How the Am Law 200 Use Technology to Attract and Retain Talent

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In the fevered scrape for legal talent, factors like compensation, culture, practice support, and firm leadership receive the most attention. And deservedly so. Lawyers want to practice at firms where they and their clients feel supported, valued and integrated.

But one important factor shouldn't go overlooked: the role of technology.

First, let's be clear: Lawyers rarely explicitly cite technology as a reason for moving from one firm to another. That's not surprising. Most lawyers can't—nor should they be expected to—talk too deeply about back-end technology like CRM systems.

But there can be no doubt that most potential lateral partners have come to expect the business development insights and client experience that only technology can deliver. Over the last decade, technology has moved from being a spoke to the hub of business generation at law firms. The pandemic has accelerated that transition, forcing firms to integrate services across geographies and practice areas more effectively and enhance the virtual client experience.

But that transition has happened unevenly among firms, creating a technology gap. All other factors being equal, firms that have made investments in technology have an advantage in attracting and retaining talent.

In today's ultra-competitive talent market, top-tier lawyers are interviewing firms, not the other way around. Firms must be able to tell a story that shows alignment between their strategic objectives and those of their laterals. Data and technology are critical to telling that story.

The Integration Data

In a 2020 survey by Major Lindsey & Africa, the two most-cited reasons laterals gave for leaving their firms were lack of confidence in firm management and lack of support to build their practice. Those concerns didn't always translate into more due diligence on their potential future firms. While more than 90% said they met the managing partner while evaluating a new firm, only 31.7% said they met the firm's CFO, and just 57% said they met with recent laterals. While more than 90% said they met the managing partner while evaluating a new firm, only 31.7% said they met the firm's CFO, and just 57% said they met with recent laterals.

This finding shows there's an opportunity for firms to be proactive. Firms offering the insights of their C-suite—from their chief business development officer to their chief information officer—to prospective laterals during the interview process can lead the market.

Of course, not all laterals are created equal. Top-tier laterals with abundant career options are more likely to pose targeted questions. What's your firm's realization rate? Your client retention rate? How many client teams do you have? How do you measure your success? Firms that can readily answer those questions demonstrate a grasp of their business model and strategy. Implicitly, they also show their command of technology and a culture of transparency in which information is shared widely.

Perhaps the most critical metrics firms can show today when it comes to attracting and retaining top talent are how well they integrate lateral partners. According to results from the Major, Lindsey & Africa lateral survey, integration efforts are the best predictor of a lateral partner's satisfaction with their new firm.

Data from previous laterals can help sell a firm's integration track record. Today, firms are tracking how many firm clients a new lateral bills in the first year and how many of the firm's lawyers bill to clients brought on by the lateral.

In the last five years, laterals have developed a greater appreciation for integration, notes Steve Nelson, executive principal at The McCormick Group, an executive recruitment firm. Part of it has to do with what Nelson calls the "myth of the portable book of business." It's rare for any partner to leave one firm and bring all their clients to another firm, he notes. Inevitably, there is a fight for clients from the old firm. That means laterals want to see potential opportunities at a new firm.

"Before 2015, nobody cared about integration," said Nelson. "But now it gets a lot of attention from the laterals. They hear the horror stories. They know the first two years at a firm are really critical."

Technology as a Talking point

The focus on integration puts a premium on a firm's ability to show where opportunity—or "white space"—exists to grow revenues. Firms are now collecting valuable information about their work for top clients, including practice areas, offices and teams involved in servicing them. The data, presented on dashboards, help firms visualize areas where clients are using the firm's services and, more critically, where they're not. Firms are now using that data to show laterals where they can help grow revenue immediately.

That kind of data has helped fuel the lateral hiring at McDermott, Will & Emery, which picked up 67 partner laterals in 2021. As Liz Gooch, chief business development and marketing officer, explains, each lateral hire at McDermott outlines their potential client base, which is then combined with the firm's data to create a personalized dashboard for the lateral, business development and the practice group leaders to review and track. Laterals can see where their clients overlap with the firm's and where there could be opportunities to grow business.

"Our BD department has the data analytics to systemize partner integration, which makes a positive impression on laterals," said Gooch.

McDermott also explicitly cites technology to laterals as a selling point. One talking point has been the $10 million invested in a legal tech fund to spur innovation in the delivery of legal services. The firm also highlights its business solutions unit, which leverages technology to streamline routine legal work that can reduce a client's legal spend.

"Lateral partners understand that by helping clients solve their predictable problems, they can better position themselves for higher-value work," said Chris Newman, director of practice and industry business development at McDermott.

A Culture Based on Trust

Of course, for so many firms, attracting laterals is not their biggest talent challenge; it's keeping them. Within five years, 48% of new laterals leave their new firm, according to data from Decipher.

Goulston & Storrs, an Am Law 200 firm, has managed to double that figure. Of the laterals it has hired over the last five years, 100% are still at the firm, as are 90% of the laterals hired over the last 10 years.

It's not by accident. For every lateral hired, the firm forms an integration team of roughly 10 people. The group always includes the firm's managing partner and the senior director of legal recruiting; the other members depend on the lateral's practice profile. Generally, they meet every six weeks or so for the lateral's first two years at the firm. The goal is simple: ensure the lateral partner's success.

Data is crucial to the process. "We monitor which existing clients they're billing to and which clients they're introducing to us, then we use this data to spark a conversation," said Karen Kupetz, senior director of lateral recruiting and integration.

Kupetz added that all partners and business operations leaders at the firm have access to the same data. That means that partners and business development executives can spot potential business generation and cross-selling opportunities. But more fundamentally, it means that there are no questions about the reliability of the data, which helps set expectations and compensation.

"We are built on a culture of trust," Kupetz said. "How do you trust your colleagues if you don't have integrity in your data?"