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By Gerry Riskin

Panelist and Break Out Group Facilitator. [Check for more information.](#)

Operational Reviews in Law and Professional Services Firms

By Yarman J Vachha



Drawing on my two decades of experience in managing and consulting with international and local law firms across the Asia-Pacific region and the Middle East, I have created a three-part video to provide insights into the nature of independent operational reviews, explaining why all firms should consider embarking on these periodically, and pointing out some of their potential benefits.

What Is an Operational Review?

An operational review (OR) is a full scope “audit” of a firm’s operations and its operational strategy, and an examination of how this interacts with the firm’s overall strategy. The purpose of an OR is to determine if a firm’s operations are “fit for purpose” for the existing business, and is also a stress test to determine if the operations are fit to support future growth – or, in some cases, future contraction.

Why Is It Important to Perform Periodic ORs?

An independent and full scope OR provides a firm with a “Report Card” showing where its operations currently stand and what is required in terms of investment and resources to ensure it future-proofs itself.

What Are the Benefits of an OR?

An OR provides an independent checklist of what remedial actions are required and recommendations on how the firm should go about undertaking them. The other advantage is that it is independent, hence there are no political or hidden agendas.

Edge Principal Yarman J. Vac.....

Building and Leveraging Relationships: The True Essence of Business Development

By Bithika Anand



The concept of 'business development' is often over-rated when it comes to law firms. The phrase may resonate with such metrics as 'financial targets,' 'meeting new contacts,' 'cold-calling,' 'attending events at relevant forums,' 'undertaking activities that contribute to the revenues and profitability of the firm,' etc. Most firms like their partners to be 'rainmakers', the ones with the right personality type to go out, speak to the clients and ensure a perennial flow of work.

However, how we define 'business development' is undergoing a change with time. This article aims to focus upon what constitutes the true essence of business development.

Sector-specific Awareness and Commercial Viability

Law firms are increasingly aware of the importance of the longevity of relationships, and they are encouraging their partners to get into the deeper realms of what makes a difference to their clients. Most partners today are choosing to become well versed with the sector-specific challenges their clients' industries may be going through. With in-house general counsels also playing larger roles in shaping businesses, law firms are extending the horizon of their advice to include commercial viability, rather just confining themselves to legal issues at hand.

Consistency and an Innovative Approach

Most successful partners today are guided by a commitment to making a difference in the lives of their clients or business prospects. If you are able to convince a prospective business contact about your ability to turn their life around, there is a fair degree of chance that work will make its way towards you. This principle, however, does not diminish the fact that business development requires patience, and there will always be a gestation period before your contacts turn into work for your firm. During this gestation period, your essential virtue is 'consistency'. One needs constantly to take the initiative to stay in touch with prospects and clients. Instead of leaving the ground when there is no response from your prospective contact, figure out ways to connect with them on non-work issues as well.

Forward-thinking partners these days create well-articulated business-development strategies whereby they keep professional relationships warm by circulating legal updates or disseminating knowledge and awareness about the latest developments in laws and court matters, etc. Some take an even more personal touch, congratulating their contacts on their personal achievements and the achievements of their organizations. You may devise your own innovative measures, such as offering to conduct a training session, hold a help-desk, or undertake similar initiatives for the team or employees of your prospect or client.

Partner with Clients on Business Vision

Connecting with your clients to keep the professional tie warm and generate work from them is still a micro-level step. Partners

also need to reflect on how many times they connect with their clients at a macro level – for example, holding discussions with respect to clients' larger business visions. Are you being included/consulted at the time of major business decisions, such as a client's decision to open an office in a new city, to launch a new product or service line, or to undertake organizational re-structuring? A successful business-development effort will lead you to become deeply entrenched in your clients' businesses. This will not only help you in evaluating your own service offerings to them, but will also make you more aligned with their business vision, rendering your advice more relevant and commercially sound.

