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Spring / Summer 2016

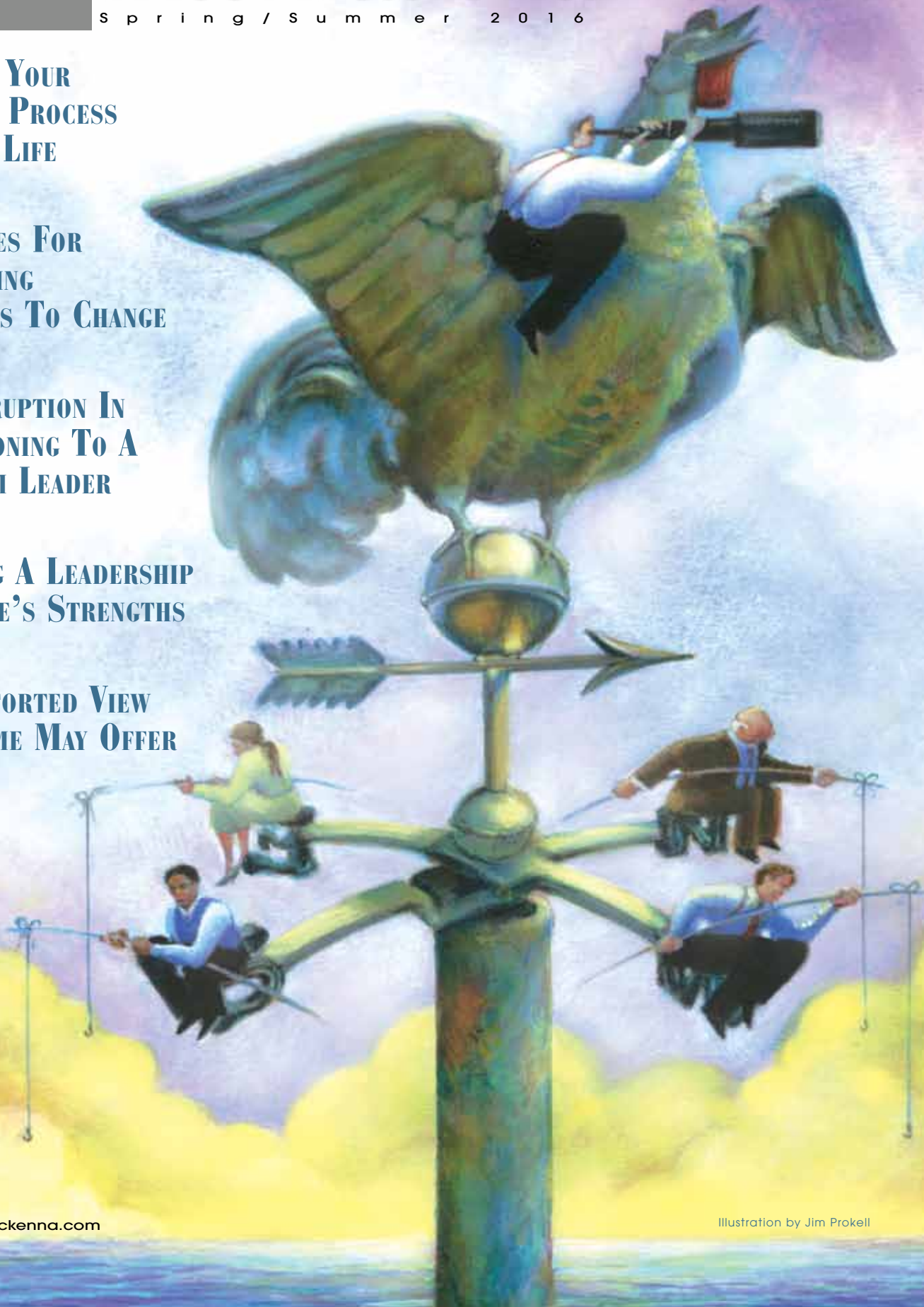
**BRINGING YOUR  
STRATEGY PROCESS  
BACK TO LIFE**

**STRATEGIES FOR  
OVERCOMING  
OBSTACLES TO CHANGE**

**THE DISRUPTION IN  
TRANSITIONING TO A  
NEW FIRM LEADER**

**ANALYZING A LEADERSHIP  
CANDIDATE'S STRENGTHS**

**THE DISTORTED VIEW  
THAT SOME MAY OFFER**



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Dear Valued Clients and Friends:

I trust, that like me, you are looking forward to a dynamic spring and summer and am hopeful that this latest issue of my *International Review* magazine will contribute to your personal productivity and leadership efforts.

We start with seven prescriptive ingredients for *Bringing Your Strategy Process Back To Life* given the challenges of a flat or declining demand for legal services.

I was delighted to have joined David Morley, Senior Partner, Allen & Overy LLP; David J. Parnell, ABA Author, Speaker, and Forbes and American Lawyer Media Columnist; and Maurice A. Watson, Chairman, Husch Blackwell LLP in conducting a Webinar a few months ago. *Strategies For Overcoming Obstacles To Change* is a transcript of some of my comments in response to the questions posed.

*The Disruption In Transitioning A New Law Firm Leader* is intended to provide some guidance toward understanding how your firm can be disrupted during the transition from an outgoing leader to a new one; while *Analyzing A Leadership Candidate's Strengths* is an excerpt from my latest work: *The Changing Of The Guard: Selecting Your Next Firm Leader*, and suggests how the selection of any leader can benefit from utilizing psychometric testing.

Our final selection, *The Distorted View That Some May Offer*, is a rather unusual article in that it was penned by a managing partner who took issue with how some consultants can be less than truthful in their representations to potential clients . . . firms like yours. Knowing the author I thought the article worthy of reprinting.

As always, I sincerely hope that you find some practical ideas, tips and techniques here that you can put to use immediately. Please send me your observations, critiques, comments and suggestions with respect to any of these articles.

Patrick J. McKenna

Editor  
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# BRINGING YOUR STRATEGY PROCESS BACK TO LIFE

Given the need in today's competitive environment to examine carefully our directions for the future, I submit that the state of most law firm's formal strategic planning tends to be too structured (read: boiler plated). It is too unimaginative, too backward looking, too conformist (to precedent and what has gone before), too data and numbers oriented (a budget is not a strategy), too analytical, and far too similar (to plans developed by competitive firms).

Let's look at what is now happening in advanced education and specifically with the long revered MBA degree as an example of what is happening within our own profession.

In fact, in a recent discussion with the management committee members of a firm that had just completed a rather lengthy strategic planning process, I asserted, *"Let me see if I can guess the six primary elements that comprise your strategic plan. I'll bet your plan includes the following"*:

- we will engage in more lateral hiring of good candidates with portable books;
- we will enhance the level of value and service we provide our clients;
- we will find more ways to improve the efficiency of the services we deliver;
- we will become more proficient in making our AFA arrangements profitable;
- we will organize our efforts to get more work from our key clients; and
- we will have our practice groups work at implementing the firm's strategies."

The committee members all laughed and asked which individual leaked a copy of their plan for me to review. In the final analysis far too many strategic plans appear to result only in massive paper, solemnly clad in three ring binders, gathering dust - their specific prognostications long forgotten. They have been of little help to firms in developing

truly innovative and differentiated strategies, or achieving above-average Revenue Per Lawyer results.

I often joke with managing partners when we talk about strategy and ask them if they suffer the affliction of seeing 'S.P.O.T.S.' – Strategic Plan On The Shelf.

With a declining demand for legal services, you must be able to challenge conventional thinking in order to grow. Conventional thinking only leads to mediocrity, being stuck in the middle of the pack. To grow you have to be willing to break the rules. You can't grow by following in the footsteps of competitors. You have to break away from the pack. Unfortunately, some firms tend to drift along with everyone else, reacting to changes in the tide, hoping that maybe things will start coming their way. From these firms, I continue to hear that *"strategy is the easy part, it's the implementation that is hard."*

Implementation is indeed challenging, but the notion that strategy is easy rests on the mistaken assumption that conventional strategic planning has anything to do with strategy-making. Of course strategy appears easy when the conventional planning process narrowly limits the scope of discovery, the breadth of involvement, and the amount of intellectual effort expended, and when the goal is something far short of growth, differentiation, and revenue generation. Little wonder, that in many firms, the

whole notion of strategic planning has been so devalued. How often has it produced any real strategic innovation?

What is your measure of success in the development of strategy — a lengthy written document that finds its eventual resting-place on the shelf of your bookcase or, a process that leads to competitive differentiation and wealth creation?

What I've learned is that the best perform-

egy process is based on some fundamentally different ingredients.

#### INGREDIENT #1

### Get to the future first.

Forget focusing time and attention on having your partners develop some elusive firm mission or exotic vision statement. Your partner's time would be far better spent in doing some deep thinking about the trends that are currently shaping the profession. Have we even

years assuming a prolonged decline in demand for legal services; assuming the continuing emergence of legaltech companies attacking every segment of the market; or assuming how the advent of artificial intelligence and big data are going to impact your practice. Now, what would be required of us as a firm to get to the future first?

Consider: What has been the most profound change in the profession over the last three years? (How long did it take your firm to figure it out and adapt accordingly?)

Now, taking that forward, if we knew today what we will know at the dawn of 2020, (only a few foreseeable years into the future) how would we change our attitudes, actions and the way in which we practiced law — the services we offered, the clients we targeted, and the ways in which we chose to deliver our services?

