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Winning practices for hiring partners in the professional services sector

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Professional services firms rarely discuss how they manage one of their largest investments: external partner-level talent. Yet, the risks and rewards associated with partner-level hiring—including multi-million-dollar market opportunities, reputation risk, and internal disruptions—are substantial. With insight into the motivations of partners who move, and the pitfalls they report hitting in the process, firms can maximize returns on these crucial leadership investments.

Ask talent officers within professional services firms to describe their hiring and on-boarding programs, and most can describe in detail the rigorous processes through which MBA graduates are chosen and then meticulously groomed to thrive. Ask how they handle partner-level hires, however, and many consulting leaders respond with a contemplative "Hmm."

Mental light bulbs *should* flash. Partner-level selection and on-boarding endeavors—according to partners who have recently experienced these processes—routinely suffer from unfocused and protracted selection efforts, mismanaged expectations, and other problems. At best, these shortcomings lengthen the time it takes for firms to generate returns from their top-talent investments; at worst, these stumbling blocks ultimately result in organ rejections.

Consider what's at stake: a compensation package of $750,000 to $1 million USD (or more), the time (up to two years) it takes for an outsider to fully acculturate, and the new market opportunities this partner can harvest. Adding senior-level partners also may trigger related changes, such as adding staff to grow a new line of business, that require substantial investment.

Given the magnitude of the risks and rewards, it is surprising how ad hoc partner recruiting, selection, hiring, and on-boarding are in the professional services sector, which, for the purposes of this discussion, includes consulting firms of all kinds, as well as consulting practices within public accounting firms and software companies.

Addressing this high-risk, high-reward area requires recognition of the key motivations that entice partners to consider switching firms, the areas where partner-level hiring practices typically fall short, and adoption of practices to mitigate the risks while maximizing the returns on investments in external partner capital.

The ABCs of motivation

By understanding why partners seek new opportunities at different firms, recruitment committees can more effectively tailor their compensation packages, roles, and pitches in a way that supports on-boarding and increases the new relationship's odds of success. Partners who have recently left one consulting firm for another firm typically identify one or more of the following four primary motivations when explaining why they opted to leave:

Compensation. "In the end," notes a partner who recently switched from one highly regarded firm to another, "It's about return maximization." The size of the compensation package matters, and it represents one of the most frequently cited reasons why partners accept—or reject—offers from other consulting firms. From a recruiting perspective, compensation remains one of the most flexible components of the value offering. Recruitment committees typically expect to pay top talent more for the value these partners are expected to generate. While the risk of setting new compensation precedent always exists, the size and makeup of the compensation package remains easier for firms to tailor to partner-level candidates than most of the other motivating factors described below.

The "challenge." This set of factors describes the allure of a larger role, a higher management position, responsibility for leading an entire consulting practice, and/or a national or international span of control. What many partners are looking for, notes one, is a "way to accelerate your career while minimizing the time out of market." When partners (or those nearing partner status) encounter too much friction (or too little client face time) during their firm's promotion process, they may look outside for more attractive options. “Being able to be with your clients is essential in ensuring success,” notes one partner. “My previous firm had a number of roles that I could have raised my hand for, but it would have involved a lot of internal administrative work, which, when compared to the interview process required to move, was onerous.” From a partner-recruiting perspective, offering the right challenge often requires varying degrees of internal reorganization; firms often need to tailor a role and its responsibilities so that it contains sufficiently appealing components. “If necessary,” reports a member of a recruitment committee, “our organization should be able to change to accommodate a top performer who can help us serve our clients better.”

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Culture. Unlike compensation packages and job roles, recruitment committees cannot improve or alter their organizational culture, at least not over the short-term. Yet, culture represents a frequently cited reason why partners leave their firms. That said, the recruiting committee should also recognize that dissatisfaction with a partner’s current organizational culture may be a more important driver for a partner to jump ship than the allure of a new culture.

Clustering. Talent—both internal talent and contact with external talent (through client and partner relationships)—marks a byproduct of organizational culture and another key motivator for partners to leave their current firms. Top-performing consultancies can act as “talent clusters” by attracting the best of the best consulting talent and by partnering with globally renowned client companies. “My choice was primarily influenced by the fact that I would get to work with some of the best people in the world in my space,” reports a leading operational consultant who recently switched firms.

Process fatigue and other pitfalls

Consulting firms seek to attract partner-level talent for a variety of reasons: to enter new geographic markets, launch new (horizontal or vertical) practice lines, or beef up existing practice areas. In some cases, a firm simply hires external partners when the talent becomes available because of changes or struggles at competing firms. Partner-level talent also may bring valuable relationships to the new firms they join.

Luring partners away from other firms requires significant time as well as a compelling sales pitch. Many if not most partners possess sizeable ownership stakes in their current firm; liquidating or relinquishing these investments is not done lightly.

The unique nature of partner-level hiring within the consulting sector also poses a problem. Partner status confers certain implicit expectations: *"Partners are successful, experienced, and financially secure; they can fend for themselves." "When a new partner is hired, it's sink or swim." "He's a rainmaker, let's see him make rain."* These general impressions may reduce the attention a firm devotes to senior-level on-boarding; few people within the organization feel responsible for helping newly hired partners thrive.

