

Leading Change in a Legal Environment

Law firm managers can be keen observers of the various stakeholders and ensure that both management and leadership give people what they need in order to deal with significant change.

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TLOMA

The Law Office Management Association



Change is the only constant. External changes driven by globalization, the economic ebbs and flows and clients' need to manage their legal spend have substantially impacted law firms and their leaders and managers. External changes have shone a light on internal issues such as unproductive partners, poor practice management, and unprofitable practice areas. The combination of external and internal issues has created a sense of urgency. Behaviors and issues that might have been ignored or left for a future agenda are now under the spotlight.

Administrators work on the business – the firm is *your* client. Partners work in the business (practicing law) and on the business (leading), and the inherent tension between the two may be the biggest hurdle to a change initiative.

If, as a professional manager, you had the opportunity to invest – *significantly* invest – in the law firm you are currently managing, would you?

THE NEED

In December 2004, Sir David Clementi tabled his report reviewing the regulatory framework for the legal profession in England and Wales. The result of the “Clementi Report” gave rise to the Legal Services Bill, which was presented to the British Parliament in 2006 and given Royal Assent in October 2007. One of the consequences of the changes in this legislation is that it opened the door for non-lawyers to invest in law firms.

Who in their right minds would invest in a law firm? Well, you might. As a significant shareholder, you might have much greater influence over how the firm is run. As Richard Susskind wrote in his recent book, *The End of Lawyers*, “the delivery of legal services will be a very different business when financed and managed by non-lawyers.”

Anchored by long traditions, law is described as a profession, a craft, or a discipline that is practiced over years, and the value of the advice, advocacy, and work product increases with time, experience, and wisdom.

Law is a cottage industry still today, with many independent lawyers and law firms held together by self-governing bodies – bar associations and law societies – like the crafters guilds of old England. Like the crafters guilds, law is an apprentice model in which young lawyers learn from more experienced practitioners.

Law is an exclusive club with lawyers vs. “non-lawyers” – akin to the ministry and “lay-people.” Lawyers have been for hundreds of years the gatekeepers and interpreters of information.

With free global access to information, tomorrow's legal services may look quite different. If clients' needs put an end to the “billable hour,” then tomorrow's legal services would look quite different. And when other non-legal professionals start doing the work that was historically done by lawyers, legal services as we recognize them now will look quite different.

In a recent roundtable discussion (moderated in part by me) published in the July/August 2009 issue of *Law Practice* magazine, five managing partners discussed the impact of the economy and the environment of change in their law firms. They cited the challenging economic environment as creating opportunities to make some creative and permanent changes in the roles of support staff, in creating support teams, and in balancing workloads. One managing partner indicated that the lawyer to assistant ratio is now 4.5 to 1. What new skills do legal assistants need to have in order to effectively support four or five lawyers? What new skills do lawyers need in order to work effectively in such a team? What creative ideas can administrators bring to the firm – ideas that might get acceptance, in part, because of the prevailing economic environment?

Finally, the competitive landscape is shifting and changing. Imagine a world in which lawyers customize their workloads, their career development paths, and their compensation structures. Imagine a world in which clients pull together teams of advisers from around the world, share work product, work seamlessly, and communicate in real time and at no cost? Oh wait – that time is here

now! Law firms that can harness new technologies, engage people, and successfully navigate the vortex of change will position themselves to win in the new legal economy – the new legal paradigm.

THE CHALLENGE

As noted previously, tension exists for some lawyers who are both working in the business (practicing law) and working on the business (leading and managing). As the business professional, your client is the firm. You are uniquely positioned to balance the perspectives of the individuals, the groups, and the entity itself – the firm.

Resistance to change comes from many places. How will this affect me? How will this change the way I work? How will this impact the bottom line and my share of it? How will this affect my group? How will this affect the firm?

The need to change comes at various points in a firm's history. For smaller firms, the renewal of the firm's lease is often a pivot point for change. Partners have to choose whether or not to continue to practice together for the next five or 10 years. This decision shines a light: Do I want to practice with these people for 10 more years? What needs to happen in order to make commitment? What will happen to the individuals, to the groups, and to the firm if we don't?

Law firms are being pushed to reduce costs, to improve quality, to grow revenue, and to keep people engaged. Meanwhile, however, these same firms are inhabited by smart people who can behave in ways that are counter-productive to achieving great results. Smart people can resist change in explicit and implicit ways. They can be complacent; they can reinforce the status quo; they lack patience with process; they can be comfortable with precedent and uncomfortable with trial and error or the organic nature of a change process.

THE PROCESS

John Kotter, a leadership and change guru from the Harvard Business School, cites eight critical stages in the process for creating major change in an organization.