The greatest handicap with the conventional planning process is that it works from today forward and implicitly assumes, whatever the assertions to the contrary, that the future will be more or less like the present. The leading minds know that the future will not be an echo of the present.

Getting to the future first requires that you be deliberately farsighted. Make no mistake, I'm not talking about navel gazing or trying to predict the future. Rather, what I have learned is that crafting effective strategy is really more a question of identifying the portent of changes which are already occurring — either in other markets, or in other professions, or in other industries. Some of the best rule-breaking ideas are out there already, in someone else's profession or industry. Look at what they have done and see how it might be applied to your own situation. Seeing the future has nothing to do with speculating about what might happen. Rather, you must understand the potential of



ers are taking an entirely divergent tact. The recipe they are utilizing to approach the strat-

thought about how the future of our profession may unfold over the foreseeable next few

what is already happening. My fundamental belief is that if we want to see the future, 80 percent of what you are going to have to learn will be from outside our profession, or at least at the margins.

How many of you, as you are reading this, understand the potential influence of Blockchain or Genomics, or IoT and how any one of these will profoundly affect many of your largest client companies?

Work from the future back. Make your aim-point the future you want to create not the future you're forced to accept. Then work backwards to the present to build the glide path to get there.

#### INGREDIENT #2

### Identify innovation as your top strategic initiatives for 2016.

The elected boards and management committees of most law firms just naturally focus their attention on that which is presented to them. What is presented to them is most often internal problems – partner performance that falls below standard, laterals that are not achieving according to promised expectation, and perhaps clients that are not being fully serviced. Firm leaders are usually given written reports on many of these issues. They will often receive a computer printout giving quantitative evidence of the performance shortfall. Then at meetings of the management committee everyone sets to work on reviewing and suggesting remedial action steps to address the problems. While these problems may consume the agenda time of firm boards and management committee meetings, they should not be on the agenda of any session concerned with crafting strategy. Your strategy sessions should only be concerned with looking externally, looking to the future, and looking for growth opportunities. To do anything less allows growth

opportunities to slowly die from neglect.

It is not sufficient for you to simply say, “Okay, I think it is time that we developed a (new) strategic plan for our firm.” Your firm must be made receptive to the concept of strategy, innovation, and made comfortable with perceiving change as an opportunity, rather than a threat.

“But, how can we overcome the resistance of certain of our partners to the idea of innovation?” is a question that is commonly asked. Even if I knew the correct answer for your unique culture, it would still be the wrong question. The better question to be considered is, “How can we make our firm more receptive such that individual partners embrace innovation and are prepared to devote some of their precious non-billable time to working for it?”

When strategic innovation is perceived by partners as the flavor of the month, the very concept goes against the grain and there will be no innovation. Innovation must be part and parcel of the ordinary, the norm, the routine. The concept must be communicated in such a way as to be made attractive and beneficial to partners.

Leading performers will use every opportunity to create a “sense of urgency” from which to direct their partner’s attentions to taking advantage of change. The management of these firms are telling their partners, “we see some potential trends on the horizon that may either present an opportunity for us, or if left unattended could have an adverse effect on our collective, personal fortunes. Here is what we are seeing . . . What do you think we should do and what actions might we initiate that could have the potential to transform these changes in our favor?”

Still some partners may say, “Why should we do anything? Things are going sufficiently well

without our messing around.” High performers recognize this as the opening for them to educate their partners as to what those competitors who are a little more alert might do, if we wait and miss the opportunity window. These firms work to create a clear understanding throughout the firm that innovation is the best means to preserve and perpetuate the firm’s wealth and individual partner’s continued personal success.

Turn innovation into Job One — identify and articulate, with a sense of urgency, all of the various reasons why your professionals need to come up with new ways to:

- go outside the confines of their current practices into new areas;
- offer clients entirely new services that provide unexpected value;
- apply new technologies in ways to deliver services that clients have not yet asked for;
- target new market segments and dominate niches; and
- develop new-to-the-firm ideas and new-to-the-profession innovations.

My fundamental question to any managing partner is, “How much of your last strategic planning effort was spent in actually creating new-to-the-firm and new-to-the-profession competitive strategy options?”

One managing partner expressed it this way: “I used to spend most of my time worrying about the how — how we did things, how we operated, how efficient we were (the internal). Now I’ve learned to spend more of my time worrying about the what — what opportunities to pursue, what alliances to form, what technologies to back, what experiments to start (the external).”

#### INGREDIENT #3

### Ascertain the “Needs” of both clients and prospects.



When we are looking to the future, many tend ONLY to think in terms of improving what we currently do. As lawyers, we tend to look at our current ways of doing things and how we can improve our methodologies, rather than taking a step back and thinking about what it is that our clients may actually want. If we are concerned for our future profitability we have to increasingly think about what is it that we do as lawyers that adds value or better manages the risks that our clients face.

That sounds like a line from a screed on “*getting close to your clients*,” doesn’t it? The sermon on knowing thy client is a good and worthy one. And it has been delivered so loudly and so often for the past several decades that many firms have taken it to heart. Those firms — who are the stellar performers — know quite a bit about their clients. But I’m talking about something else that they do.

Creating new wealth requires more than simply responding to market demand. I’m talking about crafting a competitive strategy based on being innovative in recognizing client needs, preferably even before the client may know that they have the need.

When we say we need to be client-focused, what we are trying to do is to better understand the articulated needs of existing clients. Your future-oriented challenge is to understand the unarticulated needs (the “*what could be*”), especially of new kinds of clients. Seeing the future first is very seldom about responding to articulated needs. It’s about understanding deep-down frustrations and anxieties that people have, and creating new alternatives for them. I call this finding the “*opportunity space*” in which you have no competitors! Or as one firm leader recently confided, “*with our strategy we are shifting from dramatic expansion to pockets of greatness.*”

Thus, the question is not, “*how might we better serve our clients?*” That is an example of working from what is. To work from what could be, the central question becomes, “*What service might we provide that clients are not yet asking for?*” Your challenge is to encourage your people to continually ask: Whom do we serve? How do we do it? What emerging service offering that clients haven’t even thought to ask for yet, can we surprise and delight them with?

Some partners may think that this is the proper role of your marketing department. Unfortunately, the marketing function is about the worst possible conduit for bringing insight into this process, because marketing, particularly through the use of market research, tends to be a prisoner of existing concepts. The only solution here is to put your partners right up against current and prospective clients, to live with them, breathe their air, understand their frustrations. Only then, might you have the chance of developing deeper insights. You have to take off the blinders, as it were.

The problem with most of us in the profession is that we are all, too often, blind. The deepest reason for this is our inability to look outside of current experiences. If we think about it, most firms converge around how they perceive what business they’re in and what clients they want to serve. Think about the effects of everyone going to the same legal seminars and conferences, hearing from the same pundits, reading the same gossip blogs, and trading lateral partners back and forth. As a result, is it any wonder that firms obsess and spend their time focused on what every other firm is doing, watching to see what Skadden Arps or Lathams is up to — rather than sharpening their own views of the world? Dealing with this blindness involves looking deeply within the client to find hidden knowledge.

INGREDIENT #4

## Obsess about your state of differentiation.

Let’s think for a minute. How different is what you are doing right now, the strategies that you are employing now, from the four or five key competitors in your marketplace?

If your answer is “*not much*,” then how are you ever expecting to surpass their performance? We all know instinctively that doing the same thing and expecting different results is futile. But that is pretty much the result that conventional strategic planning has provided.

Have you ever noticed how firms of all sizes continue to proffer themselves as a “*leading full service law firm*.” If you take a moment and Google that term you will get no fewer than 295,000 results. Does any firm really think that using this phrase has any strategic meaning?

In my strategy sessions with groups of partners I have often posed a simple question to the entire group — a question I believe is reflective of the primary concern that occupies most prospective clients’ minds, what I have come to think of as the “*defining*” question. It goes like this: “*Tell me please — as a prospective client, why should I choose you (your practice group / your firm); what makes you distinctive and what added-value can you bring to my business matters . . . that I cannot get anywhere else?*” (Please, do notice those last six words).

Simply continuing to improve utilization (working a bit harder) or thinking that you can ratchet-up your hourly rates every year, may have been most law firms’ primary strategy in the past. But I submit that it is long past being a hopeful recipe for success. And here’s a provocative **shocker** – simply focusing efforts on operating efficiencies (like learning how to project manage . . . ‘commodity’ legal work),

offering fee discounts, and improving your ability to deliver alternative fee arrangements will not do it for you either. That has now become expected behavior – table stakes for getting to play, if you will. The root of all successful strategy, going forward, lies in being differentiated. Your firm, your individual practice groups must all work at making themselves “meaningfully” distinctive and intrinsically more valuable to their preferred clients.

A firm simply cannot be all things to all people and do a very good job of it. Strategy requires choices. But it’s not good enough just to be different. You’ve got to be different in ways that involves a trade-off with other ways of being different. In other words, if you want to serve a particular target group with a particular definition of value, this must be inconsistent with delivering other types of value to other clients. Firms that end up competing for the same set of clients using the same set of inducements will find that it is a loser’s game.

The trouble is that firms hate making choices, because doing so always looks dangerous and limiting. They always want the best of all worlds. It is psychologically risky to narrow your range of services, to narrow the range of prospects you are targeting. And this unwillingness to make choices is one of the biggest obstacles to creating an effective strategy.

