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MANAGING A LAW FIRM'S CULTURE
by Ed Wesemann

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**INTELLIGENT
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AS LAW FIRMS GAIN A GREATER UNDERSTANDING OF THE IMPORTANCE OF THEIR CULTURE, MANY ARE ASKING AN IMPORTANT QUESTION: "IS CULTURE 'HARDWIRED' INTO A LAW FIRM'S ORGANIZATIONAL DNA, OR ARE THERE THINGS THAT A FIRM CAN DO TO MAINTAIN OR CHANGE ITS CULTURE?"



The answer is that firms can exercise some control over their cultures to maintain important aspects or to change parts they don't like. And... it might be easier than they think.

THE BASICS OF CULTURE

Without going into great detail, it is important to understand that culture is the identification of four features about an organization:

- The manner in which people within the organization deal with each other;
- How the people deal with the firm as an institution and how the institution deals with them;

- How the firm interacts with the outside world; and
- The firm's self-image and vision of itself – where the firm is going and how it will get there.

A law firm's culture is, in many ways, similar to a human personality. Although we talk about people having a "good personality," there is really no such thing. There are features of a personality that we may consider to be positive, e.g., people who are gregarious and outgoing are often deemed to have a better personality than people who are shy. However, it is equally possible that some people may be intimidated and repelled by gregarious people and find the trait a feature of a bad personality. The same is true for a law firm culture. A firm with a strong self-



image that is pursuing a strongly held vision may be a sign of a strong culture to some, while coming off as being driven by others. Culture is both the presence and absence of certain traits and how those traits interact with each other.

CAN A LAW FIRM CONTROL ITS CULTURE?

We know that an individual can feign certain aspects of a personality. With enough effort a shy person can affect an outgoing nature, or a person who is highly self-centered can adopt a caring nature. And, if one takes on personality traits for long enough, those traits will become second nature and effectively part of a person's core personality. Similarly, it is possible for an organization to purposefully take on the characteristics of a desired culture

and, with dedication and time, effectively make that characteristic a permanent part of the overall culture. Similarly, to maintain its culture a firm must actively protect

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the important aspects from outside influence.

There are two important facts that must be recognized by a law firm seeking to exer-

cise control over its culture. The first is that cultures are viewed differently by different observers and their observations make up their perception of the culture. The combination of these perceptions effectively makes up the definable firm culture. A person's view of a law firm's culture, regardless of whether he or she is a partner or works in the mailroom, is made up as much by what the person is told as by what is observed. A major part of most law firm cultures is a core value of ethical behavior. Yet, few people have the opportunity to observe ethical behavior actually occurring. Instead, it is the assumption and belief that the firm's

lawyers will in all cases act ethically and the absence of behavior to the contrary that creates the culture.

Accordingly, the second point is that cultures are fragile. A law firm culture of family-like ties within the firm takes years to build but can be torn down by a downsiz-

ing or the inappropriate termination of a respected employee. This fragility is present whether the aspect of culture in play is deemed to be positive or negative. Therefore, just as acts consistent with a person's perception of the culture support and strengthen their view of the culture, acts to the contrary of an undesired characteristic can create huge strides toward creating a more desirable culture.

WHY WOULD A LAW FIRM WANT TO CONTROL ITS CULTURE?

Culture is not static. Change is natural and culture is affected by the mixture of people as well as events. Therefore, every time a person joins or leaves the firm there is an impact on the culture. In fact, relatively small changes can have major effects on a firm's culture. In most organizations there are people who are cultural standard-bearers. They, by their presence, are a reminder of the firm's culture. In a large Cleveland firm, a senior litigator set the standard for the relationship among lawyers through his attention to and hearty congratulations of young attorneys upon taking their first deposition or arguing their first motion, and celebrations such as his elaborate presentation of a rubber chicken to a lawyer upon winning their first jury trial. If that senior partner were to leave, it is unlikely that anyone else could step in and maintain the culture in the same way. In a mid-sized Chicago firm, known for being an enjoyable workplace with low associate and staff turnover, the admission of a lateral partner who lacked people skills permanently changed the culture and sent employees streaming for the exits. Culture is a volatile chemical mixture and, like a drop of iodine in a barrel of water, small amounts of change have lasting effects.

