

Hiring rainmakers as client leaders

Stuart Sadick
Heidrick & Struggles

1. Introduction

Law firm leaders have long sought the holy grail of control over revenue flow. Talk of evergreen services and evergreen clients reflects a longing for a reliable revenue stream. But for several decades, it has been getting more and more risky to assume that any service offering or client relationship will be long term. Even long-term clients are now more likely to put new business out for bid. A law firm's growth therefore depends increasingly on its ability to keep attracting new clients and to keep winning work from them. In short, it depends on rainmakers and therefore on the crucial role of firm leaders in figuring out how to hire, develop and retain them.

For many decades, we have known that buyers of professional services want to deal with a professional who sells, not a professional salesperson.¹ This is the case more than ever for legal services. The higher up the buyer's position in the client organisation, the more important the client's issue and the more costly the legal service. A law firm with many partners capable of accessing senior executives, generating leads, identifying market trends, modifying services to address new demand and converting specific leads into new business – in other words, a firm with many rainmakers – has a competitive advantage and can justly feel some confidence in its revenue flows. That, in turn, means that a law firm's ability to deploy rainmakers is a strategic competence. Many law firm leaders, however, fail to treat it as one and instead act opportunistically.

A recent paper² examined this topic among various professional services firms. This chapter, focusing on law firms, will offer a systematic approach for law firm leaders to improve the hiring, development and retention of their firm's most valuable client leaders. This approach is the result of research conducted by myself and through dialogue with numerous individuals responsible for hiring rainmakers within law firms, as well as with rainmakers themselves.

2. Make-or-buy decision for sourcing rainmaker talent

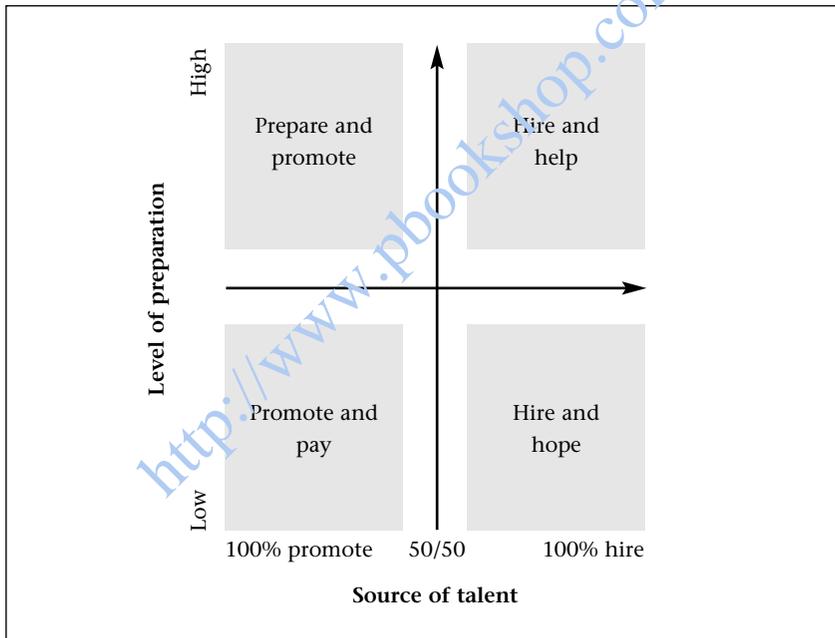
Obtaining a new rainmaker is essentially a make-or-buy decision. You can promote your own people or you can hire rainmakers away from another firm. In either case,

1 Warren J Wittreich, "How to Buy/Sell Professional Services", *Harvard Business Review*, March–April 1966, p. 129; David Maister, *Managing the Professional Service Firm* (New York: Free Press, 1993).
2 "Make or Buy Rainmakers?" by Stuart Sadick (partner, Heidrick & Struggles) and Ford Harding (founder, Harding & Co).

planning and investment will increase your chances of success. Promoting from within calls for an investment in education and skill-building; hiring from the outside calls for an investment in integration coaching, or onboarding. In my experience, firms do not always understand the full significance of these make-or-buy decisions.

Figure 1 represents four basic alternatives as a matrix. From left to right, firms can either promote from within or hire from outside. From top to bottom, they can either help increase the success rate by investing in significant mentoring, coaching and training or not. As this chapter will show, the two lower quadrants represent cases where filling rainmaking positions is divorced from significant mentoring, coaching or training and should be avoided. However, they remain commonplace.

