April 16, 2019: Mike White, Grapevine, TX – ASSOCIATION OF LEGAL ADMINISTRATORS

By Gerry Riskin

Developing Strategic Incentives to Improve Competitiveness

Register Here

MAY 1, 2019: GERRY RISKIN, ATLANTA, GEORGIA – ABACUS WORLDWIDE – KEYNOTE ADDRESS

By Gerry Riskin

MAY 2, 2019: GERRY RISKIN, ATLANTA, GEORGIA-THE MANAGING PARTNER FORUM

By Gerry Riskin

THE MPF 2019 LEADERSHIP CONFERENCE
May 1-2, 2019 will be held at the Capital City Club in Atlanta. Registration will open soon.

Further particulars to follow.

Register Here

SEPTEMBER 11-14, 2019: GERRY RISKIN, MUNICH, GERMANY – LAWYERS ASSOCIATED WORLDWIDE

By Gerry Riskin

Annual General Meeting Lawyers Associated Worldwide

Planning for the New Year: An Approach for Small Firms

By Neil Oakes

 This is an article that contains a methodology that I first published in 2000. Nineteen years on, during a time of change, we often forget the basics, those things that made us successful in the first place. Time to revisit.

Small firms (and many larger ones) are being challenged by service commoditisation, increasing insourcing of legal services, increasing costs, and growing pressure from cheaper, new law providers. Having said that, some firms are booming, busier than they have ever been. We at Edge International have observed over many years that the better-performing firms are usually those that have these features:

- A well-thought-out strategy: They know what they want to be and what they don't want to be;
- A leverage structure with a balance between relatively junior solicitors and senior solicitors, not all one or the other;
- An understanding by all fee earners of 'minimum acceptable contribution';
- A clear pricing strategy, regardless of methodology (fixed fees, hourly rates, scale, perceived value or whatever). The best performers keep all of these possibilities in their tool kits;
- An understanding of cost of production;
- A management structure with clear objectives and the support of partners;
- Leadership as well as management; and
- Good financial housekeeping (price, WIP and debtor management).

None of this is all that surprising. However, many firms fail to implement strategies that they know will benefit their businesses: they think 'It's all a bit too hard'. It's not rocket science (as they say). Running a successful law firm has always been about implementing systems to get the work, do it efficiently, bill it and collect the money. I doubt this will change in my working lifetime.

In my experience the best self-help first step in the practice-improvement process is planning. I am not talking about a multi-volume document brimming with colourful flow charts, management clichés and motherhood statements. On the contrary, I am talking about a discussion that results in a one-page summary that tells every partner (or sole practitioner) where they are headed. The plan will guide those who have been delegated the responsibility of implementing it.

I recommend a discussion around the following decisions. Meet as a partnership (or with a key advisor if you are in sole practice), away from the firm, somewhere where partners won't be distracted by staff or clients. Give each item full and frank consideration.

	This year	+1	+2	+3	+4	+5
What type of work						
Partner numbers						
Gross fees						
Net profit per partner						
Employed fee earners						
Support staff						
Space (sqm)						
IT commitments						

What type of work – refers to the type of matters the firm is seeking to offer. In considering this, look at those services that you offer now. Consider what you would like to stop doing or stop doing within 5 years. Having done this, consider what you do wish to be doing, and add these offerings to the ones that you want to keep.

Partner numbers – refers to the number of equity partners. You may wish to include salaried partners here, but I usually put them into the "Employed fee earners" section.

Gross fees – refers to the total fee billings of the practice (excluding disbursements).

Net profit per partner – refers to the desired profit per partner. When you are considering desired profit, remember that as a principal you should receive a reasonable pay for your time and effort and a reasonable profit.

Employed fee earners – refers to the number of employed solicitors, associates, non equity partners and paralegals. (Full time equivalent so someone may be 0.5 'paralegal' and 0.5 'support'.)

Support staff – refers to all support staff in full-time equivalents.

Space (sqm) – refers to the office space required. The average Australian firm uses about 25sqm per person (including public space, like reception and meeting rooms). This is not ideal though. I suggest that you allow for about 18sqm/person. We are told that best practice space utilisation is about 7sqm/person, but this requires significant cultural and operational change.

