

# EDGE International Review

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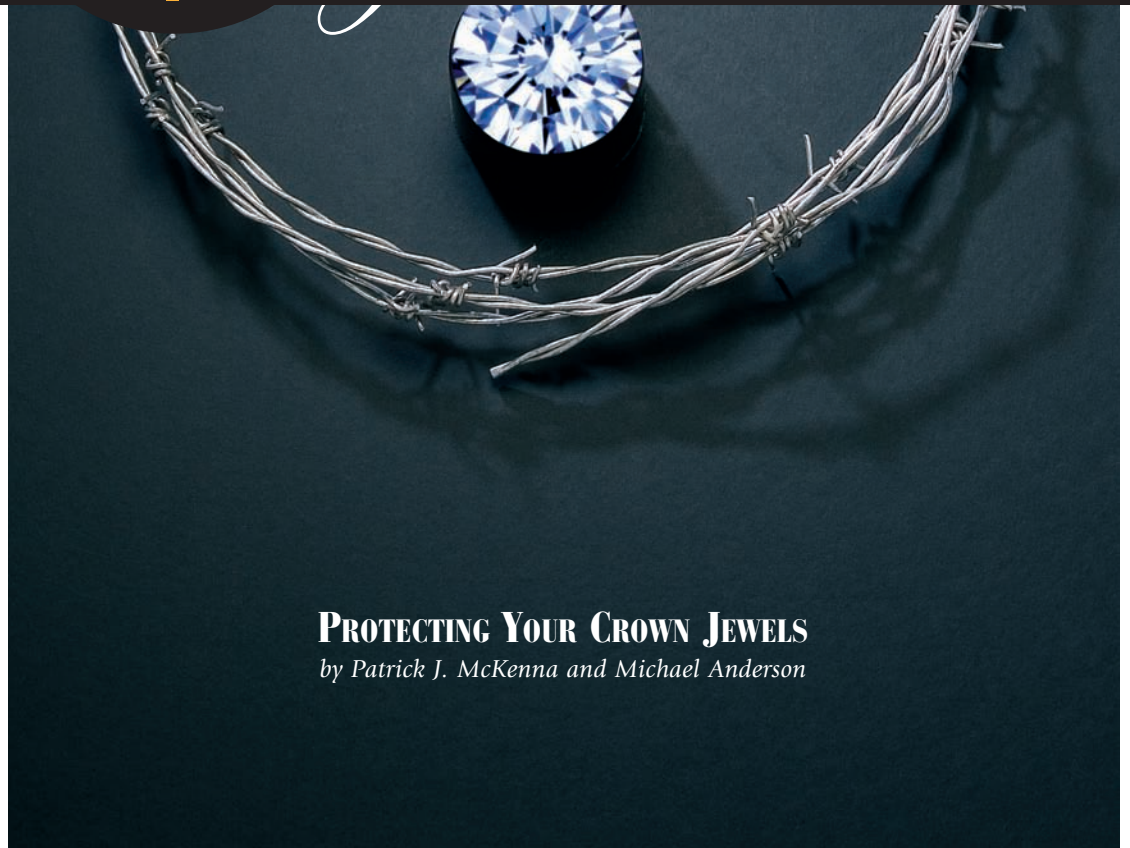
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# BUILDING THE PERFECT CLIENT SERVICE FIRM



**W**hat fun! The perfect client service firm! Is it possible?

Individuals in private practice have said, "I know there is a better way to serve clients - a better way to practice. If I had the courage, I'd start my own firm and it would be different." Law firms have started *greenfield operations* - practice groups with entirely new business models with mixed success - primarily because these new business models are overlaid with old accounting models and old reward systems.

An article like this presents the writer and the reader with both the opportunity to reflect, as well as the opportunity to dream about the *art of the possible*.

Stepping up to this challenge there is "so

much to do, so little time." What sort of leader would be in place? How would future leaders be developed and retained? How could we deliver service profitably in ways valued by clients? How would we use technology to collaborate and to anticipate clients' needs? What about culture - how could we create the desired culture and then build the components toward that desired end state? How would we differentiate this perfect firm from its competitors, in the eyes of both talent and clients, for whom we all compete?

