

Law Firm Leaders: Moving the Needle

Timothy B. Corcoran

I recently attended a luncheon seminar in Washington, DC, hosted by the [Capital Chapter](#) of the [Legal Marketing Association](#). The subject of the day was "[Law Firm Chairmen Panel: Moving the Needle](#)" and the central topics were strategy, innovation and leadership.

The panelists were [John B. Frisch](#), chairman and CEO of [Miles & Stockbridge](#), a mid-Atlantic law firm of 212 lawyers; [Thomas R. Frantz](#), President & CEO of [Williams Mullen](#), a mid-Atlantic law firm of approximately 300 lawyers; and [Jeffrey K. Haidet](#), Chairman of [McKenna Long & Aldridge](#), an international law firm with 475 lawyers and public policy advisors. Notably each maintains an active legal practice. The panel discussion was adeptly moderated by [Kim Perret](#), Director of Marketing & Business Development at [Hunton & Williams](#), an international firm of more than 900 lawyers. Kim is also the past-President of the International Legal Marketing Association.

Kim asked each law firm leader to offer introductory remarks about the changes in their respective firms in recent years, and how economic conditions and client demands have influenced strategy. She then guided the panelists through a discussion of leadership, innovation, client service, measuring return on investment and internal communications.

The law firm leaders were refreshingly candid, open-minded, progressive and mindful that their roles have changed significantly in recent years. A recent poll concluded that 93% of law firm leaders find their roles more challenging than five years ago, which is, frankly, as it should be. The legal profession enjoyed a generation of near unlimited demand for legal services until the global economic crisis brought growth to a crashing halt. Historically, and with a few notable exceptions, law firm leaders have been consensus builders, politicians, and gentle guiders of subtle change. The modern law firm leader is becoming a true business executive expected to have training in leadership and management skill and to be adept with finance, operations, human resources, communications and even technology and marketing.

I captured a number of quotes from the panelists' remarks, which I then shared live via [Twitter](#). I've repeated them here, along with a bit of my own color commentary.

"We started a business strategies dept, reviewing cross-disciplinary ideas, trying to generate new practices. Very successful to date."

"We have a director of innovation, a lawyer, who leads a 40-lawyer committee to develop new ideas for the firm to implement."

"We realized we can't legislate innovation, so we focus on fostering innovation at the local level. One size doesn't fit all."

Each firm has established a very specific process to incubate new ideas, including the discovery of new practices, new service offerings and new ways of delivering legal services. Jeff Haidet shared that not all efforts have been financially successful, but the PR benefits gained from launching new initiatives have been outstanding so the net effect of nearly all the efforts is positive.

"All three law firm CEOs embrace ROI analysis on all innovation and incubation efforts. Have to prove to partnership it's worth it."

Each realized that innovation requires a change of culture, an adaptation by the lawyers that trying new approaches is not something for others to do, but a responsibility that each partner shares. One critical ingredient for success was measuring the outcomes for each new initiative. Partners who are by default skeptics (and there are still many) of new ideas often offer generalized objections, which are more easily addressed when presented with specific financial outcomes of various initiatives. It's a lot harder for a partner who benefits personally from a successful venture to complain about it, but absent this sort of analysis it's easy to talk of opportunity costs and distractions.

"A critical tool to drive cultural change is internal communication. We added staff for this sole purpose and take it seriously."

The leaders discussed their efforts to drive cultural change. Most require that executive committee members, office leaders and new practice group leaders attend leadership training. One firm sends partners on the leadership track to a Harvard Business School program designed specifically for leaders of professional services firms. (See [here](#) for more information; this is an excellent program! Another is the degree [program](#) offered by George Washington University's College of Professional Studies in conjunction with the [Hildebrandt Institute](#).) Others bring in university professors to offer mini-MBAs. One leader discussed the critical necessity of hiring MBAs to help the partners better understand and adopt modern business practices.

But all spoke of the importance of communication. Each leader spends a lot of time now, and spent even more time during the heart of the economic downturn, traveling and spending time with colleagues from senior partners to junior staffers. One commented that he's learned to leave his BlackBerry on his desk when he walks around to drop in on people, because it otherwise distracts him from his central mission of improving communication.

One leader commented on the need to break away from the traditional consensus-building approach and adopt a more top-down and corporate-oriented management style, but nevertheless he built consensus among the partners before adopting the new approach! Each discussed the importance of sharing, often pre-selling, important changes throughout the firm, and their increased emphasis on internal communications. This was a luncheon attended primarily by legal marketers, after all, so there were some kind words directed at the marketers who assist in these efforts. That said, it's not uncommon for law firm leaders to have dedicated communications support separate from the marketing function. This has evolved from primarily speech writing to more of a strategic communications adviser role.

"Investment in culture keeps partners happy and home, when a lateral move might earn them more money."

"Our comp committee is proposing a new plan rewarding teamwork, cross-selling. It's about balance, because big hitters tend not to share."

As the law firm leaders' business acumen has evolved, so has their understanding of the impact of laterals, both incoming and outgoing, on the health of the firm. On one hand, incoming laterals with a portable book of business are as appealing now as they've ever been. On the other hand, if that book of business presents conflicts that net out to be dilutive to the firm, as measured by the loss of clients with greater potential, then it's not so wise to chase just any top line revenue. Strategically targeting laterals whose book of business is compatible is akin to targeting high potential clients and requires similar analysis – another area of potential contribution by marketers.

But law firm cultures that have rewarded rainmakers, even when their contribution is isolated and doesn't generate cross-selling, are not healthy for the long run. But moving to a fully collaborative culture tends to push heavy hitters away, as they reasonably don't like to share more than they must. This is where leaders have to embrace and act on the firm's priorities. Do we want to be a collection of independent businesses sharing overhead, or are we solving for a more collegial culture where each partner shares in the successes or failures. The law firm leaders on the panel recognize that a key ingredient of recent law firm dissolutions is a lack of a cohesive culture that generates partner loyalty rather than erodes it.

