



Survival of the healthiest

An integrative approach to fixing what ails law firms

BY **EMILY MORROW,
ALLI MCARTHUR
AND PAUL STEELE**

IT'S A TOUGH WORLD OUT THERE now in the legal marketplace. Increasing fee and economic pressures, strong competition to hire the most capable young lawyers, baby boomers retiring without adequate succession plans in place, changing technology, artificial intelligence, culture change, and disruptive legal service provision offerings put enormous pressure on lawyers and law offices. Only the healthiest, fittest law firms will not only survive, but actually thrive in such an environment. Like a patient in a medical practice, some firms will suffer from high blood pressure, clogged arteries, lots of inflammation and other chronic sources of dis-ease. Successfully diagnosing and "curing" what ails a firm will differentiate thriving firms from their competitors.

If your law office were a patient with symptomatic medical problems, you could diagnose and treat such problems in a piecemeal manner, going from one medical practitioner to another and hoping to find the right treatment(s). However, you might be better served to work with an integrative, multidisciplinary medical team that could efficiently and accurately diagnose what ails you and how to cure it. The same is true if you seek external assistance in addressing the "symptomatic" problems that routinely plague lawyers and law offices in New Zealand.

The areas of expertise

A law firm that wants to take an integrative look at how it is functioning would be well advised to consider the following:

The people/culture dimension:

Since law practices are professional service providers whose people are their most valuable "assets", people management, supervision and training are key components of long term "wellness". This includes interaction and communication within the firm, work style preferences, delegation, leadership, partnership/directorship structure, business development capabilities, decision making and all of the other "soft skills". It also includes understanding the importance of culture within a firm and the extent to which a firm's existing culture aids or hinders how well a firm functions. The people dimension encompasses the individuals, the organisation and the organisational culture.

The marketing/service provision dimension:

Developing new client relationships and enhancing existing client relationships are key elements of a really healthy firm. By achieving operational efficiencies through leveraging a firm's collective knowledge and IP and selecting and enthusiastically deploying best of breed systems, a firm can give clients optimal service on a cost effective and profitable basis. The

healthiest firms know how to attract new client business and they also know how to retain that work by exceeding client needs.

The management/financial dimension:

Once a decision has been made to make a change, the most difficult part starts - managing that change and its process. Good planning and open, timely and clear communication ensure smooth implementation and transition in any change process. Analysis of staff knowledge and skills is also essential so that the change process can be adapted to suit individual needs. Finally, financial management is key to success. If the numbers don't add up, the outcomes won't be good.

The common "symptoms"

As to each of these three "dimensions" (people/culture, marketing/service provision and management/financial), law firms exhibit common symptoms when things are not going well.

For example, in the people/culture dimension, problems present around poor internal and external communication, inefficiencies, high turnover, low trust professional relationships, poor leadership, inadequate succession planning, inefficient delegation, internal conflict and the like. Such problems tend to fester and feed upon each other if not addressed in a timely



and appropriate manner. If your people are not working well together, all of the strategic planning in the world will be for naught. Similarly, if your firm's culture is problematic, it will undermine all of your efforts to change things. The old adage that "culture eats strategy for breakfast" is all too true.

In terms of marketing/service provision, problems can present as poor external communications or low consideration of clients' or prospects' ease of use of the firm's services. Firms may misunderstand "brand" or be ineffective at articulating the points of difference the firm offers. Operationally not using best of breed systems or failing to deploy and embrace the capabilities of those systems can be major brakes. Often firms are internally siloed which prevents them from getting the best of their collective knowledge into use for everyone.

In terms of management/financial oversight, many firms find themselves doing things because that is the way it has always been done. Key staff are too busy or too involved to take a step back and look at ways to improve processes and make the changes. Although it is often easier to "bury one's head because we are too busy", the reality is that change is vital to improve efficiency and cost savings. Such changes enable a firm not only to survive but move forward into the next phase of its life cycle.

A comprehensive, integrative approach

A comprehensive, integrative approach to diagnosing what's going on within a law office and systematically addressing problems is dramatically different from a piecemeal, ad hoc approach. In an ad hoc approach, typically an external consultant is engaged to address a particular problem such as the functioning of the firm's board, interactions between partners, falling lawyer retention rates, technology needs, succession planning, internal conflicts, financial/billing/expense control concerns etc.