For law firms that like and take pride in their cultures, natural cultural change is insidious. Change typically occurs very subtly. In the words of one managing partner, "I woke up one morning and I found myself in a very different firm than the one I thought I was running." In other situations, change is desirable and to implement change it is necessary to change culture. A common example is law firms who have grown up making decisions by consensus. As the firm grows, gaining consensus is a functional impossibility, especially if it opens multiple offices. Management concludes that, while it values much of the firm's culture, to get anything accomplished the firm must modify its consensus culture. Simply stated, for some law firms culture is too important to be left to serendipity. Indeed, some managing partners view the management of their culture as their most important role.

MANAGING CULTURE

There is no magic to managing a law firm's culture. It is largely common sense. What is required is an understanding of a firm's current culture and, if change is desired, what the desired culture should be.

The Relationship Among People

The manner in which people deal with each other – in terms of things like civility, communication, mutual dependence and trust – is, in large measure, determined by the culture of the law firm. Both empirical research and anecdotal experience tell us that if we move a person from one organization to another, they will rapidly begin adopting the traits valued by the new organization. So, a person moving from a firm where confrontation and distrust are part of the culture to a firm that is highly trusting and direct confrontation is avoided, the person will change.

The way people deal with each other is surprisingly easy to change. People are eager to adapt and be accepted by their peers and significant changes in culture can occur quite quickly. Unfortunately, this also means that this aspect of culture is fragile and desired cultural traits can be easily lost. This is an area of culture that is most immediately affected by mergers, layoffs, lateral hirings or other significant personnel actions.

Some tactics that firms have used to change or maintain their relationship among people include:

Identify and stress core values.

Stated core values are the manifestation of what people observe in their day-to-day relationships. Constant reinforcement of these values (including the Ritz Carlton technique of having employees carry around laminated copies of their "credo") is amazingly effective. Firms that are serious about their core values point out incidents where their core values are exemplified and are open to reporting of incidents where they are not.

Harmonization of experience.

It is not uncommon for law firms with multiple offices (or even multiple floors in an office) to develop different culturally accepted ways of people dealing with each other. It is difficult to maintain a culture in isolation, so law firms often go to great lengths to make sure that working in one office is as culturally similar as working in any other office of the firm. Some firms do this by constantly having attorneys and staff members from each office working in other offices by encouraging temporary and permanent inter-office and practice group transfers.

Cultural training.

Because the interpersonal aspects of culture can change so easily, many firms spend significant amounts of training time on establishing and constantly reinforcing cultural issues. Often the training is an add-on to other activities such as practice group meetings or staff meetings. The importance is the seriousness and value that is placed upon it, and the frequency of its repetition.

CASE STUDY: A large law firm merged with a smaller firm in a new city. The smaller firm had an “eat what you kill” compensation system that created the atmosphere of a group of sole practitioners sharing office space. The “acquiring” firm took pride in its collegial culture based on cooperation and team work. Its partners felt so strongly about their culture that the motion to merge required that changing the smaller firm’s culture be the main priority in implementation. The implementation plan involved five steps:

1. The new office’s partner-in-charge and administrators would be transferred from another firm office.
2. The firm’s core values would be the center of all training and every hour of functional training or orientation would be matched by an hour of cultural or core value training
3. For the first six months, all practice group, industry group and client service team meetings would be held on Saturdays or in the evening by conference call and attendance was mandatory by all attorneys.
4. An all attorney lunch was established in the new office once a month.
5. An all attorney and staff TGIF party was scheduled once a month with the partner-in-charge and administrator going door-to-door throughout the office to encourage attendance.