"We're re-thinking our approach to M&A, based on serial client's frustrations with us. Process and technology improving our approach"

"How can you possibly offer alternative fees profitably without embracing Project Management?"

These statements reflect the growing understanding of both Finance and Operations disciplines in law firm management. One panelist described a longtime client's growing dissatisfaction that the fees for repeat matters never trended downward, even though many M&A deals were modeled on prior deals. The client was at risk of defection until the firm looked at its processes and found ways to streamline the service delivery, particularly reducing the costs – internally and to the client – of the more routine tasks that make up a good portion of even the most creative and innovative matter.

Similarly, another discussed the [project management](#) training that eventually all partners must have in order to lower the costs of the tasks that clients won't pay for. This is particularly critical when clients are not paying hourly rates, as with alternative fee arrangements, where the exposure to delays, inefficiencies and overruns is borne by the firm, not the client. This is Business 101, embracing the learning curve as a means to lower costs of goods sold to improve profitability, and this math which works even when prices (rates) are flat or declining.

"We have a robust client satisfaction program. I (the law firm CEO) and our CMO visit and interview key

clients. We focus on their culture.”

“We look to our clients and ACC to teach us what clients want. But we also try to see where they’re headed and get there first.”

Not surprisingly, all three law firm leaders spoke of the importance of client focus in driving internal change. One mentioned that the firm’s written mission statement and strategic plan has the word “client” on every line, reflecting the supreme importance they place on client needs. Of course, it’s unfair to suggest that other successful law firms take an anti-client stance, but to hear the clients tell it they’d sure like to see more proactive improvements from their outside counsel rather than having to force the issue.

I found the second comment to be particularly compelling. In this space and others we pundits have documented the lengths to which successful partners will resist change, but the notion that leading law firms have now accelerated the pace of change to not just keep up with but to overtake and anticipate evolving client needs is pleasing. This is, in essence, how successful businesses continue to thrive amidst a tumultuous world.

“In our experience, when we are as or more diverse than our GC clients, it always works out better for us.”

“A diverse workforce is critical to our success. If we’re all the same then we won’t be challenged and advance our thinking.”

There was quite a bit of robust discussion about the need for diversity. Some years ago diversity was a box to check indicating some effort in the direction of adding more female and minority partners, and this eventually included diversity of religious beliefs and sexual orientation. But many law firms didn’t take this seriously, believing not too far below the surface that quality law firms would still be in demand even without a compelling diversity scorecard. Clients, in fact, reinforced this belief by asking for diversity information in RFPs yet often not providing that factor sufficient weight to make a material difference in the outside counsel selection process.

Times have changed. Now corporate legal departments are held to higher standards of diversity, and due not merely to altruism and social conscience, but because leaders of global businesses have long known that diversity of thought, orientation and culture are critical ingredients to the success of multinational enterprises. The increasing importance of diversity in the law firm selection process is mirrored by the increasing emphasis the law firm leader panelists place on this initiative within their own firms. Of course, we all understand that it takes time. It was not lost on the audience that the three law firm leader panelists are all middle-aged white males.

“Marketers should be ambassadors to & of the leadership team. You (marketers) talk to more people than we can. Tell us the way it is.”

“Where possible, marketing efforts should be measurable. RFP win rates? Sure! Branding impact? Not as much.”

Each leader touched on how the marketing professionals in the audience can contribute to the mission of change. Haidet referred to the critical importance of the Chief Strategy Officer, [Alina Gorokhovky](#), who leads an independent business unit within the firm, and who helps shepherd good ideas into sustainable competitive advantages. Frantz extolled the virtues of his new Chief Marketing Officer, [Kristin Patterson](#), who had no prior law firm experience but has impressive credentials in digital marketing and product marketing. Franz shared that the firm leadership specifically sought someone who can teach lawyers about effective growth practices from other business verticals. Frisch weighed in with praise for Miles & Stockbridge CMO [Tara Weintritt](#) who is, along with Gorokhovksy and session moderator Perret, a legal marketing veteran who has been afforded great latitude as an agent of change.

As previously discussed, measuring performance is increasing in importance, and marketing efforts receive quite a bit of scrutiny. Efforts that were believed to be successful in years past are now viewed with a dose of skepticism, as high demand for legal services assuredly masked the ineffectiveness of some partners’ preferred marketing tactics (glossy capabilities brochures, anyone?). Now there is a thirst for ROI (return on investment) analysis and while not all marketing tactics lend themselves easily to such scrutiny, quite a few business development efforts are quite readily measurable. For example, measuring the win rate of RFPs and analyzing the relative impact of speed of responsiveness, flexibility of response, depth of pre-response client Q&A, client risk scoring, and other factors, are becoming regular tools to filter the good opportunities from the poor.

Marketers work closely with partners and associates and other business professionals throughout the firm

and each leader in his own way expressed a desire for the marketers themselves, and not merely through their formal communications tactics, to be agents of change and carriers of communication to and from the leadership team. Just as marketers can become essential in their roles as the voice of the client, they can improve their standing by sharing information that informs decision making.

The underlying thesis of the panel is that the modern law firm leader has to become more like Collins' [Level 5 Leader](#), as well as embracing the values of Greenleaf's [Servant-Leader](#) philosophy. This firm-first, client-first and change-embracing mindset is unusual in the traditional law firm leader, but essential for present and future leaders. And while this panel consisted of Biglaw leaders, the challenge is no less acute for small law firm leaders (see [here](#)).

My compliments to the speakers, to the moderator and to LMA's Capital Chapter for an excellent event!