

# RESEARCH

## MONEYBALL INDEED!

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*by James Bergin and Ron Paquette*

RESEARCH BY KERMA PARTNERS AND THE REDWOOD THINK TANK SHOWS THAT INCORPORATING “SUCCESS FACTORS” INTO LAW FIRM RECRUITING CAN HAVE A BIG IMPACT ON FIRM PROFITS.

Since the publication of Moneyball<sup>1</sup> in 2003, many have pondered (mostly in the abstract) whether the principles applied so successfully by the

Oakland Athletics in pursuing baseball talent could be applied as well in other professional contexts. KermaPartners recently tested that notion in a real-world setting. Together with Redwood (a part of

LexisNexis), we just completed a “success factors” engagement with a top 25 US law firm — which was designed to assist our client in identifying and attracting graduate recruits who

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<sup>1</sup> *Moneyball: The Art of Winning an Unfair Game*, by Michael Lewis.

not only have the credentials to enter the firm, but also possess the “stuff” to thrive at the firm. Although our client has always competed for the “best” candidates (by traditional thinking, those having high GPAs at the top law schools), the firm, like most (or all) of its peers, has nonetheless experienced mixed results in its recruiting efforts, suffering in recent years from high associate attrition rates. Wisely, in the current economic downturn — where at least voluntary attrition rates are likely to decline — our client saw an increased (not a decreased) urgency in improving its recruiting.

We set out to determine whether — in addition to a

candidate’s law school pedigree, and some of the subjective things one can learn about a candidate in an interview setting — there was something more the firm could look for in its candidates that would be predictive of the candidate’s mid- to long-term success at the firm. We found that there is — and determined that incorporating these findings into a firm’s recruiting program can improve a firm’s bottom line.

THE APPROACH

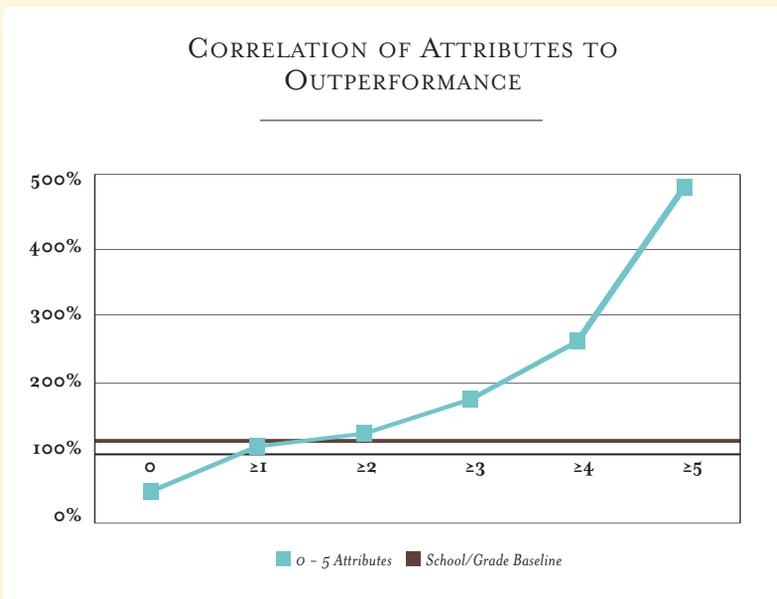
On the basis of several “soft” and “hard” performance measures that were of particular relevance to our client, we investigated over 1300 timekeepers (past and present) to identify those who were “outperformers” and

those who were “underperformers”. Against this statistically ample population of lawyers, we tested the relationship to performance of about 200 “attributes” — each of which can be ascertained objectively prior to the point of hire, either from the CV, the transcripts (graduate and undergraduate), or interviews.

We identified several attributes that were disproportionately present among the population of outperformers. Each such “success factor,” when observed individually, was significantly more “predictive” of success at the firm than law school rank or GPA.<sup>2</sup> Also when observed collectively, the success factors showed a strong relationship to outperformance.