#### INGREDIENT #5

### Articulate “stretch” targets.

*“Make no small goals,” the old saw goes, “for they lack the power to stir our souls.”*

Subscribe to radical goals. Imagine what might occur if you were to declare to your partners that you **wanted to achieve a 30% growth in firm revenue coming from services you were not doing just two years ago**, and then ask them to come forward with ideas as

to how each of the practice groups could contribute to making that happen.

Sound ridiculous? After all, didn’t somebody recently author a book entitled, *Growth Is Dead: Law Firms On The Brink?*

Well, here’s some outrageous news from the accounting profession – you might remember those folks who are slowly working their way back in to competing intensely with law firms across numerous countries. From Peter Williams at Deloitte, *“we have the target that 30% of revenue comes from stuff that we weren’t doing two years before, and that is a hefty target. But right now (September 2014) we are running somewhere between 24 and 28%. That is a real innovation machine!”*

For my part, I had an interesting experience in one firm where the managing partner decided that he wanted to survey every member of the elected executive committee prior to an important meeting. Using a questionnaire, he asked each of them as to their views of what might constitute a reasonable expectation for the firm’s future growth prospects. In the questionnaire that he distributed, he told these partners that *“our profits-per-partner have increased during the past three years at an average rate of around 3.5% per year. What do you think would be an acceptable annual rate of growth in profitability over the next two years?”*

Now what he did not disclose was that 3.5% was not the real number, nor did he inform them the degree to which it was less what the firm had been averaging. Quite predictably, based on the information this managing partner provided, nearly all of his partners responded that it would be reasonable to achieve a level of 3.5% growth over the next two years.

The lesson here is very clear. No organization

ever outperforms its aspirations. Our beliefs set the upper limit on what is possible.

#### INGREDIENT #6

### Make your practice groups the key building blocks for the firm’s future direction.

One of the most disastrous developments happens when firm leaders or a select committee of power partners takes it upon themselves to develop the firm’s plan and then make their pitch to ‘sell’ the plan to the rest of the partnership.

That lesson became evident to me again, when observing the strategic planning process unfolding at a prominent Washington DC firm. This particular firm decided that they desperately needed to develop a new direction and as a result, the firm leader, COO and a retired McKinsey & Company partner decided to develop the firm’s new strategic plan. The plan was completed and the general partnership meeting was convened. That all transpired over two years ago, and to this date the firm still does not have an agreed-upon strategic plan.

There are a number of inherent problems with developing a strategy from a top-down perspective.

First, it assumes that all wisdom reposes within the firm leadership. Now that is not meant to be a disparaging comment. Centering the process around the thinking of the firm’s elected executive may certainly involve some of your best and brightest, but unfortunately it serves to harness only a portion of the firm’s creative potential. Look at any emerging development, being undertaken by any law firm, anywhere, and ask yourself this question: Did that initiative develop at the executive committee? Or, did some mono-maniac, in some practice group, perceive an unmet client need, and then



make it his or her personal mission to initiate an innovative course of action? I can report, hand-on-heart, that in most every case, my observation is the later.

I find that in the best performing firms, management is looking to the practice groups to make a meaningful contribution from their particular vantage point. They are especially looking to practice groups that are doing things better and doing things differently. They single them out, celebrate their achievements, and consistently ask, *“What are you doing or not doing, that the rest of us could learn from?”*

They are also asking individual professionals for their personal ideas on how things could be done better and differently. They tell these professionals, *“I want to hear from you as to what your personal career aspirations are. I want to hear where you see the greatest opportunities for our group and for the firm. And, I want your ideas on what you would like to see us try that is new, that would develop new service offerings, and provide new ways of reaching clients.”*

I can honestly report that there is nothing more exciting than to observe lawyers enthusiastically devoting their limited and precious non-billable time into developing new and potentially lucrative practice niches like: mobile wallet & crypto-currency; genetically altered agricultural produce; additive manufacturing & 3D printing; services-on-demand work; personalized DNA-based medicine; biometric recognition; shale play resturcturings; and a myriad of other exciting new legal niches. I can assure you that ‘Growth Is Dead’ ONLY for those with no imagination or ambition!

Secondly, if one of your goals is to differentiate your firm in a meaningful way that attracts clients — and it should be, you will find it difficult to project a differentiated position for

the entire firm, unless you are a boutique practice. Most clients will talk about the dominant strengths of a particular practice group, but rarely about the entire firm, no matter how much we invest in these silly-ass “branding” programs. Therefore, any attempt to develop strategy without looking to the practice group as the primary building block is likely to very seriously miss the mark.

#### INGREDIENT #7

### Develop strategy in action.

When it comes to executing a strategy, the end target may be clearly visible — *“I want to climb that mountain over there”* — but much of the route may be invisible from the starting point. The only way you’re going to see the path ahead is to start moving. Thus while your strategy starts with foresight, it evolves through experimentation.

The most successful strategies start as small, inexpensive, limited-risk field trials. It is often far more effective than protracted analysis or market research, and always more reliable. Your market will tell you when you get it right. Craft strategy as you go along, mixing thought and implementation into the process. True partner commitment can only be expressed in actions.

In many law firms, the quest to follow precedent and achieve perfection drives out experimentation. One question I often ask firm leaders: *“Can you point to a few small experiments going on right now that you believe could fundamentally remake your firm?”* In most cases, the answer is no, there is nothing to point to.

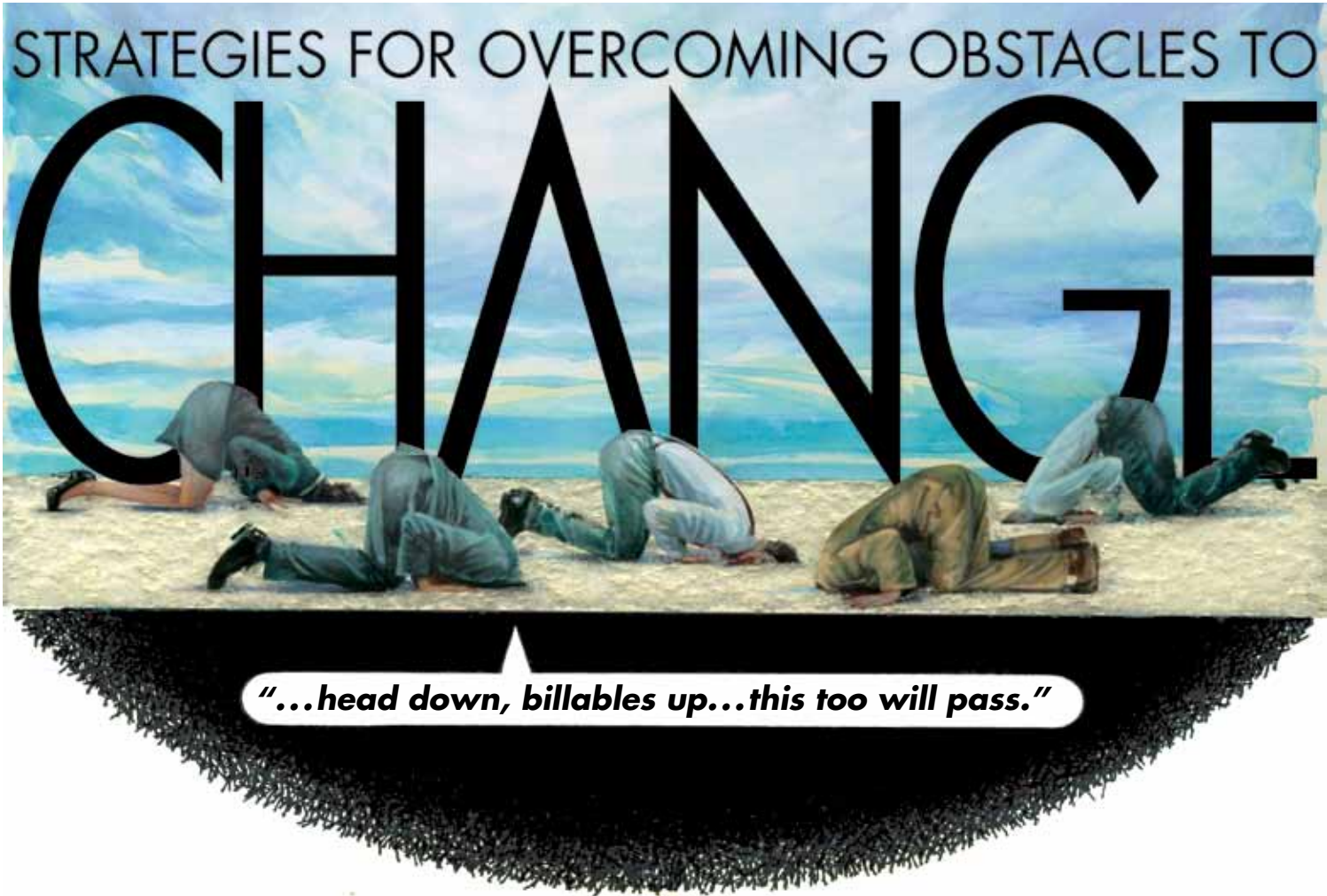
The more experimentation, the faster a firm can understand precisely which strategies are likely to work. The goal is not to develop “perfect” strategies, but to develop strategies that take us in the right direction, and then progressively refine them through rapid experimentation and adjustment.

### “THE TIME TO ACT IS LONG BEFORE YOUR HORSE STUMBLES”

For much of this decade, many firms have been busy following conventional practices. They have been wringing every penny they can out of annual billable-hour rate increases and de-equitizing underproductive partners to increase their profitability. What first began in the gut of firm leaders as a legitimate means to improve their firm’s profitability, then became an obsession and most firm’s primary strategy, ultimately now resulting in firms “hitting the wall” in terms of how many more, across-the-board rate increases and equity cuts they can achieve. So what does that leave you with as a viable means for increasing your firm’s growth and profitability into the future?

