

# Big firms raise standards for lateral moves

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A million dollars in portable business. High-class clients. A career on the upswing. And, increasingly today, a good temperament.

These are among the qualities that several Chicago legal recruiters say they look for in a law firm partner who wants to move to a new firm.

The list of attributes reflects the fact that law firms are lifting their standards for lateral partner candidates, these recruiters say.

"A million dollars [in billings] used to get you invited to an interview," said Kay Hoppe, a Chicago legal recruiter and consultant. "It has gotten much harder, and firms are much more precise in who and what they will consider.

"I think they should be given credit for being much more businesslike," she added.

Lateral hiring is up at law firms nationally and in Chicago, according to the National Association for Law Placement. NALP even stated in March that law firms have been "hiring in aggregate just about as many laterals as entry-level attorneys" based on data from 2003.

Four recruiters here agreed on several qualities they look for in a candidate for a lateral move.

But they differed on how much business a law partner who wants to move must bring.

- "Usually at a minimum of a million dollars of business with clients that are entirely portable," said Lawrence N. Mullman, an attorney placement consultant and senior managing director of Mestel & Co. "Larger firms are looking for \$2 million and \$3 million."

Exceptions can be made, he said, for special skills or clients, or the case of a youthful "rising star."

- "In this day and age, probably the threshold is half a million," said Alan J. Rubenstein, executive vice president of Chicago Legal Search Ltd. "For the bigger firms, ideally north of a million."

- "You really need several million dollars in business to command much attention," said Hoppe, of Credentia Inc. "There are exceptions. I can't imagine doing a deal under a million dollars."

- Vanessa K. Alvarez of BCG Attorney Search said, "We have successfully placed a great number of partners without a substantial portable book of business, and in many cases, without any portables at all."

But when firms want laterals with portable business, even Alvarez says the floor starts at "\$500,000 up to \$2 million minimum."

The legal recruiters all stressed that many factors besides the dollar value of the lawyer's portable business are involved in assessing a candidate for a lateral partner move.

"What is the nature of the practice, the expertise, the clientele?" Mullman said. "Right now, [intellectual property], real estate and corporate are among the hottest." Other factors, Mullman said, include "at a minimum 1,800 real billable hours." Real billable hours, he said, is a function of both the hours and the realization rate, the percentage of bills that is collected from the clients.

Very important, Mullman said, "People don't want people who are disruptive people who mistreat associates or partners and don't put the firm in front of themselves.

"One of the key issues in a lateral partner move is integrating the partner into the new firm," Mullman continued, "otherwise he won't feel part of the fabric of the firm, and there's nothing to keep him there."

Rubenstein said, "From a broad brush approach, the ideal is someone considered to be on the upswing in their career, still showing signs of growing their practice."

Rubenstein added, "I would say typically when firms are talking to us about lateral partners, a prime candidate in their eyes is probably somebody in their 40s or 50s who tends to be viewed as having a higher upside potential."

To build a fairly new practice group or "to give credibility to a practice or an office," recruiting a top-name lawyer with even more experience can be an advantage, Rubenstein said.

In addition to billing at least 1,700 to 1,800 hours, Rubenstein said, a good candidate for a lateral move might also be generating work for other lawyers.

"Or," Rubenstein added, "maybe they have a client who is particularly attractive for cross selling purposes to the firm, so even if the level of business is not quite what the firm would like, if this client comes on board, the firm can perhaps gain additional business from this client."

Law firms value diversity. "A minority candidate with a big book of business," Rubenstein said, "writes his ticket wherever he wants to go."

According to Hoppe, top law firms today have a new emphasis in lateral partner recruits.

Top firms demand not only quality in the lawyer they recruit and in the type of clients the lawyer brings. Top firms want quality in the type of work the lawyer gets from those clients, she said.

"Not all work is equal," Hoppe stated. "It all goes to billing rates."

Top work for high-class clients earns the highest billing rates.

"Some firms frankly are a lot more sophisticated about this than others," she said.

"Latham & Watkins is looking for premium billings, work done at the highest levels where they can get their rates. They want to do the best work for the best clients," Hoppe said.

Similarly, she said, Mayer, Brown, Rowe & Maw LLP; Sidley, Austin, Brown & Wood LLP; DLA Piper, Rudnick, Gray, Cary US LLP; Kirkland & Ellis LLP; Jenner & Block LLP; Winston & Strawn LLP, and Morgan, Lewis & Bockius LLP “are competing for the most competitive and exclusive assignments,” and they want lawyers who can bring such business.

Hoppe also stressed temperament.

“People need to behave,” Hoppe said. “Lawyers need to play well with the other kids.”

Some firms will turn a blind eye, she said, to bad temperament or social skills for the right price. Other firms will insist on a history of good behavior.

Alvarez of BCG Attorney Search agreed that the quality of the clients a lateral partner candidate brings “is almost as important to a firm as the size and billing rate of the book.”

Moreover, she said, echoing other recruiters, the reasons a law partner wants to move are important to know, such as client conflicts in the original firm that prevent the partner from building her/his practice; or “a firm’s strategic plan [that] no longer supports a practice group,” or high billing rates at the current firm “that detract from the ability to grow business,” or the reverse, “low billing rates, which affect overall partner compensation.”

Alvarez insisted that “Many firms that are planning for growth and expansion in a legal marketplace that is increasingly globalizing are hiring talented lateral partners with little or no portable business who can bring sophisticated practice experience and outstanding delivery of legal services.”

Perhaps paradoxically for recruiters who help law partners jump firms, all these recruiters preferred a fairly stable work history in a candidate for a lateral move.