## LEADERSHIP

**L**eadership is influence - nothing more, nothing less. People don't want to be managed, they want to be led. Leadership is about having followers -

whether you are in a firm of 3 or 300. Above all else leaders must have integrity.

**O**rganizations with superb client service are typically led by individuals who will tolerate nothing less.

Organizations with superb client service are typically led by individuals who will tolerate nothing less. In the number one best-selling business book of all time, *Good to Great*, Jim Collins calls this Level



5 Leadership. (see Figure 1) If indeed we are building the perfect firm from scratch, why not look at the great companies to find out what kind of leader made them great so you can learn from those people? “A Level 5 Leader builds enduring greatness through a paradoxical blend of personal humility and professional will.”<sup>1</sup>

These leaders attract and retain the next generation because they provide opportunities for future leaders to be continually challenged and to *grow professionally*. These leaders attract and retain the next generation because they effectively communicate their vision and they make them feel that they are part of a *winning team*. These leaders *respect* their

colleagues, respect them as individuals and respect their time while working hard and

Figure 1

PROFESSIONAL WILL	PERSONAL HUMILITY
<b>CREATES SUPERB RESULTS</b> a clear catalyst in the transition from good to great.	<b>DEMONSTRATES COMPELLING MODESTY</b> , shunning public adulation; never boastful.
<b>DEMONSTRATES AN UNWAVERING RESOLVE</b> to do whatever must be done to produce the best long-term results, no matter how difficult.	Acts with <b>QUIET, CALM DETERMINATION</b> ; <b>RELIES PRINCIPALLY ON INSPIRED STANDARDS</b> , not inspiring charisma, to motivate.
<b>SETS THE STANDARD</b> of building an enduring great company; will settle for nothing less.	Channels ambition into the company, not the self; <b>SETS UP SUCCESSORS FOR EVEN GREATER SUCCESS IN THE NEXT GENERATION</b> .
<b>LOOKS IN THE MIRROR</b> , not out the window, to <b>APPORTION RESPONSIBILITY FOR POOR RESULTS</b> , never blaming other people, external factors, or bad luck.	<b>LOOKS OUT THE WINDOW</b> , not in the mirror, to <b>APPORTION CREDIT FOR SUCCESS</b> of the company – to other people, external factors, and good luck.

*leading by example*. These leaders attract and retain the next generation by *apportioning credit for success appropriately* and by setting them up for success.

Figure 1: The Two Sides of Level 5 Leadership<sup>2</sup>

When I asked a seasoned law firm managing partner what he would like if indeed he had

<sup>1</sup> *Good to Great*, Jim Collins, Harper Collins, 2001

<sup>2</sup> *Good to Great*, Jim Collins, Harper Collins, 2001, Page 36

the opportunity to build a client service-focused firm from scratch, he said, "I'd build a corporate model that would enable execution without worrying about cajoling, stroking or convincing partners to go along. Building consensus is incredibly time-consuming and gets in the way of implementation with the speed necessary to anticipate client needs."

When I asked a senior associate who had worked in a number of very large firms, he said he would want to be led by partners who understand financial, marketing and people management, not just those who happened to become leaders solely because of their legal talents and billable contributions.

## DELIVERY OF CLIENT SERVICE

In building the perfect client service firm from scratch everything would be designed around the client. Examples:

Where possible, all dealings with clients would be at the client's place of business. Yes, **LAWYERS WOULD GO TO THE CLIENT RATHER THAN THE CLIENT GOING TO THE LAWYER.** The benefits of being at the client site are many.

- Strategy meetings with the client executive team would enable a full understanding of the business issues from all perspectives so legal counsel can be part of the solution.
- Records that need to be reviewed are at the client site and accessible.

- The lawyer's relationship with the organization would have multiple links rather than a single link where everything is fed to outside counsel through the general counsel or someone on the executive team charged with that responsibility.

Members of the firm would be organized around industries (client focused) rather than areas of practice (internally focused).

- Lawyers would be hired based on legal training and experience, but also based on their knowledge, experience and passion for the industry. Undergraduate degrees would be part of the consideration

*In building the perfect client service firm from scratch everything would be designed around the client.*

rather than simply a right of passage to get to law school. Outside interests and passions would be valuable – e.g., a lawyer with a passion for the automotive industry would be valued not only for his legal skills but also for his knowledge of the industry. When work becomes fun because our passions are valued will people flourish? You bet.

