

The 26th Annual MARKETING PARTNER FORUM

Greener Pastures: Recalibrating Talent & Business Development Models Across the Firm

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Revenue Streams Impacting Talent Markets

Sources of Revenue Growth Pain

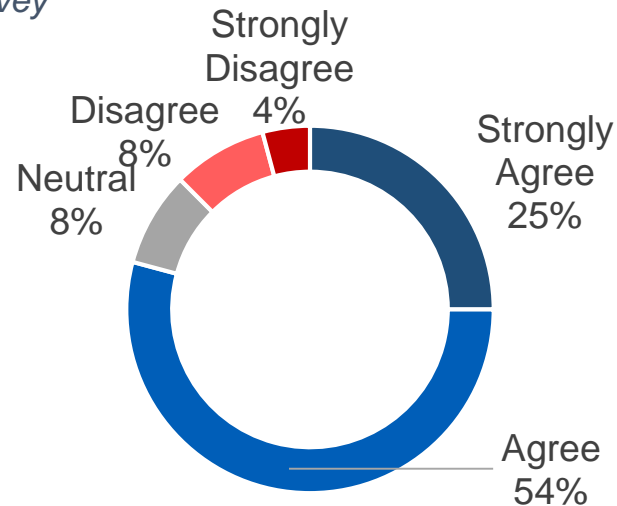
1. **Slower economic growth:** the recovery from the down-turn is the slowest on record
2. **Clients:** Increased pressure from clients
3. **Rising competition:** ASPs, the Big Four, and in-house teams
4. **Other Law Firms:** expansion means there is increased overlap between law firms

Impact on the lateral hiring market

Firms are looking at the lateral hiring market as a method to boost sluggish organic growth

Percentage of firms that see lateral hiring as a way to Improve firm profitability

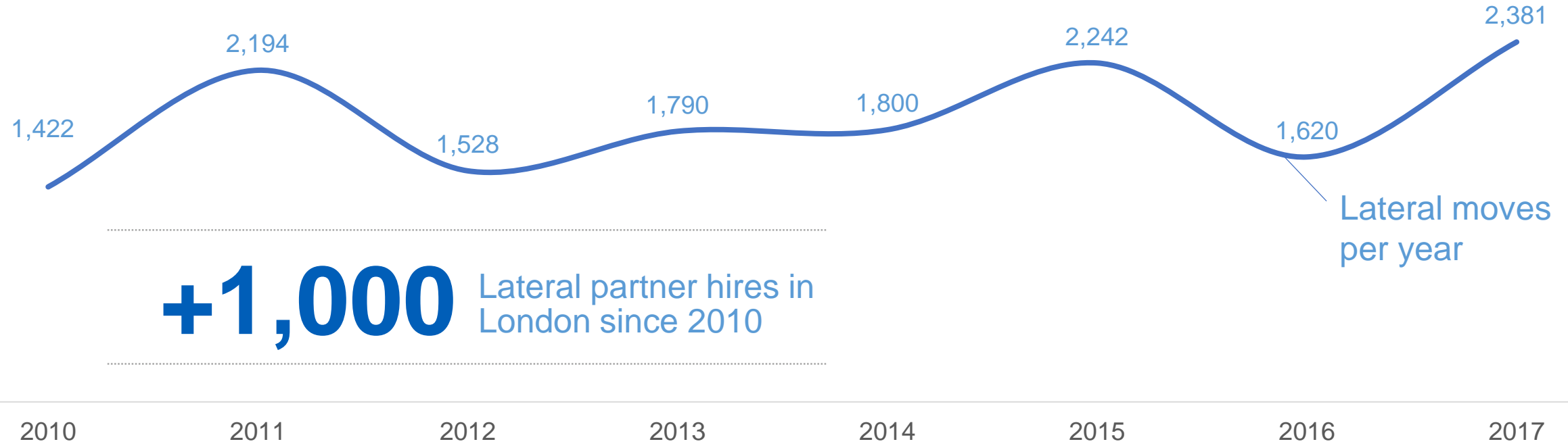
Decipher Risk Mitigation Survey



79% of firms see lateral hiring as a way to boost firm profitability

Lateral Hiring Trends

81% of firms see lateral hiring as a way to build business in a new location
Decipher risk mitigation survey



