

CONSIDERING A LATERAL MOVE?

Key considerations in making the best decisions and a guide to creating a reliable and effective business plan.



Without the jolt of a specific negative event, busy and successful professionals rarely invest the time in themselves to assess their current circumstances and consequently, risk losing sight of both professional and personal goals. The most successful people in virtually any industry you can think of regularly and critically self-evaluate but for one reason or another, this is not as common a practice in law and accountancy. Aside from stymying personal and career growth opportunities, this increases the risk of only ever making a change when circumstances push you into it, which in turn, increases the risk of making a bad decision motivated by a move away from pain rather than toward something positive.

Why is this? People within the professional services industry with lawyers in particular, often tend to be more risk-averse than most which means recognising opportunity can be infrequent at best, even when it may be obvious. It is also generally true that the most successful people are very busy, so the time and effort required to make a reliable and honest assessment of your current position can feel a little daunting too. On top of this, it is known that many people are a little nervous of what they find if they honestly appraise their career trajectory and can subconsciously take steps to avoid this.

Given that this sounds like hard work and potentially revealing about ourselves, why should we make the effort in our busy schedules? Whoever you are, there is one overarching benefit to conducting a deep-dive on your current position, career trajectory and business case which will serve you very well even if you never move.

Working with a skilled advisor who will ask you challenging questions about your situation and direction as well as help you pull together a personal business plan and assess the quality of your client base and prospects will result in you having clarity on the quality of your current situation, where it is excellent and where it may have deficiencies. Even if you choose to remain where you are after this has occurred, you do so with much better knowledge and a renewed purpose and engagement with the same firm. In addition, the critical steps involved in your own reflection are just as useful to apply to a current role as a new one so embracing this activity as a self-improvement tool.

Where to Start?

There are several key areas of importance in considering the prospect of change and it is critical to be absolutely honest with yourself in doing so. Briefly, these consist:

What do I really want?

What do I have to offer in return?

How do I go about finding and creating the right deal?

- Selecting the right people to work with in assessing the market effectively and appropriately.
- Preparation for the process of meetings/interviews.
- Handling clients and your current firm leading up to resignation and during notice period/garden leave.
- Integration strategy during your first 12 months.

1. What do I Really Want?

We all get caught up in the reality of our work being incredibly busy and without focus, easily lose sight on what we are actually working toward. Take some time to reflect on your situation and how rewarding your work is, what do you think about the people you work with and how appreciated you feel. Do you have clarity on your long term expectations both personally and professionally and how does your current position support or detract from this? These are big questions and can be tough to answer in a meaningful way. A skilled third party you can trust who is able to ask you probing questions will provoke further detailed exploration of these issues and help you move toward a clearer picture of what will make you more satisfied and successful. There is of course a multitude of areas to dive deeply into which will be easier when you work with a skilled executive search professional but broad questions to consider include:

- Consider where you are now, where you wish to be in the long term and what the current gap looks like. It is important to do this for both career and personal situations. What sort of position, responsibilities, income and freedom would I like to have at ages 35, 40, 45, 50, 55, 60 and onward?

- What sort of organisation *culturally* will fit you best both now and in the future? The answer may not be the same today as in 10 years' time.
- Consider the interaction of work and personal life to identify what your key motivations and concerns are.
- What do you really enjoy about your work?
- What frustrations do you experience within your current environment?
- If you could design your ideal role; what would that look like?

Not many, if any, of us have ever met a person who has a perfect job and it is unrealistic to expect to achieve that ourselves. Equally, most of us have met people who never seem to settle anywhere and move jobs every few years. One of the main reasons this happens to people is that they do not prepare properly for a move and they consequently focus more on the problems and concerns they find in their work as motivators to change rather than the future they want. When a person's main motivation for action is moving away from a negative, the alternative they move towards can be adjudged as adequate if simply 'not as bad' which increases the risk of the 'every few years' cycle continuing. An extension of this same thought process is that the best decisions are made when a person makes a positive choice to change rather than needing to. It has been proven time and time again that the most successful people rarely move when they are unhappy; they know what they want and will only change when they see a real opportunity to improve their circumstances for now and the future. This results in better decision making and much better longevity with the move that is ultimately made.

