



Thomas S. Clay

A Litmus Test for Practice Group Effectiveness

By Thomas S. Clay

“One third of our practice groups work well, a third are hit or miss and a third are dysfunctional.” This was one of the responses I got when taking an informal poll of managing partners of firms of 150 to 450 lawyers with regard to practice group effectiveness. The overwhelming majority of responses reflected the same general conditions. By any assessment, that is a poor report card.

All large law firms place an emphasis on practice group effectiveness — as they should. In fact, I suggest that this is the single most important strategy for law firms today because being highly effective is at the heart of being highly competitive. Highly effective business units equate to client service excellence, improved profitability, high morale and high competitiveness. While most firms have invested time, managerial effort and money in developing a practice group structure, *effective* group operations often remain an unmet challenge.

In working with dozens of law firms and hundreds of practice groups, I have observed certain common elements of effective practice groups. If you objectively evaluate your groups against the following criteria, you can determine whether your groups, individually and collectively, are serving their purpose. You will also discover what needs to be done to improve practice group effectiveness.

Role Clarity

“I am at a loss about what my role is,” is a common lament of practice leaders. Role clarity is the largest frustration among them. They cannot be effective when they struggle with their fundamental roles. Group leaders are often confused about what they should be doing and where they should concentrate resources and time. As one leader told me, “I have a 29-item job description. I’m too busy checking off tasks to be effective.” They often suffer from what I call the “CEO/COO conflict.”

The business rationale for formation of practice groups is to enable an external strategic focus on clients, vertical markets and, in some instances,

practice types (e.g., tax, intellectual property, etc.). By necessity, there are some administrative functions that fall within a group’s role (e.g., COO-type duties such as pricing, matter acceptance), but the group leader’s primary role is to increase external prominence and competitiveness (a CEO role). Clarity of role and balance between CEO and COO tasks are *critical* to being effective.

In dozens of seminars and leadership tutorials, I have asked practice leaders what their main role is. Responses are often disheartening. All too frequently there is enormous conflict between internal administrative chores and an externally-oriented, strategic focus. Leaders cannot possibly be effective in pursuit of opportunities and increased group prominence if they are torn between operations and strategy. At best, their groups can hold their own; at worst, they will stagnate or lose market position.

Actions

What should be done? First, *make sure that group leaders are clear about their jobs*. If you are burdening group leaders with too much management of internal operations, you should stop it. Have group deputies or non-lawyer administrators perform administrative tasks, freeing leaders to concentrate on the external.

Secondly, *closely evaluate the group’s strategic plans*. They should contain strategies and tactics to improve the group’s market prominence, competitive position and the like. If they don’t, then the group’s focus is inappropriate.

I often ask practice leaders what is the first thing they think of each morning — client work or the practice group? Most say client work. We may never fully change that orientation, but through constant encouragement and support of practice leaders, you will move in the right direction.

Put the Right People in Place and Train Them

Perhaps no topic has been written about more frequently in the last half dozen years than “leadership.” Books such as Jim Collin’s *Good to Great* and Warren Bennis’ and Patricia Biederman’s *Organizing Genius — The Secrets of*

“Practice group effectiveness ... is the single most important strategy for law firms today.”

Creative Collaboration both conclude that effective leadership is a prerequisite to effective groups. In law firms today, the thorniest management challenge for senior managers is getting the right people in leadership seats. Too often, practice leaders are appointed for the wrong reasons, e.g., heavy rainmaking, seniority, someone with time on their hands, etc. The appointment of leaders because they possess true leadership skills and qualities is not the norm.

Few lawyers have had leadership training. (*Editor's note: see the article on page 7 about management training*) Managers at major accounting firms, however, receive 300 to 600 hours of leadership and management training before they are eligible to hold posts similar to those of law firm practice group leaders. In dozens of seminars I have conducted, it is rare for anyone to raise his or her hand when I ask who has had any leadership training.

Invariably, when managing partners describe effective leaders they identify these characteristics:

- the leader is trusted
- the leader has a visible commitment to taking action rather than serving in a ceremonial role
- the leader wants to continue to build his or her skills

Leaders with the necessary leadership skills, who have the trust of their colleagues and the right attitude, overcome most challenges and get things done. They are effective. Groups with poor leaders, or leaders in place for the wrong reasons, cannot possibly be highly effective.

Actions

Replace poor leaders. Candidly assess current leaders in your firm. If they simply do not fit the role, move them out of the positions and install those who have the skills. Doing this is one of the hardest tasks in a law firm,

but to avoid this fundamental management need renders groups unable to be as competitive as they need to be.

Train — require leaders to build skills in leadership. Provide support and opportunities. Internal and external seminars and programs can be highly effective.

A Written Plan

When I asked a practice leader what her strategic objectives were, she replied, "As long as my group's billable hours stay up, the policy committee will leave me alone. That's our objective." That shortsighted view is probably more common than not. It puts the group's future at risk.

It would seem to be self-evident that a clear client- and market-focused plan that aligns the group's strategies with that focus is fundamental to group effectiveness. Many practice groups, however, have only *ad hoc* strategies (often developed at the monthly meeting of the group), if any real strategies at all. In the absence of a plan, it is difficult for group members to align their efforts and understand their individual responsibilities and obligations.

The benefits of having a plan are:

- it requires group member collaboration, a key goal for groups
- the external focus is clarified
- it is the thing by which success and effectiveness are measured
- those who plan will typically do better than those who do not
- plans can be shared with other groups, and firm-wide collaboration is enhanced.

Actions

It is senior leadership's responsibility to evaluate practice group effectiveness and hold leaders accountable for their performance. The best way to accomplish this is not by reading computer printouts, but by evaluating progress in executing planned, agreed-

upon strategies. This will ensure that the groups are doing all the things they must do to be competitive.