+1,000 Lateral partner hires in London since 2010

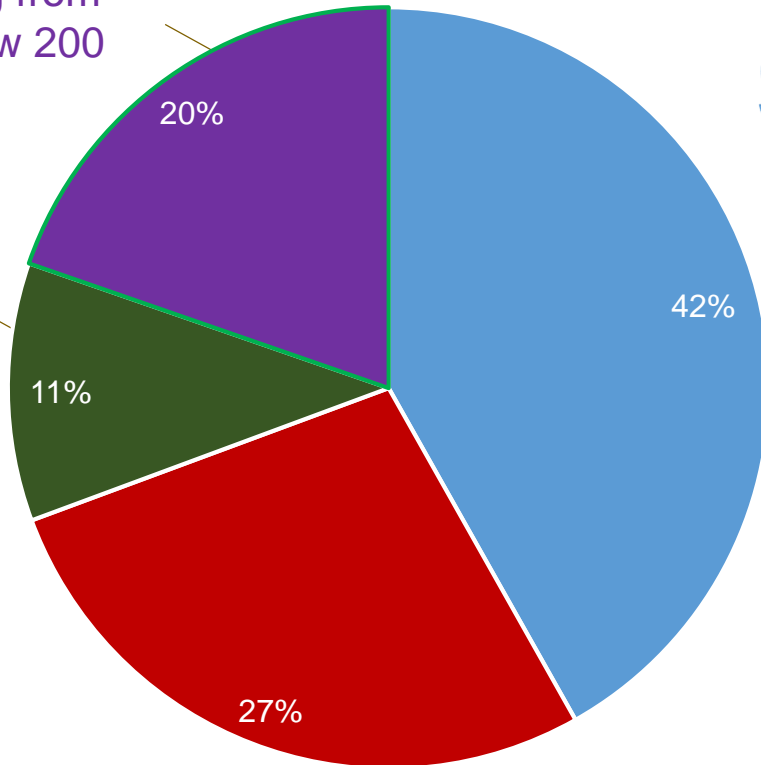
Lateral hiring represents the largest share of available revenue for firms seeking to grow

\$16B
of Am Law revenue increases are due to increases in lawyers

\$14B
of Am Law revenue increases has been due to price increases

Lateral hiring from Non - Am Law 200 firms

New Hires



\$21B

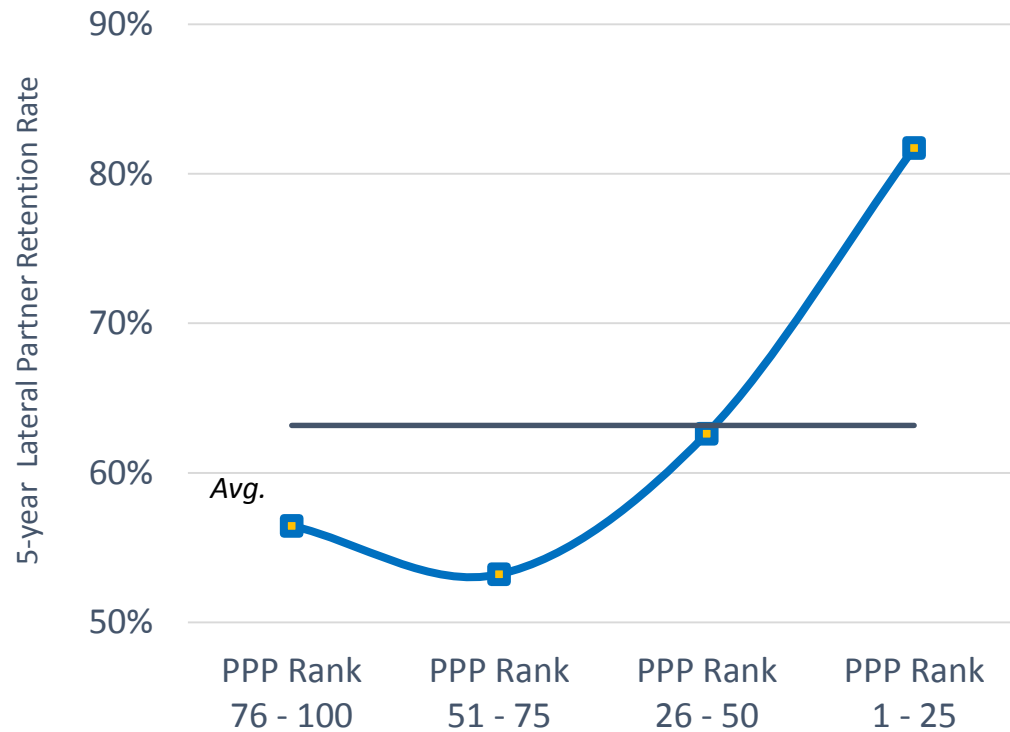
Revenue has moved through the lateral markets