Strategy innovation is about rethinking the basis of competition. Strategy innovation does not depend on past success or established ways of practicing, deep pockets, or having certain types of practice. A strategy steeped in innovation should make every decision a consequence of imagination, not precedent.

I once heard an entertaining speaker describe the situation in this way: *“Dakota tribal wisdom says that when you discover you’re on a dead horse, the best strategy is to dismount. Of course, there are other strategies. You can change riders (hire a lateral). You can get a committee to study the dead horse. You can benchmark (copy) how other firms ride dead horses. You can declare that it’s cheaper to feed a dead horse. You can harness several dead horses together and project manage their movement. But after you’ve tried all these things, you’re still going to have to dismount. The temptation to stay on a dead horse can be overwhelming, but, the time to begin searching for new strategies is long before your horse stumbles.”*



***The following represents comments I made during a recent Webinar concerning the issue of Change and featuring my fellow panelists: David Morley, Senior Partner, Allen & Overy LLP; David J. Parnell, ABA Author, Speaker, and Forbes and American Lawyer Media Columnist; and Maurice A. Watson, Chairman, Husch Blackwell LLP.***

**QUESTION:** Why, do you think, firms find change to be so difficult?

I have a very profound answer to that question – Because change is SO bloody difficult!

Now I appreciate that that sounds flippant, but I see many, many firms underestimating just how difficult it

really is to bring about change. In particular I see new firm leaders thinking that they can easily change their firm’s culture, or get their practice groups operating more effectively, or introduce a new level of client transparency – and then operating as though just willing it to happen will be sufficient.

We have books out there that prescribe 8 simple rules you need follow to bring about change. Now that sounds easy, doesn’t it? Only problem, according to the most recent research from McKinsey, is that in the twenty years since Professor Kotter’s book has been out, the success rate for bringing about change has not improved one little bit – 70% of all change initiatives still fail (and by the way that’s in a corporate “do as I say or you’re fired” type environment)

Meanwhile, in professional service firms we continue to see all of these articles that tell law firms, “change or die”, like these authors all think that that is suppose to

be some kind of motivator.

Let's see if I can give you one simple example of the enormity of this change challenge.

Imagine with me for a moment, as you are listening to my voice, that heaven forbid, you develop pains in your chest and you have a heart attack . . . but we quickly get you to a world-class cardiac specialist and you undergo a coronary bypass. Not quite as scary as it once was, as I'm told that over 1.5 million – that's 1.5 million Americans have this surgery every year.

Following your surgery, your doctor tells you that in order for you to prevent pain, avoid a repeat of the surgery, and essentially to prolong your life, you have to adopt a healthier lifestyle: which essentially means NO smoking, drinking, over-eating, or stress and you *must* start exercising.

Follow me?

I've related this same scenario to some large audiences that I've had the honor of speaking to, and asked for a show of hands: *"How many of you could faithfully follow your doctor's directions?"*

Keep in mind, this now really is a matter of change or die! And at least 95% (if not all) of the hands go up.

But . . . unfortunately according to Ed Miller, retired CEO at John Hopkins, less than 3% of those 1.5 million Americans can sustain the change and therefore live beyond a few more years. In most cases less than 5 years.

And notice that is not a 70% failure rate for change. That is a 97% failure rate!

Now, we surveyed the participants in this Webinar on a question I've surveyed firms on in the past, which was: think back to some important initiative that didn't quite turn out to be the roaring success that firm leadership had hoped. *"What were the primary obstacles your firm faced as it tried to implement the new strategic initiative?"* And to help, everyone was given 17 different choices.

The most popular response coming from 94% of the participants and over 74 law firms was that: *"They involved changes that some lawyers were not motivated to make."* For example: they required a generous amount of non-billable time, or they took lawyers out of their comfort zone, or they threatened to change the status quo of some lawyers in the firm.

Charles Darwin had this famous saying that I think needs to be posted on the wall of every law firm boardroom - *"It is not the strongest of the species that survives, nor the most intelligent; it is the one that is most adaptable to change."*

**QUESTION: Share with us some of the hurdles you have observed or experienced in bringing about change?**

I look at this question from two levels – the leadership and then the partnership

**AT THE TOP OF THE FIRM:**

**A**n old friend Dr. Jack Zenger has some

interesting research accumulated on more than 65,000 leaders / managers measuring 49 various leadership behaviors, with data comparing older, more experienced leaders with their younger counterparts. The bottom line from Jack's research is that leaders, on average, do NOT become more effective with age. They become more experienced, but not more effective!

Jack's data shows that many older leaders become less receptive to feedback and

*"Charles Darwin had this famous saying that I think needs to be posted on the wall of every law firm boardroom - It is not the strongest of the species that survives, nor the most intelligent; it is the one that is most adaptable to change."*

change over time – while younger leaders seem more inclined to embrace change and exhibit great skills at marketing their new ideas. Now, it probably could be argued that this happens specifically because of the younger leaders' lack the experience (they don't know what they don't know), and that causes them to be more optimistic about their proposals for change. But, nevertheless, it is what it is.

Generally I see older leaders (myself included) who are quick to point to others who resist change. It's much harder to recognize or admit to our own change resistance. And so for anyone who built a firm's past successes, the often (I think unconscious) temptation to preserve the status quo can be overwhelming.



Now, for those senior leaders who really do believe they can bring about change, I see too many change efforts fail simply because firm leadership launches some initiative, then moves straight on to the next topic. That leaves partners wondering if this was really something important or just the flavor of the month. It isn't enough to focus some time on it. Leadership needs to say, *"this is our priority and we are going to make darn sure we work long and hard to make things happen."*

#### AMONG THE PARTNERS:

**O**ne of the things I hear far too often, is this **fear of failure**, of making a mistake. A partner is relating to me just last week about how he is reluctant to pursue exploring a new niche area in self-driving vehicles, because if things should not pan out, he will forever be stigmatized. And that was the precise word he used – "stigmatized!"

I relate this fear of making a mistake to our professional mindset and desire to get things **perfect** – to get things just right, the very first time – which is highly desirable in work on behalf of clients, but absolutely paralyzing with anything new or entrepreneurial. In yet, I continually see lawyers striving for perfection from the outset and unwilling to go public until they are entirely happy with the new initiative.

**Competence** is another enemy of change. Many professionals get locked into a successful mode of behavior and naturally resist change because change threatens to make them less competent. As professionals, we all like being competent – that is who we are and sometimes that is all we've got. So just think of the risks that come with embracing anything new. A fresh approach to serving clients, one that would prevent me from maximizing my billable hours and force me

to be more productive and practice differently. Yeah . . . let me think about it.

Finally, all of this manifests itself in too much **short-term thinking** and the pursuit of immediate gratification. Respectfully, I think many firms have atrophied in their ability to think and act strategically. It's all about immediate results. Too many firms seem to have lost the habit of investing in their future.

#### QUESTION: What definitely does not work in introducing change?

You will remember that I mentioned surveying our participants today. The second question we asked was: Think back to some important initiative that didn't quite turn out to be the roaring success that firm leadership had hoped. *"What specific actions did your firm take to try to further this strategic initiative?"* Everybody was given another 16 different choices.

For this question, the most popular response from 76% of our participants was: *"Most of what had been done boiled down to multiple emails, memos, presentations and talking points about the need for change."*

I think what this clearly indicates is that we continue to subscribe to models for leading change that simply don't work. In this example we find ourselves, (unconsciously perhaps) trying to overwhelm our colleagues with data. We give them facts, statistics, figures, flowcharts in amongst our rousing discourses for why we must, as a successful firm, adapt to some new change.

We like to think that these facts (as we perceive them) will convince partners to change – that our colleagues are essentially

rational if given accurate information. How often do you hear someone advise that you need to make a sound "business case" for what needs to be done? So, we believe that if we provide relevant data about the issue, present a business case and sensible recommendations, our colleagues will just immediately take action.

Now if your partners should have doubts or disagree (and you can be assured that many will), we take that as a clear sign that we haven't yet done a good job of presenting the evidence.

So, when partners don't immediately get on-board with any suggested course of action, what do we do?

We try harder to persuade them. We try to give them even more data. We keep doing the same thing . . . only more of it. And, we TURN UP the volume. We explain it over and over again. After all, you've all heard from those communications experts who tell us that you can never over-communicate your message!

Unfortunately, this seldom seems to work. Because, if we think about it, it's built upon an assumption that I'm right and those of my partners who *"simply don't get it"* (and how often have you heard or perhaps uttered those words?) or *"don't see the light"* are wrong. That's an approach that all too often turns the exchange into a contest over whose idea or beliefs will win.

And sometimes even worse, it hardens the views of those opposed: *"Hell will freeze over before I get on board with that proposition."*

#### QUESTION: How do you develop a sense of urgency that gets partners' attention?

Two things I've learned that I think many firms overlook: One is to remember that your partners often come into any new change carrying the baggage of many past failures; and secondly that those partners are often highly skeptical of any change proposals coming from management.

There's this natural skepticism among partners – 'here comes another management change initiative.' I can report that I've personally witnessed a number of instances where some young, junior professional goes to a senior and asks 'what's this all about?' only to hear the senior say 'head down, billables up . . . this too will pass.'

