

## *It's All about the Culture*

Successful management and a positive culture go hand in hand. A firm's culture is the result of attitudes, personalities, policies, and decisions, past and present. The culture goes to the very heart of governance issues, and it is either a building block upon which good management can propel the firm to new levels of success or a hindrance to meaningful improvement. It is rare to find a law firm that has reached success without having a superior culture, in which each person is provided with the best possible environment to succeed, free of distracting internal strife and unnecessary stress.

A law firm's culture cannot be determined by a vote of the partners or established by decree of the firm leadership. It cannot be created by a mission statement or a written policy. Rather, the culture is the firm's overall fabric wherein all the intangible aspects are woven together.

Too often, we hear about law firm cultures in decline or a struggling firm that looks successful from the outside but is perceived by those on the inside as dysfunctional. There is no doubt that current trends in the legal profession have adversely impacted most law firm cultures. A troubled culture that cannot be changed may result in a firm destined to muddle in failure.

## 2 The Survival Guide to Implementing Effective Law Firm Management Strategies

Changing a culture is not easy to accomplish and success is not to be assumed. Underlying attitudes and behaviors change slowly, if at all. But the good news is that lawyers can create a shift in their firm's culture through a unified and persistent effort. It will only happen, however, if all the lawyers are committed to the effort as a priority and act as positive role models.

# Chapter 1

## *Why Cultures Matter*

People are at the heart of any law firm. For better or worse, people have the ability to shape the firm's culture. Associates learn from the partners and, as they mature, will begin to mimic partner behaviors, all of which will send clear signals as to the range of what is tolerated behavior. The resulting attitudes will cause veiled limits on the nature and scope of any improvements to the firm's operation and on the possibility of the firm achieving new levels of success.

### **Source of Firm Culture**

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Partners can be enthusiastic and upbeat, creating a positive work environment that propels everyone to work at the highest performance level. The tone may be relaxed, but in a professional atmosphere where every person understands what is expected and is motivated to be productive and effective in making individual contributions to the firm's goals and objectives. On the other hand, if the partners are ineffective, pessimistic, or unhappy, the negative vibes will permeate the entire office and will lower expectations.

### ***The Staff-Driven Culture Source***

While the lawyers' attitudes and behaviors can have the greatest influence on firm culture, there are firms with staff-driven cultures. In most cases, staff-driven cultures are the result of a vacuum due to the lawyers' lack of interest in setting a consistent tone or due to the absence of effective leadership. Staff-driven cultures are rarely positive in nature and often need to be transformed.

### ***The Heavy Hand of Times Past***

Lawyers in firms with long histories must realize that their firm's culture may be a legacy left by the generation of former partners. Long-standing staff members who have survived the departure of their bosses may have an inordinate influence on the firm's culture. A negative culture that has survived from the olden days will present a huge challenge, but the possibility of change becomes realistic once people acknowledge the significance of the historical influence.

## **Molding the Culture**

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A firm's culture can be changed or molded by the actions and policies of firm management. The first requirement is a commitment to changing the firm's culture. The firm leader will also need a vision for the firm's future and the ability to think strategically. And to be successful, the leader will need to have the trust and confidence of the partners, as well as the ability to motivate those he or she is charged with leading.

### ***Lawyer Recruitment***

If your firm is relatively new, you have an opportunity to mold the firm's culture based on hiring decisions going forward. While the same opportunity exists for firms with long histories, the challenge is greater.

Regardless of past mistakes, the activity of hiring lawyers, whether entry-level or lateral, needs to go beyond the candidates' law school transcripts and books of business. After all, it is the personalities, attitudes, and behaviors of the people that drive the culture. Because of that, there are certain personal characteristics that vigilant lawyers look for in building a firm with a positive culture. Keep in mind the qualities that will be most important in shaping the firm's culture in the years ahead, some of which are set out below:

- **Collegiality.** Are candidates likely to care about and get along with you and everyone else in the firm? Are they able to manage their egos and be team players? Are they generous in spirit? Do they have any idiosyncrasies that would drive people crazy?

- **Attitude.** Are candidates optimistic in nature? Do they have a can-do attitude? At the same time, are they realistic in their approach and their expectations? Are they entrepreneurial, and do they have a progressive attitude?
- **Shared values.** Are candidates honest and ethical? Will they share firm expectations about the quality of the work? Do they share the firm's concern regarding the importance of client service? Will they treat staff with respect? Will they exhibit an ability to put the firm's interests ahead of their personal goals?
- **Common purpose and direction.** Will candidates share the partners' common purpose and direction? Diversity is important, as is a variety of compatible practice areas. But, in the last analysis, the partners need to come together and focus on a common purpose and a common direction.
- **Commitment.** Will candidates be committed to the firm? Will they be serious in their approach to the firm and their role in its success? Are they prepared to be accountable for their contributions? While the whole area of work ethic has become an issue in many firms as generational differences cause strains to develop, there can be an accommodation of differences as long as there is an unyielding commitment to the firm and to one another.
- **Adaptability.** Will candidates be open to change? Do they have an ability to consider the views of others and compromise? Will they be flexible in doing what is necessary for the sake of the firm?

Personal characteristics can be difficult to judge in an interview but should not be overlooked as a significant consideration. Keep an eye on the firm's evolving culture. Each hiring decision can make a difference.

### ***Troublesome Behaviors and Tough Decisions***

Most firms have at least one disruptive partner who is out of step with the others and creates controversy at every turn. The partner may be hard on the staff or just difficult to get along with. The partner may be a bully or self-centered, believing the staff exists primarily to serve his or her needs. Unfortunately, one person can be enough to prevent improvement in a firm's culture.