The perfect firm of any size would leverage **TECHNOLOGY** in very powerful ways that would enable lawyers and clients to collaborate, leverage knowledge and

anticipate client needs. Leveraging technology enables small firms to have a much stronger "punch" than their size would normally permit.

- When the technology solutions are harnessed there is no reason why the legal team cannot work at the client site. All documents would be available through extranets or other collaborative tools. All lawyers and others on the team would have the technological tools needed and know how to use them. There are still lawyers who believe that things like notebook computers, Blackberries, Palm Pilots, cell phones, client relationship management applications and extranets are toys. Indeed they are simply *tools* in today's world – get them, understand them and use them.

- Technology would be used to anticipate client needs by monitoring competitive intelligence within the industries they serve so clients' needs can be anticipated. The entire client team would

know things like the client's current stock price, who the clients competitors are, who is entering the industry, etc. The entire client team would have information about key contacts and everyone on the team would be up to date on the latest communication. This is available and this is in place in many firms – we just can't get lawyers to contribute and collaborate.

The perfect firm would charge **FLAT FEES** so that clients can budget and manage their costs. Hourly billing means that clients pay for law firm inefficiency – it's

that simple. However, hourly billing is the driver of virtually all internal law firm measures including, but not limited to, personal compensation – it’s that difficult. Flat fees require fee-based costing: that is, you know what you are going to charge and you apply resources to the project in such a way that generates appropriate profit.

The perfect firm would have a passion for **FEEDBACK**. We would have a link available on every reporting letter, every invoice and every e-mail where any client could log on and give us real time feedback. We would devour it and we would learn from it and we would act on it. We would not apportion blame but rather we would adjust our service model to meet client needs. We have two ears and one mouth for a reason – so we can listen twice as much as we speak. This is really, really tough but in our perfect firm we would do it.

In the perfect firm we would know what we are absolutely the best at and we would, with confidence, go after only that work and refer other work to colleagues across the street. Every file is not a good file, every client is not a good client but every referral sets up a quid pro quo. Our marketing material would not say that we regularly do this or that, when we don’t. We would rather be the **PREEMINENT FIRM IN A FEW KEY AREAS** where we are worthy of our rates, than be mediocre and do many things where we profess proficiency. We would strive for domination in a few industries where we actually

enjoy the people we are privileged to serve, doing work that we really enjoy. Life is too short to do otherwise.

**CULTURE**

We have spoken with many lawyers who describe the culture in their firm as collegial, while others describe their firm as toxic. In large firms the culture differs from practice group to practice group. In building the perfect client service firm could we actually define the culture and then design the firm to reach the desired end state? I believe the answer is yes. In order to do that let’s first take a look at a more meaningful definition of culture.

Figure 2 – Components of Culture<sup>3</sup>

Figure 2



There is no other industry where culture is more defined and more prized than in a law firm. In Figure 2 the components of culture are set out along with a “circumplex” on which a law firm’s culture can be mapped.

<sup>3</sup> Components of the Edge International Cultural Inventory<sup>®</sup> used in over 300 law firms world-wide.

- **INVOLVEMENT** measures how a firm deals with its people: Do they feel empowered? Is the orientation towards team or towards sole practitioners? Does the firm develop the capability of its people?
- **CONSISTENCY** measures how a firm’s people deal with each other. Are core values defined, talked about and supported? Do people deal with conflict and come to agreement in a healthy way? Is there coordination and integration between individuals, groups and offices?
- **ADAPTABILITY** measures how a firm deals with the outside world? Does the firm react quickly to changes in the environment? Do clients influence the way the firm

operates – does the firm seek out feedback and act on it? Does the firm learn from its mistakes?

- **MISSION** measures the degree to which members of the firm understand and share a direction.

In building the perfect client service firm we could actually define our desired culture and monitor how we are doing and identify what we need to adjust. We would define our core values, publish them and live them. We would reward the things that are important and we would have the courage to deal with people who might need to find their success elsewhere because they simply don't fit our perfect firm. We would be truly client-focused and we would adjust our firm to meet our clients' needs, rather than adjust our client service to fit ours.

