Business & Careers

Undervalued talent could soon look to work elsewhere

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The Headhunter

One of the common questions I face with managing partners is why star, homegrown partners leave the firm for greener pastures (often, these conversations begin with “did you headhunt them?”), and whether there is anything different they could have, or ought to have done, to have kept their best talent from leaving.

There are four common issues we see that can put your best talent at risk in a highly competitive marketplace for legal talent.

Law firms are prone to undervalue rising star, homegrown talent, who have kept their head down, done good work and never asked for more, despite their continued rise in the market. This is one of the big issues many firms overlook, and what I refer to as the “loyal soldier” effect.

This loyal soldier ends up lagging behind what their value would be in the open market, in part because the partnership may still view this star as the associate (or even articling student) they once were only a few years prior. When the gap becomes significant, this creates an opportunity for competitor firms to seize upon a window to lure talent away, simply by promising to compensate the partner fairly for the practice they have built.

As managing partner, it is important to remain vigilant on such matters. A good question to routinely ask when evaluating your younger partners is, if this partner came to me as a lateral from another firm, what would I consider a reasonable package that accurately reflects their practice, contribution and market profile?

Another area where partners can be at risk is where the mentorship they are receiving at the firm is no longer in line with where their practice has grown to. I was working with a partner recently whose seven-figure practice had more than doubled in the past five years, and he noted the firm had been unable to offer any meaningful role models or mentors to him that could help him better understand how to best manage and grow his now significantly larger practice.

This caused him frustration, as he felt he was left to figure everything out for himself, which resulted in him instead exploring other options in the market, where firms were only all too happy to offer him immediate mentorship and insight from practitioners who could help him continue to grow his already significant practice.

Young partners who are in ascendancy still need help — as managing partner, it is important to remain vigilant in ensuring the type and quality of mentorship they receive from the firm is consistent with where the partner is going, not just where they’ve come from.

There is truth in the statement, “if you want something to get done, give it to a busy person.” Similarly, for rising star partners, there is value in getting them involved in more than just their practice at the firm. While there is a temptation to simply clear the desk for these top performers to permit them to only focus on their practice responsibilities — our experience is those partners who are properly engaged by their firm on other firm activities (practice group leadership or otherwise) are more likely to remain committed to the firm than not — if they have a say in how the firm is run, they are much more committed to the firm’s success.

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Ensuring that star partners have that opportunity to have a voice beyond their practice contribution can play a critical role in keeping your very best talent committed to the firm for the long haul.

Finally, a quick word about compensation. To suggest compensation is not a relevant factor when partners move would be patently false, but it is much less of a variable than people might otherwise believe. As a general rule of thumb, if your partner is earning 20 per cent less than what would be considered “market rate” for their practice, compensation will become a relevant consideration when they are assessing their options in the market.

Less than that, and the issues will be more focused on practice alignment, quality of firm, nature of clients and other more subjective variables partners assess when determining what the best platform is for them to work from. The lesson for managing partners here is, provided they can keep partner compensation within 20 per cent of the market average for a given practice, this gives them some breathing room to address the other issues above.

However, failure to stay competitive with the market beyond this threshold, and you may become at risk of having your best talent being picked up by firms who otherwise have their financial house in order.

Overall, your best homegrown talent is the product of many years of hard work — from student recruiting, associate training, mentorship and practice development, you’ve earned the right to home field advantage when it comes to keeping these stars in your firm. The key here is to ensure you properly leverage it so it becomes an asset for both star partner and firm alike.

Warren Smith is the managing partner of The Counsel Network, Canada’s oldest lawyer recruitment and career consulting firms. He is also the first Canadian to be elected president of the National Association of Legal Search Consultants (NALSC), North America’s leading legal recruitment industry association. Follow him on twitter @lawheadhunter.