When I first started working with law firms some thirty years ago, a very wise, elder statesman, the founder of a rather large firm said to me, "McKenna, there is only one thing that you need to keep in mind if you are going to be successful in consulting to lawyers." I said, "Oh and what is that?" He said, you need to burn this into your brain: "No lawyer ever salutes, endorses, gets excited about, or enthusiastically supports any idea, program, initiative, plan, new direction or change . . . that they themselves have not been part in formulating"

Therefore the challenge is - how do I get these professionals, my team mates, meaningful involved in the change that needs to happen, such that they can see their fingerprint somewhere on the final course of action that we are all about to take together.

In other words, people support what which they help create. Too often management is guilty of making a decision then feigning buy-in. That just doesn't work.

Fundamentally, what I see effective firm leaders do, and I've watched this closely over many years, is to essentially 'frame the

problem, issue, situation or opportunity such that the key question from the firm leadership becomes: "*please help us think this through, how do we make this work?*" If you close off resistance, you're saying 'we've already made our decision, we're not interested in hearing from you.'

In other words, the best leaders find ways to get the change out there, subtly, then listen to their partners' views and promote as much discussion as possible. They view resistance as a gift rather than a problem. You want to invite resistance, bring it to the surface, make it safe to express. After all, you may not have completely thought through all of the elements of some change initiative. Any resistance may actually offer some suggestions about how to make the change flow even more smoothly.

Some of that may involve one-on-one communication. Keep in mind, that at the most personal level, change equals loss. Every change usually represents a loss of some kind. The loss – real or perceived – might involve esteem, money, status, relationships or other factors. Who feels threatened that they might be losing something? What is that, and is that threat genuine, or is it just a misperception on their part? And, if it is real, it should be put on the table. Acknowledge there's going to be a loss. Keep nothing hidden.

You only get them on board to the extent that they see that going in the new direction is better than the status quo. You can try to persuade them and we've talked about how well that works. Or you subtly find ways to get them to come to that recognition of their own volition.

One of the most important things I've learned is that any change effort is a num-

bers game. You're never going to get everyone on board. Abandon that thought right now. To the extent that you get enough of the significant or power partners on board, the rest will follow.

### **QUESTION: Can you share some approaches that firm leaders have found to be effective?**

As I've seriously studied this for some time, I've identified over 26 different, what I'll call *change levers*, that any leader has at their disposal and that can be utilized to stimulate some "healthy" tension within the firm. No one lever, by itself, is likely to do the job, but utilizing a number of these can make a huge difference.

### **LET ME GIVE YOU A COUPLE OF REAL-WORLD EXAMPLES.**

#### **1. Bring in outside resources to speak on new developments.**

I remember one managing partner who very early into his tenure organized a monthly lunch for partners – but attendance was optional. Participants could take part through audio or video conferencing. He would always invite a speaker, for example the managing partner of an accounting firm, an academic doing some relevant research, or an important client. And, speakers were deliberately chosen for their provocative content. It was clear, if you followed where he was going, that he was trying to educate his partners about the world, what was going on out there and subtly direct their attention to very specific issues. Following one of these luncheons the hallways were usually buzzing for days about the particular speaker and the content discussed. That was this firm leader's way of "ripening" particular issues, until

pretty soon partners were coming to him and asking him when the firm was going to take action on certain matters. But for him to have led the charge, he would likely have been doomed. So, I think your change initiative often has to be subtle, almost like a political grass roots movement, nurturing and educating people and getting them to push the call for action.

## 2. Launch a pilot project.

Rather than trying to launch a full-blown change effort, start with something small and admit you don't know if it is going to work or not. I've seen this work in a number of firms trying to introduce business development training. They'll say, 'we would like you to come and help us assess if this is going to work. We will run a couple of sample sessions, and we need you to sit in wearing two hats; one as a participant and one as someone who will critique this for us.' When you give people that kind of power and respect, they take it seriously. You are then in a position to say, 'that session didn't work, but did you like the idea? How can we do it differently so it will work?' Now you're not talking about whether we will make the change, do the training, but you have now gravitated to how we will do the training. That's a huge step.

## 3. Start a new ritual, ceremony or procedure to shape intended behavior.

They tell a story about the old Reed Smith firm where they were trying to incite partner collaboration. "Being collaborative", by their definition, was that if someone needed help with something, the help was freely given, genuine and not just because the individual got to bill their time to some client. When you walked into their Pittsburgh reception area they have this huge lion, known as the Shaw Lion. Firm leadership decided to create

miniature Shaw Lions, about the size of your fist, made out of pewter. Once a year all the equity partners would vote on that lawyer in the firm who made the greatest contribution to helping them personally and their practice, and they awarded that lawyer the Shaw's Lion. I can report, from having one of those people in a room and discussing the highlight of their professional practice, that I witnessed a lawyer in his early fifties relate to his colleagues about the year he received this award . . . with tears in his eyes. Talk about emotion driving change and the idea of what you reward! Unfortunately, too many people take that to mean 'if we throw money

which was focused on the theme of "where the firm was going." Words cannot describe how impressed the partners were or how that initiative helped inject new thinking and ideas into the firm's strategic plan.

## 5. Initiate an internal survey (identify some troubling concerns / aspirations)

One AmLaw 100 firm was particularly troubled when it found itself at the bottom of a published ranking concerning associate dissatisfaction. Recognizing that the results spoke to a need to modify certain aspects of the culture of their organization, the firm turned to Dr. Daniel Dennison

*"No lawyer ever salutes, endorses, gets excited about, or enthusiastically supports any idea, program, initiative, plan, new direction or change . . . that they themselves have not been part in formulating"*

at the issue people's behaviors will change.' If you celebrate people's contributions in a public way, that changes behavior.

## 4. Show or stimulate examples of what the future might look like.

At a Texas-based firm engaged in some serious strategic planning, the Strategic Planning Committee put out a call out for volunteers – associates and junior partners, roughly between the ages of 30 to 45, to sit on a couple of self-organizing task forces. Each task force was then asked to develop a written scenario to specifically identify in detail, "what the legal profession would look like in the year 2020." They were then asked to present their scenarios at a special partner's meeting

one of the leading authorities on organizational culture. With Dennison's help the firm administered a behavioral survey throughout the firm, involving partners, associates and support staff – identifying the firm's strengths and weaknesses across 60 distinct areas from the importance of core values and the firm's team orientation, to the efforts made to promote professional development and the degree to which innovation was encouraged. The survey allowed the firm to identify specific areas needing remedial attention and created the internal enthusiasm for making small changes that resulted in the firm's associate satisfaction scoring in the top quartile - one year later.

Always keep this in mind. We're likely to



take a different approach when we start to think about change from the perspective of: 'what would work on me; somebody harping at me, or somebody who leads me to start behaving and/or thinking about an issue in a way that is in my own best interests?'

**QUESTION: How does one fit their leadership style to the challenge?**

If I had to choose one thing, and at first blush it may seem simplistic, it would have to be shaping your firm's culture to embrace change. And one way to think about this is in the language that we use – in other words how do we use language to shape our collective thinking. What you do and say as a Leader has far more influence over the success or failure of a change than anything else.

Let me tell you what happened to me.

In an earlier life, I was a Vice-President and Director of a Canadian-based, public company in the telecommunications industry. I had the good fortune of working with a rather progressive, very successful CEO who held some very strong beliefs. One of those beliefs, that he preached to all of his senior team, repeatedly, was that upon first being presented with any new idea or proposed course of action, he would say, *"You have 'no intellectual integrity' voicing a personal opinion that suggests that you know whether it will work or not – because the reality is that you do NOT know for certain – and even if that same idea has been tried before – say, only last year – in this firm or some other firm and failed. That still is not determinative of whether the idea will fail here and now"*. He taught us that you only display intellectual integrity (he loved that term) by asking and answering three sequential questions:

#1 NOT: Will this work? BUT: **How do we make this work?** (which you will notice provokes a whole different mindset). He believed you start with a focus on "possibility" not "probability or profitability"

#2 **What's the worst that could happen?** (let's be realistic, where might the crap hit the fan); and finally,

#3 **Where is our backdoor if the worst that could happen, happens?**

Unfortunately, winning the debate, arguing well, finding the slightest little flaw in the ideas of others is often the behavior that seems to be held in great esteem within our firms. And allowing that behavior rarely builds trust or inspires innovation. So to shape a culture that embraces change, I believe starts with the firm leader making it socially unacceptable to EVER offer an immediate opinion on whether any new idea will work.

In fact, in a number of the practice groups that I have worked with, they have, with my encouragement, adopted a group protocol (a behavioral guideline for self-governing their collective behavior) that states: *"we all agree that in our group, we will LOVE every new idea . . . for five minutes!"*

Finally, I think that one of the toughest jobs that the firm leadership has is to maintain momentum, enthusiasm and demonstrate tenacity. Here are a few very specific actions that I've discovered work within firms:

1. **Don't launch and leave - stay laser-focused on executing a few initiatives at a time**
2. **Ensure that the change is a regular agenda item on management meetings**

3. **Conduct regular meetings of practice leaders - raise issues, cross-fertilize, explore successes, collaborate**

4. **Look for some "symbolic" way or act to demonstrate seriousness**

5. **Set up a project management center with someone who is knowledgeable about and focused on the human side of the change to:**

- Match those struggling with those who have successfully mastered the implementation
- Respond to criticism, make adjustments, remove obstacles and push forward

6. **Establish an intranet site for ideas, tools, templates, training modules, and other shared assets**

7. **Provide generous amount of coaching, guidance and support**

8. **Market internally any and every visible sign of improvement**

9. **Embed the new change into all existing: firm systems, procedures, protocols, training, relationships, etc.**

10. **Use a single metric that best expresses progress for the entire endeavor with relentless campaign communicating progress**

11. **Remind everyone how much has already been accomplished**

12. **Conduct post-mortem: working well, not working, needs adjustment (e.g.: a self-administered questionnaire)**

# THE DISRUPTION IN TRANSITIONING TO A NEW FIRM LEADER

For some time now I have been personally appalled at the incredibly short time period that some firms (often those with millions in revenues) allow for any incoming firm leader to properly orientate themselves to the magnitude of their new role. In some firms it is as though the partners all met on Saturday to discuss the ongoing management of their firm (perhaps as part of an annual retreat), voted for a new leader and then informed that fortunate 'winner' that they should expect to start in their new role on Monday!



