

Managing the Risk of Lateral Partner Hiring

Today's Moderator & Presenters



Wayne Egan
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Biographies of Presenters



Michael Ellenhorn
Co-CEO & General Counsel
Decipher

Michael Ellenhorn is the Co-CEO and General Counsel of Decipher. Decipher helps their clients grow safely and more efficiently - reducing lateral hire risk and cost by conducting deep-dive due diligence investigations on prospective partners – before they are hired. Decipher boasts a 97% success rate and is committed to helping law firms improve both their bottom and line and overall performance through better talent outcomes.



Karoline Jackson
General Counsel
Barnes & Thornburg LLP

Karoline E. Jackson is a partner in the Litigation Department of Barnes & Thornburg and serves as the firm's General Counsel. Karoline represents businesses and individuals in a variety of civil litigation matters in both state and federal courts throughout the United States. She concentrates her practice in the areas of complex commercial, real estate and securities litigation.

State of the Market

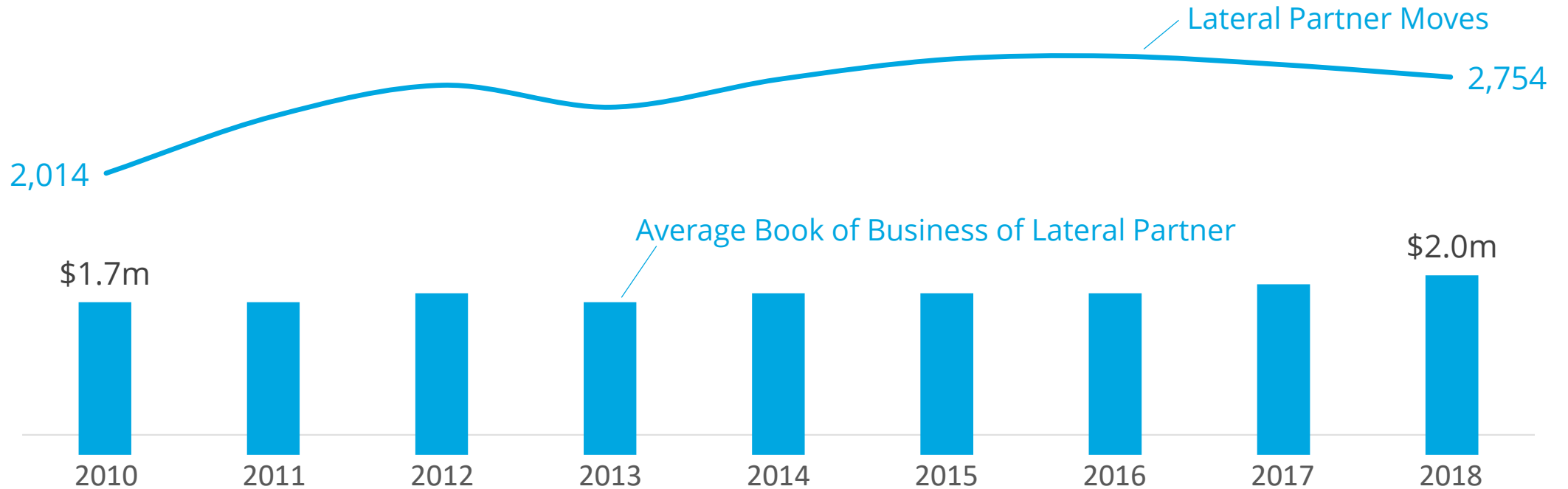
The Lateral Partner Market

Revenue moving through the lateral partner market

Lateral moves and average book of business of lateral hires
For Am Law 200 firms

\$3bn in 2018

\$31bn since 2010



Firms Can Find Growth in Many Areas – But Lateral Hiring Is By Far the

Largest

Sources of revenue growth for Am law 200 firms

\$16bn

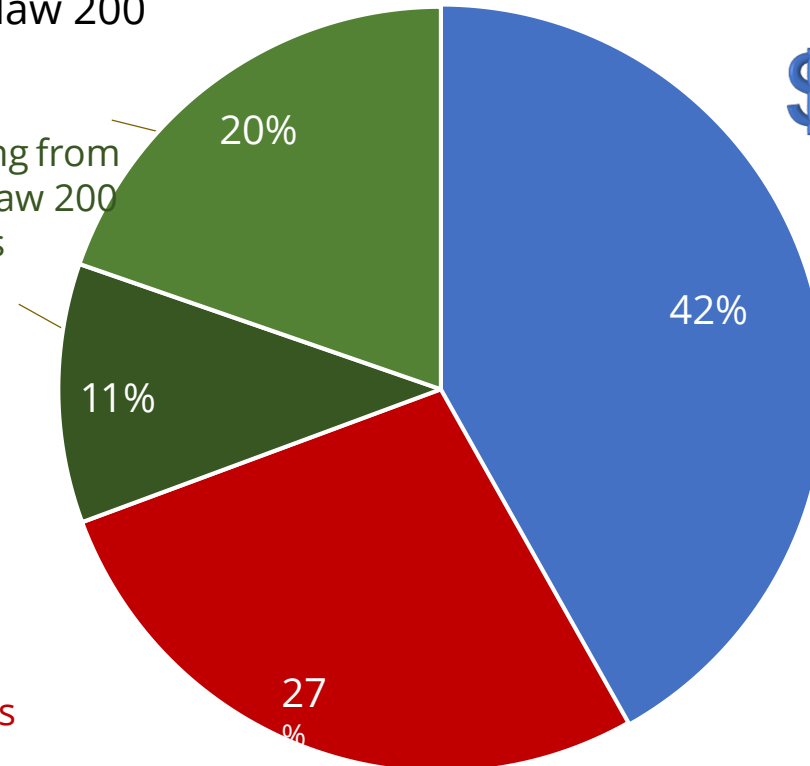
of Am Law revenue increases are due to increases in lawyers

