

Enterprise Leadership for Survival and Success
By Harry Keshet, Ph.D. and Silvia Cuoter

State of Law Firms Now

The legal industry faces powerful and rapid changes. Mergers and acquisitions have increased the number of national and international mega law firms and this trend is expected to increase. Competition has in local markets is fierce as large law firms open satellite offices or buy mid size or small firms in cities across the nation. Accounting firms are big competitors. They employ hundreds of attorneys to serve their many existing clients and to hunt for new prospects. The shrinking number of companies created by mergers and acquisitions in the business sector makes getting new clients more competitive. With a limited client base; everyone is targeting everyone else's clients and clients are demanding better service at lower prices.

The mega law firms look more and more like companies they serve with the centralized leadership and more hierarchal control. They are big and more bureaucratic The attorneys become more and more like an employees than owners with less involvement in the running of the firm.

Regional Med-Sized Law firms

These trends force mid sized and smaller firms to face many challenges. To be competitive or even survive, they face many hard decisions. Should they merge? Compete more effectively by acquiring laterals? Review their market position and services to find more profitable niches? How should they be structured themselves internally to increase efficiency? What do they need to do attract and keep good clients? The key ingredient answering these questions and for regional and mid-sized law firm survival and success is enterprise leadership.

Enterprise leadership takes business of lawyering to a new level. Problems are not ignored but embraced, analyzed, understood as challenges to be faced with firm decisions and accountability. Change is a constant and enterprise leaders quickly act quickly and decisively to met internal and market driven challenges. They are more flexible and willing to take calculated risks. There are many issues that enterprise leaders of regional firms need to address to lead effectively. The follow issues are most important.

Understanding the firm's expertise and client needs

In mid-size firms, leadership must be really good to keep the attorneys and in order to compete with the larger ones. Effective leaders understand the nature of their firm's legal expertise and develop business strategies consistent with available expertise. There are three kinds of legal work based on the complexity of the clients' issues and the availability of attorneys with the required expertise and reputation. The three kinds of work are "high-end work, "important " work and "commodity" work. Clients with high-end work recognize the need to hire attorneys who have the "right " expertise and the reputation. In these high-end situations, competition is limited to a small number of attorneys. Price is not an issue and the client wants and pays for the "best " legal representation. Regional firms rarely are able to keep the "stars" of high-end work.

Most regional firms do "important" work. This work involves complex issues. But, unlike high end-work, there are many experienced attorneys who have the required knowledge to resolve important client issues. Clients with important work, have many attorneys to choose from which results lots of competition between lawyers and law firms. "Commodity "work involves situations where the knowledge base required to resolve client issues is not complex. Most less experienced attorneys can do the work. This kind of work is low priced.

Client focused leadership

Successful leaders of regional firms create client focused strategies for helping their firms win and keep clients with "important work" by systematically knowing what these clients want and creating structures, practices, training and rewards for "super satisfying" them. They initiate client information gathering strategies including client satisfaction interviews, end of matters interviews, client forums, and client panels.

Information about clients shape the development of structures best suited for exceeding client expectations. These structures usually involve teams that mirrors client needs. For example, key client teams are created across practice groups for providing, coordinating and growing the work from key clients. Attorneys receive client service and team skills training and are rewarded not only by individual achievement but also by team success. Clients are viewed as clients of the firm where it is everyone's duty to service the client well.

Teams

Developing effective teams at all levels of the firm is the hallmark of enterprise leaders. The management team is created to mirror the beliefs and values of the firm and of the leader. Management team is lead by the leader and each member has responsibility within specific management areas like marketing, governance and firm administration. They act as a team. There is agreeing on specific projects that each member initiatives and oversees. There is support and constructive criticism and each team member is held accountable for his or her actions.

Practice groups, key client teams, industry teams are real and functioning groups that make and carry out plans, receive and send information to the management team and other parts of the firm. Team member accountable is the norm. The enterprise leader supports teams by leading the firm's team development culture, rewarding positive team member behaviors and team outcomes and dealing with negative performance of teams and team members.

Leadership characteristics and personal traits

Problem solving orientation

Problems and difficulties are common to all firms. The critical factor is the leader's attitude towards difficulties. The enterprise leader has a problem-solving attitude. Leadership involves making hard decisions. Conflicts and problems are expected as challenges to be managed with actions and values that give the message that management is in charge, problem areas are recognized and decisions will be made.

The leader also provides actions, which reflect integrity. There are political realities but the values are not compromised. For example, when an eight hundred pound gorilla over steps the behavior norms of the firm, that person is told to reform and act appropriately or face sanctioning.

Power

Power is the ability to do things effectively. The enterprise leader is comfortable with power and uses it to focus the firm on making the changes internally to meet and capitalize on the changes in the marketplace. For example, effective leaders advocate the development of ancillary businesses from consulting activities to the development of non-legal products to increase the competitiveness and the profitability of their firm. They support the retraining of attorneys in unprofitable practice areas, go head to head with competition from accounting firms and focus the firm on new products and expanding into new geographic areas.

They understand the importance of running an efficient firm though instilling the importance of accountability. If the firm professionals and staff do not understand that they are held accountable for their actions, they can do things their own way. Efficient firm management requires that people follow the rules and procedures developed to insure "good "practices. Continuing late billing,"large" discounting of bills, poor billable hours, failure to do agree business development activities, and circumventing intake policies all deal with directly and firmly.

Other areas to write:

Personal traits: persuasion, empathy, confidence, and resilience

Communication skills:

Clear understanding of what their goals are and be able to articulate them and lead toward them on a yearly basis so everyone understands the plan for the year and will work with that in their own group and their own behavior. Clear goals mean the ability to do the following things: that is the mark of a good leader and good law firm

Succession planning