Knowledge Dissemination and Thought Leadership

The ecosystem to which lawyers belong is person-oriented. Any service sector that undertakes the role of a consultancy thrives on relationships and ties, as the relationships once built usually tend to be long-lasting (unless other factors like performance and costs are impactful enough to permeate and disrupt the attorney-client relationship!). With pressure mounting on in-house legal departments to play a larger role in growing an organization (while keeping the costs at bay), businesses are also much more informed about the facets of legal work today than they were a few years ago. While they seek value for money, money isn't always the sole criterion in the selection or rejection of a law firm if the value proposition is robust.

Law firms, as well as their partners, must understand the potential of investing in professional relationships, and must move from being merely 'lawyers' to also being 'thought leaders' or 'visionaries'. Your firm's partners must utilize various available platforms to extensively disseminate knowledge and write about the fields in which they practice. This should be done not only to spread awareness of issues among your clients, but also to ensure that they know how and when to seek your assistance in moving towards suitable legal recourse.

The Journey from 'Contacts' to 'Conversion'

Disseminating information is especially important in economies where the regulatory environment is constantly changing, and new developments occur frequently. For firms that are moving into new and emerging areas, partners must strive to make inroads to participate in macro factors affecting the industry as a whole: policy-making, for example, and engaging with relevant forums/organizations pertaining to their areas of practice. While your 'brand' may be your ability to be reckoned as a 'specialist' or 'thought leader', the way to ensure a steady flow of work is to invest time and energy in establishing and leveraging your professional relationships. Establishing a connection on its own will be of no use until it reaches the stage of conversion into client mandates. The journey from 'contacts' to 'conversion' requires promptness in submitting proposals and fee quotes, and consistent follow-up. The rate of conversion from contacts to clients may be low, but efforts need to be sustained. Once your contact becomes a client, partners need to work towards successful closure of the new mandate by delivering quality service.

More than 'Networking'

'Business development' is often used synonymously with the word 'networking', which has, in fact, far more raw and commercial connotations. The essential difference between 'business development' and 'networking' is the spirit of building relationships. Conducting business meetings to obtain immediate work or short-term professional fulfilment, for example, represents a myopic view of business development. However, such events also offer opportunities that partners may miss out on by ignoring the 'human' element to these meetings and contacts. One may meet people who may not be immediately inclined to give you work, but meeting them with a long-term view could benefit your firm when you cross paths with them again someday. Besides the direct commercial benefit (immediate or otherwise), each meeting or contact can give lawyers a different perspective about a prospective client's life, their management style, their driving force, their success mantra and many other aspects of their personality.

To sum up, business development is much more than the 'procedural' or 'operational' aspects of writing e-mails, connecting over professional networks and following-up. Fostering deep-rooted relationships, with a genuine intent to partner with clients at the macro level and to contribute to the growth of the economy, will actually set a strong foundation on which one can sustain business development efforts far into the future.

Compensation Factors and the Three-Point Shot

By David Cruickshank



The basketball rule that awards three points for a longer shot was a seen as a “circus shot” when [first introduced in the NBA \(1978\)](#). The shot did not become a significant game-changer for many years. Larry Bird would make about three attempts per game. Stephen Curry today makes ten or more attempts per game. But the use of the shot has not arisen from just the skill levels of individual players. Team tactics and data analysis have also been game changers. Teams now calculate the value of the three-pointer and deploy strategies to get more clean attempts.

What does this have to do with partner compensation in law firms? The three-pointer gives the shooter a 50% premium on a successful effort. What if we were to substitute “collaborative business development” (vs. individual) for “three-point shot”? We would reward partners who collaborate 50% greater weight for their efforts, compared to the solo business-development effort.

Could this be the game changer for firms who truly believe that “more collaboration” is essential to revenue growth?

First, a law firm’s compensation system would have to contain some weighting components, even if only for a bonus pool. Second, a firm would have to be willing to articulate specific business-development activities that can be weighed (not just a “bucket of hours”). Third, the firm would have to distinguish collaborative business-development activities from individual efforts. [I reviewed this distinction in a previous *Communiqué* article.](#)

We could apply the three-point shot rule to financial performance and business development. For example, a collaborative origination (where partners agree to a roughly-even split) could be given 50% greater weight in the compensation metrics. This does not mean that 50% more revenue comes in, but 50% more credit would be given.