A cultural inventory was taken one year after the merger and compared to the inventory created during initial merger

discussions. While there were differences, the culture of the new office was much closer to the overall firm. Interestingly, the large firm’s culture had changed slightly due to both the impact of the new office and the perceived shift of management’s focus from maintaining the firm’s culture to changing the culture of the new office.

The Relationship Between People and the Firm

In firms where a strong bond between the firm as an institution and its partners and employees does not exist, people are often disconnected from their work and the clients they serve. Characteristically, people are unwilling to take on positions of leadership and hesitant about working with people outside their immediate office or practice group. This feature of a firm (which is often called Involvement) is among the most difficult to develop if it is not present, but is also among the least fragile, often living on in organizations even after the firm’s leadership or objectives radically change.

The reason it is difficult to make Involvement a key part of a firm’s culture is that it requires a change in long-standing firmly held viewpoints and perceptions by both the firms’ leadership and its employees. These changes can be very uncomfortable for both sides. For example, the following are some tactics that law firms have used to strengthen the relationship between people and the firm:

Greater sharing of information.

Law firm partnerships are often secretive about their internal workings even when little harm would come from disclosure. A simple technique used by firms that want to build this

part of their culture is to share more information on performance, competition, key clients and similar issues throughout the organization. To be involved in an organization, people have to know what the firm’s goals are and how it is progressing toward them. It is not uncommon for firms with a strong culture of Involvement to distribute financial statements to associates and staff members.

Make teams the primary means of leadership and management.

Law school teaches lawyers to function in a self-reliant, internally competitive organization which make teams a foreign concept. Conversely, MBA programs require almost all projects to be done in teams and it is the entire team that receives the final grade. To change this inbred predilection by lawyers, firms need to provide opportunities for working in teams and constantly reinforce their use. To build a more team-oriented culture, some firms force the use of teams by changing the compensation system to reward performance by a team rather than an individual.

“Bottom-up” input in decision making.

To make people feel more invested in firm goals the culture must make them feel a part of the process. One technique for achieving this involves routine meetings at all levels in which the firm’s future plans are discussed and input is obtained. Another increasingly popular way of building Involvement is 360-degree performance appraisals where people at all levels have an opportunity to provide comments on the performance of everyone they deal with, regardless of their position in the firm.

CASE STUDY: A very large national firm created a strategy of using client service teams to secure its key clients and increase their share of those clients’ business. At its core, the strategy depended on

developing a culture of teamwork among the firm's attorneys in various offices and practice groups. The firm had traditionally prided itself on not "over working" matters through a culture of "one riot, one ranger." Certainly the firm assembled teams on matters where the workload demanded it but, even in these situations, lawyers worked independently on their portion of the matter. To change the culture, the firm mandated that two partners work on every matter, regardless of how small. Whenever possible the partners were to be from different offices and practice areas. The practice group leaders were responsible for managing the initiative.

At first, the team work directive was honored more in the breach, but after a year - and a lot of consistent nagging - working in teams became the rule rather than the exception. Now, four years later, when a partner receives an engagement, his or her first reaction is to assemble a team.

The Firm's Relationship With the Outside World

It is not uncommon for business organizations to have an inward focus and have difficulty responding to clients, competitors and new ideas developed in the marketplace. The result is the inability to understand and respond to client needs and desires and, instead focus management efforts on internal rule making and enforcement.

Law firms that have a strong client focus, the willingness to take measured risks and

the ability to adapt to change, have a huge competitive advantage. Accordingly, this cultural trait, which is known as Adaptability, is almost universally found in the most profitable law firms.

Some tactics used by law firms to make Adaptability a strong part of their culture include:

Visit clients.

Lawyers are often accused of having greater interest in technical legal issues than overall business objectives. Spending time at clients' businesses reinforces client concerns by experience and provides lawyers with the insights that help anticipate issues.

Reward risk-taking.

Lawyers view their job to be that of removing risk, to the extent possible, from any situation. To encourage innovation and risk-taking, some firms have special compensation funds to reward new ideas, even if it means accepting a level of failure. To stimulate the use of fixed fee engagements, one firm, for a three year period, removed profitability on an engagement from the compensation system.