2. Personal Business Plan

A personal business plan is a little like a PLC annual shareholders' report if you were the PLC. It should contain a financial overview covering both income and costs together with an analysis of key points of progress through the year and an evidenced forecast for the year ahead. It is your personal business 'medical' and honest introspection will not only enable you to create a powerful business plan; it will enable you to be much more focused and on point even if you do not change roles.

2.1 What should a good business plan contain?

There are two types of business plan and both should be prepared. Many large law firms will have their own internal framework and may even supply you with a template, often in addition to a Lateral Partner Questionnaire or 'LPQ'. These can differ significantly in layout from firm to firm but the crucial content is consistent across the vast majority of them and can be prepared in advance. The other type is the 'one-page business plan' that will demonstrate in a snapshot the potential you offer.

- **One Page Business Plan.**
This should be brief and cover the narrative of your professional story, overview of expertise, key metrics for your business offering, key clients/referrers and what you are seeking from change. This is straightforward to distil from the detailed business plan. In the analogy of your own PLC shareholders' report, this is the Chairman's executive summary.
- **Detailed Business Plan**
This will contain a more nuanced career summary together with the detail behind the one page business plan and details regarding your management and business development expertise and experiences. Additionally, there needs to be expansion on your strategic aims and what you wish to achieve together with a considered view on resources required, key challenges and mitigation techniques one could employ. This is the meat of the financial reporting.
- **LPQ.** While all LPQs are different, they will all reveal information considered critical to the specific firm's decision-making process such as your educational and employment background, client base, billings and collections, and involvement on corporate boards and claims history.

2.2 What is your sustainable book of business?

Few firms will make a six-figure investment in a lateral partner hire unless you have an attractive dowry so this is the most important part of your business plan and requires the most thought. To complicate matters, your financial projections are likely to be viewed with scepticism. Comments we have heard from practice group leaders attitude to most business plans range from, "we always halve the figure put forward" to "I don't believe a word of it". Therefore, understanding your numbers is vitally important and something the most effective partners keep under regular review regardless of whether they are considering a career switch or not. Whether you are pitching yourself to a new firm or looking at the year ahead within your current firm, it is useful to consider yourself as a standalone business pulling together a business plan, cash flow and profit and loss account projection for a bank manager to

convince them to lend you your start-up capital. This gets to the root of the financial realities. A good executive recruiter will be able to help you measure your client value and the drafting of an effective business plan that will be believable because it will demonstrate evidence-based assertions and have considered the difficult questions that will be asked by a commercially astute practice group leader in most firms.

- List your key clients and categorise into A, B and C; i.e. certain to follow, confident to follow and possible but unsure. Note which other partners in the firm have relationships with your clients and what this could mean. Record historic fees generated with each of these together with billing and realisation rates. Also note projects you are aware of that are likely to occur in the future together with fee projections.
- How did you win your key clients and what will it take to keep them on board in a new environment? They may need the expertise of others with skills different to yours and without the right people in your wider team, how safe are they? Equally, consider your current team and direct reports. How much stronger can your business be if you retain some of the key folk and if you leave them behind, what risk do they pose? What resources do you need around you to confidently satisfy the requirements of these clients beyond the skills you can lend them directly? What size of team may you need to service them in your entry year as well as going forward?
- How strong are your post termination restrictions? Dig your current contract out and forward this section to the executive recruiter who will have contacts who can give an opinion on this if required. Consider what has happened to other partners who have resigned within recent times and the degree to which the firm challenged for their clients.