IT commitments – refers to any foreseen expenditure on technology such as PMS, litigation support, marketing data base, etc.

The best way to approach these discussions is to fill out the actual numbers for this year then do year +5 first. Come back and do year +1 next, then simply 'join the dots'.

Armed with the plan it becomes a matter of execution. Your firm will have greater success if you appoint a managing partner to drive agreed change. This is not a promotion or an elevation in status, it's a job. I'll chat about the 'ideal managing partner' next time.

A director of FMRC for 20 years, Edge Principal Neil Oakes, PhD assists law firms with strategy and profit growth, partner/director management and profit sharing, key talent management, management structures, and succession

management consulting. He regularly conducts law firm planning retreats and helps large and small, private, corporate and government legal organizations to function optimally.

Sell the “Whole” Legal Product

By Mike White

“We partner with our clients.”

“We build relationships with our clients.”

“We understand our clients’ businesses.”

Blah, blah, blah. . . .

What does all this really mean? Generally speaking, not very much!

Clients don’t have time to tell you how to add value, but they are very open to working even more closely with law firms that anticipate their needs, particularly outside of the legal silo. For example, the firms that relationship-broker, measure and report on their results, and help law departments look beyond the day-to-day to envision how work will be managed “tomorrow,” will be delivering “the whole product.”

So how do we build real partnerships with clients? There is no cookbook, but a law firm might start with the following:

- ***The Annual Business Plan*** – Assuming your dialogue with your prospect or client has some history to it, ask them to provide you with the output from their own planning process. You’ll learn about priorities from the key internal clients of the law department. Moreover, you can “coach” your law department contacts on how to anticipate the most important needs of the business functions of their company that they support.
- ***Other Business Services Providers*** – Companies rely on many different kinds of business-services providers. From investment bankers, lenders and strategy consultants, to accounting firms, business insurance consultants and executive recruiting firms, law firms can work to integrate what they do with the solutions being implemented through other business-services providers. For example, they can work closely with risk-management consultants to help companies define a more comprehensive and multi-disciplinary (legal and risk-management-consulting) litigation-prevention strategy.
- ***What’s This “Consigliere” Thing?*** – GC’s and law departments have an unquenchable need to establish their innovation and process-authoring identities. Help them learn about some of the better practices in running a law department by making them part of your own firm’s innovation development effort.
- ***Create Tomorrow*** – C-suite executives may be the only managers at a company who think ten years out. Try to require your prospects to get beyond the day-to-day and brainstorm with you about what their market and various internal roles

will look like in ten years. There is a good chance you will be the only outside lawyer having that kind of discussion with senior management.

There are legion opportunities for law firms to become helpful to clients around the edges, *but* you need to learn what those contours look like. Of course, you will necessarily find some gaps and priorities that are pretty far removed from anything you can impact. These are great opportunities for you to marshal your own stable of subject matter experts (e.g., investment bankers, strategy consultants, etc.) and put them in front of your clients.

So, become a "whole product provider" and begin your intellectual field trip of your best prospects and highest potential existing clients. In the words of Dr. Seuss, "Oh, the places you'll go!"

Edge Principal Mike White, an expert in the field of law firm growth, works with firms and practice groups in two primary areas: client experience innovation & differentiation, and strategic planning for growth. He also advises firms on business-development skills training/planning/coaching, law-firm succession planning, lateral-partner integration, and partner-compensation restructuring.

The Death of Deference

By Nick Jarrett-Kerr

Lawyers have always been a distrustful bunch, but in the last twenty years the growth of larger law firms on the back of increased accountability and performance management seems to have repressed independence of thought amongst professionals, who have been encouraged to focus much of their effort on fee generation and to leave leadership decisions to the leadership team.

Things are, however, changing. Getting the important decisions made is becoming more arduous, and when the firm leaders think they have pushed a decision through in a professional-service firm, they are increasingly finding that decision being thwarted or ignored by the partners afterwards.

