

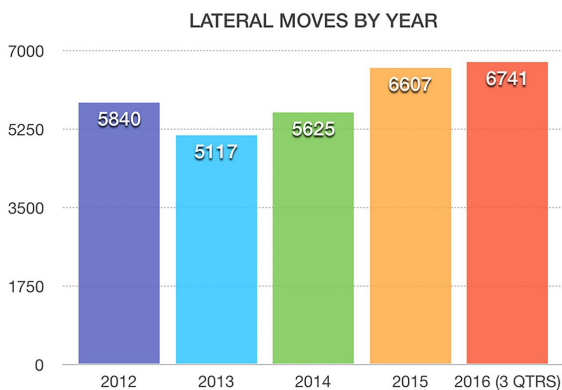


Rise In Lateral Moves Offers Actionable Intelligence For Law Firms

Lateral movement tracking reports generated by Leopard Firmscape indicate there has been a steady rise in lateral attorney hires since 2014 among the nation's Top 200 law firms. Consisting of data from more than 6,000 lateral moves tracked since 2012, this article provides critical intelligence important to the business development concerns of law firms.



Lateral hires within the Top 200 Law Firms in the United States were tracked by Firmscape from 2012 through the third quarter of 2016. Data indicates that lateral hires have been on the rise since 2014. In 2012, Firmscape tracked 5,840 lateral moves. That number dropped slightly in 2013 but rebounded in 2014 and 2015. This year, up to and including third quarter results, Firmscape tracked a total to date of 6,741 lateral moves.



All indicators suggest lateral moves for 2016 will easily surpass previous years. As a matter of fact, lateral hires are currently outpacing new hires 2 to 1.

The data prompts the questions: What are the drivers affecting the rise in lateral hires? What is the difference between firms in growth versus stagnation mode?

The Firmscape data seems to indicate that firms within the Top 200 experiencing rapid growth are depending primarily on lateral hires to fuel their growth rather than filling vacancies from the bottom up.

The trend toward hiring laterals may be motivated by economics. As expected, revenue generated from lateral hires is typically greater than what can be expected from new hires straight out of law school. In fact, the trend that many clients refuse to pay for 1st and 2nd years reduces the incentive to hire straight out of law school.

Also, if firms are aiming to strategically plan for growth in specific practice areas, it makes the most sense that they would leverage the value laterals bring to the table.

It is interesting to note that firms that did not experience net growth this year still hired 2,686 laterals, representing approximately 70% of their new hires. This data may indicate that the hiring of laterals was an attempt to replace attorneys who had left the firm. It stands to reason that a firm will attempt to replace the loss of senior attorneys with equally senior replacements through lateral hiring.

Firms wanting to leverage the accurate, in-depth and up-to-date Firmscape data for their own comparative competitive analysis can call (888) 514-6536 for access information.

Practice Area and Regional Differences

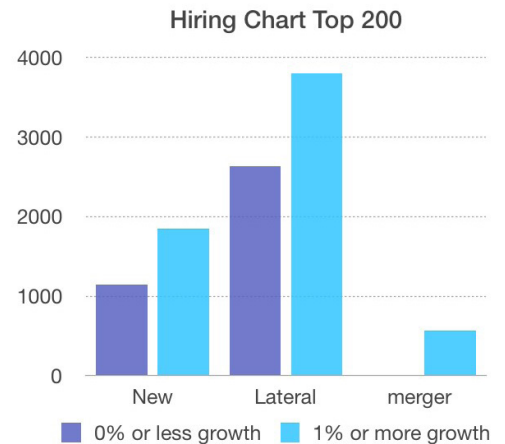
This year corporate, litigation, IP, labor & employment (L&E), and real estate practice areas have all experienced significant growth of lateral moves. Litigation clocks in at #1 with 515 lateral moves since January 1, 2016, followed by corporate with 360, IP at 166, L&E at 105, and real estate at 98 lateral moves. Between January 1 and September 30, 2016, 4,085 associates, 1,620 partners, and 1,039 counsels have moved laterally within the Top 200 firms. Over 23% of these lateral moves occurred in New York while 17% and 12% took place California and DC respectively.

The chart below is a breakdown of lateral moves by state in the first three quarters of 2016.

	NY	CA	DC	TX	IL	PA	FL	MA
Associates	1,035	752	457	296	229	140	133	130
Partners	338	221	249	148	110	46	76	52
Counsels	202	181	156	73	50	33	51	38

Competitor Success

Headcount at a law firm is a great indicator of their overall health. While some firms are de-equitizing partners (<http://nyti.ms/2fjv6hN>) to prepare for leaner days ahead, others are lowering their attorney ranks. Only 90 firms in the Top 200 saw growth in 2016. Final numbers in January might amend that number but probably not to a great degree. If a law firm has an unusually high turnover rate this could be a sign of trouble. At times, attorneys leave a law firm for negative reasons such as (perceived) mismanagement or looming financial trouble. If you notice that your competitors are bleeding senior attorneys this could be a sign that they're not really experiencing much success.



Leopard Solutions will release an update to the Firmscape data presented here in January, 2017, including changes that may affect the current market overview.

About Firmscape

Firmscape by Leopard Solutions is the industry's premiere platform for the most accurate, in-depth and up-to-date data, tracking real-time information on the Top Law Firm in the United States. The platform is forever expanding and will soon offer international attorney data. **For access information and to request a free trial, call (888) 514-6536 or visit www.leopardsolutions.com/firmscape**