Figure I shows the correlation of these attributes to outperformance at the firm — where, on the y-axis, a score of greater than 100% indicates a positive correlation. By several different measures, a high law

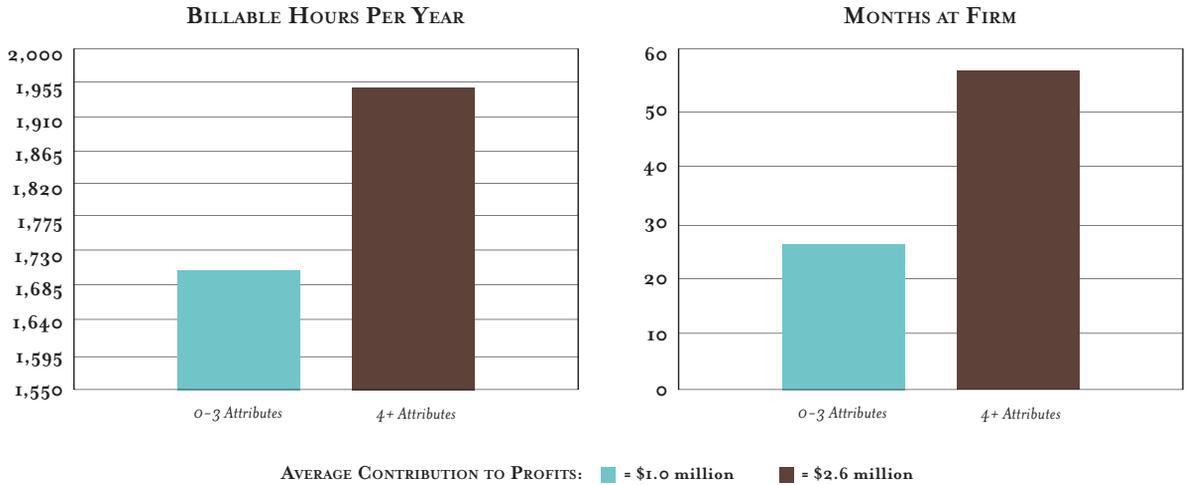
FIGURE I



<sup>2</sup> The study was not meant to debunk the importance of school/grade criteria. To the contrary, we expect that, after a firm incorporates success factors into its recruiting program, its new incoming classes will have better school/grade profiles than those of their predecessors. That is, having a keen understanding of what makes associates successful at the firm will elevate the firm’s competitive position in the talent markets, as the firm can deliver a convincing message to top prospects that they have the right profile for success at the firm. In a similar vein, some of our collateral findings tell us that intelligence around success factors can contribute to the sustainability of the results of a firm’s diversity efforts.

FIGURE 2

COMPARISON OF PRODUCTIVITY AND TENURE



school rank/GPA was only moderately indicative of success (as shown at the “school/grade baseline”). In contrast, lawyers having “at least one” of the success factors, “at least two” of the success factors, and so on, were increasingly more likely to be outperformers.<sup>3</sup> The strong odds were that a lawyer having none of the success factors was destined to fail.<sup>4</sup>

THE FINANCIAL IMPACT

Without even trying, our client

had historically recruited a lawyer complement that had, on average, three of the success factors that we identified. This caused us to think: What would be the financial impact if the firm managed to increase the presence of these attributes among its incoming classes — even if just by a little bit?

As shown in Figure 2, we observed big differences — both in average productivity and average tenure — between lawyers possessing zero to three of the success factors (i.e., those at or below the attribute average) and those possessing four or more of them (i.e., those bringing up the attribute average). The latter group was 15% more productive and stayed more than twice as long with the firm. Accordingly, we estimate that the average lawyer having 4 or more success

factors contributes \$1.6 million (or 2.6 times) more to firm profits than does his or her counterpart with fewer such attributes.

With this new perspective on the value of each hiring decision, KermaPartners anticipates that law firms (and like organizations) will increasingly add success factors to the decision mix in recruiting.



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<sup>3</sup> When observed individually (and if plotted on the chart of Figure 1), the success factors we identified had correlations to success of as high as 550%, but more typically in the range of about 150-350%.

<sup>4</sup> Of the attributes we tested, several showed a strong negative correlation to success — meaning, the lawyers possessing them were significantly more likely to be underperformers than outperformers. Several of our findings in this regard were counter-intuitive. They thus might be used, for example, in interviewer training so as to temper the enthusiasm interviewers typically (but perhaps unwisely) attach to certain candidate skills, experiences, and so on.