

EDGE International Review

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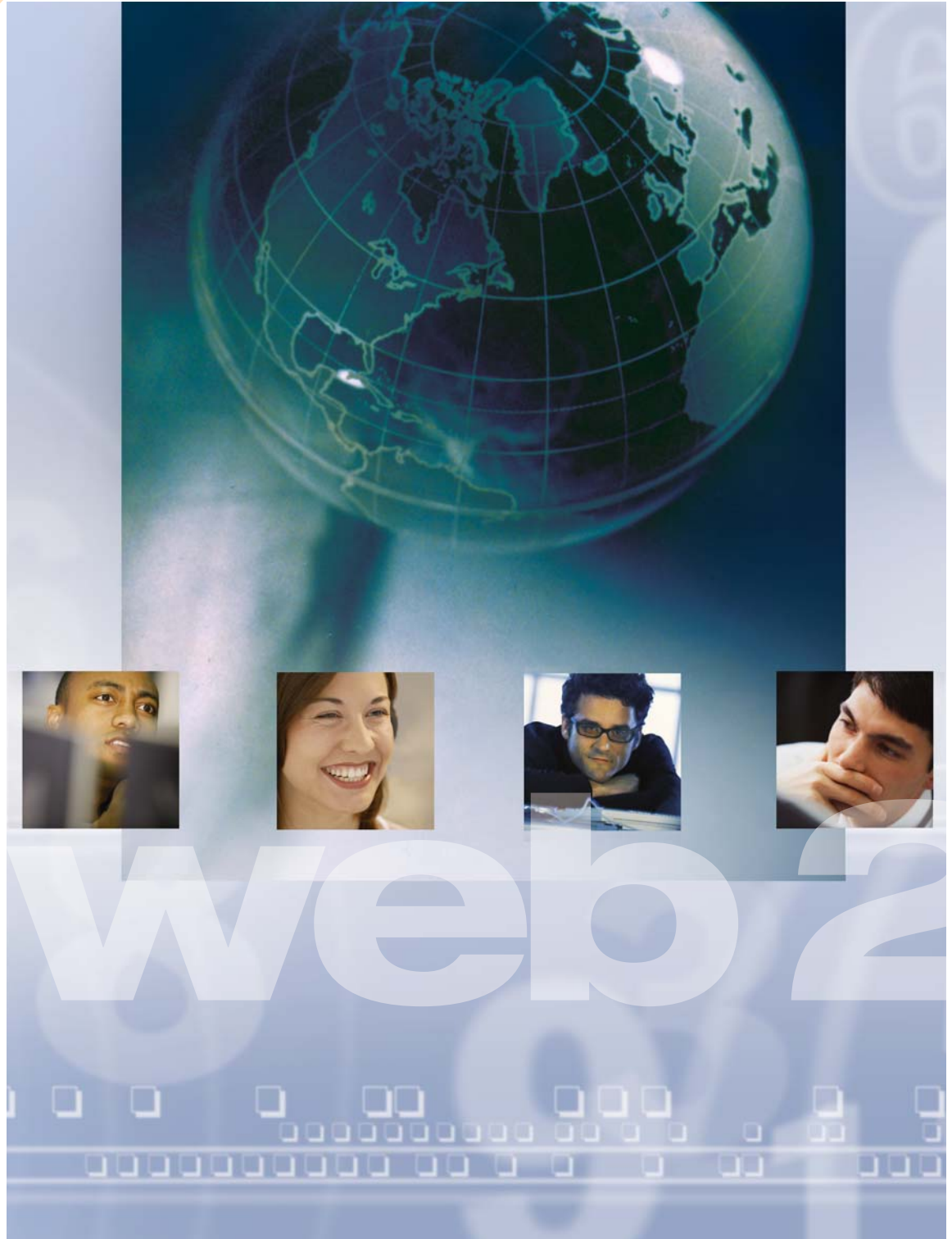
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Greetings to Our Valued Clients and Friends:

Survey Says! A recent recognition and perception survey conducted of U.S. managing partners from law firms of 100 attorneys or more named **Edge International Inc.** (once again) among the **top three best** and most well known consultancies – according to the January issue of *Of Counsel*.

From the article entitled, *Survey of Consultancies Yield Some Helpful, Some Curious Findings:*

The firm (Edge International) did have a 56 percent positive perception rating among respondents, 25 percent neutral, 19 percent no perception, and 0, that's ZERO, percent had a negative perception.

According to Altman Weil's Ward Bower:

I think one thing that the survey might demonstrate is the difference between a commitment to being the biggest as opposed to being committed to quality. I think Edge has that commitment (to quality).

And this from the author of the *Of Counsel* article, Steve Taylor:

Given Edge's willingness to examine its place in the market and make appropriate adjustments, we have no doubt that it will continue to grow.

For our part, we think that this recognition is a delightful way to begin our firm's **25th year** serving the legal profession. A huge thanks to our many gracious clients who have continued to believe that we have something unique and valuable to offer.

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ALUMNI

When partners leave a firm, the firm spokesperson traditionally trots out a "we wish them well" - whether through gritted teeth or not. But tradition is now making way for a wince-making new policy of depreciating departing partners. This usually takes the form of a statement along the lines of "Bothered? Do we look bothered?"

ALUMNI



AS A COMPETITIVE WEAPON

Up until now the best quote we ever saw was from a London firm who commented, "We have one of the biggest banking and finance practices in the City, with more than 30 partners working across 10 practice areas. We act for nine of the world's top 10 banks, and two partners leaving aren't going to have any meaningful impact on our business."

This doesn't exactly endear one to former partners, many of whom may be in a position to provide less than complimentary commentary to the legal press about your firm; may one day want to come back; or end up in an in-house counsel position and able to determine where massive legal dollars will be spent; or may be able to refer conflicts to your firm; or not!

by Michael Anderson, **EDGE INTERNATIONAL**

As law firms, we often look at our brethren in the accounting field for ideas on how to better optimize our businesses. After all, the accountants were the first to develop practice groups which most law firms have now emulated. They were the first to develop client teams, which many of us now also imitate. That raises the question: Why have we been so slow to create alumni groups which the accountants have used for years?

There are a couple of reasons why we have hesitated. Firstly, for some strange reason that defies logic, most firms take the attitude that, if you are not with us, you are the enemy. This seems to apply even when one of our people goes to a position that is in no way at odds with what we are doing. They are still considered a deserter and treated as such. In fact, they often go to companies that we would like to represent but we ignore them anyway, as if they had the plague. It is simply easier to stay friends and it is much more satisfying to work in a place where people are respected, even if they leave.

A second reason why accountants develop alumni organizations is because they actually want some of their people to leave and join corporations that are either currently clients or who they may wish to make clients. Given the pyramid structure of promotion within accounting

firms, wherein only ten percent of the recruits actually stay with the firm until making partner, they need to have a system whereby those professionals who fall by the wayside as they progress from Staff Assistant to Staff Accountant to Senior Accountant to Supervisor to Manager to Partner have to find a place in the business community/public practice. Since they don't intend for all recruits to eventually become partners, why not help them find positions that are suitable for the individual accountant and also provide a benefit for the firm. This is, more often than not, also beneficial to the accounting firm's clients who often hire these people because they have already worked for the company and usually have a good understanding of the corporation and its goals as well as know their way around the accounting firm.

