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On Management

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Manageable or Unmanageable?

The biggest challenge may be the lawyers in your firm.

The personality characteristics that help lawyers excel professionally — the way that they think and behave — may limit the development of law firms as effective business organizations. Such is the argument that David Maister, a Boston-based consultant, makes in "The Trouble with Lawyers," (*The American Lawyer*, April). Citing issues involving trust, values, interpersonal detachment, and a risk-averse approach to decision-making, Maister questions the degree to which law firms are truly manageable.

Although Maister's arguments are persuasive, law firm executives can mitigate the factors that make lawyers difficult to manage. Consider these suggestions.

Trust

Maister argues that most firms are "low-trust environments," because lawyers generally desire autonomy and demonstrate a high level of intellectual skepticism. These factors, in turn, discourage teamwork; lead to a low tolerance for management, because no one wants to cede power or influence; favor compensation systems that reward statistical performance rather than subjective contribution; and often result in a focus on short-term profitability instead of longer-term strategic goals.

Maister is right. Many lawyers are, to some degree, independent minded and self-absorbed. And these characteristics make them difficult to manage. Whoever compared managing lawyers to herding cats knew what they were talking about.

While this doesn't mean that lawyers can't be managed, it does mean that management isn't easy. Here's an example of how to build trust in firm management.

Suppose you're the firm's chief operating officer. With only three months remaining in the firm's fiscal year, your chief financial officer advises you that the firm is likely to miss its revenue budget by 3 percent, and that partner incomes are likely to fall 10 percent below budget for the year. What do you do?

Faced with this scenario, the COO should do two things. First, ask the CFO why management wasn't aware of the potential shortfall earlier in the fiscal year. It's important to ask questions such as "why?" and "how can you be so sure?" And then, having satisfied yourself that the CFO's forecast is sound, go directly to the managing partner and say, in effect, "We have a problem, and we need to get word out to partners right away."

Trust is built through experience. For C-level executives and law firm leaders, this means open and candid communication with all firm constituencies — partners, associates, and administrative staff. By disclosing bad news in a timely and complete manner, you won't soften the blow, but you'll build trust with your constituencies — in this case, first, with the managing partner, and then with the partners at large.

Values

Maister argues that most law firms fail to enforce core values — they're quick to adopt mission and values statements, but far less willing to penalize noncompliance. Again, he's right on point.

Suppose you're the firm's CMO. In order to improve client service, the firm's executive committee hires an independent consultant to interview 20 key clients. But the partner responsible for the firm's second largest client refuses to participate in the process. What's more, he tells you that if the consultant interviews this client, he'll leave the firm, taking this and other clients with him. What do you do?

Your first response should be to explain, as best you can, the premise behind the client interview program. And because this concern was raised by a partner and goes to the very heart of his relationship with the firm, you should kick the problem upstairs immediately, bringing both the executive director or COO and the firm's managing partner into the picture.

The managing partner should explain the program's rationale, and listen care- fully to the partner's case for exclusion from the client interview program. If, indeed, the partner has a strong business case for exclusion (for example, the client being temporarily distracted by an important matter), the client might well be excused from the program. Also look for other options, such as allowing the partner to participate in the interview process — even though, in principle, that's usually a bad idea. But if client service is an important firm value, you should be very reluctant to drop the interview entirely.

Organizational strength comes from not only the development of values, but also their enforcement. Management shouldn't adopt policies unless it's prepared to implement them. It's the only way you'll develop the credibility necessary to lead the firm.

Interpersonal Detachment

Observing that lawyers are trained to be analytical and dispassionate, Maister posits that these traits affect the way in which partners deal with each other and thereby how firms are managed. Many firms focus only on financial performance, and spend little or no time on interpersonal relationships and professional development, especially at the partner level. Over time, this leads to an environment where partners care for neither each other nor the firm. It can be exceptionally difficult for managers to lead, if such attitudes are the norm.

To combat the tendency toward professional detachment, firms should nurture the development of interpersonal relationships among members of the firm. People trust people, not institutions. Managers should provide as many opportunities as they reasonably can for people to build relationships with each other, and treat people fairly and compassionately.

To illustrate, suppose one of the firm's young partners fails to appear in court on the first day of a major trial. Calls to his family reveal that he has been missing for several days. Later, you learn that he has checked himself into a substance abuse rehabilitation center. This is his first offense. If you were the firm's managing partner or the young partner's practice group leader, what would you do?

First, of course, you need to make sure the trial is covered. That's your overriding professional responsibility.

But you also need to deal directly and forcefully with the young partner. In this case, and remembering that it's a first offense, tell the partner three things: (1) the firm cares about you and your family, (2) the firm insists that you submit to ongoing treatment and will follow your progress to make sure that you're fulfilling the requirements of your treatment program, and (3) if this ever happens again, you're finished here.

This approach demonstrates to the partner involved, but also to the rest of the firm, that management is connected to its people and concerned about their welfare. At the same time, a clear line must be drawn. Give this young partner one — but only one — more chance. The firm will be stronger for it.

Decision-Making

Finally, Maister argues that because lawyers are trained to be risk averse and think in an analytical and highly structured manner, they tend to manage their firms the same way. Firms are often constrained by rigid internal policies. And where they have no policies, they look for guidance from what other firms are doing rather than develop innovative approaches of their own.

For example, suppose you're a member of the firm's partner-admissions committee. Two of the firm's most valued sixth-year associates receive an offer from a competing firm to join that firm as partners. Under firm policy, the associates would not be considered for admission to the partnership for at least another year. What do you do?

In this case, the firm should do everything possible to retain the associates. Consider special retention bonuses and promises of future partnership. And, if necessary, make an exception to firm policy by admitting them as partners immediately. Explain the basis for your action by saying that partners believe that the firm's long-term interests were being served by making this one-time exception. If the associates are as valuable as the hypothetical assumes, this action will pay dividends for years.

Every law firm is, in some sense, unmanageable. Maister is correct, to a degree. But firm leaders who foster trust, develop and enforce core values, treat people fairly and compassionately, and are innovative when it comes to decision-making have a decided advantage over their competitors. LFI

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