Lateral Market Trends

Profits Per Equity Partner Matters

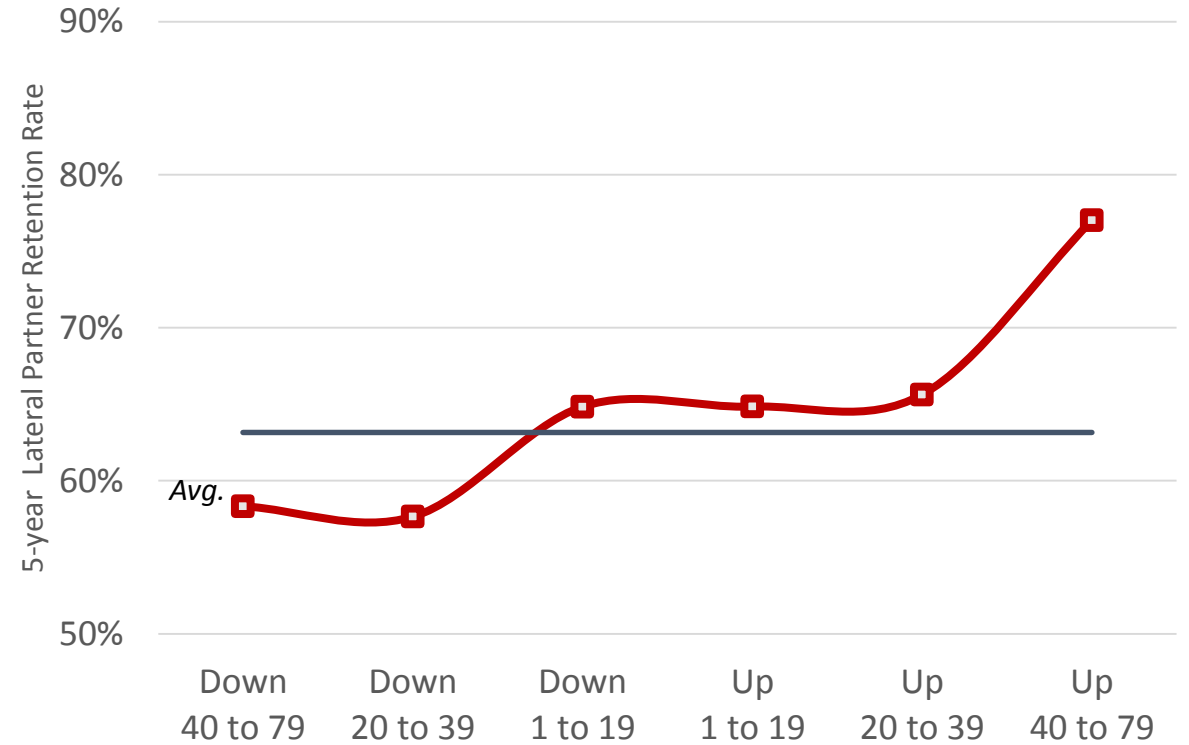
Higher Profitability Leads to Higher Retention Rates