Lateral hiring from Non - Am Law 200 firms

New Hires

\$14bn

of Am Law revenue increases has been due to price increases

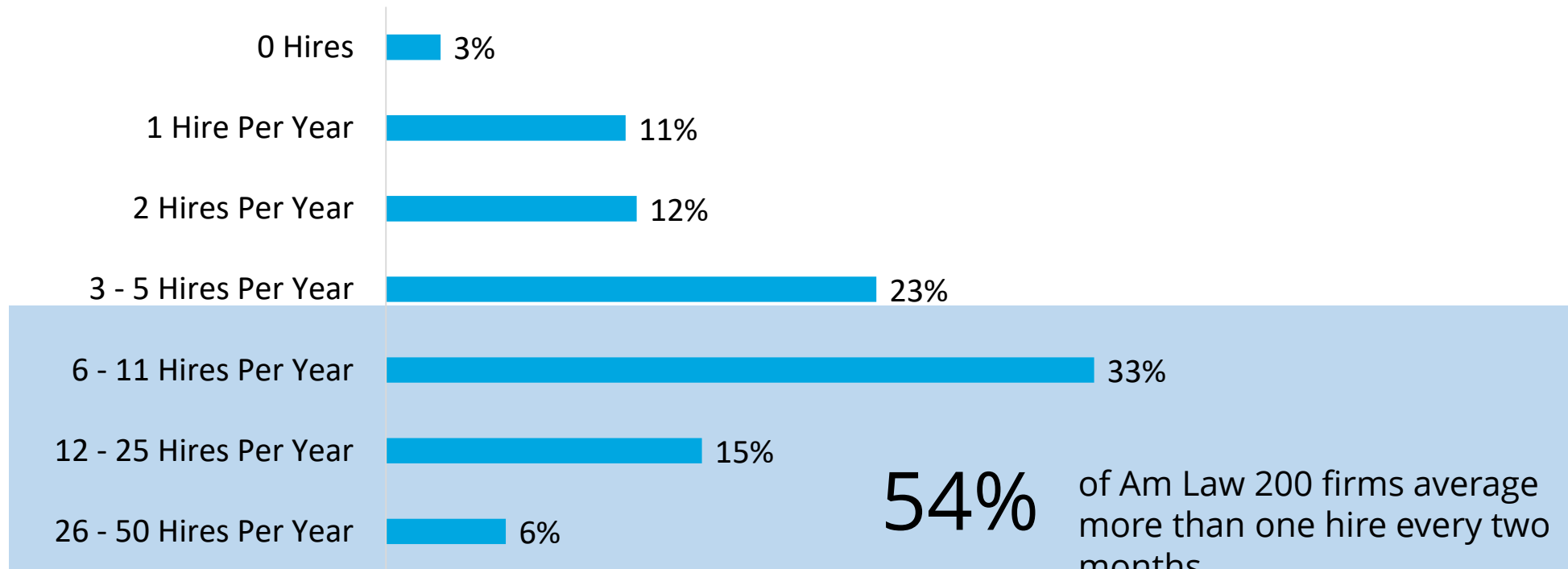


\$27bn

of revenue has moved through the lateral markets

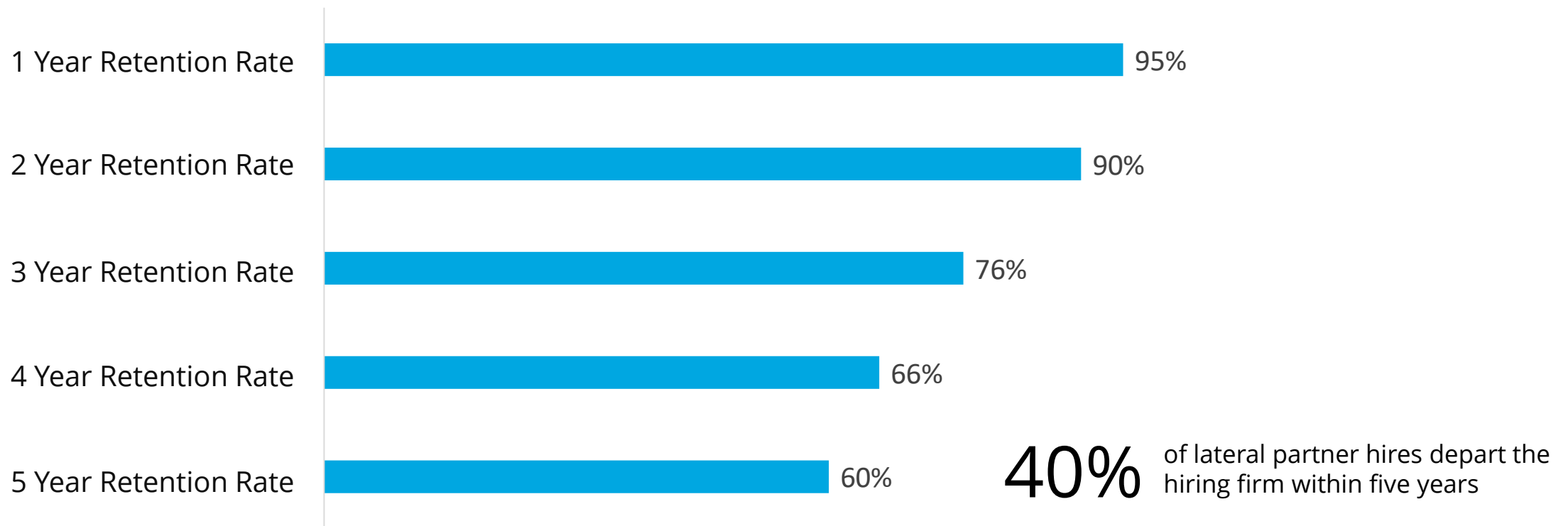
Almost All Firms Hire Lateral Partners

Percentage of law firms by number of lateral hires per year
Average of moves for Am Law 200 firms between 2014 and 2018



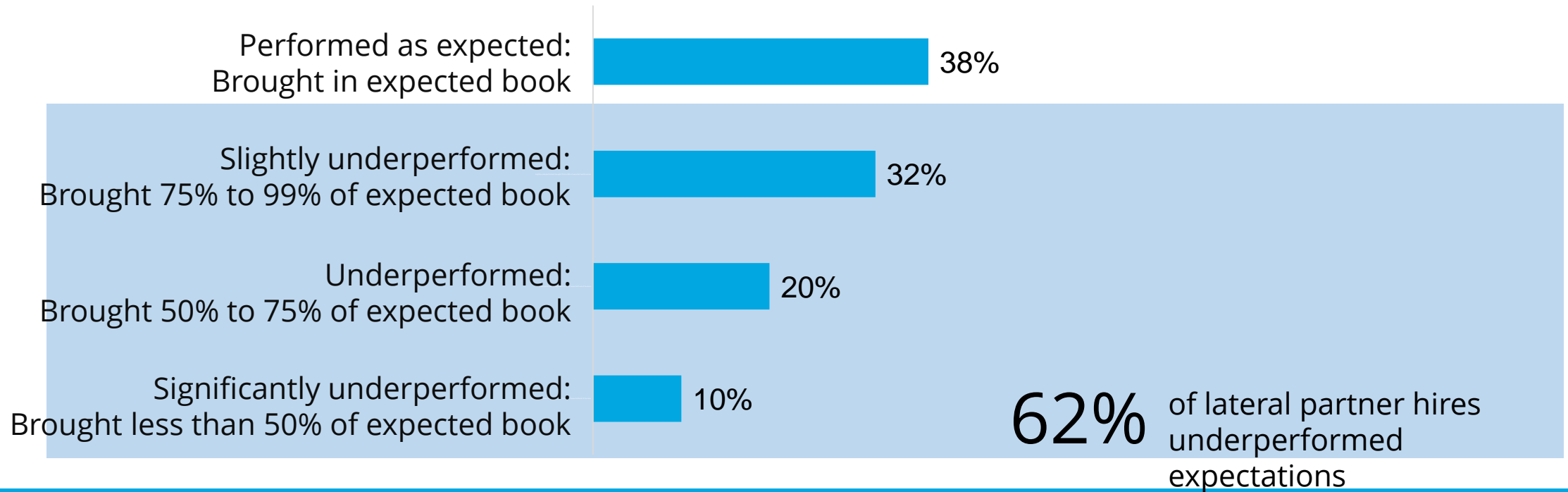
Lateral Partner Retention Rates Are Lower Than Many Firms Would Like

Lateral partner retention rates for Am Law 200 firms



Many Law Firms Are Struggling to Accurately Assess the Amount of Work Lateral Partners Will Bring

Percentage of lateral hires which brought their expected book of business



50-70% of All Lateral Hires
WILL Fail within Five Years

Understanding the Challenges

Understanding the Challenges

- Bad Actor
- Bad Performer
- Bad Cultural Fit
- Overstated Book
- Failure of Book to Follow

Questions & Answers

Best Practice Tips for Lateral Hiring

Be Proactive.

Stay Focused.

Objectivity and Accountability



LPQ.

Interviewing and Evaluation

CFO.

General Counsel

References.

Internal Feedback

Due Diligence.

Offer Letter.

Rigorous Lateral Integration and “Tracking” (Years 1-3).

Presenter's Contact Information



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Thank You.