In an environment where speed and flexibility are critical, there are of course an increasing number of decisions that can no longer be channelled laboriously through partners' meetings. Clearly every-day and week-to-week decisions, such as staffing levels, pricing and infrastructure resources, have to be made swiftly and efficiently. And it is universally accepted that all firms need strong and robust leadership, with a minimum level of consultation and discussion and a maximum level of drive and authority. But in some areas, particularly those requiring long-term change, leaders are also acutely aware of the need to gain wide-spread agreement to their strategies and plans – the need for 'buy-in,' to use that overworked phrase.

I am also perceiving somewhat of a sea-change within our western cultures generally – less deference to authority, less respect for tradition, less blind acceptance of leadership. As an example, in my country – the United Kingdom – parliamentarians are flexing their muscles and refusing to vote just on party lines, and many institutions are seeing a rise in 'people power.' In the arena of professional services, we have witnessed a huge rise in independent lawyers working as freelancers in virtual and

dispersed firms in order to regain their autonomy. In traditional firms, we see an even greater level of scrutiny by partners of the leadership team's performance, and less tolerance of bullying tactics, amateur superficiality or badly-thought-through proposals

The brutal truth is that there are some decisions where achieving a favourable partnership vote is becoming more and more tricky, and usually not enough on its own to ensure implementation – especially in situations where partners feel the leadership team appears to be trying to enforce blind compliance with the decisions they are promoting. Take decisions that need partners to change behaviours, for example. Partners are unlikely to make large alterations in working practices or in how they do things unless they have been part of the decision-making process.

The trick, for any leader, is to be able to judge between three types of decision. First, there are the sorts of decisions which can successfully be made by the management team without consultation. Second are the proposals which need some level of consultation, but which can be pushed through or negotiated with minimum discussion. Third come the more difficult areas of long-term change which need wide-spread support and 'buy-in' to stand a chance of success.

Those in the third category present occasions when the leadership team needs to work hard on ensuring participation and involvement of the partners in the decision-making process. Simply telling the partners what to do is not enough.

Recognising this, many firms have developed a communications approach that at least has the partners feeling that they have been consulted, or that attempts have been made to achieve some level of consensus. But in essence, the scenario often merely changes from a 'telling' style to a 'selling' one, with the management team employing every trick in the book to railroad and cajole partnership agreement through persuasion and negotiation. It is perhaps no surprise that many partners feel at best guarded and distrustful about the whole process. The sorts of complaints I hear from partners are along these lines:

- "I feel disenfranchised. I don't know what's going on."
- "What's the point in saying anything? The management team never listens."
- "It makes no difference to me what's decided. I'll probably just ignore it all anyway."
- "The managing partner has lobbied to ensure he has enough support – so opposition is pointless."
- "I figured everyone else was in favour, so I kept my mouth shut."
- "I just wanted to keep my head down."
- "Frankly, I didn't have time to read the papers. I had no idea what we were agreeing went so far."

Accordingly, to achieve success the modern professional firm needs a greater degree of flexibility, professionalism and inter-dependence with the firm's partners. I believe a better approach for tricky and important decisions is to try to facilitate some genuine views and feedback so that the partners actually do become involved in the decision-making process and are not merely negotiated into acceptance of pre-ordained solutions. But even where attempts are made to achieve this, success is not easily won. What typically occurs is that the leadership team arranges a partners' retreat or conference, or a departmental away-day, at which the team will attempt to lead an open discussion and ultimately to feel their way to an agreement. Plans and papers are produced, analysed and discussed, break-out groups established, and action points developed. Sometimes, the partnership will end up agreeing with the management team's checklist and plans. At other times, little seems to be achieved except a lot of hot air.

But however open and genuine the intent, the consultation process will almost invariably suffer from a fatal flaw if internally led or facilitated. The problem is that it is almost impossible to facilitate a genuinely open discussion if you have already made up your mind that your carefully thought out plans and proposals are the right or only way forward. Even if the proposals are accepted, a feeling of resentment can often be evident if the partnership feels it has been manipulated in some way, or that the result of the discussion is a foregone conclusion. What is worse is that superficial external agreement by the partners can in fact mean deep-rooted internal rejection. In other words, it can be dangerous to take silence as consent. In some cases, I have even seen genuinely well-thought-out and sensible proposals voted down by the partners just to show the management team that it cannot always have its own way.