From a management standpoint, the question becomes whether the disruptive partner's financial contribution is so significant that the firm needs to tolerate the behavior at the expense of the well-behaved partners, associates, and staff.

Too often, law firms will ignore partners' personal idiosyncrasies and tolerate troublesome situations. By not addressing these problems, firm management will lose credibility in trying to deal with other issues. Action may be necessary even if it causes short-term pain or financial challenges.

Similar concerns pertain to staff members who are not exhibiting desirable behaviors and are having a negative effect on other workers. An unwillingness to pitch in and help lawyers other than an individual boss is far too typical. In many firms, the problem staff member seems untouchable, perhaps because the troublesome behavior has been tolerated for decades. Unfortunately, failure to make tough decisions on issues such as this will interfere with a well-meaning firm leadership's ability to achieve the firm's goals and objectives.

Whether a partner or a staff member, the problem person is undoubtedly having a negative impact on a broader group of people. Don't underestimate the effect of a "bad apple" on the firm, and be sure to take appropriate action.

### ***Ensuring a Highly Productive Staff***

Staff members are the "face" of the firm. Staff will have the first opportunity to make an impression on new clients and potential clients. No amount of good lawyering can effectively overcome a client's initial bad experience with a staff member.

With properly selected people and the necessary synergy, a working group can yield results greater than the sum of its parts. Or, as is more likely in many law firms, the opposite can be true.

Hire the best candidates available. Qualifications are important. But take it one step beyond the skill set. Don't underestimate the importance of a cooperative, team-focused, can-do approach. Consider whether applicants are the type of people who can get along with and cooperate with others. Can they put the firm's goals ahead of individual needs? Will they support others as part of an integrated staff? Look for employees who appreciate what it takes to participate in a way that best contributes to the firm's success.

## **Following the Unwritten Rules**

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There are aspects of a positive culture that are best identified as *unwritten rules*. These are certain overarching factors that are commonly found in successful firms with positive cultures. Hopefully, writing them down for this discussion isn't a serious breach of their intrinsic nature.

### ***Rule 1. Eliminate Internal Competition***

Lawyers should focus their energies on competing in the marketplace. Any competitive spirit needs to be directed outward and not between or among individual lawyers within the firm, which puts the lawyers' energies in the wrong place. Unfortunately, too many firms exhibit excessive levels of internal competition, often as a result of the partner compensation system.

As part of the management process, firm leaders need to look at the extent of internal competition among lawyers and evaluate any harmful consequences. In most cases, the conclusion will be that internal competition is consuming time and energy that could be better spent externally to be more competitive in the marketplace. The objective should be to focus the lawyers on making the firm successful as an institution rather than on trying to outdo one another.

### ***Rule 2. Value the Team Player***

Successful firms find a way to appropriately value a team player's contributions. In a profession where egos can be large and lawyers seek to promote and publicize their own individual successes, rewarding team players can be a challenge. Although it is sometimes difficult to appreciate the value of team players, egotistical lawyers tend to ignore their overriding responsibility to advance the firm's interests.

While direct financial productivity has to be appropriately recognized, it should not be at the complete expense of the firm's team players, who provide both the glue and commitment to the firm that are essential ingredients for success. Whatever the compensation system, leaders should recognize the importance of team players.

### ***Rule 3. Confront Sacred Cows***

A *sacred cow* is an individual who gets away with ignoring firm policy or procedures regarding activities, practices, or behaviors. The sacred cow is often a senior partner, someone associated with a senior partner, or a strong performer. In past times, firms ignored sacred cows and worked around them.

Running the firm becomes a problem if managers have to enforce firm policies with some partners while others get away with violating the policies. Sacred cows are unhealthy under the best of circumstances, but they can be deadly in a struggling firm. Stop ignoring the sacred cows and take action.

### ***Rule 4. Expose Secret Agendas***

Secret agendas are a partner's undisclosed motives, when positions and arguments in firm matters do not reveal the individual's real goal. When arguing head-to-head over an administrative issue, other past or current disputes may be the underlying motivation for one or both individuals to take inflexible positions. Secret agendas undercut good management and should be exposed for candid and productive discussions.

### ***Rule 5. Cleanse the Firm of Disruptive Personalities***

Almost every firm has a partner who is disruptive to the firm's orderly operation and is tolerated due to senior status or high productivity. "One bad apple . . ." you know

the rest. Many firms weigh the pros and cons of confronting a disruptive partner and then end up compromising their standards for one reason or another. Some of these compromises may seem unavoidable, but many firms remain troubled, and their possible success stagnates as a result of avoiding a tough decision.

### ***Rule 6. Encourage Senior Partner Generosity***

The generosity of the firm's most productive senior partner is typical in successful firms. That generosity can be exhibited in a variety of ways but often involves quietly giving up dollars in the income allocation process to provide adequate compensation for the firm's younger members who will likely be tomorrow's high performers. If the partners at the top are showing a generous spirit rather than fighting for every last dollar, they will be able to build a stronger firm and set a positive example that will permeate the firm's culture.

### ***Rule 7. Give Change a Chance***

The most successful law firms are those that have implemented change in their practice methods to meet the challenges of the current legal marketplace. For those firms that do not embrace change, the struggle for profitability becomes harder with each passing year. For many firms, change comes only when their very existence is threatened. For some, the revelation comes too late.