The problems exist throughout the hiring lifecycle:

Process fatigue. This describes the weariness, and wariness, candidates experience during poorly defined and drawn-out courtships.

"It all went well," notes a partner of her recent experience slogging through the selection process with another firm, "but after my twentieth meeting with yet another partner at the new firm, I just decided to pull out." These sentiments commonly arise. And process fatigue can set in among hiring team partners as well. "She was so great that we just kept on showing her off," reports a recruiter within another firm. "We also thought that she'd feel much more comfortable about coming over if she met most of the stakeholders. Unfortunately, it led to a loss of interest in the candidate."

While the risk of process fatigue is a significant one, it should be addressed carefully because assessing an external partner's suitability can, and should, take significant time given the high stakes involved. The candidate's skills, experiences, perspectives, leadership style, and behavioral tendencies should be thoroughly vetted.

Some organizations, notably the consulting practices within Big Four accounting firms, also conduct thorough reviews of a candidate's financial portfolio to ensure compliance with rules related to auditor independence and internal ethics policies. For these reasons, partner-level hires often unfold over twelve months at many successful and well-known consulting firms.

The fatigue problem is less a result of duration and more a matter of poor process definition and communication. Too often, the partner candidates are not informed of how many partners they will be interviewed by, what facet of the potential match each interview will explore, and how long the entire evaluation process will take. Process fatigue sets in as the candidate sits through her fifteenth different interview, and replies to questions that she already fielded fourteen times before.

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Mismanaged expectations: Other miscommunications during the courtship can greatly reduce the odds of success once the partner joins a new firm. Many screening processes fail to probe deeply enough to establish a clear understanding of candidates' modus operandi.

For example, when a candidate identifies how much he produces *("I did $10 million last year.")*, interviewers frequently neglect to dissect the figure and to understand exactly how it was produced. How much of that $10 million is he solely responsible for? Equally important, how does his firm keep score—is the revenue double-counted or single-counted? What, exactly, is the candidate's role on the account team? A candidate's perspective may be highly influenced by his current firm's culture; what he describes may look very different through the lens of the hiring firm.

When consulting firms bring on partners to enhance existing lines of business, both parties must, of course, be extremely careful of non-compete restrictions. Expectations regarding moving this business, however, often differ from reality twelve to thirty-six months later. Clients may turn out to be more loyal to the firm than the partner, for example, or the candidate exaggerates (intentionally or not) the size of his Rolodex.

The new partner also arrives with expectations concerning the resources he believes he needs in order to succeed. And those might be substantial. When Ernst & Young hired former Deloitte Consulting principal John Distefano to helm the healthcare practice within the firm's advisory services group in April 2010 to generate more business in the billion-dollar post-reform healthcare market, Distefano indicated that E&Y expected to boost his staff by 30 to 40 percent to meet the soaring demand for consulting services the new law created ("New E&Y Healthcare Practice Leader Eyes Substantial Growth," by Joseph Kornik, *Consulting Magazine,* July 19, 2010). Distefano and E&Y appear to have effectively managed Distefano's expectations regarding the size of the staff he would need to grow the healthcare practice; however, this sort of expectation alignment is the exception more often than the rule.

Cultural misfit. Given the degree to which organizational culture varies among different consulting firms, misjudgment of a job candidate's cultural fit represents the most common problem within partner-level hiring endeavors. If the relationship turns out to be a poor fit, the newly hired partner may take longer to generate the results and revenue the firm expects; or, even worse, the newly hired partner may chose to move back to her previous firm or to a position within a different organization.

"Culture fit is key to partners working out over the longer term," notes a consulting firm recruiter. "Cultural fit is often hard to define, especially since to many outside observers all consultancies seem to be similar in how we do business and what sort of people we attract," explains a recruiter within another firm. "However, there are fine differences in organization, go-to-market strategy, and in senior partner personalities—these are the [individuals] who usually define an office, if not the office culture. Fitting in with these personalities is as important as being able to build a business quickly."

Misjudgments of a job candidate's cultural fit represents the most common problem within partner-level hiring endeavors.

Fit is difficult to assess and manage because each consulting firm features a highly unique culture. The Type-A MBA cultures within strategy firms differ significantly from the engineering legacy culture within IBM, for example. Significant cultural differences exist even within the similar types (i.e., strategy, IT, etc.) of consultancies, as any Bainee will tell you about her firm—or as any McKinsey-ite will tell you about "the Firm." The primary shortcoming related to assessing cultural fit boils down to a sin of omission: hiring firms fail to marshal the right behavioral assessments and conduct sufficiently rigorous reference-checking effort to fully examine cultural fit.

'Non-boarding.' Too many partner-level hires conclude with the extension of a formal offer. Yet, the job offer marks the beginning of the most formidable challenges in the new partner's integration.

