

## **LATERAL PARTNER CHECKLIST: Practice Area and Client Base**

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### **Who are candidate's clients (by name and by industry)?**

- What types of work are performed for each client?
- Is candidate the principal relationship partner for these clients?
  - If not, who is and what consequences are likely?
  - Who are the other key relationship people with these clients?
- How is the work allocated?
  - % of work done by candidate
  - % of work delegated to others on candidate's team
  - % of work cross sold to a different team

### **Portable business assessment (by key client)**

- Which clients does candidate expect to move to the new firm and what percentage of the work will move?
- What are their annual average hours worked, standard and agreed pricing, billings and collections?
- How dependent is candidate on these particular clients?
- How dependent is candidate on their industries?
- Can the firm's partners effectively service the clients' needs?

### **How will candidate complement the firm's practice?**

- Can the firm represent candidate's clients in other practice areas the firm currently handles?
  - Is there any indication that candidate's clients would want to change from their present counsel?
- What firm clients can candidate represent?
  - Would those clients be willing to change from their present counsel just because the firm now has this expertise/experience?
- Will any conflicts of interest be created by having candidate or candidate's clients join the firm?

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### **Pricing**

- Allocation of pricing methods overall and for each key client
  - % standard hourly
  - % discounted hourly
  - % fixed fee
  - % capped fee
  - % reduced fee with success bonus
  - % contingent
  - % other
- Describe any special arrangements regarding approval of rate or price changes, staffing, billing other than monthly, payment terms other than net 30 days.

### **What are candidate's actual performance statistics (practice and personal) for most recent three years and projected for next three years?**

- Billable hours recorded
- Standard hourly rate
- Value of billable hours recorded at agreed to rates
- Hours and fees billed
- Hours and fees collected
- Value of unbilled time at year end, net of fee retainers
- Value of unbilled costs, net of cost retainers
- Fees receivable at year end
- Billing realization
- Collection realization

### **Looking ahead three years**

- What is the financial condition of the clients? Of their industries?
- What is the legislative and regulatory outlook of this practice?
- Are there pending judicial or legislative actions which will help or hurt this practice? Are you familiar enough with this practice to make this determination yourself?
- Does candidate have the ability to learn new or similar practices?
- How much client turnover has candidate had in the past three years and what is the outlook for the next three years?

## **LATERAL PARTNER CHECKLIST: Background and Finances**

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### **Has the firm checked candidate's background?**

- Education and professional credentials?
- Experience and contacts?
- Criminal and credit records?
- License disciplinary record?

### **Has the firm asked for and checked candidate's:**

- Professional references?
- Client references?
- Business references?

### **Does candidate have a reputation which could be damaging to the firm or to its clients in any way?**

- Has candidate worked on matters that would be perceived as adverse to the interests of the firm's existing clients?
- Are there any complaints or proceedings pending against candidate?
- Are there any complaints or proceedings pending against other parties with whom candidate has been associated in any capacity?
- Does candidate's insurance carrier know of any previous or current claims filed?
- Does candidate know of any ongoing investigations where they, their firm or their partners are targets of the investigative body?

### **Is candidate willing and able to make his/her capital contribution?**

- Can candidate handle capital calls?

### **Does candidate have the ability to skip monthly draws if it should become necessary?**

### **Why is candidate leaving his/her present firm?**

- Do these reasons seem logical?
- Will these same circumstances resurface?

## **LATERAL PARTNER CHECKLIST: *Integration Issues***

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**What are candidate's expectations for physical space/furnishings?**

**What are candidate's expectations for timekeeper support?**

- Does candidate expect to bring lawyers, paralegals?
- Does the firm have the necessary number of lawyers or paralegals (with the appropriate level and type of skills) to service candidate's practice?
- What are candidate's expectations for support staff? Does this person expect to bring any support staff?

**If your letterhead contains partner's names, where will candidate's name appear?**

**Will candidate be able to utilize existing technology, or will the firm need to purchase additional technology?**

- If so, how much will it cost?
- When will it be needed?

**What roles/titles is candidate pursuing in the new firm?**

- Does candidate expect to have a management position?
- Does candidate expect to lead a practice group or department?

**What does candidate expect his/her role will be in three years?**

- When does candidate anticipate retiring?
- Does candidate see his/her workload responsibilities changing in the future? If so, how?

**Who will be the mentor and who will hold the mentor and the candidate accountable?**

## **LATERAL PARTNER CHECKLIST: Financial Risks to the Firm**

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### **Do the partners fully understand the provisions of the current partnership agreement regarding the expulsion or voluntary withdrawal of a partner?**

- Are the partners willing to accept the economic consequences if the new relationship does not work out?
- Has the firm made any provision to establish an exit scenario in case the relationship doesn't work out?

### **Does the firm have the immediate financial resources to support the lateral?**

- How will work come over (new work only, existing work without pipeline, existing work with pipeline) and how will it be staffed (entire team from prior firm coming, mix of prior firm and new firm, all supplied by new firm)?
- What investments in costs advanced and specialized tools are required?
- How long will it take for candidate to build up an inventory of work in process and accounts receivable before cash actually comes in the door?
- How long are you able (and willing) to support candidate to get up to expected contribution?
- How long will it take for candidate to become reach expected contribution?

## LATERAL PARTNER CHECKLIST: Questions to Ask Yourself

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### Has the firm made the candidate aware of its expectations or requirements for:

- Billable and total hours?
- Revenue generation?
- Capital contribution – when it is due and how it will be paid?
- Efforts concerning client development?
- Contribution to associate training and career development?

### Has the firm fully disclosed and described in detail its:

- Partner compensation system?
- Benefits package?
- Retirement policy (not plan)?
- Governance and management structures?
- Administrator's role?
- Financial position, results of operation and status?
- Partnership agreement?
- Policy on investing with clients?
- Timekeeping and billing procedures?
- Records and knowledge management system?
- Ethics and conflicts resolution?

### Has the firm discussed its:

- Strategic goals or plans?
- Expansion into new locations?
- Leaving current locations (relocations or permanently)?
- Philosophy on growth (scale of likely efforts)?
- Plans on hiring additional lateral partners or associates which might impact this person?

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