It is doubtful that any firm contemplates the replacement of its firm leader with enthusiasm, even when the departure is expected. Quite apart from the human drama involved there may be significant direct financial costs to be contemplated.

When your firm leader's departure is predictable, as in the case with their term reaching an end – there are numerous uncertainties (such as the identity of an appropriate successor) that, if handled poorly, can have a major negative impact on your firm's performance. It is important to understand that overall performance of your firm can suffer, sometimes spectacularly so, during any transition from an outgoing leader to a new one – and I have witnessed examples of this diminished performance extending for as long as a year.

I believe that firms need to be aware of this phenomena so that you can take appropriate steps to ensure a controlled and effective process that minimizes the inevitable 'disruption time'. As a starting point you should understand that the transition process for any leadership change will involve at least three sequential phases.

## 1. The 'Best Before' Date Becomes Apparent

The first phase occurs when your firm, for whatever reason, begins to speculate about the continuity of its leadership. This may happen when the leader is coming to the end of their acknowledged term in office, is reaching a logical retirement age, is

simply perceived to be less enthusiastic and visibly committed to the position, or begins to suffer a lack of partner confidence.

The early warning signs are usually apparent to selective partners, while members of your executive committee or board may start to act in such a way as to indicate they are concerned. Meanwhile, the COO and key administrative professionals can be seen to be questioned, apparently innocently, about 'how things are going around here?'

In some instances there may be other signs – perhaps frustration over financial results, openly expressed amongst the partners. Some may even become openly resentful of the firm's management team. Often, I have seen such difficulties occur in firms that have relatively long serving (well over a decade) managing partners.

Sometimes the issues that might lead to the unplanned replacement of a firm leader make legal news and for a time become the subject of lateral headhunting efforts. In other instances, the situation is barely noticed outside the firm until it is announced that a firm leader is stepping down 'to return to their practice.'

To the extent that any firm leader is aware his or her position is under threat, diminishing performance under stress may mean the speculation becomes self-fulfilling. Similar circumstances arise when it becomes widely known that an existing leader is likely to

retire at some time in the not too distant future.

Such speculation, as is associated with such warning signs, inevitably diverts the attention and time of individual partners to unproductive activities like ruminating over 'what actions the firm is likely to take and why it is taking so long'. Key rainmakers can also become progressively distracted and unsettled. This all simply compounds the disruption to your firm.

## 2. The Lame Duck Syndrome

The second phase commences immediately upon any announcement that your firm leader is officially stepping down. This is the 'lame duck' period that lasts until the selection of the new incumbent.

During this period the influence, authority and motivation of the outgoing firm leader gradually, if not rapidly, wanes. Amongst both partners and administrative professionals, attention and interest is now directed to the activities of the Nominating Committee, speculation about who the possible candidates might be, and when the new firm leader is likely to be selected.

The precise timing can often be uncertain, even for those directly involved with the nominations process. Certain of your partners may, not unnaturally, begin to focus more on the politics of the situation and on positioning themselves to best curry the favor of any new incumbent. Or alternatively, the announcement may set off an undesirable competitive dynamic amongst numerous partners through the firm vying for attention.

In one unhappy example, a very long-serving managing partner unexpectedly announced in January that he would be stepping down at the end of that year. The ensuing disruptive politicking caused two senior rainmakers to jump into the open arms of a competitive firm, whose Chair confided to me that "we would never have been able to attract this kind of talent had it not been for their dysfunctional transition process."

In discussion with David Morley, the retired Senior

Partner at Allen & Overy, he explained:

*We have had our current election system since 1998 and never lost any unsuccessful candidate as a result of not being selected for the position they aspired to hold. I don't say it would never happen. However, we go to great lengths to try to avoid that outcome. Three key steps we take include:*

- *Our elections are conducted by secret ballot, one partner-one vote (these days all on-line) by an independent body - the Electoral Reform Society - who specialize in conducting elections to high standards. They have standing instructions only to tell us who is winner and, specifically, not to tell anyone the number of votes attributable to any candidate. That was designed to avoid any sense of humiliation etc.*
- *It is accepted that the first call any successful candidate makes - even before his spouse - is to the unsuccessful candidates to thank them and to emphasize they have a bright future in the firm.*
- *We 'show the love' to unsuccessful candidates with many partners going to see them and tell them they want them to stay with us.*

*I think it is also a factor that our elections have never been acrimonious, polarized or conducted by way of personal attacks. That would be a fatal election strategy that partners would reject. So there is limited damage done to personal relationships between the candidates.*

In this second phase you need to define the future challenges facing your firm and the qualities that any new firm leader will need to have to address those successfully. Depending on your culture, this can be very beneficial to improving morale, commitment and partner relationships ('someone is listening to us').

If this phase is handled well it can be a very positive experience for the firm and immeasurably helpful to the new leader. Handled poorly, the period of hiatus may become an extended one and the firm can drift, if not become immobilized.

## 3. Getting Resettled

The third phase begins when the new firm leader takes up their position. Research suggests that, typically, this phase may last for 100 days to six months or more. This is the time it takes for your firm's partners and administrative professionals to settle into a productive routine after getting oriented to your new leader's style and approach.

It is also the time when a new leader takes time to assess the firm, its strategic direction and the competencies of the management team. If, as a result of his or her assessment, the new incumbent feels obliged to seek significant change in the direction of the firm or to introduce changes to the personnel on their leadership team, this phase may extend even longer while these key changes are made. And, it can extend even later, while the new management team finds its feet.

While each of these three phases may not occur in each firm, if not the subject of a deliberate and effective transition management process, this period of transition from one firm leader to the next might easily last for at least 12 months and sometimes longer.


In our increasingly competitive world most firms simply cannot afford to risk substandard performance for this length of time. The damage can be substantial and the recovery - even with an outstanding new firm leader - long and slow.

Part of the reason is that this transition does not just impact on your board, partners and administrative professionals. Other important stakeholders (e.g. bankers, key clients and strategic alliances etc.) can find the process similarly disruptive to their relationship with your firm.

Even without assessing these it is of the utmost importance that all possible steps be taken to minimize the length and negative impact of the transition period. My experience has led me to the strong view that the transition process can and should be managed with as much deliberation and care as the selection process itself.



# Analyzing A Leadership Candidate's Strengths



**I**t is well understood that self-awareness is one of the most important attributes of leadership – the need for honest self knowledge about one's motives, personality, capacities and values. Going in the opposite direction, it should be recognized that the higher you go in any organization the less candid feedback you will receive and the less likely other people are to tell you about those personal characteristics and behaviors that you exhibit (that you may not even recognize), that can seriously get in your way.

Feedback and introspection alone may not meaningfully enhance a leader's self-awareness; rather such awareness requires performance-based feedback derived from structured assessment. It is not unreasonable then to suggest that leadership candidates could benefit from psychometric testing, simply to better gage their strengths and vulnerabilities. There are psychometric tests that test for personality traits, competencies, values and intelligence. Armed with this information, leaders can devise plans to expand their capabilities (add new skills), expand their capacity (improve existing skills), or compensate for shortcomings.

Interestingly, it wasn't until the 1950s that psychometric tests began to be used in the workplace – which was when companies outside of the armed services began to use them. Today, in the corporate world, psychometric tests are widely used when companies engage in selecting leaders. Headhunters such as Heidrick & Struggles, Egon Zehnder and Korn/Ferry all provide talent-measurement as well as consultancies such as Deloitte and Bain. Companies like to use psychometric testing because it is relatively inexpensive and allows you to assess your shortlist of candidates with minimal effort.

Personality and behavioral style psychometric tests require minimal preparation

on the candidate's part. Rather, these tests tend to measure an individual's relatively stable behavioral tendencies and preferences within an occupational context. The behavioral basis of personality tests are primarily due to indirect and complex nature of personality.

Let's consider the situation where a psychometric profile of an excellent candidate indicates insufficient 'forceful' leadership. This partner has difficulty being appropriately assertive, setting clear expectations and holding professional staff accountable for their performance. The Nominating Committee fears that this highly talented partner may derail if he cannot find a balance between enabling and forceful leadership. In this instance a professional coach may be prescribed to help design a program of role-playing, behavioral rehearsal and guidance to help this partner become more appropriately assertive. The use of a psychometric profile has become a tool to help assess this candidate's strengths and better prepare them for taking on the leadership role.

That all said, those psychologists and consultants that dispense the tests would tell us that while psychometric testing plays a role in giving an organization valuable data, you should also use caution in recognizing that it does not replace intuition. The general feeling among psychologists is that good practice for selecting leadership candidates means you don't just use psychometric tests, but in addition you should involve candidates in a series of intensive interviews. They proffer that the best interviews consist of a case study or real-life work scenario such as a difficult task or problem that the leader will face in the job and that would test the leadership candidate's ability to be strategic in their thinking.