Retention Rate by Rank of PPP Rank



Rising Profitability Leads to Higher Retention Rates

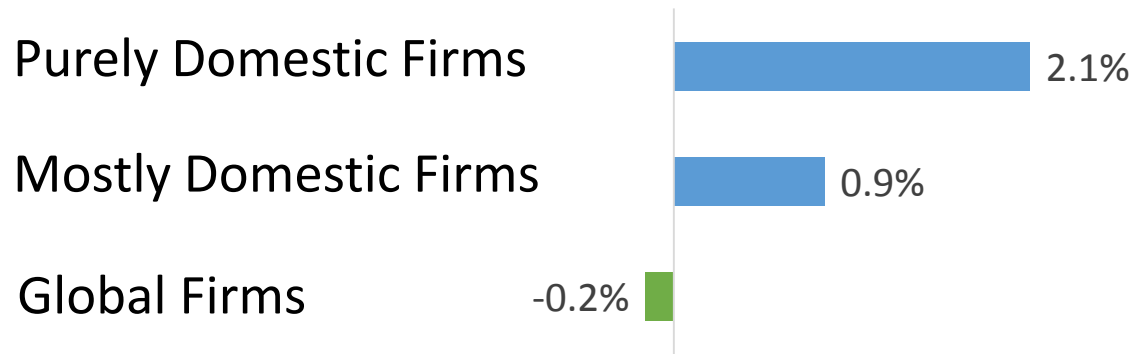
Retention Rate by Change in PPP Rank



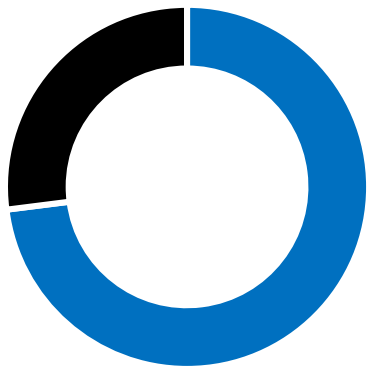
Source: *When is the Best Time to Make a Lateral Move?* Hugh A. Simons and Paola Cecchi-Dimeglio, *The American Lawyer* 5 October 2017.

Growth Assessment

Global Firms Are Underperforming Domestic Firms *Lawyer Growth in Primary Offices (2010 – 2017)*



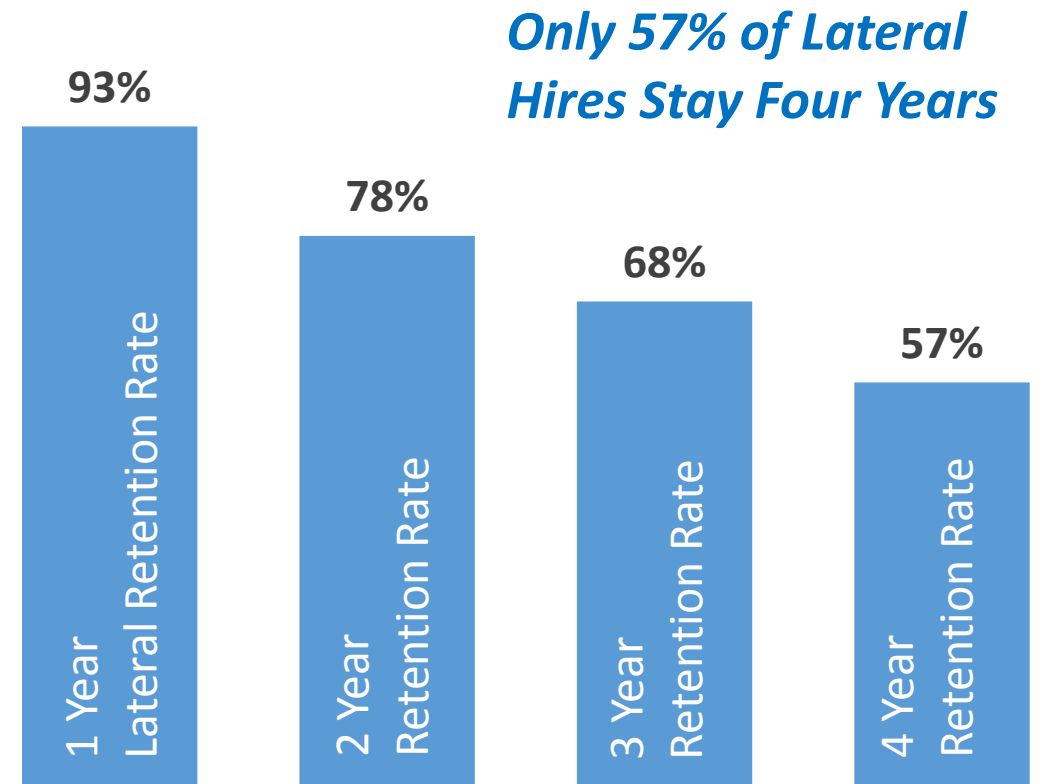
Mergers have a bad track record *Lawyer growth in primary offices (2010 – 2017)*