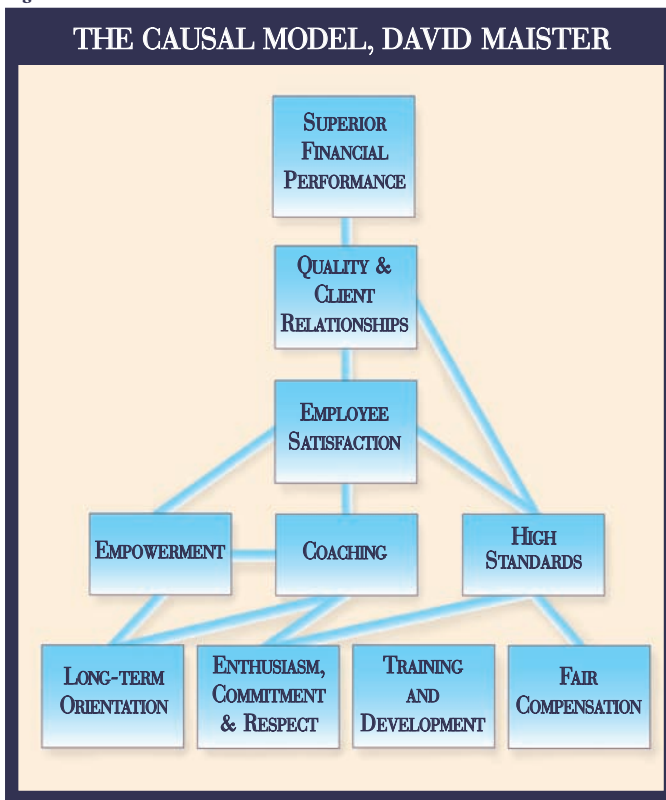
**PEOPLE**

In researching this article, several conversations ensued with several lawyers, and also some of my colleagues, including Gerry Riskin, Rob Millard, Michael Roch, Nick Jarrett-Kerr and Ed Wesemann. The lawyers currently in practice shall remain nameless so as to protect their innocence. I asked everyone to provide me with their three wishes for the perfect firm if indeed they had an opportunity to build a firm from scratch.

**OVERWHELMINGLY THE WISHES WERE ABOUT HOW PEOPLE WOULD BE TREATED** in this perfect firm. *People* include the lawyers, the staff and the clients. As one lawyer said, "My first wish is that people would come first and that profits will follow." Another wished for a coaching culture. It occurred to me that this had indeed been proven through the research of our friend and colleague David Maister in his book *Practice What You Preach* and as outlined in *Figure 3* above.

**Figure 3: The Causal Model, David Maister**

Figure 3



In the perfect firm, lawyers would travel seamlessly between client engagements and personal responsibilities for three reasons. First, they have the technological tools to do so. Second, they have moved beyond valuing face time, to valuing contribution no matter where or when that contribution is made so long as the client is well served. And third, they will have the confidence to negotiate proper time frames to enable predictability in their lives while still providing superior client service.

*"I cannot think about a more important problem facing the profession than how to maintain the life of a young lawyer that will lead to satisfaction in his or her career, that will produce time for a family, and that will produce time for some form of community service .... It's like drinking from a fire hose. There is tremendous pressure on*

*younger lawyers to produce 2000, 2200, 2400 billable hours. Well, that produces an unlivable kind of life."*

*US Supreme Court Justice Stephen Breyer in an interview with The Washington Lawyer*

We would differentiate this perfect firm from its competitors by how people in all levels of the firm are treated, how they treat each other and by how they treat our clients.

**CONCLUSION**

How many times have you thought about building the perfect firm from scratch? How many times have you talked with a colleague about how things could be different? We've all done it, though changing a law firm, particularly a large law firm, is a bit like turning an air craft carrier – it takes time.

Sometimes lawyers make lateral moves in search of a better environment when indeed they could be part of the solution in their current firm. The thought, however, is simply too overwhelming. What can you do to turn your own practice, your own practice group or indeed your firm into an example of the perfect firm? What is the art of the possible in your firm?



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