

CASTING OUT LIONS

By Robert Millard



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An ancient African tribal legend tells of a village where a young man one day brought home a lion cub, that he had found in the jungle. Like all babies, the cub was cute and playful and soon become a firm favourite of the tribe. The women fed it scraps of meat from the cooking fires and the children played with it. One day a wise old man who knew the ways of the jungle better than most visited the village. He was appalled to see the lion and warned the villagers: “Young lions become old lions, and old lions kill.” But the villagers knew better. Life was good. The hunters had no problem bringing home enough food for all and the ample rains ensured that the grain bins were full. They kept their lion, ignoring the old man begging them to rid themselves of it before it was too late.

The seasons passed and the lion matured into the most magnificent, full-maned creature. Word spread far and wide of the village that had a lion living in it, and warlike neighbours gave the village a wide berth. Soothsayers and medicine men visited the village to see the marvel for them-

selves. The tribe’s fame spread and it prospered. One summer, though, the rains were late in coming and scanty when they did. The game moved away and the hunters brought home less meat than before. Hunger set in. Still the lion lived with the villagers. One day, one of the village boys was playing with the lion in the jungle near the village when he fell on a sharp rock and cut open his leg. The lion smelt the fresh blood. He sniffed the wound, then licked it. At the taste of fresh blood, hunger and his primeval instincts overcame him. He fell upon the boy, devouring him. Then he returned to the village, dragging what remained of the limp corpse with him. The villagers fled screaming and in a frenzy the lion fell upon them too, until not one of them was left alive.

So it was that something that was at first novel, attractive and even useful, ultimately destroyed the entire village. When I heard this story again recently, it occurred to me that many firms harbour “lions.” Practices or cultural features that, given a turn in circumstances, could rapidly bring disaster down upon the entire firm. The late 1990s were

good times for many professions. Mergers and acquisitions were plentiful. The global economy was on a growth curve that many thought would be sustained indefinitely. 9/11 had not changed the way that so many of us looked at the world. Those frenetic days of plenty were a perfect breeding ground for lions. Then, they were apparently no threat and even useful. It was when the firm came under pressure in the changed circumstances of the first few years of third millennium, that their dark side started coming to the fore.

What are some of these lions that firms harbour? What does a firm do once their danger has been recognized? Casting them out is not easily done and can even be highly traumatic, especially when the lions are at the very heart of the firm. There are many such lions. A careless attitude towards client satisfaction is one. Neglect of junior fee earners is another. This article describes two of the most common such lions, found in many firms. Often, the lions have been with their firms for so long as to be entrenched in the very fabric of their being. It also gives some pointers on how firms can go about casting them out.

THE ABDICATION OF LEADERSHIP

It has been said that only law firms and government are governed by committees. In fairness, lawyers are not the only professions whose firms are governed by management committees, but it is probably true that in no other profession is the role of the management committee as powerful, as a direct executive function. Decisions are often only reached after protracted discussion. A debate that could take ten minutes in a conventional say, manufacturing company, could take hours in a partners meeting. The need for consensus means that the best solution from the point of view of the firm is often compromised and abrogated in order to allow a decision to be taken at all.

This situation is exacerbated by the fact that successful lawyers are highly skilled in analytical thought and

adversarial debate. These skills, essential in a courtroom, are often highly damaging in the practice management environment. In many firms, the notion that one professional could or should have executive authority over his peers is barely thinkable. So those that are mandated by the leader group to manage the firm find themselves managing the support functions and administrative systems, rather than the real powerhouse of the firm, namely the fee earners.

In good times, all this is well and good. The primary function of the management committee is to tweak the edges of the firm's strategy and divide up the profits at the end of the year. The trouble is: when a firm gets too used to being managed in this way, its ability to adapt when the market requires a more driven, action orientated approach, is severely hampered. During 2003, several very significant US based law firms (some dating back to the 19th century) closed their doors. If the press are to be believed, the reasons were that the firms tried to grow too fast and overloaded themselves with debt. The facts, it would seem, were different. The debt load carried by these firms was typically no more than others in their market category. They also had a highly profitable recent history. It would seem that the most plausible explanation was that the partners were simply unable to agree on a common course of action, given the downward turn in business generally. The mechanisms that should have been in place in the management committees to resolve conflict and develop consensus in a practical, constructive manner had atrophied through the years of plenty. The fight itself became the focus rather than the common drive to reach a solution. Competitors, smelling blood, scooped away enough of the key players for the bleeding to become terminal.