For example, suppose a partner hired into a life sciences practice accepts a new firm's offer based on knowing that her focus will be on building business with Pfizer. What happens if she is unaware that there are two other partners already working with Pfizer and that one views her arrival as a threat?

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The on-boarding process should commence during the interviewing process; too often, it does not. In worst cases, formal on-boarding never takes place.

Leading practices

Although the pitfalls described above hinder many partner-hiring efforts, there exist several ways that consulting firms can generate larger and quicker returns from their investments in senior-level talent from other firms. These leading practices include the following:

Adhere to a coordinated, well-defined selection process. Begin by clearly conveying to the candidate how many interviews will be conducted and then work to ensure that the interviews are done in a coordinated and thoughtful manner.

Assign each interviewer a specific responsibility. If the first partner who interviews the candidate is responsible for assessing the candidate's technical skills, the next interviewer should avoid that, and probe the degree of cultural match. A third interviewer may test the candidate's analytical skills, and so on. Through this experience, the candidate is more likely to feel that she is truly being vetted for the position rather than laboring through a checklist of introductions.

The most effective partner-level hiring processes are managed by a single point person within the hiring firm. The point person ensures that the interview roles are assigned and executed, provides assistance in structuring the interview questions, and monitors the candidate's progression through these orchestrated assessments.

Create a common perspective to align expectations. Communication gaps can give rise to dangerously divergent expectations: *"They never told me I'd be pitching system implementations,"* or *"I wish she told me during the interviews that she only sold new projects to mid-cap companies."*

Asking the savvy and pointed questions at the right time (and at the right depth) can help eliminate translation gaps and ultimately contribute to a more informed hiring decision. These drill-downs should focus on several key areas, including:

1. *When the candidate describes his work, ask questions about its nature.* Is it strategy work? Or, is it primarily focused on operations or information technology (IT)? Could the candidate wind up selling a type of work that the hiring firm actually is ill-equipped to deliver? The purpose of this question is to identify the key characteristics of the work the candidate performs and then determine the degree to which that work aligns with the hiring firm's primary focus areas.

2. *When the candidate says that he* "did $10 million" *last year, what clients did he sell to?* Were they Fortune 100 enterprises, mid-cap companies or primarily small businesses? What is the candidate's strategy for expanding his existing business? What relationships does he harness to execute this strategy? Answers to these types of questions often generate surprising insights along with greater clarity with regard to the candidate's ability to serve the type of companies the hiring firm strives to count as clients.

3. *Partners come in several different varieties, and those vary from firm to firm.* Have candidates flesh out their existing role in detail to ensure that they represent the type of partner being sought. A partner may be more of a hunter (i.e., one who snares new clients) or more of a farmer (i.e., one who cultivates new business primarily with existing clients). What type of sales does the candidate perform? Or, does the candidate primarily focus on service delivery? The objective of these questions is to identify the candidate's spot in his current firm's pecking order, and then assess how well that experience aligns with the activities the hiring firm expects him to perform.

Identify leadership competencies and then screen candidates accordingly. Hiring firms should also learn about the type of culture in which the candidate currently operates as a means of assessing the likelihood that she represents a suitable cultural fit. Assessing cultural fit represents a complex undertaking, one that requires hiring firms to understand what the candidate values, the nature of the candidate's professional motivations, and the type of environment in which the candidate is most likely to thrive.

This need requires the integration of the art of executive search with the science of talent management. A formal tool that addresses cultural fit should assess candidates' thinking style (i.e., how they behave when they are alone); leadership style (i.e., how they behave when everybody is looking), and career motivations (i.e., what types of jobs get their juices flowing).

This three-part assessment should be accompanied by thorough reference-checking—conversations in which members of the hiring team ask specific and pointed questions of people who know how the candidate has behaved in relevant situations.

Initiate formal on-boarding during the selection process. As a hiring team nears a formal offer, it should initiate frank discussions about specific on-the-job plans should the candidate accept.

This planning session should include high-level, yet tactical, consideration of the candidate's plan for her first three to six months on the job. From a conceptual standpoint, how does the candidate envision growing the practice she will be running? What internal resources and relationships can the firm provide to help her thrive?

If the hiring firm has conducted a well-defined, well-managed selection process up to this point, the candidate and the firm should be in a position to produce a high-level business plan. The candidate has invested six to twelve months learning about the firm, its culture, its clients, and the area of the business she will lead. At this point, she can lay out an assessment of the major opportunities and challenges as well as how she intends to address each opportunity and challenge during the first three to six months on the job.

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By discussing this business plan, the candidate encourages the hiring team to recognize and address potential on-boarding issues before they arise.

Billion-dollar bets

Forward looking activities, such as high-level ninety-day business plans, are largely absent from the majority of partner-level hiring efforts within the consulting sector. Instead, the focus tends to hover more on short-term questions: *Who has the candidate met? Who does he need to meet? How soon after the interviews can we get him on the ground?*

This short-term focus gives short shrift to the long-term returns—the millions of dollars in market opportunities and other rewards—that a well-defined and rigorously executed partner-level hiring and on-boarding program can help consulting firms harvest.

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