Most accounting firms extend their alumni associations beyond the professionals. My better half who, at one point in her career, worked in the Human Resources area of international accounting firm, still attends their semi annual alumni functions. She is still in contact with many friends who she worked with at that firm. Even now, ten years later she still holds them in very high regard and is even a referral source for individuals within that accounting firm.

In this day and age, turnover has become a fact of life in almost all law firms. Some people are just not appropriate to make the next step up the ladder to partner, some are lured away by the competition, some determine that their future is better served in a corporate or governmental environment, some choose to raise families, some seek a better life/work balance and some leave law altogether. If we treated these people with respect while they were at our firm, they can become very powerful advocates for us as they continue their careers.

Jack Walker, the former Managing Partner at Latham & Watkins (an International firm based in Los Angeles) recounts their alumni story in the article he co-wrote with David Maister "*The One-Firm Firm Revisited*". This is a fresh look, at what is arguably David's most famous article first published in 1985 in the *Sloan Management Review*. In this article Jack talks about his experience in having the light go on, regarding alumni management.

Former partners, may want to come back, be in an in-house counsel position and able to determine where massive legal dollars will be spent; or may be able to refer conflicts to your firm; or not!

Up to that point in time, Latham had ferociously concentrated on hiring, training, indoctrinating, and holding on to talent. In that environment, when a lawyer left the firm to do something else, it was regarded as a failure rather than an opportunity. The pejorative term "attrition" was applied to these sad events. As a result, the firm often treated the departing lawyer neglectfully or even badly, as

if he or she was a defector. This is an example of a one-firm firm principle run wild.

In retrospect, the firm lost millions of dollars in potential business because it mis-managed relationships with those who left. As Latham matured as an organization, it changed its practices to honor people who leave the firm and to cultivate their friendship.

In the mid-1990s, Latham made a calculation about how much of then current business came directly or indirectly from alums. The figure was approaching 50 percent. And it was great business — name-brand clients, often premium rates, quicker bill collection, pleasant dealings, and so on. Moreover, the clients benefited because the alums had a special feel for the firm, including knowledge of strengths and weaknesses. In some cases, alternative risk/reward billing arrangements could be worked out because of the built-in trust factor.

At all of the one-firm firms, the loyalty of alumni is a key competitive weapon. A one-firm firm leader told us, "One of the managing partners of a competing firm once told me, 'The thing that strikes fear in our hearts is when one of your alums ends up at one of our clients — the loyalty is beyond our understanding and usually means it's just a matter of time before you guys have your nose under the tent.'" Doesn't it seem obvious that there are great advantages to setting up and maintaining an alumni organization within your firm? There are huge rewards available and the costs are really quite minimal in the greater

scheme of things. Just think back to the costs of landing that last big client. Was it worth it? And how about the costs of trying to land that big client that eventually chose another firm? That money is gone while what you spend on an alumni association keeps working for you.

You must stop thinking that their leaving is a failure, thinking of them as defectors and you must start showing them the respect they deserve.

So what is an alumni organization and how do we go about creating one?

☀ Change Your Mindset. First (and toughest) you must change your attitude towards people who are leaving, firm wide. You must stop thinking that their leaving is a failure, thinking of them as defectors and you must start showing them the respect they deserve. After all, they were a part of your firm and whatever you saw in them when you hired them is a worthy trait. We don't disrespect neighbors who move off of the block, we just have a slightly different and less frequent contact with them. They do not become the enemy. Also, the way we treat our alumni has a very positive effect on our hiring and sends a positive message to anyone we are trying to recruit that we are a firm that cares and takes care of our people, even after they have left us.

We should also be encouraging some of our people to become members of the alumni association by helping them move to another firm, company or situation if it is the right thing for both them and ourselves. The accountants have taught us another thing in this regard. Secondments, temporary or permanent, can often be a win-win strategy. Our client gets someone they need who knows their business and who can help them in their dealings with us and we get a happier client, a better trained lawyer (if they come back to us) or an advocate for us if they stay with the client on an ongoing basis.

☀ Choose someone to be responsible. In most firms the responsibility is given to someone (not necessarily a lawyer and usually a member of the marketing group who is conversant in organizing get-togethers and writing newsletters etc.).

☀ Create Your List of Alumni. The first task of that person responsible is to create a listing of all of the people who would make up such a group. We respectfully suggest that the group include more than just lawyers as all former employees can also be excellent referral sources.

☀ Communicate. A newsletter, either electronic or hard copy, should be started and distributed to all former members of the firm (as well as all current members of the firm) – remember, we want to change our firm attitude towards people who have left the firm. The newsletter should contain ongoing information regarding whatever is new in the

lives of these former and current firm members. Have they switched jobs, have they been promoted, have they moved to other cities, have they had children, have they obtained further education, have they been appointed to boards etc. Most of these newsletters have an interview with an alum extolling

the firm's role in preparing for their current situation.

☀ Set up an Alumni Section on Your Web Site. Your newsletter should be placed in a special secure section of the firm's web site along with current contact information for each of the alumni and perhaps even a short biography of their current work situation. Photos are also helpful in jogging our memories.

☀ Host a Special Alumni Event. The firm should throw at least one annual alumni party and one alumni special event each year. A gathering need not be elaborate. It can be a simple cocktail party with hors d'oeuvres but attendance by current firm members is mandatory so that they can stay current on the happenings of these people and the companies that they work for. This is a whole lot easier than making cold calls or entertaining potential clients that you know very little about. A special event might be something like a golf day, a theatre evening, a picnic, a baseball game, a croquet tournament or whatever else you can come up with. An obvious goal behind these get-togethers is networking. Both our former colleagues and our firm members use these occasions to build their own networks.

The accountants have got it right and we, as law firms, have some serious catching up to do. If you still have some doubts about the value of setting up an alumni group, I suggest you call a large and successful accounting firm and ask them what they do, how it works for them and what value they derive from this initiative.

An alumni association will give your firm a distinct competitive advantage over other firms in your market(s) in terms of professional satisfaction, marketing and recruiting.



Michael J. Anderson is a partner in EDGE INTERNATIONAL and consults to law firms in the areas of practice, industry and client team management, compensation issues, marketing and strategy.

A conceptual image showing a tiny person standing on a small, rounded metal piece that is being squeezed between a large nut and a bolt. The person is looking up at the nut, which is positioned directly above their head. The background is a soft, out-of-focus grey.

Is the thought of another **RETREAT** squeezing your patience?

RETREATS

are becoming fairly commonplace. The motivation is usually to provide more face-to-face interaction thereby developing social bonds, improving communications, dealing with operational issues, exploring further directions, and even having a bit of fun.

At these Retreats we often engage some outside speaker sufficiently inspiring that everyone gets charged up and takes copious amounts of notes. Inevitably, our sessions conclude and we all return, hopefully invigorated enough to face the pile of voice-mail messages and client files that have been left burning on our desks. That binder of notes hits the shelf and maybe, just maybe, something inspires us to return to it in the months to come, such that we pull it down and actually do something as a result of that last retreat we all attended.

Now that pretty much represents the conventional practice for most firms' Retreats. While the groups may be different and the speakers may vary, the measurable results are all too often the same. As one managing partner commented about firm meetings in general, "When all is said and done, there is usually a heck of a lot more said, than ever done!"

Of course, then we come to scheduling our next Retreat. And wouldn't you know it. Some partner has the audacity to ask, "But did anything really happen as a result of our last get together?"