It is not necessary to have a lengthy plan. It is only necessary that the group have a plan that addresses, at a minimum, the following:

- client service quality
- marketing and image building
- professional talent development
- profitability

Require development of a plan and periodic updates. Train leaders on plan development techniques. Consult with leaders formally (once each quarter) and informally regarding plan achievement.

Program of Consistent Client Feedback

Most practice groups develop strategies to increase the value of work from the clients they currently serve, increase work from other clients in the firm and to penetrate new markets. Increasing work from current group clients and other clients in the firm is likely to be the most important and best source of business for any group. Therefore, gathering feedback from clients regarding how the group is doing (*vis-à-vis* competitors) and where new opportunities lie, is required. There are no better means to do this than through a client feedback program.

In a recent chief legal officer survey conducted by Altman Weil and the Association of Corporate Counsel, 59% of corporate general counsel indicated that they were likely to fire at least one of their law firms in the coming year. Most of those firms are unlikely to know that they are being fired. A rational program of gaining client feedback is the only way to assure that you are not losing clients or cross-selling opportunities as you are seeking to add new clients.

Actions

Most clients will readily tell you where there are opportunities to serve

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them, if they are happy with the current service quality. To leverage and sustain this goodwill, **implement a systematic, ongoing program of client feedback.** There are several methods for this, including written surveys, telephone surveys, face-to-face interviews and the like. The objectives of each method differ and therefore the group (or the firm) must determine what it needs.

To plan effectively and leverage opportunities, practice groups need to know how satisfied clients are with service quality (e.g., responsiveness) and where opportunities to further serve the clients might lie. In my experience, a broad written survey is most effective for these purposes. While client visits, interviews and focus groups are very effective in development of a narrow strategy,

catch up. There is therefore a need for ongoing investment.

By ongoing investment, I mean spending time and money on building people's skills, on developing innovative products and services, and on market research. Under-investment often occurs when a practice is doing well — there does not seem to be enough time or there is no urgency. Chronic under-investment in any asset is likely to render the asset marginally effective in the future.

If you ask most practice leaders where investments should be made, you are likely to hear two things — marketing and people. These are very much needed — it's just that to maintain a leadership position, more is required. In reality, investment in innovation of service delivery, processes and methods, products, knowledge-management systems and

was proposed by their law firms. In an era when everyone is searching for a competitive edge, it makes ever more sense to **spend time on research and development of innovations in work product or service.** Stay ahead by systematically innovating. Require groups to concentrate on innovation.

Compensation

In his seminal book, *Good To Great*, Jim Collins states that in his research, "We found no systemic pattern linking executive compensation to the process of going from good to great. The evidence simply does not support the idea that the specific structure of executive compensation acts as a key lever in taking a company from good to great." Collins says that compensation is relevant, but you just have to "be basically rational and reasonable."

If it is true that highly effective practice leaders do the right thing because they are internally motivated, why should we discuss this point? Because it is critically important that management visibly demonstrate its support for practice group leader efforts. The most recent *Altman Weil Survey of Compensation Systems in Private Law Firms* shows that the three top compensable criteria in U.S. law firms are:

- 1) individual work, measured by personal fees collected
- 2) business origination, in terms of bringing new clients to the firm
- 3) business origination, in terms of developing new business from existing clients.

While most managing partners say that they consider management and leadership activities in making compensation decisions, it is often unclear to practice group leaders to what extent effective leadership is valued. This is what causes a leader to be anxious or have misgivings about spending the time necessary to be effective. It is only

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***"Practices that are doing well often decline
because they fail to improve."***

they don't serve the need here. Conduct a baseline survey and update it every 30 to 36 months. You cannot help but become more effective by doing so.

Continuous Investment

"Good is the enemy of great," notes management guru Jim Collins. Practices that are doing well often decline because they fail to improve. Typically, profitability is the result of market leadership (clearly being the best in the market, not the biggest). This leadership has to be in something of real value to the client, such as those things mentioned above (innovative service, high-quality work product, etc.). Any leadership position, however, is always transitory — competitors will

the like are extraordinarily important. Investments in skill-building, client relationships and market research are equally important. These increase the chances of gaining and sustaining prominence and market leadership.

Actions

A lifetime of learning and building new skills is necessary for all professionals if they want to compete effectively. Training in management and leadership skills benefits all practitioners, but is especially important for practice group leaders. When asked in one Association of Corporate Counsel survey how many innovations were brought to them in the past year by their outside counsel, not one general counsel said that anything innovative

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rational to expect that practice leaders may not do what they should (in terms of their practice group roles) if they suspect that the compensation system works to their disadvantage because of it.

Actions

Having spent hundreds of hours with practice leaders, some of whom are highly effective and many less so, not one of the highly effective leaders has ever told me that they performed at such a high level because of compensation. Rather, intrinsic motivations drive them. Desires to compete, build, and succeed are the powerful motivators that result in the behavior we want from our leaders.

Still, it is important that firms *articulate that effective practice group leadership efforts are as important as working on client matters.* Every compensation committee I have observed says that practice group leader efforts are important, but they often fail to reinforce that notion with the leaders. Quarterly meetings (sometimes more often) are probably required to rein-

force the notion of the importance of practice leadership.

Summary

Steven Covey, in his book, *Seven Habits of Highly Effective People*, says that habits are the key to being effective. The same is true for practice groups — they need to develop and sustain habits such as:

- clarifying of roles
- putting the right people in leadership positions
- requiring plans
- getting client feedback
- investing in the groups
- compensating leaders the right way

These habits will make your practice groups highly effective. ♦

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