

The Six Pillars to Successful Lateral Hiring

Working Perspectives on Lateral Hiring in Professional Services

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Lateral hiring is often the most obvious way to build a growing and/or strategic practice area. Yet effective lateral hiring and retention is notoriously difficult in professional services firms. Strong cultures often have difficulty accommodating seasoned professionals from other firms.

While much attention is paid to grooming, nurturing and integrating young hires, lateral hires are frequently left on their own to find their way despite the expectation that they will quickly become top revenue generators and performers. This assumption that lateral hires will naturally self-integrate is often incorrect and can lead to spectacular flame outs. Think about the cost associated with an individual whose career is derailed, the hiring firm who loses revenue, opportunities and momentum, and the clients of the firm whose service and relationships are disrupted.

Successful Lateral Hiring Can Be Done

Despite the challenges, hiring a seasoned professional and retaining that person for more than two years (a common industry average) can be done effectively. Magellan's experience and research proves that firms that successfully hire and integrate experienced laterals pay close attention to the six key pillars of lateral hiring.

These steps may seem simple, but at Magellan we have seen excellent candidates lost due to chaotic and unpredictable hiring processes at well-known firms.

Beyond the Hire

The Next Six Months and Beyond

Lateral hire integration is the secret sauce once the candidate is on board. Keep the partner or team on track by living up to the expectations you created during the interview process. It is surprising how often firms get it wrong in the all-important first six months.

Address the macro issues; strategic fit, culture, and partner buy-in. Commonly, a lack of commercial, content, and mentorship support will lead a partner to question whether the firm is serious about making their appointment work. It is, after all, the lack of support at a previous firm that makes a candidate open the door for a lateral move.

Lateral hiring integration is like the first six months of a marriage. Communication and effectively setting milestones and expectations between the firm and the new hire are imperative for long-term success.

THE SIX PILLARS

① A Strong Business/Hiring Case

A firm's business case drives its hiring case. Build the hiring case in detail, clearly define the role and articulate the value the ideal candidate will bring from a social, cultural, and economic standpoint. The firm and the hire must feel this effort is valued in order to have an immediate impact on the firm's and candidate's client base. This is not the time to throw a softball; candor and quantifying measurable values are essential for success. If the client and the candidate are not bought in, the likelihood of success is greatly reduced.

② A Powerful Sponsor

Appoint a partner with overall responsibility for the recruitment process. Ideally this is the partner who personally has the most to gain from the success of the recruitment. He or she should align with the firm's culture and have the support of the firm's organizational governance. A sponsor with no power will have no control and a sponsor without a vested stake will be reluctant to exercise the control he or she does have.

The sponsor's role is to champion the candidate's cause through the process, to identify and work through likely problem areas, and to secure buy-in across the firm. The sponsor will also be the one to spot the weakness in the candidate's profile and to stop the process if necessary. Many firms have recruited the wrong partner or team because there was a not a leader or sponsor in the right position to say 'hire' or 'enough'. Avoid this mistake by having a partner firmly in control of the process. In some cases, it may be appropriate to have the sponsor's compensation positively impacted by a successful lateral hire.

③ A Consistent Message

Ensure that all partners in related and affected disciplines are on board before the process begins. A senior level candidate will join the firm where the buy-in from the periphery seems highest and most genuine. Partner candidates will rarely leave firms into which they are being fully integrated. Partners who do leave often say they never felt valued or integrated into the culture of their old firm. A mixed message will alienate top candidates.

④ A Good First Impression from Stakeholders

First impressions go a long way when recruiting a top talent. Form the right first impression on the candidate by rolling out the "big guns" early in the interview process. Candidates must feel valued from the start. Do not involve non-decision makers during the beginning of the qualification process. Serious candidates may request "meet and greet" types of interviews at the end of the process so that they can get a better feel for the people and culture. The process runs smoothly when all the decision makers are on board early.

⑤ Quick Qualification Followed by Strong Cultivation

Success in the interview process hinges on two key steps: Qualify and Cultivate. First, the candidate and the firm must qualify one another. Set up and confirm the interview panel before the first candidate interview. Make the process as simple as possible. During Qualification, do not repeat interviews just because different stakeholders are meeting the candidate for the first time — this gives the impression that the firm is not serious and the interview process is cumbersome and unorganized. Qualify quickly and move on.

Once the candidate is qualified and your firm would like to proceed with a possible hire, quickly move into the cultivation portion of the hiring process. The candidate must feel the momentum and the “love” growing strong after he or she has been run through the qualification step. Leverage the sponsor and other key senior people who will ultimately own and benefit from the candidate’s success. Cultivation determines whether you are successful in convincing someone your firm is ideal for their career.

⑥ A Competitive Offer

Make a serious offer the first time. Low-balling will turn off candidates and stall momentum. The goal of an offer is to immediately take money off the table in the decision-making process. Understand what the candidate’s compensation has been over the last three years and what his/her expectations are for the next three. The hiring firm should only want the candidate thinking about career and lifestyle. You want the candidate to make a career decision with the fewest number of variables in the process. At a senior level, money is a never a motivator – but a lack of money is a big de-motivator. Step up to the plate and remember to stay focused on the ball. Hiring senior level talent is a capital investment in a principal asset, not a cost.

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