Now when that happens (and it inevitably will) our very best counsel would be for you to punish that partner (for their audacity) by assigning them to Chair the organizing committee for your next Retreat. Then please give that partner our telephone number. We transform talk into action.

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The Cuban Boy and the IP Boutique

A CASE STUDY IN THE VALUE OF PREPARATION AND TRAINING TO ACCOMPLISH MISSIONS

Some years ago now, a little Cuban boy in Florida was ordered returned to Cuba. He would have to be “rescued” by force. One night soon after the order, US special forces extracted him from the house and his journey home was underway.

No shots were fired. No one was injured. According to the news reports, the extraction was surgical - no bleeding; no side effects.

At around the same time, an intellectual property boutique law firm located outside the USA decided to conduct an operation of its own. It would make contact with key individuals in intellectual property boutiques and intellectual property departments in larger firms in the USA and become known to these targets as the “go to firm” back in their own country should they ever require IP agents there.

What do the rescue of the Cuban boy and the law firm story have in common?

EVERYTHING!

Here are the elements that both required:

- 1. A crystal clear understanding of the objective to be achieved and precisely what its accomplishment would look like.**
- 2. A plan of action that would achieve unqualified success.**
- 3. The selection of a team of people who**

had already acquired basic skills and could be briefed and learn the more specialized skills required and therefore successfully execute the mission.

4. A training initiative to provide the customized knowledge and skills required to enable the participants to execute with perfection.

5. Operational leadership that would oversee flawless execution.

What do the rescue of the Cuban boy and the law firm story have in common?
EVERYTHING!

Imagine the military operation to secure the boy. With heat detecting-imagery devices the location and movement of the people within the house are determined. After surveillance, a mock up of the house is built in a large warehouse. Troops with special training (hand-to-hand combat, strategy, use of weapons and special night vision equipment) practice rescuing the boy, over and over again.

Why practice? They know the lay of the land, how many people inside, their likely location...why not just “do it”?

If I were willing to give you an ounce of gold if you would throw a crumpled piece of paper in a normal sized waste paper basket positioned across a small room from you, and gave you two choices, “just throw it” or “you can have ten practice throws – then the 11th throw counts” which option would you take? “No-brainer.”

Besides, what if those holding the boy are armed and what if they will risk their own lives to prevent the boy being taken? How would it change the equation if the waste paper basket has a guard who is willing to shoot you to prevent you from getting that crumpled paper inside?

As you would expect, the special forces practiced again and again, sometimes with the personnel (portraying the adults) in the house using weapons.


By the time the special forces went in, they could literally do the operation with their eyes shut and were ready for any imaginable response. The boy was out in seconds.


Melodramatic analogy for the team from the IP firm? Not at all.


The IP team faced the same issues albeit likely not life-threatening.


The objective – position their firm as the firm of choice in their country to be retained whenever the targets needed services there.


This required a plan of action:

 **Identify** the target firms and appropriate contact people within those firms (mainly a strategic exercise.)

 **Choose** firms in clusters so that several firms could be visited in a day (an expense and time issue – efficiency being the objective – again, mainly strategic).

 **Make** an appointment to visit. (The first step where resistance may be encountered – a gatekeeper receptionist or secretary, a time pressured target who may not want to commit to the time.) This would require training to enhance the probability of hitting the waste paper basket – after all, a failure to get an appointment takes a precious target off the list.

 **The visit.** This is the equivalent of extracting the boy. The IP team has to be ready for unexpected resistance (“we already have IP agents in your country” – or, “you are too expensive”), changes to the circumstances – the meeting is cut short or the wrong people show up or the right people are double-booked – things happen.

 **The follow up.** How does the IP follow up in a dignified, professional, appropriate manner and increase the probability the mission goal will be achieved.

The IP team was trained the same way the Special Forces in Florida were trained. In a simulator. The good news is that they already had meeting rooms in their own firm (differences in law firm boardroom designs were not mission critical so no simulator in a warehouse was required).

The team planned the critical information that had to be imparted (credibility building, nature of services offered and why those serv-

If coffee is offered, do you say “yes” or “no” or does it depend on whether you really want some? The answer is always “yes” – you can substitute water for coffee but always accept an offer of hospitality.

ices and their manner of delivery would create an advantage for the target.)

Next, the team prepared a protocol for delivering that information. Without going through the complete detail here, by way of illustration, the team determined what it needed to know about each target to be relevant to that target and then needed a way to convey that they had acquired that information. One technique was the use of the smart question – a question that discloses the researched information but still seeks an answer. “As a firm with four offices in four states, do you see your needs for IP agents being fairly similar or are there significant differences office to office?”

The IP team also needed to learn some manners. If coffee is offered, do you say “yes” or “no” or does it depend on whether you really want some? The answer is always “yes” – you can substitute water for coffee but always accept an offer of hospitality. The western culture (and maybe others as well) was built on saying yes to grandma’s cookies – never declining (at least never declining without insulting grandma). Will the Managing Partner of the target firm be insulted if you decline coffee – not overtly – but at a subtle maybe even subconscious level, a rapport building opportunity will be lost.

The telephone call to obtain the appointment is rehearsed until it is down to a very short, credible, pithy conversation complete with optional times for the appointment, so enhancing the probability of a “yes.”

Then the presentation is rehearsed and rehearsed. After practicing the presentation over and over, and ensuring that it contains gracious ice breakers

including smart questions of the target, the final preparation step is to brain storm every conceivable resistance that might be forthcoming and prepare to counter it. This is done by first generating the list (“we already have IP agents in your country” – or, “you are too expensive” etc. etc.) and then brainstorming at least three differ-

ent responses to each one. It is important not to be locked into a single response. The IP team needs a repertoire of responses and the freedom to use judgment “in the moment”. In fact, in the heat of battle, the response will likely be a hybrid of several that were rehearsed with customized ingredients created on the spot and related to the context.

So, the next time your bright capable lawyers ask for a briefing on a mission, politely tell them about the little Cuban boy and that he was released unharmed without any collateral damage and the additional customized training it took for even the best trained special forces in the world to pull that off.

Oh, I nearly forgot, the IP Team accomplished their mission with flying colours – the Managing Partner of that firm reported significant additional income and profits attributable exclusively to the efforts described here.

Our client's name (and country) have been intentionally withheld.



Gerry Riskin has Business and Law degrees, was a Managing Partner, served the Conference Board of Canada, is a Visiting Fellow of The College of Law in London and a Visiting Professor to the Gordon Institute of Business Science at the University of Pretoria in South Africa, and resides in Anguilla, B.W.I.

ADDRESSING STRUCTURAL COMPLEXITIES

Large law firms today are structurally complex organizations with management and partners overburdened by time-consuming and often conflicting roles. We frequently hear comments like this from members of management:

We are divided into departments and discipline-based practice groups. We also have industry groups, and a growing number of individual client teams aimed at coordinating the many services we provide to our best clients. All of these departments, practice groups, industry groups and client teams are organized across geographic locations. It's not at all clear what should each of these groupings be responsible for, and how their activities should be coordinated and evaluated.

Then, individual partners will weigh in:

As a trial lawyer I'm first and foremost a member of the Litigation Department. Because most of my litigation experience is with employment matters, I am a member of the Labor and Employment Practice Group. And as I have a good amount of my work with WalMart and McDonalds I am active on those two Client Teams, and also on the firm's Retail Industry team.