The consultant focuses on that problem, diagnoses what needs to be done and suggests some remedial steps. An individual consultant, regardless of his/her skill and experience, will lack the full, broad spectrum skill set needed to address all of the interrelated problems that might be present in a firm. For example, someone who focuses on the "people/culture dimension" is unlikely to have a highly developed skill set in terms of IT and technology needs. Similarly, someone with a background in IT and IT service providers is unlikely to be particularly adept at internal law firm management or change management. And so forth. You just won't find all of the needed capabilities in one person.

A firm could, of course, bring in a series of individual consultants with different areas of expertise and work with them one by one. Although this might enhance

outcomes, it's unlikely these individuals will work together as a team. There will be "slippage" and a lack of coordination in approach, skills and outcomes. It is only by bringing in a capable, experienced, integrative team of individuals with complementary capabilities that the full spectrum of issues can be diagnosed and "cured". A firm gets only one chance to do this right the first time. After that, it's a mop up/corrective operation.

Let's assume a firm decides to take an integrative approach and hire a team of external consultants, one of whom will focus on the "people/culture dimension", another will focus on the firm's IT and service provision needs and the third will focus on the financials, management and change management process. Here's what the process might look like:

The people/culture dimension consultant:

It is always helpful to start by understanding a firm's interpersonal and organisational dynamics and culture. A people dimension consultant will often start the process by interviewing firm leaders/managers and a cross-section of other individuals to get a sense of what is really going on and what needs to be done. Such interviews are typically done on a confidential basis to enhance the quality of information provided. Next steps could include group discussions to nut out the issues in more detail and work with individuals to identify practical, achievable next steps, including who, what, when and how things should be done. Such discussions often identify other issues that need to be addressed including financial concerns, IT, leadership, management and the like.

The marketing/service provider consultant:

As with the people dimension, it's important to first understand the current situation and what the issues are before embarking on a set of suggested actions. Surveys and interviews are essential not only to understand the issues but also to improve the prospects for buy-in. Follow up will typically involve recommendations for changes and training where required. Often firms will have people who emerge as enthusiasts for the particular area or system and they should be supported by the firm as the internal champions to assist others.

The project management/financial consultant:

Understanding the firm and where it sees itself over the next 2-5 years and beyond is essential before any change process can start. Interviewing key staff will identify where the points of pain are and how changes should be made to ensure staff are engaged in and able to see the benefits of change. A carefully managed change process can then be put in place. Each aspect of the change would then be managed as a project involving key staff and "champions" who would assist in the success of that change. Such a consultant will also take a close look at the firm's financials to identify opportunities

to enhance efficiency, increase fees, manage expenses and better utilise human and other resources. Again, these financial issues will become part of the change management process.

Not surprisingly, all three "dimensions" include a process of interviewing key participants in a firm. A consultant needs to understand (that is, *really* understand) the status quo to identify opportunities for enhancement. In an integrative approach, the external consultants often coordinate the interviewing/diagnostic phase of the process to reduce the time and expense involved, get high quality "data" and determine how to use the information that is gathered.

Much like a patient with many symptoms presenting at a multi-speciality medical centre, a firm's ailments can be best diagnosed by a team of specialists who understand each others' skills and areas of expertise. These specialists ideally will have worked together and be in sync on philosophies and methodologies. Collectively they can determine the reasons for the pain, offer a better care plan and get the highest quality outcomes for the patient/firm. Further, because each of the consultants is an independent professional (as opposed to all working for a single consultancy firm), they bring a variety of coordinated and independent perspectives. It's not a one size fits all approach.

Typically, the cost of engaging an integrative consultancy approach to problem-solving is lower than working on a piecemeal basis with multiple consultants. The firm benefits from natural economies of scale, a common knowledge base, excellent communication and a shared understanding of optimal outcomes.

In today's marketplace where what got a firm to where it is now will no longer get a firm to where it needs to be, an integrative approach works particularly well. It's a different, smarter approach, and it gets better outcomes. ■

Emily Morrow ✉ pelmorrow@me.com is a people/culture dimension consultant who provides tailored consulting services for lawyers, barristers, in-house counsel, law firms and barristers' chambers. She focuses on the non-technical skills that correlate with professional success. She can be reached at www.emilymorrow.com

Alli McArthur ✉ alli@allimcarthur.com is a project management/financial consultant who has been involved in the legal industry for many years having worked in management for a number of leading New Zealand law firms. She has a background in IT, training, change and project management.

Paul Steele ✉ law2web.co.nz is a marketing/service provider consultant. His career includes time as a practising lawyer, a sales representative for both the major publishers and over 10 years as a law practice consultant. Paul also leads businesses specialising in marketing and website hosting and development, and precedent and knowledge management.