73%

*Of Merged Firms Underperformed
Their Peers in Revenue Growth*

Lateral Hiring is Not Producing Long Term Growth *Lateral Retention Rate Among Global Firms*



Attorney Compensation

Metric (Averages)	Am Law 100	Am Law 101-200
Firm Size	1,132	333
PPEP	\$1,557,637	\$781,409
RPL	\$878,266	\$660,100
Firm Revenue	\$994,245,252	\$208,356,961
Total Compensation \$	\$1,102,491	\$583,591
Total Originations	\$4,001,548	\$1,564,470
Compensation as a % of Origination	28%	37%

Source: ALM Partner Compensation Survey, 2018

Gender Compensation

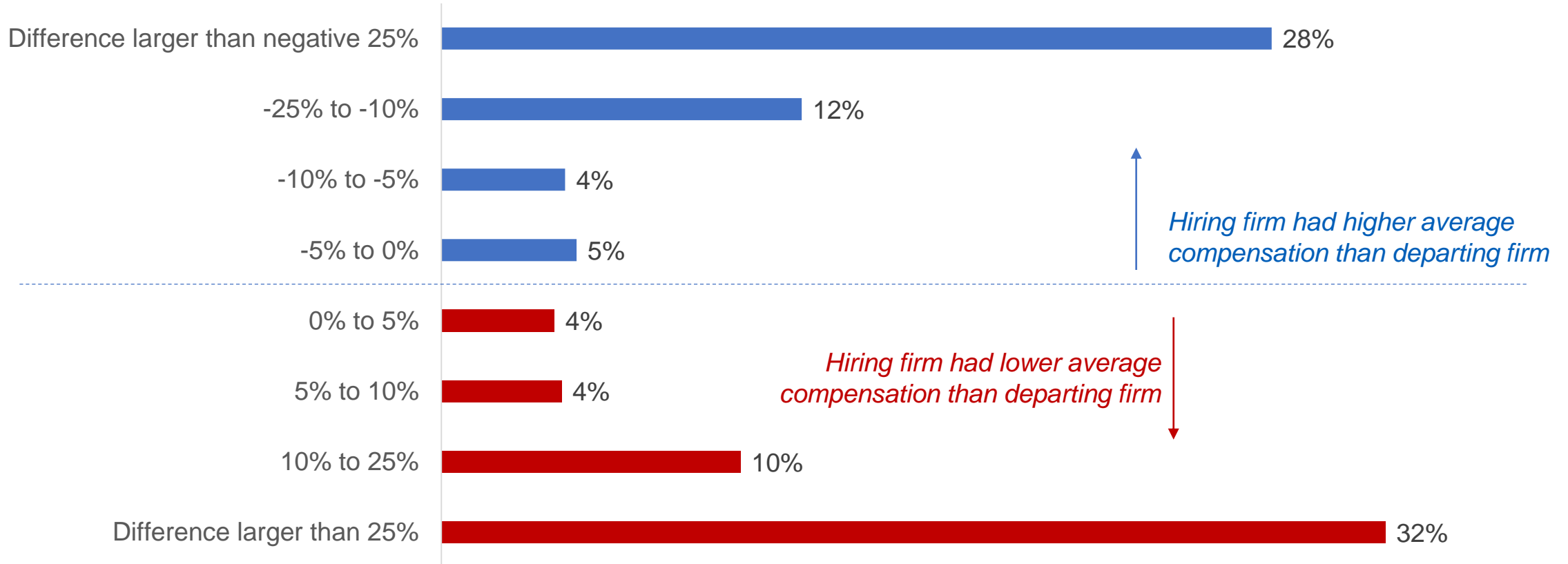
Metric (Averages)	Male	Female
Firm Size	793	823
PPEP	\$1,356,176	\$1,335,246
RPL	\$825,435	\$808,677
Firm Revenue	\$801,647,424	\$772,515,227
Total Compensation \$	\$1,101,969	\$753,694
Total Originations	\$3,904,437	\$1,803,786
Compensation as a % of Origination	28%	42%

Source: ALM Partner Compensation Survey, 2018

Data Suggests Big Change In Talent Markets

Percent of lateral hires sorted by the difference in compensation between the hiring firm and the departing firm

For hires between 2014 and 2018



Source: ALM Legal Intelligence "Legal Compass"