And finally, from the Managing Partner:

If you are a key player in this firm, you can spend an inordinate amount of time in meetings. I participate in no less than 10 meetings a month myself. There has got to be a better way to organize our firm for effective operations!

There is a better way, but the way firms organize and manage has not kept up with their increasing complexity as businesses. Eventually - we think sooner rather than later - this will significantly impede their continuing success.

Not only do modern firms have more "types" of organizational groupings than in the past, but these groups now have broader responsibilities than the simple "generate and bill work" goals of the past. To survive and flourish, individual groups within today's law firm are accountable for client loyalty, knowledge transfer, development of their people (junior and senior) and many other "balanced scorecard" items.

To make it all worse, many of these groups are composed of people who, because of geographic dispersion, do not see each other regularly face-to-face. They have to operate as members of a 'virtual' organization. Many would not even recognize some of their own partners.

We certainly would not profess to have answers to these complex issues that would fit every firm's situation. However, we believe that there are five perspectives that must guide any review of a firm's structure.

Imperative 1: EXAMINE STRUCTURE, PROCESS AND PEOPLE

We would first observe that the solution for an individual firm must always address three aspects of any organization: structure (how are we organized); processes (how dif-



ferent levels of decisions are to be made); and people (appointing the right individuals to play the complex roles that will make it all work.) No one dimension will solve the problem: all three must be examined.

Imperative 2: RECOGNIZE SHIFTING PRIORITIES IN STRUCTURAL DESIGN

Structural changes alone will not resolve conflicting priorities and competing demands for resources, but structure does nevertheless matter. The evolution of professional service firms over time is suggesting that some structural approaches do work better than others. Most successful global firms, in a broad array of professions, have tilted the importance of their different organizational "axes."

While individual differences between professions and firms exist, there is a general trend to make the target client industry the most important (and organizationally powerful) grouping. Clients repeatedly telling their professional service providers that they had better get to know and understand their business have largely driven this.

Next, in authority and emphasis, comes the specifically-targeted client team. Few sophisticated clients today believe law firm claims to be able to offer the level of seamless service across jurisdictions that they seek. Well-orchestrated client teams are the only answer to making any seamless service representation a reality. Don Lents of Bryan Cave notes "It is my sense that there is a growing focus on client teams, and the need for such teams to be front and center in the thinking of firms."

Third, and with increasingly less power and responsibility inside most organizations

are the traditional discipline or service-line groups, built around a focused technical specialty. Firms need to have highly focused and skilled technical people, but few, in most professions, are still primarily organized that way.

Finally, (and this is a huge revolution from the past) the trend has been to make geography the least important and powerful dimension of the complex matrix. In the past, the office head (or country head in mega-firms) was the source of all resources

While individual differences between professions and firms exist, there is a general trend to make the target client industry the most important (and organizationally powerful) grouping.

and the arbiter of last resort. Today, in many firms, an office head may preside over a location whose professionals all belong to groups headed and 'controlled' by a powerful partner located elsewhere.

This is not meant to denigrate the role of the geographic leader. As Bob Dell of Latham & Watkins points out: "Having the right leader in an office can be extremely effective in facilitating the success of all the other groups therein. There seems to be something about physical presence combined with a leader who is perceived as less biased toward any group that can be very powerful in resolving competing demands."

Imperative 3: ESTABLISH MANDATES FOR EACH GROUP

Even if you have an ideal structure, there will always be problems with coordinating cross-boundary resources and dealing with

conflicting priorities. You cannot make all cross-boundary issues go away by simply redesigning the boundaries.

Beyond structure, firms must ensure that each group has a clear mission (or mandate), which is understood by those inside and outside the group. It is apparently tempting, if our experience is any guide, for firms to launch groups of different kinds with ambiguous charters, and then leave it to powerful (or not-so powerful) group leaders and rainmakers to determine through negotiations over time precisely how the groups will interact.

This 'abdication' of examining the issue in advance rarely achieves an optimal result. Under such an approach, power rather than principle determines group goals, and how groups will interact, and we believe this leads to lesser performance.

Resolution of conflicting goals and clear, agreed-to guidelines for decision-making over trade-off situations must be determined in advance. We discussed specific procedures for addressing and resolving these questions in our book *First Among Equals* (Free Press, 2002.)

We also believe that firms must stop treating all groups alike (which many unfortunately do, for administrative convenience.) It is possible to use different types of groups for different things: lots of little teams for client-level relationships, one large central group for financial and administrative services. A large, growing, and complex law firm doesn't have to be (in fact, can't be) made up of units which have similar roles, look alike, have the same targets and are managed in the same way.

In making all of this work, it is almost better to stop thinking of permanent or semi-permanent "departments," and begin to use the

language of “teams.” There is a great deal of evidence that organizations work better when people feel that they are (a) volunteers -self-selected to (b) small (c) mission-oriented teams.

This is not just a matter of making people “feel good.” It has always been true that winning professional service firms succeed most by designing their organization from the bottom up – through the voluntary enthusiasms of individuals. You’ll be better off with a messy set of teams filled with enthusiasts, than you will with a logically correct set of groups, filled with good citizens.

As Ben Johnson of Alston & Bird remarked “One problem is that too many law firm ‘leaders’ are afraid to create more energy than they can control. I tell people I’d rather have created more energy than I could control than not created any energy at all. Here’s to structural complexity! Here’s to dispersed leadership!”

Imperative 4: CLARIFY AGREEMENTS WITHIN THE GROUPS

Firms can successfully have many teams of different kinds, but there needs to be a clear understanding what “team membership” implies. As a matter of practicality (although not, alas, reality in some firms) there also needs to be a limit on the number of teams (and the number of roles) one person can play.

For teams to work, there needs to be clearer, more explicit guidelines (even rules of engagement) that team members have agreed to observe. Clarifying team members’ rights and obligations can go a long way to becoming more efficient and effective. (Even as simple a rule as “You must do what you said you were going to do” would trans-

Firms can successfully have many teams of different kinds, but there needs to be a clear understanding what “team membership” implies.

form some firms and save a lot of wasted meeting and planning time.)

The need for such agreements, while always wise, has become ever more critical in a virtual world. As Harry Truehart, chairman of Nixon Peabody observed, “Getting people and procedures that facilitate effective ‘management at a distance’ is the biggest challenge in making groups work.”

We believe that if far-flung groups made up of many autonomous individuals are to make cohesive decisions over time, then it is necessary that the group members agree in advance the principles on which they will base their decisions – the guidelines the group members agree to follow. Only with such an agreement in place can a decentralized organization make consistent decisions.

Part of the solution, may involve thinking of (and formalizing) different levels of team membership. For example, levels of “Team membership” might include (i) full decision rights – possible called Team Leadership, or (ii) right to be consulted – called Team Membership or (iii) right to be kept informed – called Team Affiliation. (These are examples only.)

Imperative 5: CHOOSE THE RIGHT GROUP LEADERS





Many law firm leaders believe that selecting the right leaders (and having enough of them) is more important than structure or process.

Peter Kalis, Managing Partner of Kirkpatrick & Lockhart, states the view forcefully: “Structure

and process - while as essential to a law firm as a skeleton and a nervous system are to a human - are prone to ossification and thus are fundamentally at war with the dynamism of the marketplace. People,

on the other hand, are not. We try to elevate the empowerment of our people over the organizational niceties of structure and process except to the extent that those structural and process features work to empower our people.”

