

Anúncio



I Can't Believe They Took the Whole Team

Recruiters aren't just poaching stars. Now, nabbing groups of employees is on the rise

BY JENA MCGREGOR

SOME MANAGERS RECRUIT talent one person at a time. Mark Metz hires en masse. In 2001, Metz, the chief executive of Optimus Solutions, a Norcross (Ga.) outfit that sells and services corporate computer systems, recruited a team of 10 people from a local information technology consulting firm. Two years ago, after luring a manager at a network equipment provider, Metz went on to hire the manager's 30-person team in one swoop.

This team strategy has been a part of Optimus since Day One. Within 24 hours of leaving his former employer, Metz brought on board seven former colleagues to help start the new company. While that left him mired in a two-year legal struggle that ended in a settlement and gave him pause in recruiting the next two teams, it didn't stop him. Metz knew from experience that enlisting whole teams could help him ramp up a new business line—IT consulting—and forge a new relationship with a tech provider much faster than if he only had poached the group's leader. "You get the

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dynamics of a functioning team without having to create that yourself," says Metz.

Although some may call Metz's tactics little more than employee raids, executive recruiters like to call them "lift-outs," or the practice of a company hiring a whole group of employees from another outfit. Unlike a traditional corporate acquisition, in which companies often find themselves buying superfluous assets to get a few prized divisions, lift-outs offer a way to pluck a high-performing team that can quickly develop a specialized business niche or enter a new market. In a way, lift-outs are the iTunes of the merger world: Why buy the whole CD when all you really want are its greatest hits?

While lift-outs have been common in such industries as financial services and law, the practice of snatching plug-and-play teams has been expanding into different fields. Professional services firms, such as management consulting and accounting shops, are seeing a rise in the hiring of teams, say some executive recruiters. And while it's rare so far, the practice has popped up among apparel manufacturers, software outfits, and medical firms, too. "We've even seen it happen between recruiters, which has its own irony," says Newton (Mass.) employment law attorney Steven L. Manchel. Even in fields where they have long existed, lift-outs are growing.

What's causing the rise of team recruiting? For one thing, speed: The desire to ramp up a new area of business or quickly enter an unknown locale in today's hypercompetitive environment makes the concept attractive. A surge in mergers and acquisitions could be playing a role, too, putting teams in play as part of the management shuffles that deals typically trigger. Some see private equity investors as a factor because these firms hunt for money management teams with ready-made records. Or they hire away partial management teams to run the companies they have bought, says Bob Damon, Korn/Ferry International's president of North America.

When done well, lift-outs can pack a powerful punch. There's no denying the intangible value of team chemistry that doesn't have to be developed from

scratch. Such cohesive units can hit the ground running and quickly find scale in new business lines. And lift-outs can also prompt customers who had relationships with departing team members to eventually follow them, too.

That, of course, is just one reason lift-outs are controversial and face legal obstacles in most companies and industries. Noncompete agreements, naturally, can make the practice a nonstarter. More common, says Garry Mathiason, a senior partner at employment law firm Littler Mendelson, are agreements that try to prevent decamped leaders from poaching their former colleagues.

Even when clear-cut written restrictions aren't in place, lift-outs can run afoul of the law, especially if the group is seen as unfairly competing with the former employer, competing even before jumping ship, or as using confidential information or trade secrets. That's why the practice is pretty rare in product-focused companies, where there's clear intellectual property involved. "You want to look at whether there are any other real problems like someone coming in and arguing antitrust or predatory hirings," says Littler's Mathiason. "Most states have some kind of structure that would prevent something that would destroy another party's business."

Still, plenty of lift-outs do proceed, and the challenges of making them work go far beyond the legal issues. Some of the biggest problems, says Boris Groysberg, an assistant professor at Harvard Business School who recently completed a study on lift-outs published in the *Harvard Business Review*, occur in the early "courtship" stages of a lift-out. "Firms have to be very clear about their expectations" right from the start, says Groysberg.

Another potential problem: Close-knit teams may try to lobby in unison after joining a new firm. After Metz recruited one of his teams to Optimus, the employees started trying to negotiate as a group. They wanted the same benefits they had at their former employer, such as sick days that carried into the next year. The team members sent e-mails to Metz complaining about it, all on the same day. "You think you're just hiring

many people, but they turn into mini acquisitions," says Metz.

Executives contemplating a lift-out should also bear in mind that bringing in a group of people who weren't exactly loyal soldiers carries risks. If they aren't a good fit with the firm's culture and if efforts aren't made, to integrate them once they get there, they could be gone in no time. "It's kind of like having an affair with a married woman," says Brian M. Sullivan, CEO of executive recruitment firm Christian & Timbers. "If you marry her, remember she cheated on her ex. So don't be surprised if she cheats on you."

PLAYBOOK: BEST-PRACTICE IDEAS

Ready For **Lift-Outs?**

The practice of recruiting whole teams is expanding. Here's what to remember when doing it:

EXAMINE CULTURAL FIT

Executives who have recruited whole teams say incoming people often try to import their old company's practices. In a lift-out, the need for people who mesh with your company's culture is compounded.

CONSULT YOUR LAWYER

Lift-outs are complex procedures and raise a host of legal issues, such as violating noncompete clauses or unfair competition. Companies who do try them should involve counsel at the earliest possible stage.

OFFER MORE THAN MONEY

Recruiting a high-performance team is tricky. Groups that are worth the effort are usually already getting plenty of bucks. They'll be looking for something else: a broader platform for expansion, say, or a more senior role. Give it to them.

PREPARE THE TROOPS

When hotshots from the outside come waltzing into a new company, existing employees may feel anxious. Managers need to reassure current employees of their value once the move becomes public.