While the most common psychometric tests, when it comes to assessing potential leadership candidates, usually measuring aptitude, when you examine how any firm leader might fail, it is rarely the result of aptitude or insufficient intelligence. Generally, the failure occurs when some firm leader acts in an illogical, idiosyncratic or irrational way.

Indeed, an analysis of some of the largest failures in the profession will reveal that some firm leader made decisions regarding partner compensation guarantees, risky lateral recruitment, ill-fitting mergers, firm overspending, and so forth. Many of these leaders sabotaged themselves, albeit unconsciously. They had the intellect, skills and often years of firm leadership experience to navigate their firms through whatever challenges they encountered – yet for some reason they failed to do so. Something disrupted their plans, their trajectory and their leadership careers. Something that was integral to who they were and how they operated and something that existed below their conscious awareness.

For that reason the one psychometric test that I have long favored is the one developed by Robert Hogan, an industrial psychologist and professor who has done some groundbreaking research on how leaders' "dark sides" can cause negative consequences to their firms. Hogan's assessment provides a lens through which leaders are able to see and understand how certain strengths they possess can become weaknesses when they are under tremendous pressure or stress – the natural state of most firm leader's jobs. Partnering with Hogan Assessments I have put his model into practice in testing and counseling well over 150 firm and practice group leaders in an effort to help them

prevent any potential self-destruction.

So should your one consensus leadership candidate or all of them undergo psychometric testing?

It is interesting to observe that in the corporate world now, the traditional method of recruiting – building relationships with top universities in order to entice the best talent – is now seen as a quaint, rather old-school approach. For example, when software company, SAP, started looking recently for candidates to join their sales academy, they decided to rely on technology to filter the applicants.

Candidates needed to first take a corporate culture test to determine whether they would be a good fit. If they passed that test, they then needed to complete a "situational judgment" assessment – a test that measures the candidates' ability to handle situations they could be faced with in their working environment. Candidates who passed both could expect a call from a human recruiter to arrange a day-long assessment.

All candidates found out quickly, if not instantly, whether they got to keep going. The process was likely a better experience for many job seekers, who often wait for what can seem like an eternity for a recruiter or hiring manager to call back. According to SAP, this screening method allowed them to process 50,000 applicants globally, leading to 500 new hires.

Data analytics is playing an increasing role in expediting and, in some cases, choosing who gets the job. That's not only the case when hiring for entry-level roles; executive recruiters, Korn Ferry have introduced technology that allows them to better determine who will succeed in C-Suite

roles. The Company has introduced a new system, called KF4D, to help them place more informed bets on selecting talent at the CEO level.

Meanwhile, the vetting process in some law firms has also become more intense and my investigations have determined that more

*also use some tests to assist with leadership development, rather than selection of leaders. The experience with these has been reasonably good with a number of people finding them helpful in working out what to leverage and what to work to improve their individual effectiveness. Of course all these tests and tools don't make decisions or guarantee perfect leaders - they can enable improvement.*

**And from Fredrick Lautz the Managing Partner at 450-lawyer Quarles & Brady, I was told:**

*During my term as managing partner, we have had two*

*instances of which I am aware where we used psychometric testing. Several years back we put a cohort of younger partners who we thought had leadership potential (roughly 30 attorneys) through a multi-day leadership training program with coaching follow-up. And then two years ago, in the course of considering more regular leadership training for our current and pipeline leaders, we engaged a psychologist to conduct psychometric testing on a pilot group of current firm leaders, including attorney leaders and staff leaders. In evaluating the attributes and qualities of our pipeline leaders and looking at the current stages of their careers (most of them have fairly long careers ahead of them and are not in a position to give up their current practices to run the firm), we decided we needed to reshape our leadership structure to design roles with responsibilities, expectations and levels of commitment which better fit those who we would expect to succeed to the leadership roles.*

**Finally, from William Henderson, Professor of Law at Indiana University I received an incredulous query –**

**WHY is a law firm wating until election to leadership to use psychometric assessment?**

*I have a lot of experience using these types of tools, both as an educator and doing projects for law firms. Their primary value is in lawyer / leadership development. Firms ought to be developing their leadership (and their lawyers generally) through psychometric tools that map onto an overall talent model. That said, when it comes time to make a selection decision, there is nothing better than past performance data based on clearly delineated standards. Apply those standards to past performance data and the promotion decision becomes both obvious and accurate. Cravath understood this in the 1920s. McKinsey then copied the model in the 1930s from first-tier law firms. The short-term focus on revenue generation has obscured this logic. Yet the logic pays enormous long-term dividends.*

I firmly believe that if the role of your Nominating Committee and Board is to assist these candidates in building their self-awareness to be the best firm leader they can be, it is a very valuable exercise. Your next firm leader's self-awareness builds from honest self-appraisal about emotional strengths and vulnerabilities; values and attitudes, personality traits and unresolved conflicts. You best candidate is a total person, not just a set of skills performing a role.

This article was excerpted from my latest work: *The Changing Of The Guard: Selecting Your Next Firm Leader*, released by Ark Publishing in 2015.

**T***he vetting process in some law firms has become more intense and my investigations have determined that more firms are beginning to believe that the use of certain analytics and psychometric testing is proving useful.”*

firms are beginning to believe that the use of certain analytics and psychometric testing is proving useful. For example, in the selection of one new Firm Chair for an Am-Law 100 firm, five finalists were shortlisted from an original 11. They were then all subjected to six hours of psychometric testing, including a battery of online questions and an interview with a consultant.

**Mark Rigotti, Chief Executive Officer at Herbert Smith Freehills reported to me:**

*We have used testing as part of the selection of the most senior leaders, via an external provider. This included two psychometric tests and in depth interviews intended to identify capabilities, preferences and potential for the role ahead. As someone who went through these I found them very helpful in thinking about first, how I would go about my role and secondly, about the people needed on the Executive team to have a diverse balanced set of skills. We*



The following article was written by the managing partner of a well-established law firm whom I know well and who prefers to remain unidentified. It was published in a recent issue of *Of Counsel* and I thought worthy of reprinting.

# The Distorted View That Some May Offer

AS A MANAGING PARTNER, I WAS PARTICULARLY INTERESTED IN AN ARTICLE I RECENTLY CAME ACROSS IN WHICH THE AUTHOR CHASTISED FIRM LEADERS WHOSE DEADLIEST FAULT IS, HE SAYS, MAINTAINING A DISTORTED VIEW OF THEIR OWN FIRMS. ACCORDING TO THIS CONSULTANT, "... THE MOST COMMON OF THESE MISCONCEPTIONS IS AN INFLATED VIEW OF THE SOPHISTICATION OF WORK BEING PERFORMED BY THEIR LAWYERS. A SECOND EQUALLY COMMON MISCONCEPTION IS LEADERS' MISUNDERSTANDING OF THE CAPABILITY OF THEIR LAWYERS. LEADERS OFTEN BOAST ABOUT LAWYER'S EXPERIENCES IN AREAS WHERE THEY HAVE NOT DONE SUBSTANTIVE WORK IN YEARS."

## CLINKEDIN

For example, some time back I received an unsolicited e-mail from a marketing consultant asking everyone to view his seven-minute YouTube video, offering marketing tips. In the video he's speaking to a live audience at some business development conference for lawyers. He starts by saying: "I want to give you some free tips." Free! Now he's got everyone's attention.

He then goes on to recommend how you can make the most of online resources like LinkedIn to develop more business. His secret (remember, it's a free tip) is that you endorse folks in the hope they'll reciprocate. I just laughed at first until, in a burst of curiosity, I took a serious look at just how legitimate many of the supposed references, testimonials, and endorsements that currently appear on LinkedIn really are.

I am not laughing anymore!

Now, the Internet should be a good place to do some research if you're trying to determine the qualifications and experience of a professional with whom you're thinking of doing business. Unfortunately, what I've confirmed is that some of these professionals do actually follow the same sort of practices this consultant was advising. As if you don't already know, a good deal of the information being presented out there is highly suspect.

## PUFF THE MAGIC DRAGON

Of course, the habitual endorsement of total strangers that befouls LinkedIn is just one superficial example of the 'distortions' professional advisors offer us. More to the point, no law firm leaders I know would ever dream of puffing their firms in some of the ways consultants puff theirs. Here are seven of their most common exaggerations, misrepresentations, and deceptions that I have observed:

1. **"Look at how large we are."** It is highly misleading (and dishonorable) when consulting firms list all manner of pseudo-professionals on their websites as if to suggest that all these people are bona-fide advisors on payroll. If you could look behind the façade, you'd see that some of these names are just freelancers, friends, even part-time administrative help – all window dressing to make the firm appear to have some kind of too-good-to-be-true "platform."

As I thought about it, I concluded that, while there may be some truth in all of this, this consultant is likely overreacting. Most likely, one of my fellow firm leaders had simply been exercising a few bragging rights born of honest pride in his or her people with no intent to mislead anyone.

But it started me wondering. If one were to flip the coin, just how truthful and reliable (free of any "distortion") is some of the information provided to firm leaders by various law firm consultants?

The next time you visit a consulting firm's website, Goggle some of the individual names displayed there as members of the firm. You may quickly find out who they really are.