I am not for a moment trying to suggest that the management team should abrogate its leadership and management role in favour of some limp and long-winded form of group decision-making process. But what I am putting forward is that it is often good to get some level of feedback and constructive suggestions from a consultation process before a decision is ultimately made – particularly where long-term change is involved. A genuine facilitation process can achieve powerful results here, so long as the leadership team can avoid being seen as thumping its own particular drum and is prepared to listen and influence rather than control and direct. And it generally can only achieve all that if the process is facilitated by someone other than the leadership team itself. Whilst it is, of course, sometimes possible for these purposes to find an internal facilitator, with the necessary facilitation skills and experience and with no axe to grind, I am finding that it is also an area where the use of an external consultant can add enormous value.

Edge Principal Nick Jarrett-Kerr is one of the leading UK and international advisers to law firms on business issues,

strategy, leadership and management. In addition to matters of strategy, Nick has a particular interest in law firm governance, partner compensation, partnership performance criteria and partner development. He regularly leads or facilitates strategy days, retreats, partner conferences, practice group retreats and away days.

The Power of “How”

By Gerry Riskin

I propose that you join the most effective law firm leaders in the world and start asking “how,“ rather than “whether.”

Let us start with an illustration. Here are two questions that a managing partner might ask a practice group leader. Which do you think will lead to better results?

1. How do you think you and your team could enhance the quality of the clients we serve in your practice area in the coming year?
2. I would like your take on whether you think you and your team could enhance the quality of the clients we serve in your practice area in the coming year.

Question 1 makes a strong assumption that the mission is to enhance the quality of the clients in the practice area. The practice group leader is being asked to suggest an action or a set of alternate actions that would accomplish that mission.

Question 2 invites a debate as to whether attempting to enhance the quality of the clients is a good idea or not (let alone how that enhancement might be accomplished). This question is more likely to draw a defensive response from the practice group leader that relates to the partner’s assumption that client quality should be – or could be – enhanced in the first place.

I have written elsewhere about the propensity of lawyers to be critical and analytical. We are trained to detect the fragrance of risk and to eliminate it. Therefore, a binary question which invites a debate about whether something is worth doing will spawn arguments and counterarguments, likely including reasons why the status quo is just fine or the contemplated change is beyond the control of those being asked.

If what you are looking for is a robust open discussion – including a dash of defensiveness for the status quo – which does not necessarily lead to action, then go ahead and ask “whether.” If you want to harness the cerebral horsepower of the person or team to whom you’re putting the question, ask “how.”

To further illustrate the point, here are some sample good and not-so-good questions:

Good: How can our law firm make more effective use of social media?

Not So Good: Do you think our law firm could make more effective use of social media?

Good: How can we raise the profile and street recognition of our law firm for the benefit of those of our lawyers who are trying to attract more work?

Not So Good: Do you think we could raise the profile and street recognition of our law firm for the benefit of those of our lawyers who are trying to attract more work?

The takeaway from this article is not complex… in fact, it's insanely simple. The issue is not whether you comprehend or understand. The issue purely devolves to whether you have the discipline to pose your questions in this fashion.

Don't take my word for it… *try it*. I hope you experience its power.

Founding principal and chairman of Edge International, Gerry Riskin has a global reputation as an author, management consultant and pioneer in the field of professional firm economics and marketing.

Why Operational Reviews in Law Firms Are a Must

By Yarman J Vachha

Written on the basis of my two decades of work as a manager and consultant with international and local law firms across APAC and the Middle East, this article provides insights into operational reviews (ORs) – explaining what they are, and why all firms should consider embarking on them periodically.

What Is an Operational Review?

An OR is a full scope "audit" of a law firm's operations and its operational strategy, and an examination of how they interact 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 to provide 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 an OR?

An independent and full-scope OR provides a law 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.