Outside board members.

Several firms have appointed non-voting members of their boards of directors or executive committee from outside their firm. Typically these members are bankers, accountants or consultants (I have the pleasure of serving on the boards of several clients), and sometimes clients; outsiders provide a very different vantage point to law firm practices and services.

CASE STUDY: A mid-sized firm was virtually out of office space with no realistic expansion options when it was presented with the opportunity to laterally attract a small practice group from another firm. The firm converted six of its seven conference rooms into offices and doubled up its paralegals for the four years before the lease expired. This required lawyers to hold more meetings in the client's offices and occasionally use club or hotel meeting rooms.

After two years the Managing Partner reports that, in almost every instance, client interests play a huge factor in the firm's decision making and, without really trying, industry groups (a concept long talked about but never accepted by the firm) have evolved reflecting the lawyer's new appreciation for the competitive interests of their clients. It is also worth noting that the volume of cross-selling has risen dramatically and it is rare that a lawyer returns from a client facility without a piece of new work.

The Way the Firm Views Itself and Its Future

A simple truth: law firms that have a vision of where they are going and how they are going to get there have a more positive and optimistic view of themselves. This trait of defining a path is among the most powerful drivers of culture and profitability and is among the easiest for a firm to effect. In large measure, it is about leadership and the culture's willingness to be lead toward a specific vision for the future.

Among the tactics used by law firms to make this area of culture (sometimes called Mission) a more prominent part of their firm include:

Spelling out a vision and repeating it often.

It is leadership's job to lay out a clear and understandable vision of the future, together with the basic strategies necessary to achieve the vision. In correlations between culture and profitability, vision is the most significant factor positively affecting profitability. It almost makes no difference what the vision is; simply having a clear vision designs the self-image of the firm which is a leading aspect of culture.

Clear expectations.

Firms with a strong mission culture have made sure that they express to every partner and employee what their role is in fulfilling the mission. For people to accept the firm's mission, it must be personalized and the greater the expectations expressed to individuals regarding their performance in support of the vision, the more inculcated it becomes in the culture.

CASE STUDY: Virtually every law firm that has gone through a strategic planning process (especially one that involved broad-based input) has experienced a cultural shift to some degree. Sometimes the results are nearly miraculous. A 150 attorney law firm lost almost a third of its most productive and profitable lawyers over several years and changed from a highly congenial and non-confrontational culture to one where there were constant attacks on the compensation system and the process for counting origina-

tions. There were threats from the lawyers who controlled the most business that they would leave if the "non-productive" partners were not fired immediately. The firm's management committee adopted a "bunker" mentality and, although they frequently met, rarely made any decisions or communicated with the firm.

Experience is demonstrating that firms can not only control their culture, but even manipulate it to create a specific culture of their own design.

The management committee undertook a strategic planning process (viewed as rearranging the deck chairs on the Titanic by their critics) which expressed a clear vision of focusing on just two of their strongest practice areas and essentially being viewed as a boutique, even though there would be no actions to eliminate other existing areas. The fact that there was a vision was sufficient to convince two of the strongest dissidents to stay with the firm, and the boutique focus helped the firm attract several laterals who might otherwise have never considered the firm. Within a couple of years, three things happened: the most vocal critics of the firm left but took far less business than anticipated; one of the focus areas expanded greatly and the firm clearly became a dominant player in the marketplace; and the culture of pride and collegiality returned and is, in fact, stronger in some areas than ever before.

MORAL

The simple take-away from this experience is that culture is not an ethereal concept over which a law firm has little control. Firms can exercise reasonable control and can manage their culture with surprising effectiveness. In fact, the actions

required are often simple and self-evident. What is required is an understanding of what the firm's culture is

(preferably through the use of a cultural inventory), consensus about which aspects of the culture are important to the law firm and which should be changed, and the political will among the leadership to actively go about shaping the firm's culture.



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