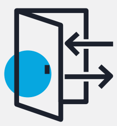
lateral hire stats.

The legal market's sluggish demand growth has driven increased competition for lateral talent to unprecedented levels. While the opportunities for firm growth through the lateral partner markets are large, sky-high acquisition costs and low success rates make lateral hiring a risky endeavor.

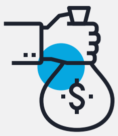
1 Lateral partner failure rates are high

Many factors contribute to increased lateral partner failure rates. Failed laterals may become apparent immediately, while others may only be realized years later. The steep failure rates indicate that firms are not realizing expected returns on their lateral hire investments.



48% of laterals leave their new firm within 5 years.

35% of laterals fail to fit in at their new firm.



62% of laterals fail to bring their promised book of business.

2 Cost of replacing a failed lateral partner is massive

The total cost of a failed lateral is large and growing. Each required replacement lateral forces the firm to expend even more money for recruitment, onboarding and compensation. With each failed lateral, the likelihood of recouping these additional costs lessens.

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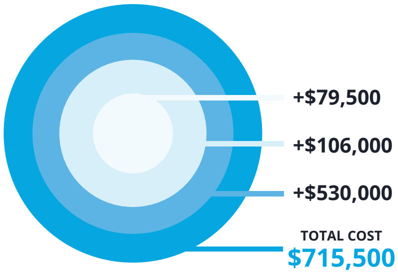

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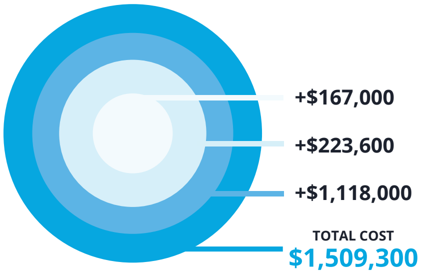

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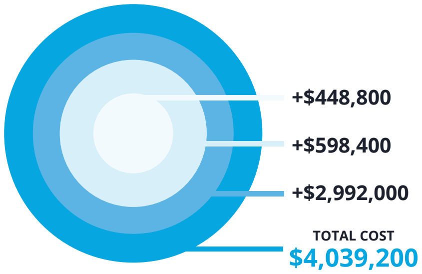
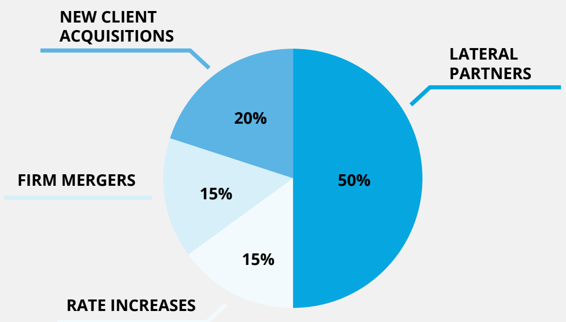


ONBOARDING RECRUITER'S FEE COMPENSATION*

3 Lateral partner hires drive revenue growth

Lateral partner hires represent the single largest source of revenue growth potential for law firms, creating opportunities to offer new services, develop new clients, expand into new markets and add new books of business.



*The listed partner compensation was calculated by taking the average Profits Per Equity Partner of each subset of AmLaw ranked firms.

This calculation does NOT take into account replacement and opportunity costs such as lost revenue, lost clients leaving with lateral, hours to recruit and evaluate replacement(s), etc. The cost of a lateral partner hire is likely much higher than is displayed. Direct replacement costs can reach as high as 50 to 60 percent of an employee's annual salary, and total costs associated with turnover range from 90 to 200 percent of annual salary, SHRM reports.