1. **Establishing a Sense of Urgency.** Several factors can create a sense of urgency. For example, as previously noted, signing the firm's lease represents a commitment to the future. The advancing age of the firm's senior partners or the sudden death or illness of one of the firm's rainmakers can create a sense of urgency, as could the sudden departures of the brightest

young partners to start their own firm and practice law in new and different ways. There are ways to create a sense of urgency where none exists on the surface. Review client retention information and visit clients who haven't used the firm in more than a year. Talk to the most negative and disgruntled partners to understand their perspectives. Conduct client satisfaction interviews with outside consultants or a team of realists within the firm. Honestly talk about the firm's problems and opportunities.

2. **Creating the Guiding Coalition.** In order for members of a small group to create change, they must possess enough mutual respect to work together as a team and enough power and influence to actually lead the change.
3. **Developing a Vision and Strategy.** A clear vision creates a picture of the firm in the future. Strategies are the clear and logical steps necessary to make the vision a reality. According to Kotter, effective visions have six characteristics: they are imaginable, desirable, feasible, focused, flexible and communicable. If the vision you create is missing one of these attributes, it creates an opportunity for resistance. The vision must engage the head and the heart by appealing to individuals intellectually and emotionally.
4. **Communicating the Change Vision.** Communicating the vision for the future requires the tireless work of the leader or leaders in the firm. The message must be simple, repetitive, and be disseminated in multiple formats and forums. Leaders who can effectively communicate a vision for the future engage people at all levels and through several lenses and perspectives – "I" (the individual), "We" (the group) and "It" (the firm).
5. **Empowering Broad-Based Action.** Stewart McKelvey, a large law firm in Atlantic Canada, not only puts its nine-step commitment to client service on its Web site, but it also worked with focus groups at all levels in the firm to give examples of how to deliver on the firm's service commitment. Example: The firm's first client service standard on the list is, "We will work to provide you with the highest quality of confidential, ethical legal services." Other elements of a solid commitment to client service include accuracy

and attention to detail, ownership of responsibilities, and a focus on communication and teamwork.

6. **Celebrating Short-Term Wins.** People need constant encouragement and reinforcement. When undergoing significant change human nature can, and often does, focus on the negative. LeClairRyan, which has approximately 300 lawyers in 20 offices across the United States, begins every firm meeting with an “excellence message,” which creates formal and constant opportunities to celebrate short-term wins, to publicly acknowledge positive behavior, and to generate momentum for change.
7. **Consolidating Gains and Producing More Change.** In order for change to happen, you need to build momentum. Small changes and short-term wins are critical to building that momentum. Like the flywheel described in Jim Collins’ best-seller *Good to Great*, once the organization is really moving toward its new vision, it can be difficult to stop (which is a good thing), and you can take on new and bigger changes.
8. **Anchoring New Approaches in the Culture.** Law firm culture is in large part driven by compensation – partner compensation. In order to truly make new behaviors part of the culture, they must be rewarded. More importantly, stop rewarding behaviors that you are trying to change. This is no easy task, as partner compensation is the most difficult thing to change – there is simply so much at stake. Alternatively, you can anchor new approaches to communication. When you want to align the firm behind a new strategy and connect individual goals and objects to the new approach, communicate constantly and in every manner possible.

DIFFERENT ROLES AND DIFFERENT NEEDS

The role of leadership is to produce change. Depending on where a firm is in its life cycle, the degree of change can range from tweaking behaviors to more dramatic developments. Leaders – including legal administrators – are charged with setting the direction and aligning people, and then with motivating and inspiring them to achieve results.

Law firm managers can be keen observers of the various stakeholders and ensure that both management and leadership give people what they need in order to deal with significant change. Some of your people will be

comfortable with the vision and the rationale behind it, while others will need facts and data to understand why such change is necessary.

One size does not fit all in a change initiative, so be sensitive to the needs of all members of the firm and be prepared to give them what they need in order for them to understand it and, more importantly, to gain their support. ♦

about the author



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ABOUT THE LAW OFFICE MANAGEMENT ASSOCIATION



Founded in September 1968, The Law Office Management Association (TLOMA) is a not-for-profit organization, run by a volunteer Board of Directors, with more than 420 members from over 225 law firms throughout Southern Ontario, Canada.

The association was formed to provide a forum for the exchange of information among individuals who have administrative or management responsibilities in legal organizations. The association provides membership opportunities to private law firms, The Law Society of Upper Canada, legal service clinics, corporate legal departments, university legal departments, governmental legal agencies, charitable legal agencies, and other organizations that are engaged primarily in the practice of law.

TLOMA’s mission is to develop and promote continuing education programs to advance the knowledge and profession of legal administration and enhance its status, awareness, and credibility in the legal environment. To augment this TLOMA stages an Annual Educational Conference, attended by 130-plus delegates and featuring a trade show with more than 70 exhibitors. The association also provides monthly professional development meetings; five Special Interest Groups (SIGs) that focus on specific areas of law firm management – facilities, finance, human resources, marketing, and technology; and a monthly electronic newsletter, *TLOMA Today*. These forums provide tremendous networking opportunities through which supportive and trustworthy professional friendships are established.

Learn more about TLOMA at www.tloma.com.