Strong leadership could probably have prevented this, but leadership can only function in an environment where it is permitted. Perhaps the time has come for firms to consider whether the best management structure for the uncertainties of the 21st century is a democracy rather than a de-

terminedly collegial and vaguely communist meritocracy. Certainly such collegialities have been long since abandoned by most other professions in favour of more corporative structures. Some law firms, also, are more corporate than others and many of those that have adopted a more corporate approach swear by it. In a democracy, leaders are selected by their peers, and then mandated to lead. They are measured and rewarded according to their success in leading. Their peers allow their personal views to be subjugated to those of the leader, at least within the context of his mandate. The group develops structures to deal with situations that fall outside the mandate of the leader, so that when such situations arise they are resolved with the minimum of conflict and discord.

PROMOTION OF INDIVIDUAL OVER GROUP

It is a fact that the closing years of the 20th century saw perhaps the pinnacle of ‘individual over group’ focus in the professions. Individual performance and reward were paramount and in fact became almost synonymous with western civilization and capitalism. Its legacy prevails in many firms today. The focus is on immediate results; next year can (and previously usually did) take care of itself. Less successful members of the group are less valued than the stars even if they do play an absolutely invaluable role in one or other way. The concept of “unity is strength” is one that is somehow lost to professions when they meet behind closed doors to decide their future. Independence is valued above interdependence. As a result, in today’s group discussions, manipulation by key players often prevails over attempts at concerted interaction leading to a result that everybody buys into.

If the 20th century saw a war between labour and capital (which capital won resoundingly) then the opening years of the 21st century is seeing a war between talent and

capital. It is by no means certain that capital will win again, this time. The battles can be seen in the inexorable rise in top management salaries in major corporations, and in some professional service firms too. Shareholders complain in the press of “fat-cat” packages and question whether executives are worth the stellar salaries that they are paid. Corporate governance structures are developed to examine the “problem” and to make recommendations of how the “excesses” can be curbed. And to be sure, there have been excesses. In general, though, if top managers are not worth the money that corporations pay them, then why do the shareholders not simply fire them and replace them with less expensive executives? The answer, of course, is simple. The demand for the most skilled managers far outstrips the supply and less expensive executives, shareholders worry, may not be able to produce the same results.

Exactly the same dynamics of supply and demand exist in professional services firms at ALL levels; not just top management. There will always be those that are better able to generate work, keep clients happy and bill more hours than others. The top professional services firms seek out these top performers and the competition for them is fierce. In many respects, professional services firms are the ultimate meritocracies. This philosophy is based on the premise that if the firm can hire and retain the best professionals available, then they will be able to do the best work and ultimately they will be the most profitable. In a meritocracy, those that perform best are rewarded the most, and so performance based compensation is a key aspect of such firms. If you do better than the professional next door, you are rewarded better than the professional next door. If the firm does not reward you as handsomely as a competitor offers to, then you simply leave and take your clients with you.

So firms are left with an unpalatable choice. Either they match and preferably exceed what competitors are likely to pay for their top achievers, or they tolerate them leaving so as to build a communal firm based on mutual respect and

collegiality.

It has been said that one of the reasons that law firms today are so vulnerable to key fee earners being headhunted away, is that everything has become about the money. Firms have allowed cultures to develop where there are few if any other reasons why a professional should stay with a particular firm, if offered even a little more money by a competitor. Discussing this matter with a managing partner of a large London based firm with an international practice recently, the managing partner told me that he believed a key difference between British and American firms was that partners in a US firm were more likely to draw out funds in partner drawings to the extent that the firm was placed at risk. That, he told me, would never be allowed to happen in British firm. Perhaps a good analogy out of African tribal culture would be the fact that a certain portion of the seed from this year's crop is retained to plant next year. Without it, the tribe realizes that there can be no crops next year. For a tribe to eat it's supply of seed for the next season's planting is a clear indication that circumstances are so dire that they have lost faith in the future, or that their immediate survival has to take precedence over next year's.

A fee earner would only move from one firm to another, whether for a little or a lot more money, if they were convinced that the new firm had a strategy and economic basis for supporting the salary package offered. No sane professional would move to a company that was not able to sustain its level of compensation into at least the immediately foreseeable future. This is an extremely important point. It demonstrates that it is probably not true, at least at senior levels, that a person moves from one firm to another simply for a little more money. It is more money within the context that the new firm has a more sustainable or better focused market strategy; that his or her contribution would be more valued and recognized; that the new firm has a 'better' work environment; etc.

For firms at the top of the curve, the, it is critical to

find ways to be able to pay the top dollar that is required to keep the best professionals, while also creating other ways of "gluing" people to the firm. Ultimately, this means that firms have to find ways to achieve superior profitability the difficult way, through extraordinary client service, innovation and other measures aimed at differentiating themselves in the market.