Choosing the right people for leadership positions was always important, but is even more critical in complex organizations. Consider just some of the (newly important?) skills that today’s group leader probably must have:

-  the ability (and interest in) motivating and influencing people they never see in person,
-  the ability to delegate and trust others to manage important relationships
-  the ability to play a “linking-pin” role, simultaneously thinking about the overall good of the firm while taking care of the need of the unit they are responsible for
-  the ability to manage people who have core disciplines other than the one in which the leader was specifically trained

In our experience, many firms have not really thought through the requirements of today’s leadership roles. It is a common syndrome that all initiatives (client team, industry, geographic, functional etc.,) are seen as important, so the same partners always end up on all of the committees.

As a result, it is somewhat hit-and-miss as to whether the right people get selected for these roles, their mandate is clear, their performance as leaders discussed and evaluated, and

whether they receive any assistance or guidance in learning how to perform the role.

Not only does this hurt the firm by (possibly) leading to less effective team leadership, but it's not clear that it is wise to consume the scarce time of valuable people by asking them to manage and / or get involved in everything. This is simple economics – a valuable resource should always be focused on its highest and best use.

Of course, to make this work, there is a need for key players to be willing to let other people decide some things even when they're not there – a situation which does not exist at all firms!

We do not mean this to be a throw-away line. To effect real change firms must not try to establish "theoretically correct" structures and processes, but must have honest discussions among power partners about the types and nature of the firm's group processes that would, in fact, be honored. We have seen too many firms go through the motions of putting in place what appear to be sensible organizations, when everyone knows that certain key partners will not adhere to the policies that have been adopted.

We're not idealists here – we recognize the realities of the need to accommodate personalities and special situations. But we also do not believe that progress is made by pretending or obtaining "false consent." That is why organizational solutions must be custom-designed for each firm, and need to be the result of a comprehensive review, not, as is so frequently the case, the net result of an accumulation of a series of incremental changes driven by short-run pressures.

MOVING FORWARD

We believe that there is a distinct process that firms need to go through to find their own customized solution to managing a complex law firm.

The steps are these:

1. Assess the partners "pain and difficulties" with the current organization, and determine their appetite for examining the issues and considering changes. This will usually require a process of interviewing key partners across the firm. As Stuart Pape of Patton Boggs observed: "The private practice of law is inhabited by individuals who rank independence of action very highly and only reluctantly accept some organizational structure." No change can be made unless there is a keenly-felt sense of either pressure or opportunity.

2. Collect and assess the evidence as to how well the organization and its components are currently performing and interacting. This will usually include not only an in-depth view of financials, analyzed according to numerous perspectives, but also evaluating external evidence (including, perhaps, input from selected clients.) and internal structural frustrations and performance inhibitors.

3. Design and implement a process to mobilize the partnership and generate commitment to redesign organizational structures and processes, and explore the major alternatives (including possibly re-constituting key practices.) Any redesign, must, of course, ensure continuity of strategy formulation and implementation through the firm. Bob Dell (of Latham & Watkins) commented that this step can be immensely challenging. He noted that "The power of inertia in law firms is sometimes stunning. A redesign can be clearly superior to the existing design and yet nearly impossible to implement."

4. Examine, consider and implement methods for the development of special skills and competencies, including team management abilities and new metrics that

may give better indications of the organization's functioning and response to external forces or internal pressures.

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2007 marks Edge's 25th year

Serving law firms internationally

In discussing internally, what we might do to celebrate this event, we were reminded of a market survey conducted five years earlier, by the folks at the prestigious *Of Counsel* newsletter in New York. That survey identified Edge as one of the **top three** consulting firms serving the profession. It occurred to us that we might want to replicate that same survey to see how things had changed during the past five years.

Upon the recommendation of one of our partners, we commissioned an independent research firm to conduct the study. The researcher's mandate was to conduct in-person telephone interviews with the Managing Partner, Firm Chair or equivalent (referral from such person to a specific partner) at law firms headquartered in the U.S. and having more than 100 attorneys.

We had the research company randomly select (over 100 lawyer) law firms segmented by:

- four regions (Northeast, South, Great Lakes and West);
- two states (California and Texas);
- six cities (New York, Washington, Boston, Philadelphia, Atlanta and Chicago; and

• under and over 350 lawyers;

The 'factual' scenario the research company presented to the interviewee was that they represented a large international consulting firm seeking to better understand the U.S. legal market for consulting services.

The interview was comprised of a brief number of questions designed to measure comparative top of mind identification of "the best" management consultants for law firms. Firm leaders were asked to name leading consultants for law firms and their personal perceptions of those management consulting firms.

We also had the researchers ask the best means for law firm management consultants to create professional impression with targets and which specific written magazines and other sources are most commonly accessed by firm leaders for leadership development.

What follows are a few informative slides, displaying the information accumulated and presented to us by the researchers. A more extensive sampling of data is available for you to download from our web site at www.edge.ai

Name Recognition and Perception Study The U.S. Legal Market

Top of Mind Identification

"When I say best management consultants for law firms . . . what firms come to mind?"

Unaided Identification

	Absolute	Weighted	First
Hildebrandt	78%	61%	45%
Altman	71%	51%	27%
Edge	45%	31%	18%
Smock	14%	9%	7%
Zeughauer	6%	3%	2%

Unaided Identification - Regional

	Northeast	Midwest	South	West
Hildebrandt	46%	50%	72%	77%
Altman	46%	39%	68%	53%
Edge	33%	22%	30%	40%
Smock	0	56%	0	0
Zeughauser	0	0	4%	0

Reading

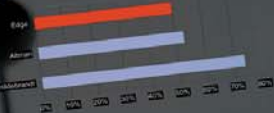
"What are the most valuable things you read for professional development in your role as a law firm leader?"

Edge International

- 56% positive perception
- 25% neutral perception
- 0% negative perception
- 19% no perception

| Canadian origins
| Good written materials

Unaided Identification - Among Edge Clients



- 45% client respondents
- 27% of clients mentioned Edge first
- 33% of clients failed to mention Edge

Reading

1. Consultant materials

(Edge mentioned 9 times)

1. Business books
2. IOMA Materials
3. Maister's books
4. National Law Journal
6. American Lawyer
7. Harvard Business Review

Comments About Edge

- Do nice work
- Well written materials
- Knowledgeable
- Creative
- Leading firm
- Good e-mails
- Excellent people
- Great reputation
- Insightful

Aided Perception

"Please give me the first words that come to mind when I mention the following consulting firms:

Altman & Weil
Blaqwell
Edge International
Hildebrandt International
Smoak Sterling
Zeughauser Group"




EDGE INTERNATIONAL
25th
year



Web 2.0

strategy in a

Thomas Friedman, author of *The World is Flat*¹ (arguably one of the Top 10 business books of 2005) lists three vectors that have “flattened the world” over the past few years, dissolving geography as an impediment to global business. These are:

-  A critical mass of technology that really can revolutionize global communications to an extent that is difficult to fully conceive;
-  A new generation of tech-savvy “Generation Y” youngsters entering the job market, who are at ease with this technology and who can use it in ways that us “older folk” (i.e. anybody older than about 30) can hardly even imagine; and
-  The entry of new countries to the global economy, competing toe-to-toe in western markets with established businesses, offering the same or better quality at very competitive rates.