2.3 Costs

You have now collated the evidence to support your income projections which is the top line in your personal profit and loss account. Next, you need to project the costs of operation:

- Remuneration: What have you taken during previous three years and under what structure? Note equity structure and progression if applicable, guaranteed drawings/salary and bonuses together with the mechanism leading to their award. Also note financial benefits you enjoy together with their level such as healthcare and if it is for just you or family too.
- Team costs. Break down the costs associated with the proposed transfer of your team. Include salaries and a list of benefits they currently receive such as pensions, healthcare and holidays.
- Other liabilities. Sometimes there are balance sheet items to consider too. These may include assets or liabilities you have with your current firm such as future payment to transfer some of your WIP and equity you will need to recover over a specific period of time, in line with your partnership deed.
- Overhead costs. There will be other costs associated with your continued operation from marketing, the apportioning of sufficient office space and even your anticipated expense account. Any historical information on this is useful to include in making a more accurate projection for onward costs.

3. Preparing for the Real Thing

All interviews are different but a huge amount of it is predictable. Consider the following:

- Why are you considering a change from your current partnership?
- Why are you interested in us?
- How many months will it take to show a profit?

All very straightforward questions but the answers to these are nuanced and delivery of them is important to consider. There will be many more questions to prepare for too and a skilled advisor can rehearse with you the tough questions most interviewers will raise to give you the opportunity to think these responses through before being in the hot seat

Equally, this is your opportunity to interrogate the partners at these firms to gain the knowledge you require to make an informed decision about your future. You should be clear on your motivations and deal breakers before going to meet anybody. Again, consider the following:

- What are the most important pieces of information you need from the first meeting to gain confidence in moving forward with this prospect?
- How will you justify your previous position that lasted just two years?
- How to prepare for the reasons they are interested in meeting with you?

Again, our relationship with a key adviser is important because they will be able to give you guidance on why the firm were interested in seeing you in the first place (beyond your following!) and help you tweak the delivery of your pitch tactically in line with their motivations. On a deeper level, they will also be a critical friend who not only asks the difficult questions you will face but also to help you reflect on the best course of action by reminding you of your motivations, concerns and different angles to consider along the way. They will also deal with negotiations on your behalf as well as maintaining critical momentum in the decision-making process.

4. What to Expect from Your Advisor

Like law and any other business sector, the world of executive search and recruitment has good and bad operators within it and you have to make a personal decision on who to trust to work with to achieve the best outcomes for you. Things you can reasonably expect from a good quality advisor:

- Excellent market/sector knowledge. Any advisor worth their salt will have a strong all-round market knowledge from the Magic Circle to the good quality niche practices as well as up and coming firms.
- Difficult questions. There is little to be gained by working with someone who serves only to massage your ego. A good advisor is critical and helps you to see things from a different perspective.
- Thorough briefing on all relevant opportunities. If they are to represent you as an intermediary, there is a minimum level of information they should be able to provide you with in seeking opportunities that you will want to explore.
- Absolute confidentiality. Only recruitment agencies send CVs to firms ahead of meetings being arranged. This is suitable for junior solicitors filling vacancies but not relevant in identifying opportunities to invest in a lateral hire.
- Finally, we will be in a position to advise and negotiate your offer as well as counsel you through the most effective ways of dealing with exiting from your current firm and bringing clients along without breaching covenants, where possible.

5. Next Steps

The marketplace is huge and complex although the number of partners who genuinely believe they know the whole market is constantly astonishing. Self-evidently, no one can know everything and while most of us deal regularly with plenty of excellent peers in many other firms, the notion of knowing every piece of relevant information required to make the best decision does not stand up to a moment of scrutiny. Equally, knowing a person well can be a barrier to obtaining honest feedback on a situation because personal considerations may make a person less inclined to be as open as is required in making such an important decision.

If you have an open mind about your future direction and wish to reflect seriously on the efficacy of your current direction versus what may be possible with some deliberate actions toward self-improvement, pick up the phone to a trusted executive recruiter who can help you develop your thought process. Even if you decide to maintain your present direction, you will have a better idea of why, be more bought in to your success and hopefully, have made a useful friend for future reference as and when the time is right to reassess down the line.

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