In business development, firms constantly bemoan the lack of cross-selling. Consider these business-development performance factors that could receive a 50% greater weight:

- Partner engages in introductions, meetings and sales activities to obtain work for partners in other practices.
- Partners jointly develop and present quality pitches and responses to Requests for Proposals.
- Partners work together to manage cross-practice projects for fixed fees.

As in basketball, individual originations and business development efforts will still be rewarded. Since collaborative efforts seem to be a “stretch” for many law firms, the additional work to get the collaborative credit should get additional rewards.

Now imagine that your three-point collaboration rule has been in force at the firm for five years. As in the NBA, you may discover partner performance that is game changing for the whole team.

Edge Principal David Cruickshank advises firms on growth strategies and lateral integration programs. In addition to being a lawyer with a master’s from Harvard Law School and an LLB from the University of Western Ontario, he is a trained mediator who has taught at the Straus Institute for Dispute Resolution at Pepperdine Law School.

Collaboration and Compensation (Part 2)

By David Cruickshank

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Collaboration-evaluation tools can help law firms improve teamwork outcomes

[Last month, in Part 1 of this article, I discussed how to measure external business development collaboration.](#) I now discuss internal teamwork, and how to assess all collaboration factors in compensation.

Internal Collaboration



To get beyond individual opinions and self-appraisal, there are three types of measures now in use in high-performing law firms.

First, upward reviews, held every one to two years, will yield data about partners and supervising lawyers. Upward review questions often ask associates to rate the team leadership, communications and collaborative planning skills of senior lawyers. The answers, if consistent over two upward reviews, will help a firm identify its high-collaboration lawyers — and provide training and coaching to the lowest-ranking lawyers.

Second, by taking an important step in legal project management (LPM), you will get collaboration input from clients. In our LPM workshops, we stress the use of the post-project review. After closing the matter, interview your clients about what worked and what needs improvement. Did your law firm seem to the client to be acting as a team, or as disconnected individuals? How did any collaboration provide value to the client? If we track these answers across multiple closed matters, we will have a measure of client satisfaction with collaboration.

Third, many firms use individual partner interviews during the year-end compensation process. Here, you need to ask questions about the teamwork exhibited by peers. Who has broadened a team and shared client contacts in order to improve quality results? What are some leading examples of collaboration by peers in work production and in cross-practice and cross-geography activities? Converting these answers into a simple “high-medium-low” ranking will give the compensation committee an independent measure compared to the partner’s self-appraisal.

Counting for Collaboration in Compensation

If you want your lawyers to measure all this, how can you demonstrate that it is valued at compensation time? First, you need to have a system that has a bonus component, a formula or a balanced scorecard that contains “firm investment” factors. These are often seen as “subjective factors,” though we prefer the term “qualitative factors” in partner assessment. However, by using data-driven measures of efforts and results, you can begin to “objectively assess” collaboration.

Second, collaborative activity has to be broken out from other activities (e.g. collaborative vs. individual business development). Next, the components of collaboration have to be defined and held constant for a few years. Imagine, for example, that you

could compare a partner's teamwork rating over three upward reviews. You could see a trend up, down or holding steady.

The third challenge is to weigh the various components within collaboration, then weigh collaboration along with other qualitative factors. This process is often communicated to partners as a holistic approach — many contributions can receive weight and we can consider them all. I believe that firms can do better. They can:

- announce that the separate collaboration factor has strategic importance and that it is going to receive at least equal weight as a firm investment activity, and
- state that data-based evidence of collaboration (and successful results) is going to receive more weight than individual opinions and efforts. For example, the result of “landing two new matters after a team pitch” will get more weight than the effort of “20 hours of meetings with internal team.”

We have a ton of anecdotal evidence that collaboration produces better business performance in law firms — not by itself, but together with good governance, leadership, talent management and sound strategy. If more firms measure and reward collaboration using some of these “best practices,” we may also discover a better data-based answer about the impact of collaboration.

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Collaboration and Compensation (Part 1)

By David Cruickshank

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Collaboration-evaluation tools can help law firms improve teamwork outcomes