Think about the jump from typewriters to personal computers. From letters and faxes to emails and blackberries. Today, we are

on the verge of another leap of similar magnitude, this time aimed at moving internet communication from effectively being a one-on-one tool where data is largely one-way and asynchronous, to it being a highly effective synchronous and interactive tool for communicating and collaborating within teams. Even very large teams. While older professionals are still wedded to emails as the primary communication medium (complaining loudly about the information overload that they cause,) the Gen Y’s entering the workplace today have already moved beyond this. These changes are so profound that they have spawned a new term: Web 2.0.

Web 2.0 has enormous implications for improving knowledge management practices in professional service firms, and also for the way that firms can approach strategy formulation and implementation.

Rod Boothby, of Innovationcreators.com, is one of the foremost thinkers in the world on Web 2.0 and how it is likely to impact on organizations. Amongst other things, he has been responsible over the past couple of years implementing Web 2.0 tools in

accounting giant Ernst & Young. He has also drafted a White Paper on the next generation in office productivity tools.² What are these Web 2.0 tools? According to Boothby says, these are some of the things that we can expect the new generation of professionals in our firms to use, on an everyday basis:

b l o g s

With 10 minutes of effort a day, these young people use blogs (which are web pages that are easy to edit) to reach a massive audience. Those that have something unique and interesting to say can develop a worldwide reputation as an expert in their field, with comparatively little effort. These people don’t blog about parties or their dog. They blog business topics like marketing or business law or financial derivatives. Even with traffic of only 5 to 10 people a day, that quickly translates into over 1,000 people who know who they are, and respect their knowledge and opinions.

w i k i s

Wikis are a collection of web pages that are just as easy to edit as blogs. Wikis are organ-



world

ized by topic like an encyclopedia, and are designed to help large teams share information. The most famous wiki is, without doubt, an online encyclopedia called Wikipedia (Wikipedia.org.) Wikipedia has developed into an incredibly rich resource, and continues to grow almost exponentially. Actual content is provided by the readers in the public at large, with a network of moderators to monitor contributions for accuracy and quality. Wikis provide a far more effective means for groups to collaborate on individual documents, than circulating drafts between people for editing. Naturally, they can be developed behind network firewalls and be heavily protected, to ensure security of the data too. They are extremely inexpensive to implement (rudimentary wikis that are quite adequate for many purposes are even offered for free by some service providers.)

social networks

At school, many of today's graduates are part of Facebook, which is part blog, part social networking tool. The graduates know that Facebook will be an invaluable tool for keeping connected with their fellow alum-

ni over the years. In the business world, they will join similar social networks such as LinkedIn.



project coordination

Today's graduates all have different schedules and different classes. Yet they have no trouble working together. To do this, they use online project management tools such as Basecamp.com or Backpack.com.

Web 2.0 has profound implications for improving knowledge management practices in professional service firms, and also for the way that firms can approach strategy formulation and implementation.

THE IMPACT ON STRATEGY

The impact of all this on the way that strategy is formulated and executed cannot be over-estimated. Some of the most significant problems that firms have traditionally experienced include the following:

-  Getting input from everybody that could usefully contribute to the strategy's content, in a way that is time-efficient. This is important not only to ensure that the firm's people buy into the strategy, but also because the best ideas for driving the firm forward often exist in the minds of people that are not typically foremost in strategy discussions.
-  Collecting input without those who are more eloquent or domineering, hijacking workshops and discussion groups to push their own agendas. Often strategy processes grind to a halt because different power factions want the firm to pursue different, sometimes mutually exclusive directions. Using Web 2.0 tools allows the strate-

gic conversations to progress in a more neutral manner, where even anonymous contributions can be entertained.

Effectively communicating business intelligence and other important information that enters the firm, to the people that need the information. This would include, in particular, information suggesting a need for a change in strategy or tactics. Not being able to do this often effectively paralyzes strategy as soon as a major change occurs in the market.

Avoiding task overload, not least because of email overload, that distracts the firm's leaders and others from the tasks that are required to implement strategy (to say nothing of their everyday management tasks or their practice, too.)

While Web 2.0 will no doubt lead to unanticipated side effects of its own, the good news is that it presents an immediate solution to all four of the above.

In short, it allows comprehensive input to be solicited during the strategy formulation process. Besides buy-in and effective tapping of the firm's brain trust, this also yields the following other benefits:

Everybody in the firm to effectively become a business intelligence analyst, feeding important strategic information that they become aware of to the people that can use it in an effortless and intuitive way.

Information about action planning and problem solving within the firm is shared far more effectively, making the process of moving the firm from

BOX 1

HOW WILL THIS ACTUALLY WORK - STRUCTURED BLOGS

The first step in developing an effective knowledge sharing and collaboration system is to establish an internal blog within the firm. Ideally, every fee earner as well as key staff could have their own blog. On it could reside their professional profiles / curricula vitae (perhaps different versions for different kinds of proposals,) a photograph, basic biographical / contact details etc. Keeping this data up to date would become the responsibility of each individual, which is easy because updating a blog is as easy as drafting an email once some very rudimentary training has been done.

That is just the start.

The internal blogs would have various subject tags. Examples of tags could include:

- DIFFERENT PRACTICE AREAS
- KEY CLIENTS
- ADMINISTRATIVE / SOCIAL / INTERNAL CATEGORIES
- STRATEGY
- MARKET TRENDS / BUSINESS INTELLIGENCE
- TRAINING AND ORGANIZATIONAL LEARNING

This would create a platform where any member of the firm could come across some piece of information that he or she believes is of importance and, within a couple of minutes, draft a posting, attach the relevant tags to identify the category of the information, and publish it. People would subscribe to those categories that interest them (and that they are granted access to) through "RSS feeds" into an "aggregator."

Not too different to emailing the information yet...

However, the difference between emailing and blogging is in what happens to the data. In an email, it is "pushed" to the addressee, who (more often than not) hears a signal ("you've got mail") and who is then interrupted. With blogs, subscribers visit their aggregator at a time that is convenient and skim through what has been posted, reading only those posts that they choose to.

The impact of all this in reducing wasted time can be huge. Messages copied to "all@" could be completely discarded!

where it is today, to where its owners want it to be, almost self-perpetuating.

Everybody knows what the overall game plan is, and everybody contributes, in a multitude of little ways in each person's individual 'space' each day, to keeping the firm moving incrementally in the direction of its goals.

Firm-wide morale improves, and along with that talent recruitment and retention, productivity and ultimately profitability, because talent feels more 'involved' with their firm.

To see how this might work in real life, read through the sidebar on how IBM has used a Web 2.0 tool that they have called 'jamming' to get widespread input into

various strategic initiatives in the organization. It does not take too much imagination to identify many other areas where it would be useful for the firm's leaders to get widespread input. Using Web 2.0 tools makes getting that input intuitive and relatively effortless, both for the leaders and for those providing the input.