Should the OR Be Performed Internally or Externally?

My answer to this question is that it depends – on the circumstances of the business, and on the motive for performing the OR. The key to an effective OR is independence.

That said, in my view there is much more benefit for the OR to be performed externally, to avoid preconceived notions about the

business operations, and to mitigate the influence of underlying politics or individual agendas.

If a firm decides that the OR is to be done internally, the review should be undertaken by someone independent within the business – preferably from another office or region – so that there is an element of independence in the findings and in the recommendations.

The critical factor is that the review be independent and the findings and recommendations reported on are done without fear or fever, so as to achieve the desired effect of assessing the operational health of the firm and recommending practical remedies.

What Are the Most Common Issues in Getting "Buy-In" for an OR to Be Commissioned?

The most common issues surrounding the decision to undertake an OR are: costs; the changes in management and investment that may be required as a result of the review; the risk of pushing people out of their comfort zones or exposing "skeletons in cupboards"; apathy; and the existence of "no burning platform."

Whilst these are all reasonable and understandable reactions, it is my view that a well-performed OR without limitation of scope is very much like a "health check" of the operations of the business. Unless you perform this health check periodically, a firm can never be sure if its operations are efficient, set up adequately for its existing business, and able to support future growth.

However, it must be noted that ORs are not only beneficial in times of growth or boom markets. They are also very useful when the firm is considering rationalisation or downsizing. An OR under these circumstances will provide the firm with an independent view and strategy as to how best to downsize the business, the potential knock-on effect of this strategy, and how best to mitigate any potential fallout. Without an OR, I have often seen firms experience a "knee-jerk" response to worsening market conditions. In my view this is a dangerous and possible a costly strategy in the long run.

What Are the Most Common Findings Arising out of ORs?

Having performed 25 to 30 ORs internally and externally of firms and offices in many jurisdictions t_____

Particularly small firms and small offices within larger firms that have grown rapidly often find that they have invested vast amounts in the revenue side of the business in terms of hiring lawyers. Whilst this is an understandable strategy, there is more often than not an inadequate corresponding investment in support and IT infrastructure and hiring of quality professional support to advise the firm as to how its operations can be made "fit for purpose" and help drive it to the next level. In a majority of cases this investment in infrastructure and people is viewed as an unnecessary cost, rather than as an investment that is much needed to protect the quality of the firm and to sustain growth.

Quite often this lack of investment in operational infrastructure will come to the surface when the firm can no longer manage the growth of the business effectively. The consequence of this is that over time, client service starts to suffer and staff retention and morale deteriorate. In an attempt to rectify this, firms often need to make immediate large-cash-investment decisions to respond to the situation. This puts a strain on the partnership finances and it impacts directly on the pockets of the equity partners. More often than not, the consequence of this pressure is that the required investments are "half baked" and at times, are costly and ineffective. Firms can avoid this situation if they periodically invest in the support infrastructure at the same rate as the growth of the revenue of the business.

I often get my clients to visualise the building of a house, in which a solid roof (revenue) is built before a strong foundation (support infrastructure) has been constructed. Without sufficient investment in infrastructure and support, the house is likely to collapse. Bottom line is that the investment in support infrastructure needs to keep pace with the growth of the business.

What Are Some of the Pitfalls in Implementing the Recommendations of an OR?

The most common challenge in implementing the recommendations of an OR is to find champions to assist in promoting the change that is required, and to deal with the necessary change-management issues.

As we all know, human beings are very averse to change, and this is especially true in law firms. It is therefore important to have a well-designed change-management strategy to implement the changes.

To successfully move forward with the implementation, firms must also differentiate between "cost" and "investment." Strong arguments need to be made as to the reasons why the investments are required, and how the return on investment is going to

be measured. To do this, a roadmap needs to be designed and milestones need to be articulated and measured.

Throughout the process of the OR, it is important that regular, transparent communications are made to the appropriate stakeholders, informing them as to the progress of the review, the resulting recommendations, and how they are to be implemented. Lawyers and staff want to know what the impact of such a review will be on their daily working lives. A lack of open communication is often problematic when it comes to the implementation of recommendations, as it means that many of the staff who will be impacted have been in the dark during the OR. In my view, it is very important to take the affected people on the journey of change to ensure that the change takes place smoothly.