**2. "Look at all the places we're located in."**

It is always curious when consulting firms send out news releases claiming to have just opened a new office in an important location. A financial district address always looks impressive. If you were to check closely, however, is there anyone really on the ground anywhere nearby? All too often it's nothing more than a mail drop or a telephone answering service freshly installed at some colleague's locale.

Instead of communicating by e-mail, call the firm and ask to speak to someone there. Then ask for a listing of the professionals who work out of that particular office.

**3. "Look at how smart we are."** I was shattered to learn how some celebrities, who have their own stars on the Hollywood Walk Of Fame, actually received them in exchange for a mere \$25,000 consideration. So why should I be surprised that some consultants invest in the same pay-for-play when they promote their attainment of some award, fellowship, or seemingly prestigious designation.

As just one example (and there are quite a few out there), The Society for Advancement of Consulting (SAC) announced two rare "Board Approved" designations in the specialties of Executive Leadership Coaching and Trusted Advisor to Attorneys and Law Firms. Have you ever heard of the Society for Advancement of Consulting? Oh, it exists. It is a for-profit organization formed as an LLC and owned by one individual. Interesting!

Think it sounds impressive? Why not investigate what the consultant had to do to get that designation or "honor," beyond simply having a friend nominate him or her, or pay a fee. It is the equivalent of buying an academic degree.

**4. "Look at how much our clients love us."**

While many firms list "Representative Clients" and many of those lists may be impressive, the sophisticated prospect knows full well that having a particular client's name on the website does not guarantee the firm did groundbreaking or even important work for that firm. They may be one of a number of consultants across the country that purports to represent this particular entity when, in fact, most of the work done is pretty routine in nature. Some of these same consultants may have also found a way to even post supposed endorsements and testimonials from their esteemed clients.

When you see a testimonial that is glowing but does not offer the originator's identity (does not identify the client by name) or simply contains someone's initials, always question the authenticity.

If I had a high regard for a particular service provider, I would certainly not hesitate to let others know. In fact, I'd be honored to offer a specific and detailed testimonial that revealed my name and my firm's name.

**5. "Look at how we are such acknowledged thought leaders."** Once upon a time I was naïve enough to think that the speakers who are selected to share their wisdom with you at various conferences are chosen because they're carefully vetted based on subject matter expertise. After all, you paid a fairly hefty registration fee to attend the conference, flew half-way around the country, and invested a couple of days out of your high-pressure week.

So, how would it now feel to learn that some of these consultants paid a specified fee that the conference organizer requires in return for the privilege of promoting themselves as the recognized thought leader in the area?

Start asking conference companies and organizers whether their speakers are required to pay to be on the podium or pay to be an event sponsor in order to then be a speaker, and get to know which organizations engage

in this devious behavior.

**6. "Look at our best selling authors."** I'm continually entertained by consultants who claim to have written "best sellers." A bestseller is identified by its inclusion on lists of current top-selling titles, based on publishing industry and book trade figures and listed by newspapers, magazines, or bookstore chains. Many consultants use the term very loosely about books they have authored and sometimes even self-published (they couldn't even sell it to a real publisher!)

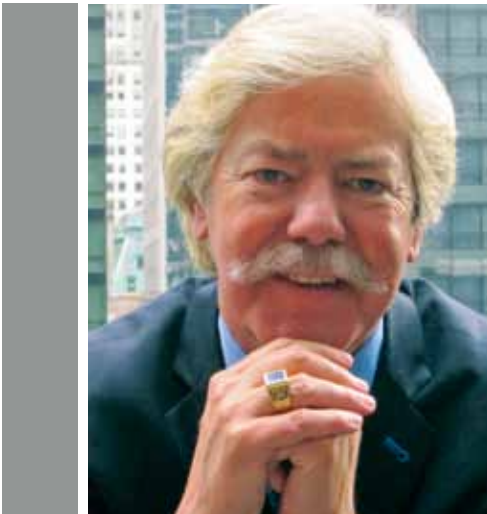
The next time you see some consultant label a book as a best seller, ask who the publisher was and how many copies they sold. Hint: even 50,000 copies sold, about 2 percent of all the business titles released in any given year, do not make for a genuine best seller. Then have a look at their popularity on Amazon . . . if their book is even offered on Amazon.

**7. "Look at our strategic alliances with other important companies."** One of the more amusing situations I often see is where some consulting firm claims to have just struck up a strategic alliance with some other important brand-name firm, often in a non-competing but related undertaking or in a different geography.

Go to the "important" firm's website and see if they make any mention of this supposed alliance. Now what will that tell you? Even if they do have some kind of alliance . . . in what way are you really benefitted as a client?

I will spare you further examples. Suffice to say, if they try to fool you with their qualifications and attributes now, what do you expect to get if you actually hire these people?

Think about how conscientiously you safeguard your own reputation in a world where reputation is a non-renewable resource. Maybe it's time to start naming names and to very brightly spotlight this kind of blatant marketplace deceit.



## PATRICK J. MCKENNA

### P R O F E S S I O N A L P R O F I L E

An internationally recognized authority on practice management, McKenna has, since 1983, worked with leaders of premier firms globally to discuss, challenge and escalate their thinking on how to manage and compete effectively.

He is author of a pioneering text on law firm marketing, *Practice Development: Creating a Marketing Mindset* (Butterworths, 1989), recognized by an international journal as being “among the top ten books that any professional services marketer should have.” His subsequent work includes *Herd-ing Cats: A Handbook for Managing Partners and Practice Leaders* (IBMP, 1995); and *Beyond Knowing: 16 Cage-Rattling Questions To Jump-Start Your Practice Team* (IBMP, 2000).

A prolific writer on the challenges of firm leadership, his book (co-authored with David Maister), *First Among Equals: How to Manage a Group of Professionals*, (The Free Press, 2002) topped business bestseller lists in the United States, Canada and Australia; was translated into nine languages; is currently in its sixth printing; and received an award for being one of the best business books of 2002; while his most recent work, *The Changing of the Guard* (Ark Group, 2015), provides in-depth guidance on the leadership selection process in professional firms.

In 2006, McKenna’s e-book *First 100 Days: Transitioning A New Managing Partner* (NXT-Book) earned glowing reviews and has been read by leaders in 63 countries. This publication culminated in Patrick being asked to conduct a one-day master class for new managing partners, usually held at the

University of Chicago. Thus far over 70 new firm leaders from legal, accounting and consulting firms have graduated from the program.

His published articles have appeared in over 50 leading professional journals, newsletters, and online sources; and his work has been featured in *Fast Company*, *Business Week*, *The Globe and Mail*, *The Economist*, *Investor’s Business Daily*, *Forbes*, and *The Financial Times*.

McKenna did his MBA graduate work at the Canadian School of Management, is among the first alumni at Harvard’s Leadership in Professional Service Firms program, and holds professional certifications in management. He has served at least one of the top ten largest law firms in each of over a dozen different countries and his work with North American law firms has evidenced him serving 62 of the largest NLJ 250 firms.

His expertise was acknowledged in 2008 when he was identified through independent research compiled and published by Law-dragon as “one of the most trusted names in legal consulting” and his three decades of experience in consulting led to his being the subject of a Harvard Law School Case Study entitled: *Innovations In Legal Consulting* (2011).

He was the first “expert” in professional service firms admitted to the Association of Corporate Executive Coaches, the #1 US group for senior-level CEO coaches; and was the recipient of an honorary fellowship from Leaders Excellence of Harvard Square (2015).





## FIRST 100 DAYS

### Master Class for the New Firm Leader

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*Hugh Verrier, Chairman*  
**WHITE & CASE**

**T**he First 100 Days Masterclass was concise and insightful. I quickly learned the difference between being a practitioner and a Firm Leader. I was thoroughly impressed with the scope of the topics discussed.

ONE YEAR LATER: *I continually refer to that one day class as the best thing I did to prepare for my new role."*

*Vincent A. Cino, Chairman*  
**JACKSON LEWIS**

**T**his Seminar was precisely tailored to the new managing partner and I left with specific strategies to help my transition into my new role. You can expect to get a call or two over the next 100 days . . . I made notes of 15 items I want to act on sooner rather than later. And I expect to borrow heavily from your slides in assigning tasks to a half-dozen people.

*Michael P. McGee, CEO*  
**MILLER CANFIELD**

For more details, a copy of the day's agenda or to register, please visit:  
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It may not be fair, but it's true: Your first few months as Managing Partner or Firm Chair — the time when you are just starting to grasp the dimensions of your new job — may well turn out to be the most crucial in setting the stage for a tenure that hopefully should last for years.

While these first 100 days will present a unique window of opportunity, they also hold potential for others to misunderstand you. How quickly you swing into action as the new leader, for example, might provide a basis for your peers to characterize your management style as rash, purposeful, or indecisive. Your selection of colleagues within the firm for consultation on your early decisions will fuel others' notions that you're inclusive, authoritarian, or even playing favorites. Some partners might rush to label you as fair or arbitrary; a visionary or a cautious bureaucrat. Some are even likely to try to test your composure in the early going.

This one-day intensive masterclass is designed to help you hone critical skills and develop a plan for a successful transition as you move into your role as your firm's new leader.

**WHEN:** Thursday  
August 18, 2016  
**TIME:** 8:30 am - 4:30 pm  
**WHERE:** Gleacher Center  
University of Chicago

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#### YOUR MASTERCLASS FACULTY:

**Patrick J. McKenna** is an internationally recognized authority on law practice management; and

**Brian K. Burke** is the former Chair Emeritus at Baker & Daniels with over 20 years in law firm leadership positions.