Sheer 'hassle factor' has traditionally also been a major problem with firms' knowledge management programmes, whether strategic or otherwise. Systems have simply been far too complex and difficult to use easily. So professionals have, at best, been reluctant to take the trouble to feed data into the system; at worst outright refused.³

The best way to manage knowledge in a 21st Century organization is to create mechanisms that make it easy and beneficial for people to converse with each other, informally and easily but in such a way that the content is captured, about matters of importance. In short, create a market for knowledge within the firm, where people perceive a greater benefit in sharing knowledge, than in hoarding it. Web 2.0 makes that possible. This reality has even come to the attention of the intelligence communities who, even more than professional firms, are coming under increasing pressure to produce results rapidly and decisively, while creaking under the strain of information overload:

"US policy-makers, war-fighters, and law-enforcers now operate in a real-time worldwide decision and implementation environment. The rapidly changing circumstances in which they operate take on lives of their own, which are difficult or impossible to anticipate or predict. The only way to meet the continuously unpredictable challenges ahead of us is to match

The cost of the software component of such systems is insignificant. At the extreme, blog and wiki software is available on the internet for free. Creating a bespoke system behind a firm's firewall is surprisingly inexpensive.

them with continuously unpredictable changes of our own. We must transform the Intelligence Community into a community that dynamically reinvents itself by continuously learning and adapting as the national security environment changes.

Recent theoretical developments in the philosophy of science that matured in the 1990's, collectively known as Complexity Theory, suggest changes the community should make to meet this challenge. These changes include allowing our officers more autonomy in the context of improved tradecraft and information sharing. In addition, several new technologies will facilitate this transformation. Two examples are self-organizing knowledge websites, known as Wikis, and information sharing websites known as Blogs. Allowing Intelligence Officers and our non-intelligence National Security colleagues access to these technologies on SIPRNet, will provide a critical mass to begin the transformation."

D CALVIN ANDRUS

US Central Intelligence Agency, 2006⁴

The cost of the software component of such systems is insignificant. At the extreme, blog and wiki software is available on the internet

for free. Creating a bespoke system behind a firm's firewall is surprisingly inexpensive.

SORTING THE WHEAT FROM THE CHAFF

Naturally, some information will be more useful than others and people may have time to scan only those that are most important. How does one determine what is important, and what not?

The technology that answers this is already available. It allows readers of the various posts to rate the posts as they read them, on a scale of 1 (ignore) to 5 (very important.) Those posts that get the highest rating migrate automatically to the top of the list. Someone wanting to scan the most important material that has been posted recently simply starts at the top and reads downwards.

For an example of how this tool works in real life, take a look at Digg.com. (Don't pay too much attention to the content on the site – what's important is how the ranking based on reader evaluations works.) Also the fact that one can leave comments on a posting, which of course is common to any blog with this feature enabled.

This automatic peer review is astoundingly powerful in internal structured blogs. Because the esteem of their colleagues is typically such an important driver for professionals, those coming across important information are almost compelled to share it. There is a certain prestige in having one's postings migrate to the top of the rankings!

For the same reasons, people will not tend to share information that they believe will not be highly rated by their peers.

BOX 2

'JAMMING' AT IBM

'Jamming' is a technique that has been used successfully at IBM for some years now, to involve as wide a group of IBMers as possible in strategic discussions about the future. The concept originated back in 2003, when IBM decided that it needed to revisit the Basic Beliefs that founder Tom Watson had used to make the corporation great during the industrial era of the 20th Century. What followed was a pioneering experiment in collective self-definition called *ValuesJam*.

Run on the corporation's global intranet, ValuesJam was essentially a moderated 72 hour online discussion on what, at its core, IBM is all about in the 21st Century. Thousands of contributions posted by IBMers across the world were analyzed, codified and finally distilled into three new core values for the corporation.

In 2004, the exercise was repeated to see how employees felt IBM's new values could be applied to improve the corporations operations, workforce policies and relationships. This time, 57,000 IBMers participated, contributing 32,000 ideas and comments. These were distilled down into specific management actions, which were then rated for importance by IBMers themselves. 35 ideas made the cut and were implemented by the corporation.

There have been other jams since. For instance, in July 2006, IBM launched its Innovation Jam. Once again, literally tens of thousands of IBMers from around the world collaborated to share ideas and opinions on ways to drive innovation in market opportunities like: healthcare, transportation, financial planning and conservation as well as emerging technologies like embedded intelligence and global collaboration. Non-product issues like new business models and services innovation received a lot of attention throughout the jam as well. What made this jam even more interesting, though, was that more than a thousand customers and partners participated, as well as friends and family too!

"Like earlier jams," said Buell Duncan, General Manager of ISV (independent vendor services) and Developer Solutions on his blog at the start of Innovation Jam, *"this will generate thousands of new ideas to build upon addressing some of the key challenges of our time. Jamming, collaborating, blogging - the better we are at exchanging ideas and standing on each others shoulders, the more successful all of us will be. It's all about communicating... more often and more clearly. Communicate, communicate, communicate! Like partnering, 1+1 usually equals more than three!"*

processes described in this article is going to be inexorable over the next few years. The early mover advantages here are substantial in that there is very little investment required, minimal risk and the firm's lawyers will quickly recognize that the systems are genuinely easy and intuitive to use.

As a Sun Microsystems Senior VP recently said, somewhat frustrated by the very fact that blogs and wikis don't depend on massive enterprise-wide system upgrades and extensive user training: *"They're like pencils and paper; people just know what to do with them."*

¹Thomas Friedman, 2006. *The World is Flat : A Brief History of the 21st Century*. Farrar, Straus and Giroux.

²Boothby, R, 2006. *The Next Wave in Productivity Tools*. <http://www.innovationcreators.com/Whitepapers.html>

³Bruce MacEwen, 2006, on his blog, Adam Smith Esq, in a post titled *Knowledge Management 2.0* at http://www.bmacewen.com/blog/archives/2006/12/knowledge_management_20_1.html

⁴D. Calvin Andrus, 2005 *The Wiki and the Blog: Toward a Complex Adaptive Intelligence Community*. US Central Intelligence Agency, Langley.

WIKIS

Wikis come into their own when it would be useful to have a group of people (of any size) working simultaneously on a document or data base. It prevents the need for different versions to be circulated, which can make document control difficult, as everybody simply adds to or amends one document. A designated 'owner' of the document can accept or reject changes as they are made.

This can be applied very easily to engagement proposals, reports, precedent banks, client data bases and any other knowledge resource in the firm.

IN CONCLUSION

Web 2.0 is here to stay. With the launch of Microsoft's Vista and the exponential growth of dedicated Web 2.0 tools, the move to the kind of strategy and business



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The trick to running a law firm is getting all the pieces to **FIT TOGETHER**

CULTURE

is what defines a law firm. In a business where all of the assets ride up and down the elevator every day, the glue that makes a law firm work is its culture. In fact, research has demonstrated an indisputable direct correlation between profitability and culture.

But, ask a law firm managing partner to describe the firm culture and you'll hear euphemisms like "collegial" or "democratic."

The fact is that most firms really don't know what their culture is and can't describe it. Yet, a recent survey of large law firms showed that one of their partners' greatest fears was "losing their culture." How can a law firm preserve what it can't describe, doesn't recognize and won't communicate?

The Edge International Cultural Inventory is based on 15 years of research by Dr. Daniel Denison of the University of Michigan School of Business, involving more than 44,000 respondents from over 1,800 businesses, including over 100 law firms. The database allows the identification of the specific traits that determine an organization's culture.

It's a simple choice. A firm can continue to grow, take in laterals, merge and hope that its culture won't change. Or it can devote a partner meeting or retreat to understanding and protecting its culture.

Of course, all firms are collegial and democratic...aren't they?