Conclusion

It is never easy to decide when or whether an OR should be conducted. In my estimation, however, firms that do not perform these periodically are missing a trick. No matter how big, small or sophisticated the firms, I would encourage them to review their operations on a periodic basis. The industry and markets continuously change, and it is important that the operational infrastructure changes in step with the business so as to help support it, to mitigate risks and to maximise efficiency and profitability.

Edge Principal Yarman J. Vac

Partners in Conflict

By David Cruickshank

No matter how strong a firm's culture seems to be, there will be periods when some partners are in conflict. The conflict may not be material – perhaps a shouting match in a meeting that later calms down, or it may be a brief outbreak of longstanding animosities that are normally avoided by keeping the partners apart. However, some conflicts grow to a level that causes one or more partners to leave the firm, perhaps ultimately leading to a dissolution.

Law firm leaders need to be aware of both latent and open conflict between partners, but they also have to be ready to act quickly when serious or lasting disputes emerge. We have the resources to deal with conflict in our profession, but leaders often fail to call them up soon enough.

A firm can strengthen its culture by using conflict-resolution resources and developing better skills in formal leaders and supervisors. Assuming that leaders have their ears to the ground and are aware of partner-conflict situations, there are at least four resources to draw upon.

The Neutral Friend

Sometimes the intervention of a leader will seem heavy-handed. One or both parties may deny that conflict even exists (despite all the evidence you've received). If the leader can find a respected partner who can talk to both and remind them of the firm's mission and culture, that partner can achieve a near-term solution. This quiet approach may be appreciated by partners who want to put the dispute behind them.

The Internal Mediator

Every firm that has a litigation team may have a partner who is a trained mediator. Many litigators have taken certification programs (often 40 hours or more), not to become mediators, but to understand how mediators tackle disputes between clients. A leader might approach that mediator/partner to intervene in a partner dispute. A trained mediator is always going to make it clear to the parties that: (1) they have no ability to "rule "on the issues: (2) the parties own the solutions: and (3) the mediator's neutrality and confidentiality are guaranteed before and after the process. Because the internal mediator knows the firm well, he or she may be able to align the interests of the disputants with the firm and each other.

The External Mediator

At Edge, we have been asked a few times to act as an external mediator in a partner dispute. Two situations often lead to this outside referral. First, the partnership may be small and no one may be seen as sufficiently neutral or skilled to mediate the issues. Second, the dispute may be fairly high-stakes, and other internal attempts may have failed. While there are many available mediators in your community, you will want to do what we do for our clients – engage a mediator who understands the law firm business. A mediator, after advance preparation, typically takes one to three days to tackle serious disputes. Lawyers, conscious of lost time, may work harder to get to "yes" sooner than later. The cost to the firm is substantially less than ongoing conflict or litigation would be.

Develop Basic Conflict Resolution Skills for More Leaders and Senior Partners

Many leaders and senior partners have a reservoir of respect and trust throughout the firm. Their status has been earned. Those leaders can be front-line conflict resolvers if they have some training in mediation skills (without taking on certification). In my experience, such leaders are building on some communication skills they already have. For example, in a recent course that I designed for legal-services organizations and public-interest law firms, the leaders practiced:

- identifying and adjusting their preferred conflict-resolution style,
- structuring a "difficult conversation,"
- active listening,
- re-framing negative statements, and
- generating options for parties to consider.

To add some conflict resolution skills to a leader's toolkit is to recognize reality. We dislike conflict. We'd rather avoid it. We hope that our culture will overcome the conflict. Yet conflict happens, and it can disrupt client service, partner harmony and the firm's future. Leaders have to act rapidly to intervene with a third party or their own skill set.

In addition to being a lawyer with a master's from Harvard Law School and an LLB from the University of Western Ontario, Edge Principal David Cruickshank is a trained mediator who has taught at the Straus Institute for Dispute Resolution at Pepperdine Law School.