Figure 1: Firms can either promote from within or hire from outside. They can help increase the success rate of either approach through mentoring, training and coaching.



2.1 Low preparation and internal sourcing: ‘promote and pray’

The lower left quadrant of figure 1 represents what we call the ‘promote and pray’ approach. Firms promote their own people into partner positions that require them to generate business, then pray that enough of them will succeed as rainmakers to sustain and grow revenue. But firms with this approach do little to actually train them for their rainmaking responsibilities. Instead, they rely on the name and prestige of the firm to open doors. This approach can work adequately in an up market when the opportunity cost of devoting staff time to training seems high and

a wealth of opportunities gives new partners a chance to learn business development on the job. It is less than adequate in downturns, just when training dollars become scarce. As one member of a large accounting and consulting firm put it:

We hire and promote our people [to partner] on the basis of their technical ability and then it's sink or swim on whether or not they can bring in business. It causes a lot of turnover.

2.2 High preparation and internal sourcing: 'prepare and promote'

The obvious alternative, represented by the upper left quadrant, is to train newly promoted partners to be the rainmakers you expect them to be. The 'prepare and promote' approach offers several advantages:

- The firm has more control over a key resource – its own people – which lowers your exposure to the risk of bringing in senior people from outside.
- Non-partners have a greater chance of making partner, a strong signal which allows you to retain talent you might otherwise lose.
- The new rainmaker is well acquainted with the firm's services and culture.
- The firm develops a robust rainmaking culture.

Despite these advantages, many law firms have no formal process for helping their attorneys become rainmakers. They lack either the foresight or the resolve to:

- screen entry-level hires for their interest in and aptitude for business development in addition to their ability to commence client work immediately; and
- spend time and money preparing people to be rainmakers, preferring to apply their best people's time fully to billable work, especially during a business boom.

2.3 Low preparation and external sourcing: 'hire and hope'

Firms need to hire outside rainmaking talent when it is not practical to fill a position from within; for example, when they enter a new practice area or a geographic market that requires specialised or local talent. But, again, there are better and worse ways to do this. The lower right quadrant represents the 'hire and hope' approach (ie, a firm recruits a rainmaker from outside but then invests little time or effort to help him learn about the firm's people, services, clientele and culture). This is not likely to work well. Success in one firm does not necessarily foretell success in another. For example, the ability to build strong networks in the new firm is key to understanding the firm's resources and market position and how best to position oneself as a new player within the firm. The newly hired rainmaker, recognising that he is in a sink-or-swim position and eager to prove himself, typically rushes into the market and starts selling before becoming adequately prepared and thus ends up trying to sell his new firm as if it were his old one.

2.4 High preparation and external sourcing: 'hire and help'

It should be clear by now that providing recruited rainmakers with coaching and training to integrate them into the firm greatly increases their success rate. This is the 'hire and help' approach represented by the upper right quadrant.

Note that 'prepare and promote' and 'hire and help' are not mutually exclusive. My colleagues and I observed many firms that pay substantial recruiting fees to hire rainmakers and integrate them into the firm (hire and help) while spending nothing to prepare those promoted from within the firm to partner for revenue-generation responsibilities (promote and pray). It is no wonder that these firms need to recruit from the outside so often. Internally, they get what they pay for, which is a record of promotions that do not work out.

3. Distorted views about sourcing rainmakers

Make-or-buy decisions about rainmakers are hampered by distorted views about their development and recruitment. These misunderstandings are outlined below.

3.1 Rainmakers are born, not made

In my experience, this common belief is simply untrue. Human capabilities are seldom distributed in a dichotomy. While there are people who will succeed at business development without much help and people who will never master it, many more can make rain if they develop call and meeting discipline through learning how to build referral networks and how to sell face-to-face. These are trainable habits and skills; many attorneys who lack a natural sales ability have learned them. Attorneys who learn ethical ways to bring in business and who experience the satisfaction of doing so often transform themselves into rainmakers. For example, one attorney at a well-known firm had been written off as a rainmaker but, after two years of systematic development, became the firm's top originator of new business. We have seen professionals, who have been passed over for partnership, learn to develop new business with a passion.

