encryption, and adherence to applicable privacy laws and regulations.

Assess Compliance with Advertising and Solicitation Rules: Law firms must ensure that the candidate's marketing and advertising efforts comply with applicable rules and regulations. This may involve reviewing the candidate's promotional materials, social media presence, and potential advertising and solicitation rules violations.

Evaluate Compliance with Fee-Sharing and Referral Arrangements: Law firms should review the candidate's fee-sharing and referral arrangements to ensure compliance with all relevant ethical and regulatory requirements. This includes verifying that the candidate's fee agreements are transparent, fair, and following applicable rules and guidelines.

Law firms can mitigate potential risks, protect their reputation, and ensure a successful hiring process by assessing a lateral candidate's compliance with ethical and regulatory requirements. Compliance indicates the candidate's professionalism and commitment to ethical standards and safeguards the firm's long-term success and stability.

Preparing for a Smooth Onboarding Process

Once a firm has completed the due diligence and background check process, it is essential to plan for a smooth onboarding process that ensures the lateral hire's successful integration into the firm. This may involve:

- Developing a comprehensive onboarding plan that outlines the new hire's role, responsibilities, and expectations.

- Introducing the lateral hire to their new colleagues and giving them an overview of the firm's culture, policies, and procedures.

- Ensuring the lateral hire can access the necessary resources, including technology, support staff, and training opportunities.

- Regularly check in with the new hire to address concerns, provide guidance, and facilitate their integration into the firm.

Conclusion

In conclusion, lateral hiring presents a valuable opportunity for law firms to acquire top talent, expand their practice areas, and strengthen their competitive advantage in the legal market. However, the success of these hires hinges on a thorough due diligence and background check process that helps firms assess the suitability of potential candidates, uncover potential risks, and ensure a mutually beneficial partnership. By addressing the key topics discussed in this article, law firms can make informed decisions when hiring laterally and create a foundation for long-term success.