CASTING OUT THE LIONS

How, then, does one go about casting the lions out, when the time comes that they become dangerous. In general terms, the solutions would seem simple. In practice, the specifics of the solutions and their implementation are anything but simple. Just because they are complex, however, does not mean that they are unattainable, nor that there are not models in society where such dilemmas are very successfully resolved.

For most of the five million years that the human species have inhabited the earth, communities evolved ways to govern themselves and resolve conflicts in a group rather than an individual focused context. The group decision making and conflict resolution systems in such communities, represented today by remnants of native aboriginal cultures from around the globe, have a remarkably common thread between them. Few, if any of these societies that were led and managed along consensual lines without any formal and powerful leadership structures, ever proved successful in the long run. At first glance it may seem curious to seek principles for professional service firm management from tribal communities that are regarded as ethnologically primitive. Yet these communities do have highly effective systems, evolved through trial and error over millennia, that preserve interpersonal respect, collegiality and group interests, yet allow decisions to be taken and converted into effective action when this is required.

The system embraced by these communities can best

be described as dialogue-driven leadership. The management committee of the rural African community, for instance, is a dedicated forum that decides on matters of importance to the community as a whole. In South Africa, this meeting is called an indaba (in Zulu,) lekgotla (in Tswana) or a pitso (in Sesotho,) amongst other things dependent on the language. For the purposes of this article, we will use the Zulu term, indaba. As in partners meetings in law firms, all adult members of the community have the right to be heard in an indaba. It is presided over by a chief, assisted by his advisors. The chief's role is to listen, to facilitate discussion and ultimately to pronounce a decision (which is often little more than summing up and confirming what has already been said by the group.)

Critical to the success of an indaba, is the trust that the community has in the chief to place the needs of the group above those of any individuals. An indaba progresses through six steps :

Step 1 - The problem, opportunity or situation is outlined by the person bringing it forward for discussion. If the matter under discussion is a subject of disagreement between two or more parties, then each party outlines his or her point of view.

Step 2 - The people taking part in the indaba form their own opinions based on what they have heard and discuss the matter in open dialogue. Importantly, if the matter is conflictual then the parties in disagreement do not take part in the dialogue. Instead, they listen to what the other members of the community have to say. In this way, emotion and power play is removed and the antagonists focus on what is being said by the rest of the group rather than on how they can manipulate the discussion. During the indaba, rich use is made of metaphor and story telling, to ensure that points are accurately conveyed, interest

is held and the likelihood of misinterpretation minimized.

Step 3 - The chief listens attentively, asks questions and weighs up the options. He limits his participation in the actual dialogue to points of clarification and to defusing matters if they become heated or lose direction.

Step 4 - Once all views have been aired, the chief weighs everything up and summarizes what has been said, paying particular attention to the views of the oldest and most experienced members of the community. He then pronounces the way forward. Because everyone's view is respected and the trust that everybody has in this system, everybody accepts the findings of the indaba, to the extent that parties that fail to do so may be banished from the community.

It is no coincidence that the indaba so closely resembles procedures found in today's democratic parliamentary systems and courts of law. In a very real way, it and other systems like it from around the world are the direct ancestors of these modern systems. To summarize, the key aspects of an indaba are:

- 1) Everybody has the right to attend and to be heard
- 2) There is implicit trust in the process of dialogue
- 3) Respect for each other is ingrained and destructive argument is not tolerated
- 4) Stories are used as a means of communicating accurately

- 5) Listening is as important as talking
- 6) A decision is ALWAYS taken and it is then binding on the community, who accept it as such.

A culture of dialogue centred leadership is not something that can be implemented in a firm overnight; especially not if that firm is in a crisis at the time. Elements of the concept can however be introduced, and many firms indeed do have either formal or informal facets woven into the fabric of the firm's culture, to ensure that a problem is examined from all angles before a decision is made. In the indaba, this may be how to deal with issues unique to the tribe in its particular setting. In a professional firm, the issues may include responding to a market downturn, loss of a key client account, or any other significant internal or external crisis.

So, while identifying lions and casting them out before they grow up to bite is still probably the best approach, there is a good argument for tolerating them while they are cubs. This, so long as the firm is sensitised to and accepts the need to destroy them when they are no longer appropriate to the firm's changing circumstances. For the casting out to succeed without undue trauma to the firm, it is critical to ensure that structures are put in place in the firm so that the lions can be discussed in a rational and solution orientated manner, when that eventuality arises and before the issue becomes a crisis. While we are not offering the dialogue centred leadership model of an African indaba as a perfect template for a firm's management to adopt, it does provide some important pointers to what such a structure could look like.



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