BECAUSE TODAY'S COMPETITIVE CHALLENGES DEMAND A HIGHER LEVEL OF PERFORMANCE



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GERMANY
0 800 101 706



We recently asked 100 managing partners to address their mind to one question: What forces, already at work within our profession, have the greatest potential to profoundly transform (positively or negatively) your firm's future in the next three years? What follows are the views of 47 firm leaders, representing firms from 100 to over 3000 lawyers in size:

Patenting of Business Processes

One of the more intriguing forces brought to our attention was a managing partner who informed us, "A highly fragmented patent regime combined with differing interpretations across international boundaries and a relatively new initiative to patent business processes could introduce some potential threats in years to come."

According to this individual, over 8000 applications for business methods are now filed

each year. For example, tax strategies are now being patented through the U.S. Patent Office. Tax practitioners could face new liability dangers as a result of the actions of tax shelter promoters who patent their tax reduction strategies. Following from that, if tax professionals are aware that the tax planning methods that they are helping clients to implement are patented, attorneys and accountants may incur patent infringement liability.

For the time being, tax and estate planning is the most likely area that risks patent infringement litigation. However, we are being told that real estate, and corporate M&A could also become at risk. The firm leader who initially brought this burning issue to our attention asked rhetorically, "As attorneys, should we now begin applying for patents on strategies that we have discovered in solving particularly thorny problems for clients?"

Changes on the International Stage

We wonder how worried U.S. capital market lawyers are about one particular international trend. A couple of law firm leaders expressed their concern for "the recent drain of international public offerings flowing from New York to London". We were told that where New York once had 59% of global IPO's raising more than \$1bn (in 2001), it now has a mere 6.5%

Behind the scenes, we suspect that there are a number of law firms quietly wondering if London could ever possibly displace New York as the world's financial center – at least in the lucrative, high margin practices. While New York remains the center of the hedge fund and private equity worlds, London is increasingly the key center for innovation in important parts of the derivatives and structured finance world.

As London grows in stature, could this divert more financial business from continental Europe to the UK and move some of those US firms with strong London and European offices into an enviable competitive position?

Continuation of Outsourcing

Perhaps fueled by media reports and an article in Business Week, a number of managing partners cited their concern over "a growing number of Fortune 1000 companies looking to secure legal services from low-cost providers in India, China, South Korea or other such locations."

While this is not a new trend, the firm leaders we heard from are now suggesting that more of their clients seem to be investigating and experimenting with this option. One managing partner told us that "in April, lawyers in India were carrying out the due diligence work for an acquisition financed by a major UK bank." Apparently, this M&A work was being handled by lawyers qualified to UK law practice standards and paid only \$12,200 to \$21,000 per year.

Increasing Competition

Competition, in all of its various forms, was on the minds of many of our respondents. As the buying habits of sophisticated clients evolve, so too has the information available to them from which to measure and assess different law firms. For firms seeking to corner the most lucrative work, league tables and other rankings having grown in importance. One firm leader expressed his dismay, "The convergence process is pushing clients' best work to fewer and fewer firms; most of which seem to be chosen based on the particular firm's standing with respect to how many deals they've handled in a particular area over the past year. It is becoming critically important to get our firm onto key deal lists."

Others ruminated about the increasing rivalry amongst firms. "Getting on the short list these days is not easy. Even if you have the expertise, you may not get on the list unless you also have size and depth. That is our

biggest challenge going forward."

For some, this rivalry would continue to drive the trend toward even more mergers in the coming years. From a Chicago-based firm leader: "The trend which concerns me more than anything else is what I see as the business strategy being carried out by most of the mid- to large-sized law firms in the US. The strategy seems to be based on two premises: that a firm can enter the top ranks of law firms only by

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attracting high-end business from multinational clients and that a firm can only attract such business if it is of mega-size and present in numerous markets. While this might be a viable strategy if pursued by a handful of law firms, if virtually all the mid- to large-size firms pursue it, it will become self-defeating."

As firms grow bigger and clients reduce the number of outside firms they employ, some see a breakdown in the lawyer-client relationship. "More and more clients, especially large companies, are treating outside professionals as vendors. Another managing partner commented, "the advent of the Corporate Procurement Department entering into the picture, in an active way, to negotiate billings rates is absolutely counter the lip-service that had been given by GC's to wanting to 'partner' with their outside law firms!"

Many also talked about the competition for talent. The Chair of one firm reported, "Law firms are facing increasing competition to get the best work. To get the best work, we need the best talent. The competition for the best talent is fiercer than ever. The number of top students

is static and the demand is growing every year. So this is a really tough business right now. It's not that hard to stand still, but very challenging to grow PPP every year, at least if the firm is being honest in what it reports."

Generational Differences

Research conducted for the Future Law Office project shows the presence of four generations—Traditionalists, Baby Boomers, Generation X and Generation Y—in the workforce for perhaps the first time ever. And, one managing partner lamented, "the next generation of lawyers finds much about our profession that they do not like. Massive firms, with summer programs in excess of 200 lawyers and multiple offices consisting of unconnected people, become impersonal and are viewed as increasingly unsatisfying career tracks."

Yet another countered that this was more one of having uninspired and unmotivated young lawyers, "Things aren't like they were in the 'old days.' Young lawyers don't seem to have the same work ethic and aren't always interested in the partner career track. Yet firms are caught up in the salary spiral, increasing the costs of hiring and training the junior lawyers. I'm not at all sure what the answer to this is. It may be that the law firm of the future will have many fewer partners than we see today, with many more contract lawyers, working for a good but not exorbitant salary, where quality is uneven and partners oversee dozens of staff. Could this be the coming of the Big Accounting Firm model?"

The Chairman of a national firm with over a dozen offices summarized everything we were hearing far better than we could, when he said, "The founder and retired Chairman of INTEL Corporation Andy Grove's comment 'if you are not paranoid you just don't understand the situation' comes to mind these days. It is hard to think of an issue facing law firms that is not in a sense 'more burning' than it was last year or the year before."



How would you feel to find your strategy was nothing more than **BOILERPLATE?**

HOW

different is what you are doing right now—the strategies that you are employing—from the key competitors in your marketplace? If your answer is "not much" then how are you expecting to surpass their performance?

"Not much" is usually attributable to some boilerplate strategic plan created by some brand name consultants. It comes packaged as a fairly weighty tome (at a fairly hefty fee). It contains mystic thoughts unsullied by any methodology for achieving meaningful differentiation, insights on creating new revenue streams, has no means of implementation, and is ultimately destined to find its resting place on the managing partner's bookcase.

Competitive advantage means getting out in front, by focusing on those areas in which you can be unbeatable. By definition, if you are doing what everyone else is, you don't have an advantage. Do you have the courage and the foresight to see beyond what everyone else is doing?

If you're ready for someone to get results; to ask the really hard questions—the questions that lead to marketplace distinction; and someone who will not compromise in ensuring that implementation is an integral part of each step in the formulating of a truly competitive strategy...you may be ready for our BREAKAWAY® program.

Alternatively, if you're just interested in a boilerplate strategy, they are all pretty much the same. If you'd like one for your bookcase, we will happily tear off the cover of one we have, duplicate the contents and forward it to you, complete with your firm's name inscribed on the front.

BECAUSE TODAY'S COMPETITIVE CHALLENGES DEMAND A HIGHER LEVEL OF PERFORMANCE



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