3.2 Our rainmakers will train their successors

This is generally wishful thinking. Many partners are not good mentors; they have forgotten what it is like to start building business from a base of zero and only a few contacts. My colleagues and I found that perhaps 20% of all rainmakers make good mentors and they are not evenly spread across firms. Rather, they tend to concentrate in firms with development cultures, where rainmakers are retained and rewarded not only for the money they bring in but also for their mentoring abilities. Lacking such a company culture, rainmakers often find responding to clients and prospects more urgent than mentoring. They do a lot of their rainmaking by phone, which makes it hard to demonstrate to junior colleagues how the job is done. Some rainmakers are afraid that a junior colleague shadowing them at a pitch meeting will say one wrong thing and undo months or even years of work. Some are wary of creating competitors. If your firm's rainmakers are not mentoring successors now, why do you think they will do so in the future?

3.3 Our great delivery will attract rainmakers

There are several misunderstandings at work here. First, the rainmaker's own firm probably has good delivery too. Secondly, good delivery is not necessarily the dominant criterion by which established rainmakers select a firm. They look at a

variety of factors, including risk. Thirdly, they may suspect that your superior delivery results from a service and utilisation culture in which sales ability is not fully respected. Fourthly, they may question whether the support staff behind such excellent delivery knows how to support a rainmaker's sales efforts.

3.4 **Associates should focus only on delivery**

Some people believe that anyone below the partner level should not waste time on phone calls and emails to former clients and other market contacts. This opinion is usually advanced by someone who cannot develop business himself or by a young rainmaker concerned about delivery and lacking the foresight to start developing new rainmaking talent in the firm. No one can be turned into a rainmaker overnight; the sooner your people start learning how to develop business, the more likely they will be to succeed once they are partners. In addition, the strength of the relationships they build early in their careers increases their odds of making sales later.

3.5 **We can recruit a rainmaker because we are special**

Rainmakers usually have plenty of job opportunities to choose from, so even if your firm does have a great concept and intellectual property to support it, this may not be as compelling as you expect. A rainmaker is likely to see a small firm, a new firm, a firm with an unconventional offering or one that does not seem as well differentiated to him as it does to you as a risk he does not need to take.

3.6 **We have a collegial firm that will welcome lateral hires**

Are you sure that your firm's collegiality will be extended to a newcomer who is probably being paid more than most of the firm's proven rainmakers? Are you sure the new rainmaker will fit in with your firm's culture, including its style of collegiality?

4. **Recruiting rainmakers**

Most law firms are focusing at least to some degree on recruiting rainmakers. A recent American Lawyer survey showed 2,736 lateral moves at AmLaw 200 firms in the year from October 2013. This was a 7% increase over the 2013 survey and came close to the record high of 2,775 lateral moves in the 12 months ending September 30 2009. Law firms are consolidating and, as they do, it is the rainmakers who are in highest demand. For that very reason, firms are often sloppy in their hiring process when it comes to a rainmaker, relaxing the rules in order to make the hire before some other firm does. Yet such victories are self-defeating. Plenty of evidence shows that law firms have real problems recruiting rainmakers who succeed in the long run. The rest of this chapter focuses on the steps a law firm's management can take to get this strategically crucial process right.

4.1 **Identify the need**

While choosing a hire may seem as simple as choosing the candidate with the most available revenues, the best rainmaker hires occur when the firm has defined a

specific need that offers an opportunity for both the firm and the candidate. One way to be specific is to use a position justification template, which might include:

- an overview of the role;
- general duties;
- the business case for the role, including both the strategic intent (eg, we need to build this practice group because our clients expect it or our competitors are leaving us behind) and the economic justification (eg, if it is a client-facing role, the amount of revenue the individual is expected to generate and the total cash compensation);
- reporting relationships (if any);
- the education, skill and experience required or desired;
- personal characteristics;
- expected performance metrics.

This approach forces firms to be clear about what they require and to use that clarity to gain alignment – or identify misalignment – early in the process. As they create their own list, firms should be encouraged to identify the variations that work best for them. Such a list also assures candidates that the firm has given this role serious thought and their role would have the top leaders' support.

Specifying the desired personal traits is more important than it may sound. Every firm has a culture, whether people think about it or not. Candidates are generally hired for their skills, background and competencies, but when they stay it is because they are also a very good fit with the firm's culture. No matter what revenues a new hire brings in, they are probably not worth the disruption caused in a law firm by a bad cultural fit. Note also that if the firm is trying to change its own culture, each new hire is an opportunity either to further that goal or sabotage it.

This is an extract from the chapter 'Leading the client leaders: hiring, developing and retaining rainmakers' by Stuart Sadick in Leadership for Lawyers: Essential Leadership Strategies for Law Firm Success, published by Globe Law and Business.